OFFERING MEMORANDUM

Federal-Mogul LLC

(as a result of the merger with Federal-Mogul Holdings LLC)

Federal-Mogul Financing Corporation

€415,000,000 4.875% Senior Secured Notes due 2022
€300,000,000 Floating Rate Senior Secured Notes due 2024

Federal-Mogul LLC (the "Company") (as successor by merger to Federal-Mogul Holdings LLC) and Federal-Mogul Financing Corporation ("FinCo" and, together with the Company, the "Issuers") are offering €415,000,000 aggregate principal amount of their 4.875% Senior Secured Notes due 2022 (the "Fixed Rate Notes") and €300,000,000 aggregate principal amount of their Floating Rate Senior Secured Notes due 2024 that will bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 4.875% per annum, reset quarterly (the "Floating Rate Notes," and together with the Fixed Rate Notes, the "Notes"). We intend to use the net proceeds of this offering to prepay in full our term loan B facility (the "Term Loan B Facility," and together with our term loan C facility, the "Term Loan Facilities"), to prepay a portion of the outstanding principal borrowings under our asset-based revolving credit facility (the "ABL Facility," and, collectively with the Term Loan Facilities, in each case, as amended, restated, refinanced, modified or otherwise supplemented, the "Credit Facilities") and to pay related fees and expenses. FinCo is a wholly-owned subsidiary of the Company that was formed solely for the purpose of serving as a co-issuer of the Notes and has no material assets or liabilities other than as issuer of the Notes. FinCo will not have any substantial operations, assets or revenue. On March 29, 2017, Federal-Mogul Holdings LLC was merged with and into the Company with the Company surviving the merger (the "Holdco Merger"). Following the Holdco Merger, the Company became an Issuer of the Notes and assumed all obligations of Federal Mogul Holdings LLC and FinCo, which remains an Issuer of the Notes, is a wholly owned subsidiary of the Company. This offering is not conditioned on the consummation of the Holdco Merger.

The Fixed Rate Notes will mature on April 15, 2022. The Floating Rate Notes will mature on April 15, 2024. We will pay interest semi-annually on the Fixed Rate Notes on April 15 and October 15 of each year, commencing on October 15, 2017. We will pay interest quarterly on the Floating Rate Notes on January 15 , April 15, July 15 and October 15 of each year, commencing on July 15, 2017.

The Fixed Rate Notes and the Floating Rate Notes will be redeemable, in whole or in part, at any time on or after April 15, 2019 and April 15, 2018, respectively, and on the redemption dates and at the redemption prices specified under "Description of Notes—Optional Redemption," plus accrued and unpaid interest, if any, to, but not including, the redemption date. We may redeem up to 40% of the aggregate principal amount of the Fixed Rate Notes at any time prior to April 15, 2019 with the net cash proceeds from certain equity offerings at the redemption price set forth in this offering memorandum. We may also redeem some or all of the Fixed Rate Notes and the Floating Rate Notes at any time prior to April 15, 2019 and April 15, 2018, respectively, at a price equal to 100% of the principal amount thereof plus a "make-whole" premium, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If we experience specific kinds of change of control events or sell certain of our assets, we may be required to make an offer to purchase the Notes from holders.

Each of our existing and future wholly-owned domestic restricted subsidiaries (other than FinCo) will initially guarantee the Notes to the extent that such subsidiaries guarantee our Credit Facilities. The Notes and the related guarantees will be secured by first priority security interests in substantially all of our assets that rank equally with the security interests securing the Credit Facilities, subject to certain excluded assets, exceptions and permitted liens, including liens (which rank higher in priority than those securing the Notes, the related guarantees and the Term Loan Facilities) on our inventory (including raw materials, work-in-process and finished goods), accounts receivable and other current assets (the "Borrowing Base Collateral" and all collateral other than the Borrowing Base Collateral, the "PP&E Collateral"), which secure the ABL Facility together with hedging obligations and cash management obligations permitted by the agreement governing the Credit Facilities (as amended, restated, modified or otherwise supplemented, the "Credit Agreement"). The Notes and the related guarantees will be effectively senior to all of our and the guarantors' senior unsecured debt to the extent of the value of the collateral securing the Notes and will be structurally subordinated to all existing and future liabilities of each of our existing and future subsidiaries that do not guarantee the Notes.

There is currently no public market for the Notes. We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Luxembourg Stock Exchange's Euro MTF market (the "Euro MTF"). We can provide no assurance that this application will be accepted. The Euro MTF is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments. The Euro MTF falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse. This offering memorandum constitutes a prospectus for the purpose of Part IV of the Luxembourg law dated July 10, 2005 on prospectuses for securities, as amended. The Notes are offered pursuant to an exemption from the obligation to publish a prospectus as set forth in Article 3, paragraph 2 of the Prospectus Directive (as defined below). This offering memorandum has not been approved by any competent authority in the European Economic Area for purposes of the Prospectus Directive and has not been prepared in accordance with and is not a prospectus within the meaning of the Prospectus Directive and the E.C. Prospectus Regulation 809/2004, as amended, including E.U. Prospectus Regulation 486/2012, and the rules promulgated thereunder.

We will neither be required, nor do we intend to, register Notes for resale under the Securities Act of 1933, as amended (the "Securities Act") or offer to exchange the Notes for notes registered under the Securities Act or securities laws of any jurisdiction.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 29.

Issue Price for Fixed Rate Notes: 100.000%

Issue Price for Floating Rate Notes: 100.000%

in each case plus accrued and unpaid interest from March 30, 2017

The Notes and the related guarantees have not been registered under the Securities Act, or the laws of any other jurisdiction. The Notes may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons, except to persons reasonably believed to be qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "Notice to Investors."

We expect that delivery of the Notes will be made to investors in book-entry form through the facilities of Euroclear Bank S.A. / N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream") on or about March 30, 2017.

Sole Bookrunner

Deutsche Bank

The date of this offering memorandum is April 28, 2017.

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The Issuers accept responsibility for the information in this offering memorandum. We have not authorized anyone to provide any information other than that contained in this document or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate as of the date of this document.

References herein to the “Company,” “Federal-Mogul,” “we,” “us,” or “our” refer to Federal-Mogul Holdings LLC together with its subsidiaries, including Federal-Mogul Financing Corporation, the co-issuer of the Notes, for the period after the effective date of the conversion on February 14, 2017 (as described herein), Federal-Mogul Holdings Corporation for the period after the effective date of the Reorganization (subsequently defined below) on April 15, 2014, and Federal-Mogul Corporation for the period prior to the effective date of the Reorganization on April 15, 2014. After the Holdco Merger, references herein to the “Company,” “Federal-Mogul,” “we,” “us,” or “our” refer to Federal-Mogul LLC, together with its subsidiaries, including Federal-Mogul Financing Corporation, the co-issuer of the Notes.

We expect to deliver the Notes on or about March 30, 2017, which will be the fifth business day after the date of this offering memorandum (T +5). Pursuant to Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to the delivery date may be required to specify an alternate settlement cycle at the time of trade to prevent a failed settlement. Investors who wish to trade the Notes prior to the delivery date should consult their own advisors.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the initial purchaser is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a ''Relevant Member State''), the initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this offering circular to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuers for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require the Issuers or the initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an ''offer of notes to the public'' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression ''Prospectus Directive'' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression ''2010 PD Amending Directive'' means Directive 2010/73/EU.

France

This offering memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général de l'autorité des marchés financiers* (the "AMF") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L.411-1, L.411-2, D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the French Code monetaire et financier. Neither this offering memorandum nor any other offering or marketing materials relating to the Notes may be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

Germany

The Notes may not be offered and sold to the public, except in accordance with the German Securities Prospectus Act (Wertpapierprospektgesetz) or any other laws applicable in Germany governing the issue, offering and sale of securities. This listing particulars has not been and will not be submitted to, nor has it been and will not be approved by, the Bundesanstalt für Finanzdienstleistungsaufsicht, the German Financial Services Supervisory Authority. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this listing particulars and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany, the Notes will only be available to, and this listing particulars and any other offering material in relation to the Notes are directed only at, persons who are qualified investors (qualifiizierte Anleger) within the meaning of Section 2 No. 6 of the Securities Prospectus Act. This listing particulars and other offering materials relating to the offer of Notes are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

Italy

None of this offering memorandum or any other documents or materials relating to the Notes have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ("CONSOB"). Therefore, the Notes may only be offered or sold in the Republic of Italy ("Italy") pursuant to an exemption under article 101-bis, paragraph 3-bis of the Legislative Decree No.58 of 24 February 1998, as amended and article 35-bis, paragraph 3, of CONSOB Regulation No.11971 of 14 May 1999, as amended. Accordingly, the Notes are not addressed to, and neither the offering memorandum nor any other documents, materials or information relating, directly or indirectly, to the Notes can be distributed or otherwise made available (either directly or indirectly) to any person in Italy other than to qualified investors (investitori qualificati) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No.11971 of 14 May 1999, as amended from time to time, acting on their own account.

Luxembourg

This offering memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) (the "CSSF") for purposes of public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except for the sole purpose of the listing on the Official List of the Luxembourg Stock Exchange and admission to trading of the Notes on the Euro MTF and except in circumstances which do not constitute an offer of securities to the public which benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on prospectuses for securities, as amended.

The Netherlands

The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands other than to qualified investors as defined in The Netherlands Financial Supervision Act (Wet op het financieel toezicht).

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed for or purchased under Section 275 of the SFA by a relevant person which is:

(1) a corporation (which is not an accredited investor (as defined in Section 4 of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Notes pursuant to offers made under Section 275 of the SFA except:

  a. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA;

  b. where no consideration is or will be given for the transfer; or

  c. where the transfer is by operation of law.

Sweden

This offering memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Swedish Financial Instruments Trading Act (*Sw. lagen* (1991:980) *om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this offering memorandum or will examine, approve or register this offering memorandum. Accordingly, this offering memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that constitute an exemption from the requirement to prepare a prospectus under the Swedish Financial Instruments Trading Act.

Switzerland

The Notes are being offered in Switzerland on the basis of a private placement only. This offering memorandum does not constitute a prospectus within the meaning of Art. 652A or Article 1156 of the Swiss Federal Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the initial purchaser from time to time.

United Kingdom

This offering memorandum has not been approved for the purposes of section 21 of the UK Financial Services and Markets Act 2000, as amended ("FSMA"), by a person authorized under FSMA. This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, being persons having professional experience in matters relating to investments and who fall within the definition set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, partnerships or high value trusts, etc.) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who receives this offering memorandum but does not fall within one of the preceding categories of relevant person should return it immediately to the Issuers. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person in the United Kingdom without the prior written consent of the Issuers. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

The initial purchaser may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes which, if commenced, may be discontinued. Specifically, the initial purchaser may over-allot in connection with this offering and may bid for and purchase Notes in the open market. For a description of these activities, see "Plan of Distribution."

This offering memorandum has been prepared by us solely for use in connection with the Refinancing Transactions (as hereinafter defined) and in connection with the application of the Notes for listing on the Official List of the Luxembourg Stock Exchange and for admission to trading on the Euro MTF. Its use for any other purpose is not authorized. This offering memorandum is personal to the offeree to whom it has been delivered by the initial purchaser and does not constitute an offer to any other person or to the public generally. Distribution of this offering memorandum to any person other than the offeree and any person retained to advise such offeree is unauthorized and any disclosure of the contents of this offering memorandum without our prior written consent is prohibited. By accepting delivery of this offering memorandum, you agree to the foregoing and to make no photocopies of this offering memorandum or any documents referred to herein.

Notwithstanding the foregoing, effective from the date of commencement of discussions concerning the offering, you and each of your employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the offering and all materials of any kind, including opinions or other tax analyses, that we have provided to you relating to such tax treatment and tax structure. However, the foregoing does not constitute an authorization to disclose the identity of the Issuers or their affiliates, agents or advisers, or, except to the extent relating to such tax structure or tax treatment, any specific pricing terms or commercial or financial information.

Upon receiving this offering memorandum, you acknowledge that (1) you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, (2) you have not relied on the initial purchaser or any person affiliated with the initial purchaser in connection with any investigation of the accuracy of such information or your investment decision, and (3) we have not authorized any person to deliver any information different from that contained in this offering memorandum. The offering is being made on the basis of this offering memorandum. Any decision to purchase the Notes in the offering must be based on the information contained in this document. In making an investment decision, investors must rely on their own examination of Federal-Mogul and the terms of this offering, including the merits and risks involved.

The information contained in this offering memorandum has been furnished by us and other sources we believe to be reliable. The initial purchaser makes no representations or warranty, express or implied, as to the accuracy or completeness of any of the information set forth in this offering memorandum, and you should not rely on anything contained in this offering memorandum as a promise or representation, whether as to the past or the future. This offering memorandum contains summaries, believed to be accurate, of the terms we consider material of certain documents, but reference is made to the actual documents. All such summaries are qualified in their entirety by this reference. See "Where You Can Find Additional Information."

This offering memorandum may be used only for the purposes for which it has been published.

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes to any person in any jurisdiction where it is unlawful to make such offer or solicitation. You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. We are not, and the initial purchaser is not, making any representation to you regarding the legality of an investment in the Notes by you under appropriate legal investment or similar laws.

None of the Notes have been registered with, recommended by or approved by the Securities and Exchange Commission (the "SEC") or any other federal or state securities commission or regulatory authority, nor has the SEC or any state securities commission or regulatory authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The offering is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements set forth in this offering memorandum under the caption "Notice to Investors." The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or an exemption from registration. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The distribution of this offering memorandum and the offer and the sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe, any such restrictions. See the selling restrictions listed above.

We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF, and will submit this offering memorandum in connection with the listing application. We cannot guarantee that our application for admission of the Notes to trading on the Euro MTF and to list the Notes on the Official List of the Luxembourg Stock Exchange will be approved as of the issue date for the Notes or any date thereafter, and settlement of the notes is not conditioned on obtaining this listing. Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the initial purchaser shall have any responsibility therefor.

NON-GAAP FINANCIAL MEASURES

In this offering memorandum we present EBITDA, Operational EBITDA and Contribution to Cash Flow, which are non-GAAP financial measures. Our management believes these non-GAAP financial measures provide useful information about our operating performance by excluding certain items that we believe are not representative of our core business and including certain other items. Management utilizes EBITDA, Operational EBITDA and Contribution to Cash Flow as key performance measures of segment profitability and uses these measures in its financial and operation decision-making processes, for internal reporting, and for planning and forecasting purposes to effectively allocate resources and, with respect to Operational EBITDA, as one element for establishing management incentives. We further believe that the presentation of these financial measures enhances an investor's understanding of our financial performance. However, these measures should not be considered as alternatives to net income or cash flows from operating activities as indicators of operating performance or liquidity. Operational EBITDA is defined as EBITDA (earnings before interest, taxes, depreciation, and amortization), as adjusted for non-recurring, unusual, non-operational or non-cash items. Examples of these adjustments include impairment charges related to goodwill or other long-lived assets; restructuring charges; certain gains or losses on the settlement/extinguishment of obligations; and receivable financing charges. During 2015, we modified our definition of Operational EBITDA to adjust for financing charges related to certain receivable financing programs. Comparable periods have been adjusted to conform to this definition. Operational EBITDA presents a performance measure exclusive of capital structure and the method by which net assets were acquired, disposed of, or financed. Management believes this measure provides additional transparency into its core operations and is most reflective of the operational profitability or loss of our operating segments and reporting units. The measure also allows management and investors to view operating trends, perform analytical comparisons and benchmark performance between periods and among operating segments. Contribution to Cash Flow is defined as Operational EBITDA less capital expenditures and cash restructuring charges. For reconciliations of our non-GAAP financial measures to the most comparable applicable GAAP measure, see "Summary—Summary Financial Data and Other Information."

INDUSTRY AND MARKET DATA

We obtained the market and competitive position data used throughout this offering memorandum from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the initial purchaser has independently verified such data and neither we nor the initial purchaser makes any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable but it has not been verified by any independent sources.

TRADEMARKS AND TRADE NAMES

This offering memorandum includes trademarks which are protected under applicable intellectual property laws and are the property of the Company or its subsidiaries. This offering memorandum may also contain trademarks, service marks, trade names, copyrights and logos of other companies, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this offering memorandum may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names. Some of the more important trade names and trademarks that we use include AE®; ANCO®; Beck/Arnley®; Champion®; Fel-Pro®; Ferodo®; FP Diesel®; Goetze®, Glyco®; Interfil®; Jurid®; MOOG®; Nüral®; Payen®; Sealed Power®; and Wagner®.

FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated in this offering memorandum which are not statements of historical fact constitute "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Forward-looking statements give current expectations or forecasts of future events. Words such as "anticipate," "believe," "estimate," "expect," "intend," "may", "plan," "seek" and other words and terms of similar meaning in connection with discussions of future operating or financial performance signify forward-looking statements. We also, from time to time, may provide oral or written forward-looking statements in other materials released to the public. Such statements are made in good faith pursuant to the "Safe Harbor" provisions of the Reform Act.

Any or all forward-looking statements included in this offering memorandum or in any other public statements may ultimately be incorrect. Forward-looking statements may involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance, experience or achievements to differ materially from any future results, performance, experience or achievements expressed or implied by such forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise. Listed below are some of the factors that could potentially cause actual results to differ materially from historical and expected future results. Other factors besides these listed here could also materially affect our business.

- Our substantial indebtedness, which could restrict our business activities and could subject us to significant interest rate risks;
- Our restructuring activities and strategic initiatives may affect our short-term liquidity and may not result in the anticipated synergies and cost savings;
- Various worldwide economic, political and social factors, changes in economic conditions, currency fluctuations and devaluations, credit risks in emerging markets, or political instability in foreign countries where we have significant manufacturing operations, customers or suppliers;
- Changes in tax law or trade agreements and new or changed tariffs;
- Risks related to our joint ventures;
- Risks relating to acquisitions;
- Impairment charges relating to our goodwill and long lived assets;
- Variations in current and anticipated future production volumes, financial condition, or operational circumstances of our significant customers, particularly the world's original equipment manufacturers of commercial and passenger vehicles;
- Our ability to generate cost savings or manufacturing efficiencies to offset or exceed contractually or competitively required price reductions or price reductions to obtain new business;
- Our ability to obtain cash adequate to fund our needs, including availability of borrowings under our Credit Facilities;
- Fluctuations in the price and availability of raw materials and other supplies used in the manufacturing and distribution of our products;
- Strategic decisions of our sponsor, Icahn Enterprises, L.P.;
- Material shortages, transportation system delays, or other difficulties in markets where we purchase supplies for the manufacturing of our products;

- Significant work stoppages, disputes, or any other difficulties in labor markets where we obtain materials necessary for the manufacturing of our products or where our products are manufactured, distributed or sold;
- Our ability to expand our development of fuel cell, hybrid-electric or other alternative energy technologies;
- Changes in actuarial assumptions, interest costs and discount rates, and fluctuations in the global securities markets which directly affect the valuation of assets and liabilities associated with our pension and other postretirement benefit plans;
- Legal actions and claims of undetermined merit and amount involving, among other things, product liability, patent infringement, warranty, recalls of products manufactured or sold by us, and environmental and safety issues involving our products or facilities;
- Legislative activities of governments, agencies, and similar organizations, both in the U.S. and in other countries that may affect our operations;
- Physical damage to, or loss of, significant manufacturing or distribution property, plant, and equipment due to fire, weather or other factors beyond our control;
- Our ability to effectively transition our information system infrastructure and functions to newer generation systems; and
- Other risks set forth under "Risk Factors" in this offering memorandum.

Given these risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. The forward-looking statements included in this offering memorandum are made only as of the date hereof. We do not undertake and specifically decline any obligation to update any of these statements or to publicly announce the results of any revisions to any of these statements to reflect future events or developments.

SUMMARY

This summary highlights certain information contained in this offering memorandum and may not include all the information relevant to you. For a more complete understanding of our business, you should read the following summary together with the more detailed information appearing elsewhere in this offering memorandum, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included elsewhere in this offering memorandum.

Overview

Federal-Mogul is a diversified, global supplier of automotive products to a variety of end markets. We have two business segments that principally focus on discrete markets, each with a chief executive officer reporting to our Board of Directors. Our Federal-Mogul Powertrain segment ("Powertrain") focuses on original equipment powertrain products for automotive, heavy-duty and industrial applications. Our Federal-Mogul Motorparts segment ("Motorparts") sells and distributes a broad portfolio of products in the global vehicle aftermarket, while also serving original equipment manufacturers ("OEMs") with vehicle products including brakes, wipers and, to a limited extent, chassis components.

For more than a century, we have developed the innovative products our customers need to produce the next generation of vehicles and maintain the present vehicle population. We are a preferred provider to our customers as a result of our global engineering, manufacturing, distribution and customer service capabilities. We continue to develop new technologies that improve fuel economy, reduce emissions and enhance durability, safety and vehicle performance. As a result, we believe that we are uniquely positioned to effectively manage the life cycle of a broad range of original equipment products and original equipment service products ("OES,"and, together with OEM, "OE") and aftermarket products to a diverse customer base.

We are a leading technology supplier and, by our estimates, a market share leader in several product categories. As of December 31, 2016, we had OE products included on more than 400 global vehicle platforms and more than 800 global powertrains used in light, medium, and heavy-duty vehicles. Motorparts is one of the industry's largest aftermarket-focused suppliers, offering a range of maintenance and repair parts under more than 20 globally-recognized brands, as well as numerous private label programs. Over the past several years, we have made substantial investments to strengthen our long-term competitive position and the performance of each of our operating segments. We have undertaken three significant acquisitions, as well as restructuring actions to improve our cost base and strategic initiatives to support our product offerings. These investments, largely funded through equity offerings supported by our sponsor, Icahn Enterprises, L.P. (NASDAQ: IEP) ("IEP"), contributed to a significant improvement in our financial performance in 2016. Today, we are focused on further capitalizing on our competitive strengths to drive profitable growth.

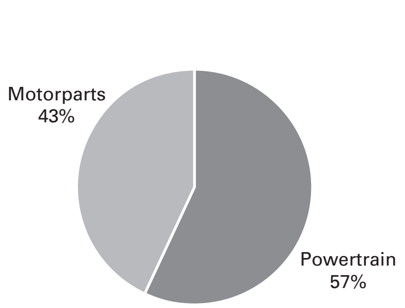
For the year ended December 31, 2016, we generated:

- Net sales of $7.434 billion;
- Net income of $90 million;

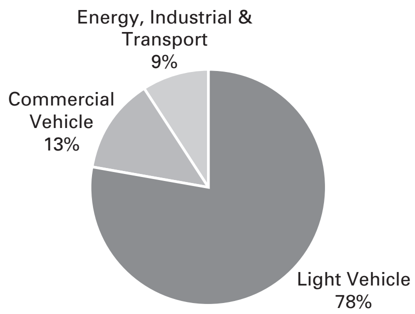
- Total Operational EBITDA[(1)] of $744 million, or 10.0% of net sales;
- Net income attributable to Federal-Mogul of $82 million; and
- Consolidated Contribution to Cash Flow[(2)] of $313 million.

The charts below highlight our net sales for the year ended December 31, 2016 by segments, end markets, and geographic region.

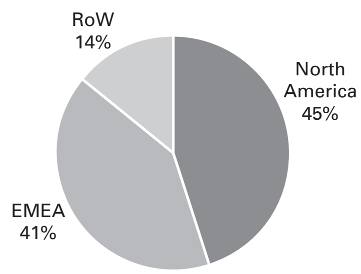
Segments



End Markets



Geographic Region



We supply OE customers with a wide variety of technologically innovative parts, substantially all of which are manufactured by us. Our OE customers consist of automotive light vehicle, medium and heavy-duty commercial vehicle manufacturers as well as agricultural, off-highway, marine, railroad, aerospace, high-performance, power generation and industrial application manufacturers. We have well-established relationships with substantially all major American, European, and Asian automotive OE customers.

Our aftermarket customers include independent warehouse distributors that redistribute products to local parts suppliers, distributors, engine rebuilders, retail parts stores, mass merchants and service chains. The breadth of our product lines, the strength of our leading marketing expertise, a sizable sales force, and supply chain and logistics capabilities are central to Motorparts' success. We have a large and diverse aftermarket customer base. No individual customer accounted for more than 10% of our net sales during 2016.

We have manufacturing facilities, technical centers, distribution centers and warehouses in 24 countries and Powertrain and Motorparts derive sales from both domestic and international markets.

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(1) EBITDA and Operational EBITDA are non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Non-GAAP Measures" for definitions of these non-GAAP financial measures and see "Summary—Summary Financial Data and Other Information" for a reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures.

(2) Contribution to Cash Flow is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a definition of this non-GAAP financial measure and see "Summary—Summary Financial Data and Other Information" for a reconciliation of this non-GAAP financial measure to the most comparable GAAP financial measure.

Powertrain

Powertrain offers its customers a diverse array of market-leading products for OE applications, including pistons, piston rings, piston pins, cylinder liners, valvetrain products, valve seats and guides, ignition products, dynamic seals, bonded piston seals, combustion and exhaust gaskets, static gaskets and seals, rigid heat shields, engine bearings, industrial bearings, bushings and washers, systems protection sleeves, acoustic shielding and flexible heat shields. No customer accounted for more than 11.5% of Powertrain's revenue for the year ended December 31, 2016.

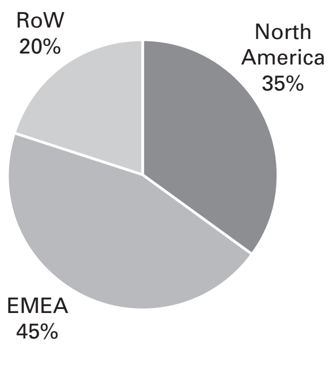
For the year ended December 31, 2016, Powertrain generated:

- Net sales (including sales to Motorparts) of $4.463 billion;
- Powertrain Operational EBITDA of $473 million, or 10.6% of net sales (including sales to Motorparts); and
- Powertrain Contribution to Cash Flow of $185 million.

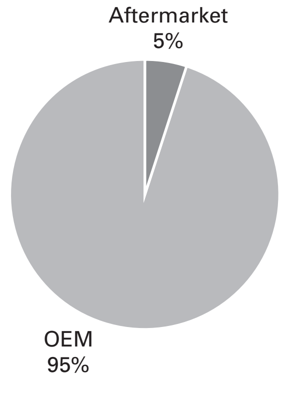
For the year ended December 31, 2016, 95% of Powertrain's revenue was derived from OE customers, with the remaining 5% of revenue sold from Powertrain to Motorparts for further distribution into Motorparts' aftermarket channels.

Powertrain operates 87 manufacturing sites in 19 countries, serving a large number of major automotive, heavy-duty, marine and industrial customers worldwide. For the year ended December 31, 2016, 35% of Powertrain revenue was from North America, 45% was from Europe, the Middle East and Africa ("EMEA") and 20% was from the rest of the world ("RoW"). Powertrain has also invested globally in nonconsolidated affiliates that have multiple manufacturing sites, mainly in Turkey and China.

Geographic Region



End Markets



The following table sets forth a description of the principal products manufactured and/or sold by Powertrain. Market positions by product are Company estimates by global sales value:

Product	Description	Market Position
Pistons	Pistons convert the energy created by the combustion event into mechanical energy to drive the car; pistons can be made from aluminum or steel, both casted and forged; highly efficient engines impose high demands on pistons in terms of rigidity and temperature resistance.	#2 Overall / #1 Diesel Pistons
Piston Rings	Pistons rings are mounted on the piston to seal the combustion chamber while the piston is moving up and down; modern rings need to resist high temperature and very abrasive environments without significant wear; rings are critical for low oil consumptions.	#1 Overall
Valve Seats and Guides	Valve seats and guides are produced from powdered metal based on sophisticated metal-ceramic structures to meet extreme requirements for hardness.	#1 Overall
Bearings	Bearings provide the low-friction environment for rotating components like crankshafts and camshafts; modern bearings are able to deal with very low viscosity oil even in highly repetitive motions like in stop/start-conditions.	#1 Overall
Spark Plugs	Modern spark plugs for engines fueled by gasoline or natural gas have to ignite fuel even at very high combustion pressure and with very lean fuel-air mixture – combined with extended life expectation well over 100,000 miles for turbo-charged engines.	#3 Overall / #1 Industrial
Valvetrain Products	Valvetrain products include mainly engine valves but also retainers, rotators, cotters, and tappets for use in both diesel and gas engines; the most demanding applications require sodium-filled hollow valves for fast heat dissipation.	#2 Overall / #1 Hollow Valves
System Protection	System protection products include protection sleeves for wire harness and for oil and water tubes as well as acoustic and EMI/RFI shielding, heat and abrasion protection, and safety/crash protection for cables and tubes for engines and cars.	#1 Overall
Seals and Gaskets	Cylinder-head gaskets and other hot and cold gaskets are sealing engines and engine components; dynamic and static seals protecting rotating engine and transmission components against oil and gas leakages. Such seals and gaskets are made from high-alloyed steel as well from sophisticated rubber and polymers.	#3 Overall / #1 Bonded Transmission Pistons

Motorparts

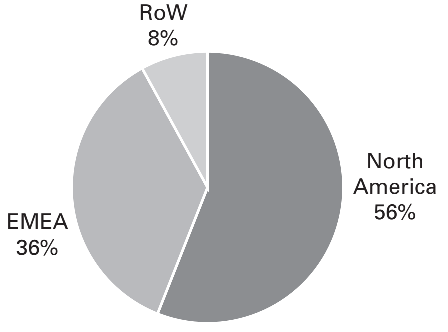
Motorparts engineers, manufactures, sources and distributes a broad portfolio of products in the global vehicle aftermarket while also serving the OE/OES markets with products including braking, wipers, and a limited range of chassis components. Motorparts' products are designed to enhance safety, durability and vehicle performance, while providing ease of installation. Motorparts' products are utilized in vehicle braking systems and also include a wide variety of chassis, engine, sealing, wiper, filter, lighting, battery and other general maintenance applications. Motorparts uses market analytics, supply chain expertise, brand and product line management, innovative technology, manufacturing, sourcing and distribution capabilities to satisfy our customers' requirements. No customer accounted for more than 8% of Motorparts' revenue for the year ended December 31, 2016.

For the year ended December 31, 2016, Motorparts generated:

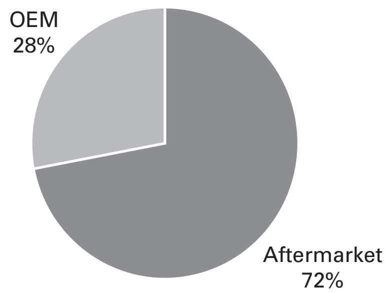
- Net sales (including sales to Powertrain) of $3.215 billion;
- Motorparts Operational EBITDA of $271 million, or 8.4% of net sales (including sales to Powertrain); and
- Motorparts Contribution to Cash Flow of $131 million.

For the year ended December 31, 2016, 72% of Motorparts' revenue was derived from sales to customers in the aftermarket and 28% was attributable to sales to the OE/OES markets. Motorparts operates 33 manufacturing sites in 15 countries, 33 distribution centers and warehouses in 12 countries, 13 technical support centers in two countries, and nine third-party operated distribution centers in four countries. As of December 31, 2016, 56% of Motorparts revenue was from North America, 36% was from EMEA and 8% was from RoW.

Geographic Region



End Markets



The following table sets forth a description of the largest product categories sold by Motorparts. Global and regional market positions by product category are Company estimates by sales value:

Product	Description	Market Position
Braking	Braking products include disc pads for passenger cars, motorcycles and commercial vehicles; drum brake shoes and CV drum brake lining; and brake accessories including rotors, drums, hydraulics, hardware and brake fluid. These products provide stopping ability, a safety feature on all vehicles.	#1 Global Aftermarket

Product	Description	Market Position
Chassis	Chassis parts include ball joints, tie rod ends, sway bar links, hub assemblies, anti-friction bearings and universal joints, strut assemblies, idler arms, pitman arms, and control arms. These components affect vehicle steering and vehicle ride quality.	#1 North America / #3 Europe
Engine	Pistons, piston rings, engine bearings, bushings, washers, cylinder liners, engine valves and valvetrain components, crank and cam shafts, and pumps are critical internal components in internal combustion engines for automotive, commercial, marine, and industrial applications.	#1 Global
Ignition	Ignition products include spark plugs, glow plugs, ignition coils, wires, harnesses, and accessories for automotive, commercial, lawn and garden, marine, and industrial applications.	#3 Global (w/ Powertrain)
Sealing	Seals create a barrier between two surfaces to contain fluids, pressure, and gases while keeping out dust and other contaminants. There are numerous areas of application including cylinder head and block, valve covers, oil pans, intake manifolds, shaft seals, transmission covers, and exhaust components.	#1 Global
Wipers	Windshield wiper parts include conventional and profile-style wiper blades, blade refills, and wiper arms. Wipers improve driver visibility and safety.	#4 North America / #3 Europe
Lighting	Lighting products include forward lighting capsules, miniature light bulbs, LED lighting and sealed beams for virtually every application on cars, trucks, commercial vehicles and other off-road vehicles. Lighting improves driver visibility and safety.	#2 North America / Entering Europe in 2017
Filters	Filtration products include oil, air, fuel and cabin filters used to remove impurities and unwanted solid particles from liquids and gases in automotive, commercial vehicle, marine, and industrial applications.	New product line
Batteries	Batteries convert chemical energy to electricity for use in powering electrical systems for numerous automotive, commercial vehicle, marine, small engine, and industrial applications. Motorparts launched a Champion® branded battery line in the latter part of 2016.	New product line

Leading Global Brands

We have built an industry-leading brand portfolio on our way to becoming one of the largest suppliers of powertrain products to the OE market and replacement parts to the global aftermarket. Below are examples of our leading brands in our different product categories.

Brakes	Engine/Sealing	Chassis	Maintenance	Wipers
WAGNER	FEL-PRO	MOOG	CHAMPION	CHAMPION
FERODO	SEALED POWER	QUICK STEER	interfil	ANCO
JURID	FP DIESEL	National Oil Seals & Bearings	BECK/ARNLEY	
BECK/ARNLEY	SPEED PRO	BECK/ARNLEY	BERU*	
Abex	National Oil Seals & Bearings			
	Payen			
	GLYCO			
	GOETZE			
	BECK/ARNLEY			
	Nüral			
	AE			

* BERU is a registered trademark of BorgWarner Ludwigsburg GmbH.

Our Industry

The automotive light vehicle market, as well as the medium and heavy-duty commercial market, is comprised of two primary segments: the OE market, in which our products are used in the manufacture of new vehicles and OES, and the global aftermarket, in which our products are used as replacement parts for all vehicles in operation in any particular market.

The OE Market

Demand for component parts in the OE market is generally a function of the number of new vehicles / engines produced, which is driven by macroeconomic conditions and other factors such as fuel prices, consumer confidence, employment trends, regulatory requirements, and trade agreements. Although OE demand is tied to planned vehicle production, parts suppliers also have the opportunity to grow by increasing their product content per vehicle, by increasing market share and by expanding into new or emerging markets. Companies like Federal-Mogul, with a global presence, leading technology and innovation, and advanced product engineering, manufacturing, and customer support capabilities are best positioned to take advantage of these opportunities.

There are currently several significant trends that are affecting the OE market, including the following:

Global Production: Global light and commercial vehicle production during 2016 and 2015 was as follows:

	Global Light and Commercial Vehicle Production	
	2016	2015
	(millions of vehicles)	
Americas	21.1	21.3
EMEA	24.3	23.3
Asia	50.2	46.5

Source: LMC Automotive January 26, 2017 for 2016 vehicle production
LMC Automotive January 15, 2016 for 2015 vehicle production

Automotive Supply Consolidation: Consolidation within the automotive supply base is expected to continue. Consolidation is needed to increase economies of scale and enhance global capabilities to serve vehicle manufacturers that are increasingly global in their production. Suppliers will seek opportunities to achieve synergies in their operations through consolidation, while striving to acquire complementary businesses to improve global competitiveness or to strategically enhance a product offering to global customers.

Globalization of Automotive Industry: OE customers are increasingly designing global platforms where the basic design of the vehicle is performed in one location, but the vehicle is produced and sold in numerous geographic markets to realize significant economies of scale by limiting variations across product designs and geographic regions. While developed markets in North America and Europe continue to remain important to OE customers, increased focus is being placed upon expanded design, development, and production within emerging markets for growth opportunities, especially in India and China. As a result, suppliers must be prepared to provide product and technical resources to support their customers within these emerging markets. Finally, Asian OE customers continue to expand their reach and market share in relation to traditional American and European manufacturers. As this trend is expected to continue into the foreseeable future, suppliers must be geographically and technologically positioned to meet the needs of the Asian OE customers.

Focus on Fuel Economy, Reduced Emissions and Alternative Energy Sources: Increased fuel economy and decreased vehicle emissions are of great importance to OE suppliers, as customers, consumers and legislators continue to demand more efficient and cleaner operating vehicles. Increasingly stringent fuel economy standards and environmental regulations are driving OE customers to focus on new technologies including downsized, higher-output and turbocharged gasoline and diesel engines and hybrid electric and pure electric powertrains, such as fuel cell and battery powered cars. The demand for smaller but more powerful engines requires more technology per engine to withstand the higher output requirements, which we estimate will result in an increase in our content per engine of nine percent from 2017 to 2021. Powertrain, with a manufacturing presence in 19 countries, is well positioned to meet expectations of its global customers. For the foreseeable future, it is expected that gasoline and diesel engines will remain the dominant powertrain for cars (including hybrids), heavy-duty and industrial applications. Powertrain is equally capable of providing components for both gasoline and diesel engines.

Focus on Vehicle Safety: Vehicle safety continues to receive industry attention by OE manufacturers as consumers view safety as a fundamental driver in their purchasing decisions and legislation views improved vehicle safety as a public health issue. Accordingly, OE customers are seeking suppliers with new technologies, capabilities and products that have the ability to advance vehicle safety. Suppliers, like Federal-Mogul, that are able to enhance vehicle safety through innovative products and technologies have a distinct competitive advantage.

Barriers to Entry: Suppliers in the automotive industry compete based on a multitude of factors such as technology, price, product quality, delivery, customer service, and the breadth of products offered. Smaller or start-up companies in the industry have difficulty achieving the scale necessary to challenge already established firms, like Federal-Mogul. Large amounts of capital would be required to build and optimize a competitive manufacturing and distribution footprint. The complexity of industry stock-keeping units ("SKUs") requires lean systems, excellent logistics and inventory management, all of which require time to optimize. Furthermore, the global nature of these businesses requires a broad international footprint and supply chain. Competitors in our industry leverage their global infrastructure in multiple functions including sourcing, research and development and manufacturing.

Cost-Competitive Operating Environment: The automotive industry is very competitive. Suppliers must continually identify and implement product innovation, productivity measures and cost reduction actions to lower costs while maintaining superior product quality. Large suppliers with a global manufacturing and engineering footprint, like Federal-Mogul, are in the best position to be cost-competitive without sacrificing product quality, delivery or service.

Raw Material Cost Fluctuations: The global prices of certain inputs used in our industry, such as aluminum, copper, lead, nickel, platinum, resins, steel, other base raw materials, as well as energy, can fluctuate significantly. In some cases, higher input costs can be passed on to our customers through price escalator agreements. However, we are required to continue to identify leading design and innovative technological solutions and material substitution options to mitigate the impact of higher costs to Federal-Mogul and our customers.

Energy, Industrial and Transport Markets: Customers in these markets for industrial engine applications continue to develop engines with higher efficiencies and lower emissions. This includes engines for mining, agriculture, railway, marine and military applications. Our ability to utilize our automotive expertise also positions us well to service specialized markets.

The Aftermarket Business

Products for the global vehicle aftermarket are sold directly to a wide range of warehouse distributors, retail parts stores, and mass merchants that distribute these products to customers ranging from professional service providers to "do-it-yourself" consumers. In some cases, Motorparts sells its products directly to professional service chains. Demand for aftermarket products historically has been driven by three primary factors: (i) the number of vehicles in operation; (ii) the average age of vehicles in operation; and (iii) vehicle usage trends. These factors, while applicable in all regions, vary depending on the composition of the vehicle population and other factors, which are discussed in greater detail below.

Number of Vehicles in Operation: The global vehicle population is expected to grow to 1.4 billion by 2021 and 2.0 billion by 2040. Growth in certain emerging markets, such as China, is increasing at the highest rate, while more mature markets are expected to grow modestly in size.

Increase in Average Age of Vehicles and Usage: The average age of vehicles on the road in the U.S. has increased since 2002 from 9.6 years to an estimated 11.6 years in 2016. It is expected to increase to 11.8 years by 2019. The average age of vehicles on the road in Western Europe has also steadily increased over the past decade to 9.5 years with a slight increase projected through 2020. Lower fuel prices have also resulted in an increase in vehicle usage in most regions. These trends have contributed to the need for additional maintenance and repair work, thereby increasing the overall demand for aftermarket replacement parts in both markets. The average age of vehicles on the road in China is just under five years and is expected to increase significantly over the coming decade. We believe this will lead to continued significant growth in the China aftermarket.

Focus on Vehicle Safety and Quality: Most of our aftermarket products are safety-related and directly affect vehicle performance. Product quality, reliability and consistency are paramount to our aftermarket end-customers, the majority of whom are professional service technicians.

Managing Complexity: We operate in a highly fragmented and dynamic industry and are among the few large aftermarket-focused suppliers globally. Motorparts today successfully manages more than 300,000 active SKUs, ensuring broad product availability to our aftermarket customers. The increasing global vehicle population, brand and vehicle complexity, the need for rapid new part introduction, as well as new distribution channels (including online) continue to drive significant SKU proliferation and business complexity. Motorparts' recent investments in its supply chain and information technology capabilities are designed to manage this complexity, which we believe will be an important competitive differentiator.

Channel Consolidation: In the more mature markets of the U.S. and Western Europe, there has been increasing consolidation in the aftermarket distribution channel with larger aftermarket distributors and retailers gaining market share. These distributors generally require larger, more capable suppliers that have the ability to provide world-class product expertise, category management capabilities, brand management and supply chain support, as well as a competitive manufacturing and sourcing network. However, channel consolidation also can reduce our pricing power. As a result, Motorparts has undertaken many initiatives to support the value of its branded products to end-market customers and diversify its revenue base.

Growth of Online Capabilities: Reaching consumers directly through online capabilities, including e-commerce, is expected to have an increasing effect on the global aftermarket industry and how aftermarket products are marketed and sold. The establishment of a robust online presence will be critical for suppliers regardless of whether they intend to participate directly in e-commerce. Since 2014, Motorparts has invested heavily in online initiatives to improve its capabilities and connectivity to its end-customers, including a new online order management system, customer relationship management tools, global brand websites and data analytics capabilities. Motorparts will continue to invest in these competencies. Additionally, consumers increasingly are utilizing online research prior to making buying or repair decisions. Motorparts will continue to expand its online presence in order to connect with its customers and more effectively communicate the value of its premium aftermarket brands.

Increase in Private Label Brands and Low-Cost Country Imports: In most of Motorparts' markets, there has been an increase in private label or store brands sold by retailers and distributors at a lower price point than premium brands of the same products. However, in many cases, retailers or wholesale distributors creating private label brands still rely on established suppliers, like Motorparts, to design and manufacture their private label products and, in some cases, utilize co-branding to support their private label offerings. Motorparts will continue to invest in product innovation, marketing and brand support that differentiate our premium branded products for their quality while also supporting lower priced, mid-grade offerings. Additionally, Motorparts will continue to drive productivity and cost reduction efforts and enhance its already strong global sourcing capabilities to remain competitive in each product tier.

Our Competitive Strengths

We believe we benefit from the following competitive strengths:

Two independent operating segments to serve specialized end-customer channels globally

Our organizational structure allows for a strong product line and end-customer focus with tailored business models for both OE and aftermarket customers. It enables us to be more responsive to customers' needs for superior products and service. Additionally, our organizational structure allows each segment's management team to focus on its specific opportunities for organic or acquisitive growth, profit improvement, capital allocation and business model optimization in line with the specialized requirements of its customer base. Powertrain's business model is optimized to provide its customers with state-of-the-art products, produced in various regions of the world to the same standards. Powertrain serves its customers largely based on long-term contracts needed to protect its large capital investments in manufacturing. Motorparts is an aftermarket-focused business with key competencies in engineering, manufacturing, global sourcing, supply chain and brand management. Motorparts also includes a significant OE/OES presence in brake friction products and wipers, which is synergistic with its aftermarket business.

Global scale with world-class, low-cost manufacturing and distribution footprint

We operate in over 24 countries with 120 manufacturing facilities and 45 distribution centers and warehouses. Our significant global scale enables us to serve all major OE customers and thousands of aftermarket customers worldwide, while achieving economies of scale across research and development ("R&D"), sourcing, product development, sales and marketing, manufacturing and administrative operations. Additionally, we have established and expanded our manufacturing and engineering footprint in low-cost countries in an effort to best serve our customers and increase our profitability. Powertrain's scale and global footprint enables it to better serve its OE customers, allowing it to capitalize on the trend of its customers' increasing reliance on fewer suppliers that are capable of supplying their global vehicle platforms across multiple regions. Motorparts also maintains a state-of-the-art aftermarket distribution network and sourcing capabilities with global reach and strong customer order fulfillment and delivery performance.

Leading market positions and brands

We are one of the largest suppliers of powertrain products to the OE market and replacement parts to the global aftermarket. The majority of our primary product categories in Powertrain and Motorparts hold the #1 or #2 global market share positions, which have been achieved due to the quality, service and reputation of our products. In addition, we maintain some of the most iconic, globally recognized and regarded brands serving the aftermarket, such as MOOG®, Champion®, Wagner®, National®, Fel-Pro®, Beck/Arnley® and ANCO®, among others. We are well positioned to continue to expand our market presence as customers continue to rely on suppliers that have demonstrated an ability to provide high-quality, innovative products in a consistent and timely manner on a global basis.

Diversified revenues

Our business is highly diversified across end markets, industry channels, geographic regions and customers. Revenue from Powertrain and Motorparts, which are not highly correlated with one another, represented 57% and 43%, respectively, of our consolidated net sales for the year ended December 31, 2016. We serve a broad spectrum of OE customers, including manufacturers of automotive light vehicles, medium and heavy-duty commercial vehicles, off-road, agricultural, marine, rail, aerospace, power generation and industrial equipment. In addition, Motorparts serves thousands of customers in a wide variety of channels and in all geographic regions. We have low customer concentration risk as no customer accounted for more than 10% of net sales in 2016. Furthermore, we have strong geographic diversity with net sales for the year ended December 31, 2016 split across North America (45%), EMEA (41%) and RoW (14%). Our significant diversity across markets enables us to allocate resources to those markets showing near-term strength, while mitigating the impact from a downturn in any one particular market. Furthermore, a significant portion of Powertrain's business is awarded on a long-term basis and, therefore, a significant portion of its future revenue is committed beyond one year.

Leading product development capabilities and technology expertise

We have industry-leading product development capabilities and technology expertise, which enable us to meet our customers' needs for innovative new products that address increasingly stringent regulations such as emissions reduction, increasing fuel efficiency and improving vehicle safety. For example, our OE powertrain customers are increasingly producing smaller yet higher power output engines to meet regulatory standards. Our advanced component designs and specialized coatings are well suited to handle the higher mechanical and thermal stresses of turbo-charged, heavily loaded smaller engines. We have 22 globally networked technology centers in North America, Europe and Asia that support our R&D efforts and we maintain more than 1,600 active patents for leading automotive technologies. Our focus on R&D has earned numerous industry accolades over our more than 100-year history.

Strong customer relationships and product penetration

We maintain leading market positions and have long-standing relationships with all major North American, European and Asian OE customers. Our OE products are currently on more than 400 global vehicle platforms and more than 800 global powertrains used in light, medium and heavy vehicles. Our customers are leading OE manufacturers, including General Motors, Volkswagen Group, Daimler Group, Ford, Fiat Chrysler, Renault-Nissan, BMW, PSA Peugeot-Citroën, Toyota, Honda, Chery, Geely, Tata, Cummins, Caterpillar, John Deere, Rolls Royce/ MTU, Wartsila and others. Our aftermarket customers include an extremely diverse group of aftermarket warehouse distributors, retailers and service providers around the world.

Opportunity to realize benefits of largely complete restructuring and acquisition integration efforts

Our restructuring activities during the last several years were undertaken to execute management's strategy, streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve productivity improvements and net cost reductions. Restructuring activities included efforts to integrate and rationalize our businesses and to relocate operations to low-cost countries. Restructuring expenses in recent periods have been higher than normal, largely as a result of acquisition integration actions, the exit from unprofitable businesses, the reconfiguration of our aftermarket distribution network, and other factors. We expect restructuring costs to decline over the next several years as our current restructuring programs are completed. In 2016, our financial results reflected significant benefits from our recent restructuring activities. Additionally, Powertrain and Motorparts each execute continuous improvements to gain productivity benefits to offset inflation and competitive price pressure.

Strong and supportive parent sponsorship

IEP has had a controlling ownership interest in Federal-Mogul since 2007. IEP ownership in the Company has grown since 2012 predominantly through equity investments of nearly $700 million, which have largely funded our acquisition and integration activities since then. In January 2017, IEP acquired the outstanding shares of Federal-Mogul that it did not already own through a cash tender offer and subsequent merger. In addition, Daniel Ninivaggi, who previously served as our Co-CEO and Co-Chairman of the Board and CEO of Motorparts from 2014 through March 2017, will continue to oversee both Powertrain and Motorparts in his new capacity as Managing Director of IEP's Automotive Segment.

Experienced management team

The senior management teams leading Powertrain and Motorparts possess an average of over 20 years of experience in the automobile parts manufacturing industry and an average of 13 years of experience at Federal-Mogul. The teams have substantial depth in critical operational areas and have demonstrated success generating profitable growth, integrating business acquisitions, improving processes through cyclical periods, reducing costs and expanding revenue through product, technology and customer diversification. Information about our senior management team is set forth below.

Name	Years with Company	Biographical Information
Rainer Jueckstock *Co-CEO and Co-Chairman of the Board of Directors, Federal-Mogul LLC* *CEO, Powertrain*	27	In current position as Co-CEO since April 2012. Joined Federal-Mogul in 1990 and has held several operations, sales and finance leadership roles within the Company, including senior vice president, global Powertrain operations, responsible for all manufacturing locations and related activities worldwide.
Brad Norton *Co-CEO and Co-Chairman of the Board of Directors, Federal-Mogul LLC* *CEO, Motorparts*	3	Joined Federal-Mogul in 2014 as senior vice president of Chassis and Service. He was promoted to his current position in March 2017. He has more than 25 years of global automotive experience in both original equipment and the aftermarket.
Jerome Rouquet *CFO, Federal-Mogul LLC* *Senior Vice President, Finance, Motorparts*	20	Joined Federal-Mogul in 1996 and was previously interim CFO and vice president, controller and chief accounting officer, Federal-Mogul; and chief financial officer, VCS. Prior to that, Rouquet served as finance director, Vehicle Safety and Protection, in Bad Camberg, Germany; finance director, global piston group, in Nuremberg, Germany; group controller, sealing systems, ignition and wipers, Europe, in Aubange, Belgium; controller, Belgium operations, in Aubange; and budget and reporting manager, Belgium operations, Aubange.

Our Strategy

Our strategy is to develop and deliver leading technology, innovation and service capabilities for our customers that result in market share expansion in the OE market and aftermarket. Our strategy is designed to create sustainable global profitable growth by leveraging existing and developing new economic advantages. This strategy consists primarily of the following:

Extending our global reach to support our OE and aftermarket customers, furthering our relationships with leading Asian OE customers and strengthening market share with U.S. and European OE customers.

We conduct business with the majority of automotive OE customers, as well as leading automotive aftermarket distributors, retailers and service providers around the world. Within the highly competitive automotive parts industry, we enjoy and seek to extend the significant advantages that come from our world-class global manufacturing, engineering and distribution footprint and global sourcing capabilities. This footprint enables the design, production and delivery of premium parts emphasizing quality, safety and reliability virtually anywhere in the world and also supports the continual innovation of new products and technologies. In 2016 and in previous years, Powertrain expanded its manufacturing capacity and footprint by building new or expanding existing plants, especially in low cost countries. Recent acquisitions have also strengthened our global market position. The integration of the TRW Global Valvetrain business within Powertrain solidified Powertrain as a leading supplier of core engine components. The recent acquisitions of Honeywell and Affinia have also solidified Motorparts as a leading global provider of braking and chassis components. In late 2015, we opened a new state-of-the-art wiper production facility in southeastern Romania serving both OE and aftermarket customers throughout Europe. We are in the process of expanding our braking production capacity at existing braking plants in China and Romania and also investing in our manufacturing footprint in Mexico, Eastern Europe, and Africa.

Assess acquisition and investment opportunities that provide product line expansion, technological advancements, geographic positioning, penetration of emerging markets (including India and China) and market share growth.

We continue to invest in the development of leading powertrain technologies for our customers. During 2016, we began mass production of our market-leading DuroGlide® piston ring technology for both passenger cars and commercial trucks and are seeing rapidly growing demand from our customers. We invested significantly in steel pistons for both heavy duty and passenger cars with significant growth and margin opportunities. In 2016, we also completed the acquisition of a filter manufacturing business in Mexico to extend our product offerings in the global aftermarket and we integrated Beck/Arnley®, a provider of premium OE quality parts and fluids to the North American aftermarket for foreign nameplate vehicles in North America, into Motorparts. Motorparts has also entered into two new Asian joint ventures since 2015, one in Thailand and one in China, focused on the automotive aftermarket vehicle repair business. Motorparts also opened two new distribution centers (“DCs”) in China in 2016. These investments position us to capitalize on the development of the independent aftermarket in the Asia Pacific region.

Leverage the strength of our global aftermarket leading brand positions, product portfolio and range, marketing and selling expertise, and distribution and logistics capabilities.

As we expand our distribution and service capabilities globally, we seek to optimize the performance of our DCs through enhanced efficiencies in order to meet the world-class delivery performance our customers increasingly require. We have made investments in our U.S. distribution network by enhancing our IT system, through our new multi-product distribution centers in California and Eastern Pennsylvania, and through the implementation of automated picking technology and a more efficient replenishment system with the objective of improving inventory visibility and availability and lowering costs. Recently, we made investments in our DC network in Belgium and China and announced plans to open a DC in Hungary during 2017.

We are focused on marketing the advantages of our premium branded aftermarket products through multiple media outlets, including an expanded digital platform. We continue to invest in the development of differentiated products offering enhanced safety, performance and reliability. We have also launched a series of ‘Tech First’ initiatives to provide online, on-demand, and onsite technical training and support to vehicle repair technicians who use and install our products. This initiative included the opening of Garage Gurus™, a nationwide technical education network consisting of 12 technical support centers and a fleet of mobile training vans in major U.S. markets, a repair shop engagement program in France and Germany; and the opening of our first technical training and support center in China.

Aggressively pursue cost competitiveness in all business segments by continuing to drive productivity in existing operations, consolidating and relocating manufacturing operations to low-cost countries, utilizing our strategic alliances, and rationalizing business resources and infrastructure.

We operate within competitive industries and our management teams continuously analyze opportunities to reduce costs and improve productivity. We also take a disciplined approach in evaluating investment or growth opportunities. We assess individual opportunities to execute our strategy based upon estimated sales and margin growth, cost reduction potential, internal investment returns, and other criteria, and make investment decisions on a case-by-case basis. Opportunities meeting or exceeding benchmark return criteria may be undertaken through existing operations, consolidating and relocating manufacturing operations to low-cost countries internal development activities, acquisitions, strategic alliances or other means. Restructuring expenses for the year ended December 31, 2016 primarily related to acquisition integration actions, the exit from unprofitable businesses, the reconfiguration of our aftermarket distribution network and other factors aimed at reducing production complexities, and reducing inefficiencies in indirect and fixed cost structures.

Company Organization and History

The Company

Federal-Mogul LLC is a limited liability company formed under the laws of Delaware. On March 29, 2017, Federal-Mogul Holdings LLC merged with and into Federal-Mogul LLC, with Federal-Mogul LLC surviving the merger. On February 14, 2017, Federal-Mogul Holdings Corporation was converted to a single member limited liability corporation and changed its name to Federal-Mogul Holdings LLC. References herein to the "Company," "Federal-Mogul," "we," "us," or "our" refer to Federal-Mogul LLC together with its subsidiaries, including Federal-Mogul Financing Corporation, the co-issuer of the Notes, for the period after the effective date of the Holdco Merger on March 29, 2017, Federal-Mogul Holdings LLC for the period after the effective date of the conversion on February 14, 2017, Federal-Mogul Holdings Corporation for the period between the effective date of the Reorganization (subsequently defined below) on April 15, 2014 and the effective date of the conversion on February 14, 2017, and Federal-Mogul Corporation for the period prior to the effective date of the Reorganization on April 15, 2014. The Company was founded in Detroit, Michigan, in 1899.

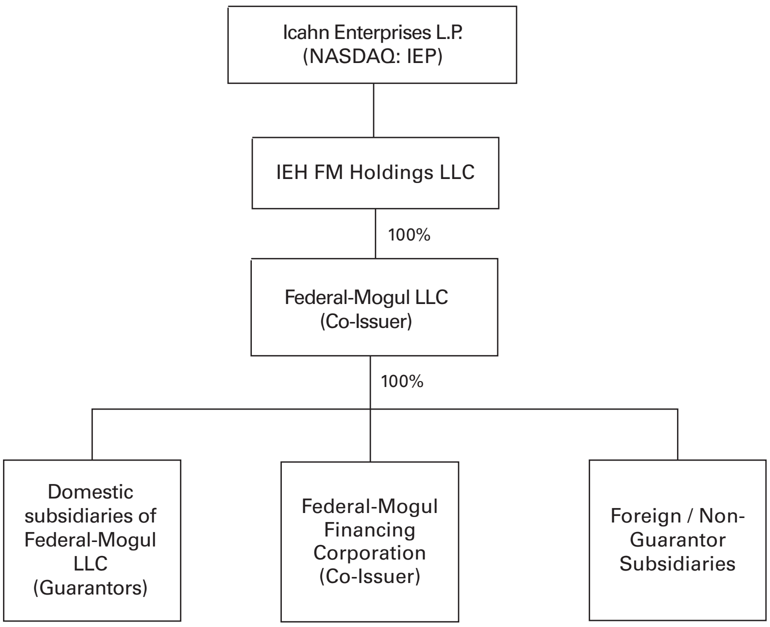
Our corporate offices are located at 27300 West Eleven Mile Road, Southfield, Michigan 48034. Our corporate website address is http://www.federalmogul.com. We do not incorporate the information available on our corporate website into this offering memorandum, and you should not consider it part of this offering memorandum.

Holding Company Reorganization: On April 15, 2014, Federal-Mogul Corporation completed a holding company reorganization (the "Reorganization"). As a result of the Reorganization, the outstanding shares of Federal-Mogul Corporation common stock were automatically converted on a one-for-one basis into shares of Federal-Mogul Holdings Corporation common stock, and all of the stockholders of Federal-Mogul Corporation immediately prior to the Reorganization automatically became stockholders of Federal-Mogul Holdings Corporation. The rights of stockholders of Federal-Mogul Holdings Corporation are generally governed by Delaware law and Federal-Mogul Holdings Corporation's certificate of incorporation and bylaws, which are the same in all material respects as those of Federal-Mogul Corporation immediately prior to the Reorganization. In addition, the board of directors of Federal-Mogul Holdings Corporation and its Audit Committee and Compensation Committee were composed of the same members as the board of directors, Audit Committee and Compensation Committee of Federal-Mogul Corporation prior to the Reorganization.

Merger Transaction: On September 6, 2016, the Company, American Entertainment Properties Corp., a Delaware corporation ("AEP"), our parent and a subsidiary of IEP, and IEH FM Holdings LLC, a Delaware limited liability company ("Merger Sub") entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which a wholly-owned subsidiary of IEP ("Merger Sub") would be merged with and into the Company with the Company surviving (the "Merger"). Pursuant to the Merger Agreement, and upon the terms and subject to the conditions thereof, Merger Sub commenced a cash tender offer to acquire, subject to the terms and conditions of the Merger Agreement, all of the issued and outstanding shares of the Company's common stock not already owned by IEP and its affiliates for $10.00 per share in cash. On January 23, 2017, the Merger was consummated and the Company become an indirect wholly-owned subsidiary of IEP and the shares of the Company's common stock ceased to be traded on the NASDAQ stock market.

Corporate Structure

The following chart reflects certain relevant aspects of our corporate structure as of the date of this offering memorandum.



Our Sponsor

IEP (NASDAQ: IEP) is a diversified holding company that indirectly owns 100% of our outstanding LLC interests. IEP is engaged in ten primary business segments: Investment, Automotive, Energy, Gaming, Railcar, Food Packaging, Metals, Mining, Real Estate and Home Fashion. IEP had consolidated total assets of $33 billion across its ten primary business segments as of December 31, 2016. IEP is controlled by Carl C. Icahn, who indirectly owned approximately 90.1% of its outstanding depositary units as of March 1, 2017.

Refinancing Transactions

We intend to use the net proceeds from this offering to prepay in full the outstanding principal borrowings under the Term Loan B Facility, prepay a portion of the outstanding principal borrowings under the ABL Facility and to pay related transaction fees and expenses. We refer to the issuances of the Notes offered hereby and the use of net proceeds therefrom collectively as the “Refinancing Transactions.” See “Use of Proceeds.”

THE OFFERING

The Notes will be governed by the Indenture (as defined below). The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The following is not intended to be complete. You should carefully review the "Description of Notes" section of this offering memorandum, which contain a more detailed description of the terms and conditions of the Notes and the Indenture. Capitalized terms used but not defined in this summary have the meanings assigned to them in the "Description of Notes" section of this offering memorandum.

Issuers	Federal-Mogul LLC. Federal-Mogul Financing Corporation serves as a co-issuer of the Notes.
Notes Offered	
Fixed Rate Notes	€415,000,000 million in aggregate principal amount of 4.875% Senior Secured Notes due 2022.
Floating Rate Notes	€300,000,000 million in aggregate principal amount of Floating Rate Senior Secured Notes due 2024.
Form and denomination	The Issuers will issue the Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Maturity Date	
Fixed Rate Notes	April 15, 2022
Floating Rate Notes	April 15, 2024
Interest	
Fixed Rate Notes	Interest on the Fixed Rate Notes will accrue at a rate of 4.875% per annum and will be payable on April 15 and October 15 of each year, commencing on October 15, 2017.
Floating Rate Notes	Interest on the Floating Rate Notes will accrue at the sum of (i) three-month EURIBOR (with a 0% floor), plus (ii) 4.875% per annum, reset quarterly and will be payable on January 15, April 15, July 15 and October 15 of each year, commencing on July 15, 2017.
Guarantees	The Notes initially will be guaranteed, jointly and severally, by our current and future wholly-owned domestic subsidiaries that guarantee the Credit Facilities. See "Description of Notes—Guarantees." For the year ended December 31, 2016, our non-guarantor subsidiaries represented approximately 62.5% and 69.8% of our net sales and Operational EBITDA, respectively. In

	addition, these non-guarantor subsidiaries represented approximately 52.7% and 31.8% of our total assets and total liabilities, respectively, as of December 31, 2016.
Ranking	The Notes and the related guarantees will be: • general senior secured obligations of us and each guarantor; • secured on a first-priority basis, equally and ratably, with all of our and the guarantors' obligations under any other debt secured on first lien basis on the PP&E Collateral, subject to certain exceptions and permitted liens; • effectively junior to all of our and the guarantors' obligations under any ABL Loan Facility and hedging obligations and cash management obligations permitted by the Credit Agreement to be secured on a pari passu basis with the liens securing any ABL Loan Facility to the extent of the value of the Borrowing Base Collateral securing such obligations; • effectively senior to all of our and the guarantors' obligations under any ABL Loan Facility and hedging obligations and cash management obligations permitted by the Credit Agreement to be secured on a pari passu basis with the liens securing any ABL Loan Facility to the extent of the value of the PP&E Collateral securing such obligations; • pari passu in right of payment with all of our and the guarantors' existing and future senior indebtedness and effectively senior to all of our and the guarantors' future debt that is secured by junior liens and to any of our and the guarantors' future unsecured indebtedness, to the extent of the value of the collateral securing the Notes and the guarantees thereof; • structurally subordinated to any existing and future indebtedness and other liabilities of any of our existing and future non-guarantor subsidiaries, to the extent of the assets of those subsidiaries; • senior in right of payment to any of our and the guarantors' existing and future subordinated indebtedness; and • fully and unconditionally guaranteed by the guarantors on a senior secured basis.
Collateral	The Notes and the related guarantees will be secured by security interests in substantially all of our assets and the assets of the guarantors that rank equally with the security interests securing the Term Loan Facilities and junior to the

	Borrowing Base Collateral securing the ABL Facility, subject to certain exceptions and permitted liens, as described under "Description of Notes—Collateral and Security."
Collateral Trust Agreement	On April 15, 2014, we entered into an amended and restated collateral trust agreement (as amended or otherwise modified from time to time, the "Collateral Trust Agreement") with Citibank, N.A. (the "Collateral Trustee"), the administrative agents under the Credit Facilities as the applicable representatives of the lenders thereunder and the applicable representatives of the holders of any other debt permitted to be incurred to refinance the Credit Facilities. The Collateral Trust Agreement sets forth the terms on which the Collateral Trustee receives, holds, administers, maintains, enforces and distributes the proceeds of all of its liens upon the collateral, as well as the relationship between the holders of the Notes and the lenders under the Credit Facilities with respect to the collateral. See "Description of Notes—Collateral Trust Agreement and the Collateral Trustee."
Intercreditor Agreements	In connection with the issuance of the Notes, we will enter into an intercreditor agreement (the "PP&E Pari Passu Intercreditor Agreement") with the trustee, as authorized representative for the holders of the Notes, the administrative agent under our term loan C facility (the "Term Loan C Facility") as authorized representative thereunder (the "Term Loan Administrative Agent"), the Collateral Trustee and authorized representatives of the holders of any other future pari passu debt incurred from time to time after the issue date for the Notes. The PP&E Pari Passu Intercreditor Agreement sets forth the rights of, and relationship among, the Collateral Trustee, the trustee for the holders of the Notes, the Term Loan Administrative Agent, as authorized representative for the lenders under our Term Loan C Facility and the applicable representative of the holders under any other future pari passu debt in respect of the exercise of rights and remedies against us and the guarantors. See "Description of Notes—PP&E Pari Passu Intercreditor Agreement." In addition, on April 15, 2014, we entered into an intercreditor agreement (the "ABL Intercreditor Agreement") with the Collateral Trustee, the administrative agents under the Term Loan Facilities and the administrative agent under the ABL Facility. The ABL Intercreditor Agreement sets forth the relative priorities of the liens on the collateral securing (i) the Notes, the Term Loan Facilities and any other first lien pari passu debt

	incurred by the Company after the issue date for the Notes and (ii) the ABL Facility and hedging obligations and cash management obligations permitted by the Credit Agreement to be secured by Borrowing Base Collateral on a pari passu basis with the liens securing the ABL Facility and the relative rights of such parties to enforce such liens. See "Description of Notes—ABL Intercreditor Agreement—Restrictions on Enforcement of Liens."
Optional Redemption	
Fixed Rate Notes	We may, at our option, redeem some or all of the Fixed Rate Notes at any time on or after April 15, 2019, at the redemption prices listed under "Description of Notes—Optional Redemption." In addition, prior to April 15, 2019, we may, at our option, redeem up to 40% of the Fixed Rate Notes with the proceeds of certain sales of our equity at a redemption price equal to 104.875% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the relevant redemption date. Prior to April 15, 2019, we may, at our option, redeem some or all of the Fixed Rate Notes at the "make whole" amounts set forth under "Description of Notes—Optional Redemption."
Floating Rate Notes	We may, at our option, redeem some or all of the Floating Rate Notes at any time on or after April 15, 2018, at the redemption prices listed under "Description of Notes—Optional Redemption." Prior to April 15, 2018, we may, at our option, redeem some or all of the Floating Rate Notes at the "make whole" amounts set forth under "Description of Notes—Optional Redemption."
Tax Redemption	We may redeem the notes in whole, but not in part, at any time at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but not including, the redemption date in certain circumstances in which we or the guarantors would become obligated to pay additional amounts. See "Description of Notes—Redemption for Tax Reasons."
Payment of Additional Amounts	In the event that taxes are required to be withheld or deducted from payments on the notes or the guarantees

	thereof, the we or the guarantors will, subject to certain exceptions and limitations, pay such additional amounts as will result in the payment of the amounts which would have been payable in respect of such notes had no such withholding or deduction been required after deduction or withholding of such taxes. See "Description of Notes—Payment of Additional Amounts."
Change of Control Offer	If we experience specific kinds of change of control events, we may be required to offer to repurchase the Notes at a purchase price equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to, but not including, the applicable repurchase date. See "Description of Notes—Repurchase at the Option of Holders—Change of Control."
Asset Sale Offer	If we sell assets under certain circumstances, we must offer to repurchase the Notes at 100% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the applicable repurchase date. See "Description of Notes—Repurchase at the Option of Holders—Asset Sales."
Certain Covenants	We will issue the Notes under an indenture with Wilmington Trust, N.A., as trustee, The Bank of New York Mellon, London Branch, as paying agent and The Bank of New York Mellon (Luxembourg) S.A., as registrar (the "Indenture"). The Indenture will contain covenants that, among other things, will limit the ability of the Company and its restricted subsidiaries to: • incur additional debt or issue certain disqualified stock and preferred stock; • pay dividends or make certain other distributions on our capital stock or repurchase our capital stock or prepay subordinated indebtedness; • create liens; • make certain investments or other restricted payments; • engage in transactions with affiliates; and • sell certain assets or merge or consolidate with or into other companies or otherwise dispose of all or substantially all of their assets. These covenants are subject to important exceptions and qualifications as described under "Description of Notes—Certain Covenants." Many of these covenants will cease to apply to the Notes during any time that the Notes have investment grade ratings from at least two of Moody's

	Investors Service, Inc., Standard & Poor's and Fitch Ratings Inc. so long as there is no default under the Indenture. See "Description of Notes—Certain Covenants—Covenant Suspension."
No Registration Rights	The offer and sale of the Notes will not be registered under the Securities Act or the securities laws of any other jurisdiction and no offer to exchange the Notes in a transaction registered under the Securities Act will be made.
Transfer Restrictions	The issuance of the Notes has not been registered under the Securities Act or any state securities laws, and the Notes are subject to certain restrictions on transfer. See "Notice to Investors."
Use of Proceeds	We intend to use the net proceeds from this offering to fund the Refinancing Transactions. See "Use of Proceeds."
Absence of Established Trading Market	The Notes will be a new class of securities for which there is currently no market. Although the initial purchaser has informed us that it intends to make a market in the Notes, the initial purchaser is not obligated to do so, and may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Luxembourg Stock Exchange's Euro MTF.
Trustee	Wilmington Trust, National Association
Collateral Trustee	Citibank, N.A., in its capacity as collateral trustee under the Collateral Trust Agreement
Paying Agent	The Bank of New York Mellon, London Branch
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Risk Factors	Investing in the Notes involves substantial risk. You should carefully consider all of the information in this offering memorandum prior to investing in the Notes. See "Risk Factors" and the other information in this offering memorandum for a discussion of the factors you should carefully consider before deciding to invest in the Notes.

SUMMARY FINANCIAL DATA AND OTHER INFORMATION

The following tables set forth the summary consolidated financial information of Federal-Mogul Holdings LLC. The summary Consolidated Statement of Operations for the years ended December 31, 2014, 2015 and 2016 and the Consolidated Balance Sheet data as of December 31, 2015 and 2016 have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The results of operations for the periods presented below are not necessarily indicative of the results that may be expected for any future period.

This information is only a summary and should be read in conjunction with "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the notes thereto and the other financial information appearing elsewhere in this offering memorandum.

	Year Ended December 31,		
	2014	2015	2016
Consolidated Statement of Operations		(in millions)	
Net sales	$ 7,317	$ 7,419	$ 7,434
Cost of products sold	(6,260)	(6,345)	(6,301)
Gross profit	1,057	1,074	1,133
Selling, general and administrative expenses	(776)	(794)	(815)
Goodwill and intangible impairment expense, net	(120)	(94)	(6)
Restructuring charges and asset impairments, net	(110)	(121)	(44)
Amortization expense	(49)	(59)	(58)
Other income (expense), net	(11)	(5)	21
Operating income (loss)	(9)	1	231
Interest expense, net	(120)	(138)	(145)
Loss on debt extinguishment	(24)	—	—
Equity earnings of nonconsolidated affiliates, net of tax	48	56	59
Income (loss) from continuing operations before income taxes	(105)	(81)	145
Income tax (expense) benefit	(56)	(30)	(55)
Income (loss) from continuing operations	(161)	(111)	90
Gain (loss) from discontinued operations, net of tax	—	7	—
Net income (loss)	(161)	(104)	90
Less net income attributable to noncontrolling interests	(7)	(6)	(8)
Net income (loss) attributable to Federal-Mogul	$ (168)	$ (110)	$ 82

The following table represents items that affect the comparability of the amounts shown above for the years ended December 31, 2014, 2015 and 2016.

	Year ended December 31,		
	2014	2015	2016
		(in millions)	
Gain on sale of real estate	$ 1	$ 4	$ 7
Loss on sale of equity method investment	—	(11)	—
Goodwill and intangible impairment expense, net	(120)	(94)	(6)
Loss on debt extinguishment	(24)	—	—
Restructuring charges and asset impairments, net	(110)	(121)	(44)

	As of December 31,		
	2014	2015	2016
		(in millions)	
Consolidated Balance Sheet Data:			
Total assets	$7,067	$7,228	$7,076
Total liabilities	6,158	6,326	6,196
Total debt (including short-term debt and current portion of long-term debt)	2,690	3,052	3,025
Federal-Mogul shareholders' equity	806	770	738

	Year Ended December 31,		
	2014	2015	2016
		(in millions)	
Consolidated Statement of Cash Flow Data:			
Net cash provided from operating activities	$ 278	$ 38	$ 546
Net cash provided from (used by) investing activities	(735)	(787)	(400)
Net cash provided from (used by) financing activities	35	627	(20)
Other Financial Data:			
EBITDA(1)	349	405	665
Total Operational EBITDA(1)	630	644	744
Powertrain Operational EBITDA	431	428	473
Motorparts Operational EBITDA	199	216	271
Capital expenditures	(418)	(440)	(381)
Consolidated Contribution to Cash Flow(2)	159	146	313
Powertrain Contribution to Cash Flow	136	92	185
Motorparts Contribution to Cash Flow	45	63	131

(1) EBITDA and Operational EBITDA are non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Non-GAAP Measures" for definitions of EBITDA and Operational EBITDA. See Note 21, *Operations by Reporting Segment and Geographic Area* to the consolidated financial statements included elsewhere in this offering memorandum, for a discussion of Operational EBITDA by segment.

(2) Contribution to Cash Flow is a non-GAAP financial measure that is defined as Operational EBITDA less capital expenditures and cash restructuring charges.

The following table shows a reconciliation of net (loss) income to Total Operational EBITDA:

	Year ended December 31, 2014	2015	2016
		(in millions)	
Net (loss) income	$(161)	$(104)	$ 90
Items required to reconcile net (loss) income to EBITDA:			
Income tax expense	56	30	55
Interest expense, net	120	138	145
Depreciation and amortization	334	341	375
EBITDA	$ 349	$ 405	$665
Items required to reconcile EBITDA to Operational EBITDA:			
Restructuring charges and asset impairments[a]	110	121	44
Goodwill and intangible impairment expense, net	120	94	6
Loss on extinguishment of debt	24	—	—
Loss on sale of equity method investment	—	11	—
Financing charges	6	9	12
Discontinued operations	—	(7)	—
Acquisition related costs	16	6	5
Segmentation costs	10	4	—
Other[b]	(5)	1	12
Total Operational EBITDA	$ 630	$ 644	$744
Powertrain Operational EBITDA	$ 431	$ 428	$473
Motorparts Operational EBITDA	$ 199	$ 216	$271

	Year ended December 31, 2014	2015	2016
		(in millions)	
Footnotes:			
[a] ***Restructuring charges and asset impairments, net:***			
Restructuring charges related to severance and other charges, net	$ 86	$ 89	$ 27
Asset impairments, including impairments related to restructuring activities	24	32	17
Total Restructuring charges	$ 110	$ 121	$ 44
[b] ***Other reconciling items:***			
Headquarter relocation costs	$ 6	$ —	$ —
Non-service cost components associated with U.S. based funded pension plans	(6)	(1)	13
Stock appreciation rights	(4)	(1)	—
Other	(1)	3	(1)
	$ (5)	$ 1	$ 12

The following table shows a reconciliation of Operational EBITDA to Consolidated Contribution to Cash Flow:

	Year ended December 31,		
	2014	2015	2016
Powertrain			
Powertrain Operational EBITDA	$ 431	$ 428	$ 473
Restructuring payments	(27)	(35)	(26)
Capital expenditures	(268)	(301)	(262)
Powertrain Contribution to Cash Flow	$ 136	$ 92	$ 185
Motorparts			
Powertrain Operational EBITDA	$ 199	$ 216	$ 271
Restructuring payments	(24)	(22)	(24)
Capital expenditures	(130)	(131)	(116)
Powertrain Contribution to Cash Flow	$ 45	$ 63	$ 131
Corporate			
Restructuring payments	$ (2)	$ (1)	$ —
Capital expenditures	(20)	(8)	(3)
Corporate Contribution to Cash Flow	$ (22)	$ (9)	$ (3)
Consolidated Contribution to Cash Flow	$ 159	$ 146	$ 313

RISK FACTORS

An investment in the Notes involves certain risks. You should carefully consider the risks described below and other information included in this offering memorandum before making an investment decision. If any of these risks and uncertainties were to actually occur, our business, financial condition or results of operations could be materially adversely affected. In such case, you may lose all or part of your investment. Please also read the cautionary note regarding "Forward-Looking Statements" beginning on page x.

Risks Related to Our Business and Industry

The Company's restructuring activities and strategic initiatives may affect the Company's short-term liquidity and may not result in the anticipated synergies and cost savings.

The Company is pursuing a number of organic and inorganic growth activities, restructuring plans, and strategic initiatives to increase and improve the Company's business and profitability. Management believes these activities will enhance the Company's long term shareholder value; however, the investment to effectuate these activities may have an effect on the Company's short term liquidity and may create the need for additional borrowing which may be at higher interest rates given the Company's current level of indebtedness. In addition, it is possible the achievement of expected synergies and cost savings associated with the Company's restructuring activities will require additional costs or charges to earnings in future periods. It is also possible the expected synergies or returns from strategic initiatives may not be achieved. Any costs or charges could adversely affect the business, results of operations, liquidity, and financial condition.

The Company's operations in foreign countries expose the Company to risks related to economic and political conditions, currency fluctuations, import/export restrictions, regulatory and other risks.

As a global business operating in a time of increasing global economic and political instability, we are exposed to global market risks, the consequences of which cannot always be anticipated or quantified. One example is the recent decision of voters in the United Kingdom to withdraw from the European Union (referred to as "Brexit"). While any ultimate effects of Brexit on the Company are difficult to predict (particularly given the potentially lengthy negotiation period to accomplish a formal withdrawal), because we currently conduct business in the United Kingdom and in Europe, the results of the referendum and any eventual withdrawal could cause disruptions and create uncertainty for our businesses, including affecting our relationships with our customers and suppliers, and could also alter the relationship among currencies, including the value of the British Pound relative to the US Dollar. Such disruptions and uncertainties could adversely affect our financial condition, operating results and cash flows. Any ultimate effects of Brexit on the Company will also depend on whether the UK negotiates to retain access to European Union markets either during a transitional period or more permanently. The failed coup attempt in Turkey, a country in which the Company has various ownership and economic interests, is another example of a recent global political development for which any potential consequences for the Company are uncertain. These and other developments may increase volatility in the results our operations and may adversely affect our financial condition.

The Company has manufacturing and distribution facilities in many countries. International operations are subject to certain risks including:

- exposure to local economic conditions;
- exposure to local political conditions (including the risk of seizure of assets by foreign governments);
- currency exchange rate fluctuations (including, but not limited to, material exchange rate fluctuations, such as devaluations) and currency controls;
- export and import restrictions;
- restrictions on ability to repatriate foreign earnings;
- labor unrest; and
- compliance with U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting inappropriate payments.

The likelihood of such occurrences and their potential effect on the Company are unpredictable and vary from country-to-country.

Certain of the Company's operating entities report their financial condition and results of operations in currencies other than the U.S. dollar (including, but not limited to, Brazilian real, British pound, Chinese yuan renminbi, Czech crown, euro, Indian rupee, Mexican peso, Polish zloty, Russian ruble, South Korean won, and Swedish krona). In reporting its consolidated statements of operations, the Company translates the reported results of these entities into U.S. dollars at the applicable exchange rates. As a result, fluctuations in the dollar against foreign currencies will affect the value at which the results of these entities are included within Federal-Mogul's consolidated results.

The Company is exposed to a risk of gain or loss from changes in foreign exchange rates whenever the Company, or one of its foreign subsidiaries, enters into a purchase or sales agreement in a currency other than its functional currency. While the Company reduces such exposure by matching most revenues and costs within the same currency, changes in exchange rates could affect the Company's financial condition or results of operations.

Changes in tax law or trade agreements and new or changed tariffs could have a material adverse effect on us.

Changes in U.S. political, regulatory and economic conditions and/or changes in laws and policies governing U.S. tax laws, foreign trade (including trade agreements and tariffs), manufacturing, and development and investment in the territories and countries where the Company or our customers operate could adversely affect our operating results and our business.

The Company conducts operations through joint ventures which may contain various contractual restrictions and require approval for certain actions by our joint venture partners.

Certain of the Company's operations, including emerging markets, are conducted through joint ventures and strategic alliances. With respect to these joint ventures, the Company may share ownership and management responsibilities with one or more partners that may not share the same goals and objectives. Operating a joint venture requires the Company to operate the business pursuant to the terms of the agreement that was entered into with the joint venture partners, as well as to share information and decision making. Additional risks associated with joint ventures include one or more partners failing to satisfy contractual obligations, conflicts arising between the joint venture partners, a change in the ownership of any of the joint venture partners and our limited ability to control compliance with applicable rules and regulations, including the Foreign Corrupt Practices Act and related rules and regulations. Additionally, the Company's ability to sell its interest in a joint venture may be subject to contractual and other limitations. Accordingly, any such occurrences could adversely affect the Company's financial condition, operating results and cash flows.

The Company may pursue acquisitions or other affiliations that involve inherent risks, any of which may cause the Company not to realize anticipated benefits, and the Company may have difficulty integrating the operations of any companies that may be acquired, which may adversely affect the Company's results of operations.

In the past, the Company has grown through acquisitions, and may engage in acquisitions in the future as part of the Company's business strategy. The full benefits of these acquisitions, however, require integration of manufacturing, administrative, financial, sales, and marketing approaches and personnel. If the Company is unable to successfully integrate its acquisitions, it may not realize the benefits of the acquisitions, the financial results may be negatively affected, or additional cash may be required to integrate such operations.

In the future, the Company may not be able to successfully identify suitable acquisition or affiliation opportunities or complete any particular acquisition, combination, affiliation or other transaction on acceptable terms. The Company's identification of suitable acquisition candidates and affiliation opportunities and the integration of acquired business operations involve risks inherent in assessing the values, strengths, weaknesses, risks, and profitability of these opportunities. This includes the effects on the Company's business, diversion of management's attention, and risks associated with unanticipated problems or unforeseen liabilities, and may require significant financial resources that would otherwise be used for the ongoing development of the Company's business.

The difficulties of integration may be increased by the necessity of coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. These difficulties could be further increased to the extent the Company pursues acquisition or affiliation opportunities internationally. The Company may not be effective in retaining key employees or customers of the combined businesses. The Company may face integration issues pertaining to the internal controls and operations functions of the acquired companies and also may not realize cost efficiencies or synergies that were anticipated when selecting the acquisition candidates. The Company may experience managerial or other conflicts with its affiliation partners. Any of these items could adversely affect the Company's results of operations.

The Company's failure to identify suitable acquisition or joint venture opportunities may restrict the Company's ability to grow its business. If the Company is successful in pursuing future acquisitions or other affiliations, the Company may be required to expend significant funds, incur additional debt and/or issue additional securities, which may materially adversely affect its results of operations. If the Company spends significant funds or incurs additional debt, the Company's ability to obtain financing for working capital or other purposes could decline and the Company may be more vulnerable to economic downturns and competitive pressures.

Impairment charges relating to the Company's goodwill and long lived assets could adversely affect its financial performance.

The Company has been required to recognize impairment charges for its goodwill and other long lived assets. In accordance with generally accepted accounting principles, the Company periodically assesses these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of these assets, changes in the structure of our business, divestitures, market capitalization declines, or increases in associated discount rates may impair our goodwill and other intangible assets. Any charges relating to such impairments may adversely affect our results of operations in the periods recognized.

Adverse conditions in the automotive market adversely affect demand for the Company's products and expose the Company to credit risks of its customers.

The revenues of the Company's operations are closely tied to global OE automobile sales, production levels, and independent aftermarket parts replacement activity. The OE market is characterized by short-term volatility, with overall expected long-term growth in global vehicle sales and production. Automotive production in the local markets served by the Company can be affected by macro-economic factors such as interest rates, fuel prices, consumer confidence, employment trends, regulatory and legislative oversight requirements and trade agreements. A variation in the level of automobile production would affect not only sales to OE customers but, depending on the reasons for the change, could affect demand from aftermarket customers. In addition, aftermarket demand is affected by various factors, including the size and composition of the vehicle population and vehicle usage. The Company's results of operations and financial condition could be adversely affected if the Company fails to respond in a timely and appropriate manner to changes in the demand for its products or if the Company is not able to timely identify or address financial distress of its aftermarket customers.

Accounts receivable potentially subject the Company to concentrations of credit risk. The Company's customer base includes virtually every significant global automotive manufacturer, numerous Tier 1 automotive suppliers, and a large number of distributors and installers of automotive aftermarket parts. Consolidation in the automotive aftermarket may lead to financial distress for financially weaker customers of the Company which, coupled with payment terms that are typically longer than in the OE market, could have a negative effect on the Company's financial results.

Consolidation, increased market power, and potential conflicts with the Company's independent aftermarket customers could negatively affect the Company's financial performance.

The Company's independent aftermarket customers are continuing to consolidate and gain purchasing power and the ability to demand extended payment terms and other pricing concessions. If these trends continue, the financial results of the Company's Motorparts business segment could be negatively affected. In addition, certain of the Company's strategic initiatives, including the Company's strategy of supporting its branded products, strategy of supporting new distribution channels and enhancing its distribution and category management capabilities, or the Company's strategic affiliation with certain competitors, may not align with the interest of customers. As a result, aftermarket customers may reduce their business with the Company based on perceived channel conflict.

Cybersecurity risks and other cyber incidents could result in disruption.

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. The Company depends on information technology systems. In addition, the Company collects, processes and retains certain sensitive and confidential customer information in the normal course of business. Despite the security measures in place and any additional measures that may be implemented in the future, the Company's facilities and systems, and those of its third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism or other events. Any disruption of our systems or security breach or event resulting in the misappropriation, loss or other unauthorized disclosure of confidential information, whether by the Company directly or its third-party service providers, could damage our reputation, expose us to the risks of litigation and liability, disrupt our business or otherwise affect the Company's results of operations.

The Company is subject to possible insolvency of financial counterparties.

The Company engages in numerous financial transactions and contracts including insurance policies, letters of credit, credit line agreements, financial derivatives, and investment management agreements involving various counterparties. The Company is subject to the risk that one or more of these counterparties may become insolvent and therefore be unable to discharge its obligations under such contracts.

The automotive industry is highly competitive and the Company's success depends upon its ability to compete effectively in the market.

The Company operates in an extremely competitive industry, driven by global vehicle production volumes and part replacement trends. Business is typically awarded to the supplier offering the most favorable combination of cost, quality, technology, and service. In addition, customers continue to require periodic price reductions that require the Company to continually assess, redefine and improve its operations, products, and manufacturing capabilities to maintain and improve profitability. In addition, the Company's competitors' efforts to increase their market share could exert additional downward pressure on product pricing and margins. There can be no assurance the Company will be able to compete effectively in the automotive market.

The Company's pension obligations and other postretirement benefits could adversely affect the Company's operating margins and cash flows.

The automotive industry, like other industries, continues to be affected by the rising cost of providing pension and other postretirement benefits. In addition, the Company sponsors certain defined benefit plans worldwide that are underfunded and will require cash payments. If the performance of the assets in the pension plans does not meet the Company's expectations, or other actuarial assumptions are modified, the Company's required contributions may be higher than it expects. See Note 15, *Pensions and Other Postretirement Benefits*, to the Consolidated Financial Statements, included in this offering memorandum.

We are a wholly-owned subsidiary and therefore could be subject to strategic decisions of IEP.

We are fundamentally affected by our relationship with IEP. As a wholly-owned subsidiary of IEP we could be subject to a wide range of possible decisions which IEP may make from time to time, and circumstances affecting IEP could affect us. Significant changes in IEP's overall strategy or its relationship with us or material adverse changes in IEP's performance could have a material adverse effect on us.

If the Company loses any of its executive officers or key employees, the Company's operations and ability to manage the day-to-day aspects of its business may be materially adversely affected.

The Company's future performance substantially depends on its ability to retain and motivate executive officers and key employees, both individually and as a group. If the Company loses any of its executive officers or key employees, which have many years of experience with the Company and within the automotive industry and other manufacturing industries, or is unable to recruit qualified personnel, the Company's ability to manage the day-to-day aspects of its business may be materially adversely affected. The loss of the services of one or more executive officers or key employees, who also have strong personal ties with customers and suppliers, could have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company does not currently maintain "key person" life insurance.

Certain disruptions in supply of and changes in the competitive environment for raw materials could adversely affect the Company's operating margins and cash flows.

The Company purchases a broad range of materials, components, and finished parts. The Company also uses a significant amount of energy, both electricity and natural gas, in the production of its products. A significant disruption in the supply of these materials, supplies, and energy or the failure of a supplier with whom the Company has established a single source supply relationship could decrease production and shipping levels, materially increase operating costs and materially adversely affect profit margins. Shortages of materials or interruptions in transportation systems, labor strikes, work stoppages, or other interruptions to or difficulties in the employment of labor or transportation in the markets where the Company purchases material, components, and supplies for the production of products or where the products are produced, distributed or sold, whether as a result of labor strife, war, further acts of terrorism or otherwise, in each case may adversely affect profitability.

In recent periods there have been significant fluctuations in the prices of aluminum, copper, lead, nickel, platinum, resins, steel, other base metals and energy which have had and may continue to have an unfavorable effect on the Company's business. Any continued fluctuations in the price or availability of energy and materials may have an adverse effect on the Company's results of operations or financial condition. To address increased costs associated with these market forces, a number of the Company's suppliers have implemented surcharges on existing fixed price contracts. Without the surcharge, some suppliers claim they will be unable to provide adequate supply. Competitive and marketing pressures may limit the Company's ability to pass some of the supply and material cost increases on to the Company's customers and may prevent the Company from doing so in the future. Furthermore, the Company's customers are generally not obligated to accept price increases the Company may desire to pass along to them. This inability to pass on price increases to customers when material prices increase rapidly or to significantly higher than historic levels could adversely affect the Company's operating margins and cash flow, possibly resulting in lower operating income and profitability.

The Company's hedging activities to address commodity price fluctuations may not be successful in offsetting future increases in those costs or may reduce or eliminate the benefits of any decreases in those costs.

In order to mitigate short-term variation in operating results due to the aforementioned commodity price fluctuations, the Company hedges a portion of near-term exposure to certain raw materials used in production processes, primarily copper, nickel, tin, zinc, high-grade aluminum and aluminum alloy. The results of the Company's hedging practice could be positive, neutral or negative in any period depending on price changes in the hedged exposures.

The Company's hedging activities are not designed to mitigate long-term commodity price fluctuations and, therefore, will not protect from long-term commodity price increases. The Company's future hedging positions may not correlate to actual raw materials costs, which would cause acceleration in the recognition of unrealized gains and losses on hedging positions in operating results.

The Company is subject to a variety of environmental, health and safety laws, and regulations, and the cost of complying or the Company's failure to comply with such requirements may have a material adverse effect on its business, financial condition and results of operations.

The Company is subject to a variety of federal, state, and local environmental laws and regulations relating to the release or discharge of materials into the environment, the management, use, processing, handling, storage, transport or disposal of hazardous waste materials, or otherwise relating to the protection of public and employee health, safety, and the environment. These laws and regulations expose the Company to liability for the environmental condition of its current facilities, and also may expose the Company to liability for the conduct of others or for the Company's actions that were in compliance with all applicable laws at the time these actions were taken. These laws and regulations also may expose the Company to liability for claims of personal injury or property damage related to alleged exposure to hazardous or toxic materials in foreign countries. Despite the Company's intention to be in compliance with all such laws and regulations, the Company cannot guarantee that it will at all times be in compliance with all such requirements. The cost of complying with these requirements may also increase substantially in future years. If the Company violates or fails to comply with these requirements, the Company could be fined or otherwise sanctioned by regulators. These requirements are complex, change frequently, and may become more stringent over time, which could have a material adverse effect on the Company's business.

The Company's failure to maintain and comply with environmental permits the Company is required to maintain could result in fines or penalties or other sanctions and have a material adverse effect on the Company's operations or results. Future events, such as new environmental regulations or changes in or modified interpretations of existing laws and regulations or enforcement policies, newly discovered information or further investigation or evaluation of the potential health hazards of products or business activities, may give rise to additional compliance and other costs that could have a material adverse effect on the Company's business, financial conditions, and operations.

New regulations related to "conflict minerals" may force us to incur additional expenses and may make the Company's supply chain more complex. In August 2012, the SEC adopted annual disclosure and reporting requirements for those companies who use certain minerals known as "conflict minerals" mined from the Democratic Republic of Congo and adjoining countries in their products. These new requirements required due diligence efforts in 2013, with initial disclosure requirements beginning in 2014. There will be significant costs associated with complying with these disclosure requirements, including for diligence to determine the sources of conflict minerals used in the Company's products and other potential changes to products, processes or sources of supply as a consequence of such verification activities.

A significant labor dispute involving the Company or one or more of its customers or suppliers or that could otherwise affect our operations could adversely affect the Company's financial performance.

A substantial number of the Company's employees and the employees of the Company's largest customers and suppliers are members of industrial trade unions and are employed under the terms of various labor agreements. Most of the Company's unionized manufacturing facilities have their own contracts with their own expiration dates. There can be no assurances that future negotiations with the unions will be resolved favorably or that the Company will not experience a work stoppage or disruption that could adversely affect its financial condition, operating results and cash flows. A labor dispute involving the Company, any of its customers or suppliers or any other suppliers to the Company's customers or that otherwise affects the Company's operations, or the inability by the Company, any of its customers or suppliers or any other suppliers to the Company's customers to negotiate, upon the expiration of a labor agreement, an extension of such agreement or a new agreement on satisfactory terms could adversely affect the Company's financial condition, operating results and cash flows. In addition, if any of the Company's significant customers experience a material work stoppage, the customer may halt or limit the purchase of the Company's products. This could require the Company to shut down or significantly reduce production at facilities relating to such products, which could adversely affect the Company's business and harm its profitability.

The Company is involved from time to time in legal proceedings and commercial or contractual disputes, which could have an adverse effect on the Company's profitability and consolidated financial position.

The Company is involved in legal proceedings and commercial or contractual disputes that, from time to time, are significant. These are typically claims that arise in the normal course of business including, without limitation, commercial or contractual disputes, including disputes with suppliers, intellectual property matters, personal injury claims, environmental issues, tax matters and employment matters. No assurances can be given that such proceedings and claims will not have a material adverse effect on the Company's profitability and consolidated financial position.

If the Company is unable to protect its intellectual property and prevent its improper use by third parties, the Company's ability to compete in the market may be harmed.

Various patent, copyright, trade secret, and trademark laws afford only limited protection and may not prevent the Company's competitors from duplicating the Company's products or gaining access to its proprietary information and technology. These means also may not permit the Company to gain or maintain a competitive advantage.

Any of the Company's patents may be challenged, invalidated, circumvented or rendered unenforceable. The Company cannot guarantee it will be successful should one or more of its patents be challenged for any reason and countries outside the U.S. may diminish the protection of the Company's patents. If the Company's patent claims are rendered invalid or unenforceable, or narrowed in scope, the patent coverage afforded to the Company's products could be impaired, which could significantly impede the Company's ability to market its products, negatively affect its competitive position and materially adversely affect its business and results of operations.

The Company's pending or future patent applications may not result in an issued patent. Additionally, newly issued patents may not provide meaningful protection against competitors or against competitive technologies. Courts in the U.S. and in other countries may invalidate the

Company's patents or find them unenforceable. Competitors may also be able to design around the Company's patents. Other parties may develop and obtain patent protection for more effective technologies, designs or methods. If these developments were to occur, it could have an adverse effect on the Company's sales. If the Company's intellectual property rights are not adequately protected, the Company may not be able to commercialize its technologies, products or services and the Company's competitors could commercialize the Company's technologies, which could result in a decrease in the Company's sales and market share and could materially adversely affect the Company's business, financial condition and results of operations.

The Company's products could infringe the intellectual property rights of others, which may lead to litigation that could itself be costly, could result in the payment of substantial damages or royalties, and could prevent the Company from using technology that is essential to its products.

The Company cannot guarantee its products, manufacturing processes or other methods do not infringe the patents or other intellectual property rights of third parties. Infringement and other intellectual property claims and proceedings brought against the Company, whether successful or not, could result in substantial costs and harm the Company's reputation. Such claims and proceedings can also distract and divert management and key personnel from other tasks important to the success of its business. In addition, intellectual property litigation or claims could force the Company to do one or more of the following:

- cease selling or using of any products that incorporate the asserted intellectual property, which would adversely affect the Company's revenue;
- pay substantial damages for past use of the asserted intellectual property;
- obtain a license from the holder of the asserted intellectual property, which license may not be available on reasonable terms, if at all; and
- redesign or rename, in the case of trademark claims, products to avoid infringing the intellectual property rights of third parties, which may not be possible and could be costly and time-consuming if it is possible to do.

In the event of an adverse determination in an intellectual property suit or proceeding, or the Company's failure to license essential technology, the Company's sales could be harmed and its costs could increase, which could materially adversely affect the Company's business, financial condition, and results of operations.

The Company may be exposed to certain regulatory and financial risks related to climate change.

Climate change is continuing to receive ever increasing attention worldwide. Many scientists, legislators and others attribute climate change to increased levels of greenhouse gases, including carbon dioxide, which could lead to additional legislative and regulatory efforts to limit greenhouse gas emissions. The focus on emissions could increase costs associated with the Company's operations, including costs for raw materials and transportation. Because the scope of future laws in this area is uncertain, the Company cannot predict the potential effect of such laws on its future consolidated financial condition, results of operations, or cash flows.

A material weakness in internal control over financial reporting could affect our ability to timely file reliable financial statements and could have a material adverse effect on our business, results of operations, financial condition and liquidity.

If the Company discovers significant deficiencies or material weaknesses in its internal controls over financial reporting or at any recently acquired entity, it may adversely affect its ability to provide timely and reliable financial information and satisfy its reporting obligations under federal securities laws.

Risks Related to our Indebtedness, the Notes and the Guarantees

The Company has substantial indebtedness, which could restrict the Company's business activities and could subject the Company to significant interest rate risk.

As of December 31, 2016, the Company had approximately $3.0 billion of outstanding indebtedness. The Company is permitted by the terms of its debt instruments to incur additional indebtedness, subject to the restrictions therein. The Company's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its debt obligations on commercially reasonable terms would have a material adverse effect on the Company's business, financial condition, and results of operations. In addition, covenants in the Company's debt agreements could limit its ability to engage in certain transactions and pursue its business strategies, which could adversely affect liquidity.

The Company's indebtedness could:

- limit the Company's ability to borrow money for working capital, capital expenditures, debt service requirements or other corporate purposes, guarantee additional debt or issue redeemable, convertible of preferred equity;
- limit the Company's ability to make distributions or prepay its debt, incur liens, enter into agreements that restrict distributions from restricted subsidiaries, sell or otherwise dispose of assets (including capital stock of subsidiaries), enter into transactions with affiliates and merger consolidate or sell substantially all of its assets;
- require the Company to dedicate a substantial portion of its cash flow to payments on indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures, product development, and other corporate requirements;
- increase the Company's vulnerability to general adverse economic and industry conditions; and
- limit the Company's ability to respond to business opportunities.

A significant portion of the Company's indebtedness accrues interest at variable rates. To the extent market interest rates rise, the cost of the Company's debt would increase, adversely affecting the Company's financial condition, results of operations, and cash flows.

We may incur substantially more debt, including secured debt, or take other actions which may affect our ability to satisfy our obligations under the Notes and our other indebtedness.

The Indenture will allow, and the Credit Agreement allows, us to incur significant additional indebtedness in the future, including secured debt. For example, as of December 31, 2016, after giving effect to the Refinancing Transactions, there was $298 million of availability under our

ABL Facility. If we add new debt to our current debt levels, the related risks that we now face could intensify, making it less likely that we will be able to fulfill our obligations to holders of the Notes. The terms of the Indenture will permit us to incur substantial additional debt and to issue additional secured debt under certain circumstances, which will also be guaranteed by the guarantors and will share in the collateral that will secure the Notes and the guarantees thereof. The Indenture will also allow our foreign subsidiaries to incur additional debt, which would be structurally senior to the Notes. In addition, the Indenture will not prevent us from incurring other liabilities that do not constitute indebtedness. See "Description of Notes."

Under the Indenture, we will have the capacity to make certain payments, including dividends.

The Indenture will limit our ability to make certain payments, including dividends or distributions in respect of shares of our capital stock, the purchase, redemption, or retirement of any equity interests, and restricted investments. However, these limitations are subject to a number of exceptions, including certain exceptions based on a calculation of our net income, equity issuances, receipt of capital contributions and return on certain investments subsequent to the date of this offering. Accordingly, we will have the capacity to make certain restricted payments (a portion of which is available only upon achievement of a minimum fixed charge coverage test) under the Indenture (in addition to certain permitted investments). See "Description of Notes—Certain Covenants—Limitation on Restricted Payments."

We may not have sufficient cash flows from operating activities to service our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The Credit Agreement restricts and the Indenture will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions and, if we are able, any proceeds therefrom may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

The agreements governing our debt, including the Notes, contain various covenants that impose restrictions on us that may affect our ability to operate our business and to make payments on the Notes and our other indebtedness.

Agreements governing our indebtedness, including the Indenture and the Credit Agreement, impose, and future financing agreements are likely to impose, operating and financial restrictions on our activities which may adversely affect our ability to finance future operations or capital needs or to engage in new business activities. In some cases, these restrictions require us to comply with or maintain certain financial tests and ratios. Subject to certain exceptions, our Credit Agreement restricts and the Indenture will restrict our ability to, among other things:

- declare dividends or redeem or repurchase capital stock;
- prepay, redeem or purchase other debt;
- incur liens;
- make loans, guarantees, acquisitions and investments;
- incur additional indebtedness;
- amend or otherwise alter debt and other material agreements;
- engage in mergers, acquisitions or asset sales;
- engage in transactions with affiliates; and
- enter into arrangements that would prohibit us from granting liens or restrict our ability to pay dividends, make loans or transfer assets among our subsidiaries.

Further, various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing agreements, including the Indenture and the Credit Agreement, could result in a default under those agreements and under other agreements containing cross-default provisions. Such a default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the Indenture. In addition, the limitations imposed by our existing and future financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. We cannot assure you that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements or that we will be able to refinance our debt on terms acceptable to us, or at all.

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

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due and include many subjective factors. Consequently, real or anticipated changes in our credit ratings will generally affect the value of the Notes. Also, these credit ratings may not reflect the potential impact of risks relating to structure or marketing of the Notes. Agency ratings are not a recommendation to buy, sell or hold any security and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. There can be no assurance that our credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by a rating agency, if, in that rating agency's judgment, circumstances so warrant. There can also be no assurance that our credit ratings will reflect all of the factors that would be important to holders of the Notes. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the value of the Notes, may increase our borrowing costs and may negatively impact our ability to incur additional debt.

Our ability to repay our debt, including the Notes, is affected by the cash flow generated by our subsidiaries.

We are a holding company. Our subsidiaries own substantially all of our consolidated assets and conduct substantially all of our operations. Accordingly, repayment of our indebtedness, including the Notes, will be dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, other intercompany payment or otherwise. Unless they are guarantors of the Notes, our subsidiaries will not have any obligation to pay amounts due on the Notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the Notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the Indenture limits the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive funds from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes.

Federal and state fraudulent transfer and conveyance statutes and similar laws may permit courts, under specific circumstances, to avoid the Notes, the guarantees and/or security interests related to the Notes, to require noteholders to return payments received from us or the guarantors, and to take other actions detrimental to the noteholders.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the Notes, the delivery of any guarantees of the Notes, including the guarantees by the guarantors entered into upon issuance of the Notes and guarantees (if any) that may be entered into thereafter under the terms of the Indenture, and the granting of security interests on the assets that secure the Notes and related guarantees. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the issuance of the Notes, the delivery of guarantees, and the granting of security interests related to the Notes could be avoided as fraudulent transfers or conveyances if a court determined that the Issuers, at the time they issued the Notes or granted the security interests related to the Notes or any of the guarantors, at the time it delivered the applicable guarantee or granted the security interests related to the Notes (or, in some jurisdictions, at the time payment became due under the Notes or a guarantee thereof),

- issued the Notes or provided the applicable guarantee, as the case may be, or granted the security interests related to the Notes, with the intent of hindering, delaying or defrauding any present or future creditor; or
- received less than reasonably equivalent value or fair consideration for issuing the Notes or providing such guarantee, as the case may be, or granting the security interests related to the Notes, and
- one of the following applies:
    - it was insolvent or rendered insolvent by reason of such issuance, provision, or granting,

- it was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital, or
- it intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by the debtor or guarantor under the Notes or guarantee of the Notes could be voided and required to be returned to the debtor or guarantor, as the case may be, or deposited in a fund for the benefit of the creditors of the debtor or guarantor.

A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for such guarantee and/or lien if such guarantor did not substantially benefit directly or indirectly from the issuance of the Notes and/or such guarantee and/or lien. The measures of insolvency for purposes of these fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred such that we cannot be certain as to the standards a court would use to determine whether an Issuer or a guarantor was solvent at the relevant time which, if applicable in a particular jurisdiction, may be when payment became due under the Notes or a guarantee. Regardless of the actual standard applied by the court, we cannot be certain that the issuance of the Notes or a guarantee, or the granting of a security interest related to the Notes, would not be avoided. The measure of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a debtor or a guarantor would be considered insolvent if:

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

To the extent that a court avoids or otherwise finds unenforceable for any other reason the Notes or a guarantee, your claims against the Issuer or the relevant guarantor would be eliminated or limited, and to the extent that a court avoids or otherwise finds unenforceable for any other reason the liens related to the Notes, your claims under the Notes and related guarantees could be effectively subordinated to our secured debt. In addition, the court might direct you to repay any amounts already received from the Issuers or such guarantor. Further, the avoidance of the Notes, a related guarantee, or a lien related to the Notes could result in an event of default with respect to our other debt that, in turn, could result in acceleration of such debt.

In certain circumstances, a court may subordinate claims in respect of the Notes or a guarantee to all other debts of an Issuer or a guarantor, or take other actions detrimental to the noteholders, based on equitable or other grounds. We cannot be certain as to the standards that a court might apply and whether it might find such subordination or other actions appropriate.

Each guarantee contains a provision intended to limit the guarantor’s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under fraudulent transfer law or may reduce or eliminate the guarantor’s obligation to an amount that effectively makes the guarantee worthless.

Even if the guarantees of the Notes remain in force, the remaining amount due and collectible under the guarantee may not be sufficient to pay the Notes in full when due and, even if the liens securing the guarantees related to the Notes remain in force, the value of the collateral may not be sufficient to satisfy the guarantors' obligations under the Notes.

Because each guarantor's liability under its guarantee may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors.

Holders of the Notes will have the benefit of the guarantees of certain of our domestic restricted subsidiaries. The guarantees, however, are limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. In addition, guarantees provided after the issue date of the Notes may be especially subject to challenge as an avoidable preference under certain circumstances. As a result, a guarantor's liability under its guarantee could be reduced to zero, depending on (among other things) the amount of other obligations of such guarantor. Furthermore, under the circumstances discussed more fully above, a court under applicable fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor.

As a result, a guarantor's liability under its guarantee could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in the company's corporate interests, the burden of which exceeds the benefit to the company or which is entered into within a certain period prior to insolvency or bankruptcy, may not be valid and enforceable. It is possible that a guarantor, a creditor of a guarantor or the insolvency administrator in the case of an insolvency of a guarantor may contest the validity and enforceability of the guarantee and that the applicable court may determine the guarantee should be limited or voided. In the event that any guarantees are deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the guarantee obligation apply, the Notes would be structurally subordinated to all liabilities of the applicable guarantor.

The Notes will be structurally subordinated to the obligations of the Company's non-guarantor subsidiaries. Your right to receive payment on the Notes could be adversely affected if any of our non-guarantor subsidiaries declares bankruptcy, liquidates or reorganizes.

Some but not all of the Company's subsidiaries will guarantee the Notes. The Company's foreign subsidiaries, domestic subsidiaries substantially all of the assets of which constitute equity interests of one or more foreign subsidiaries, subsidiaries that engage in no activities other than receivables financings and similar transactions, subsidiaries designated as "unrestricted subsidiaries" in accordance with the terms of the Credit Agreement, subsidiaries that are prohibited from guaranteeing the Credit Facilities due to legal or contractual restrictions and certain immaterial subsidiaries that do not guarantee the Credit Facilities will not guarantee the Notes. Furthermore, a subsidiary guarantee of the Notes may be released under the circumstances described under "Description of Notes—Guarantees." The Issuers' obligations under the Notes and the guarantors' obligations under the guarantees are structurally subordinated to the obligations of our non-guarantor subsidiaries (or to those of any subsidiary whose guarantee is voided as provided above). Holders of Notes will not have any claim as a creditor against the Company's subsidiaries that are not guarantors of the Notes. Therefore, in the event of any bankruptcy, liquidation or reorganization of a non-guarantor subsidiary, the rights of the holders of Notes to participate in the assets of such non-guarantor subsidiary will rank behind the claims of that subsidiary's creditors, including trade creditors (except to the extent we have a claim as a creditor of such subsidiary) and preferred stockholders of such subsidiaries, if any. For the year ended December 31, 2016, the Company's non-guarantor subsidiaries represented approximately 62.5% and 69.8% of our net sales and Operational EBITDA, respectively. In addition, these non-guarantor subsidiaries represented approximately 52.7% and 31.8% of our total assets and total liabilities, respectively, as of December 31, 2016.

We may be unable to finance a change of control offer.

If certain change of control events occur, the Issuers will be required to make an offer for cash to purchase the Notes at 101% of their principal amount, plus accrued and unpaid interest and additional interest, if any. However, we cannot assure you that the Issuers will have the financial resources necessary to purchase the Notes upon a change of control or that they will have the ability to obtain the necessary funds on satisfactory terms, if at all. A change of control may result in an event of default under our Credit Agreement and may result in a default under other of our indebtedness that may be incurred in the future. Our Credit Agreement prohibits the purchase of outstanding Notes prior to repayment of the borrowings under the Credit Facilities, subject to certain exceptions, and any exercise by the holders of the Notes to require us to repurchase the Notes may cause an event of default under our Credit Agreement.

Investors may not be able to determine when a change of control giving rise to their right to have the Notes repurchased by the Issuers has occurred following a sale of "substantially all" of our assets.

A change of control, as defined in the Indenture, will require the Issuers to make an offer to purchase all outstanding Notes. The definition of change of control includes a phrase relating to the sale, lease or transfer of "all or substantially all" of our assets. There is no precisely established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of Notes to require the Issuers to purchase their Notes as a result of a sale, lease or transfer of less than all of the Issuers' assets to another individual, group or entity may be uncertain.

There is not an active trading market for the Notes.

We expect the Notes to be eligible for trading by "qualified institutional buyers," as defined under Rule 144A, and we have applied to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF thereof. However, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained. The initial purchaser of the Notes has advised us that it intends to make a market in the Notes, as permitted by applicable laws and regulations. However, the initial purchaser is not obligated to make a market in the Notes and, if commenced, they may discontinue their market-making activities at any time without notice. Therefore, an active market for the Notes may not develop or be maintained, which would adversely affect the market price and liquidity of the Notes. In that case, the holders of the Notes may not be able to sell their Notes at a particular time or at a favorable price. Even if an active trading market for the Notes does develop, there is no guarantee that it will continue. Historically, the market for non-investment grade debt has been subject to severe disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The market, if any, for the Notes may experience similar disruptions and any such disruptions may adversely affect the liquidity in that market or the prices at which you may sell your Notes. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

In a lawsuit for payment on the Notes, an investor may bear currency exchange risk.

The Indenture and the Notes will be governed by the laws of the State of New York. Under New York law, a New York state court rendering a judgment on the Notes would be required to render the judgment in euro. However, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the notes, investors would bear currency exchange risk until a New York state court judgment is entered, which could be a long time. A federal court sitting in New York with diversity jurisdiction over a dispute arising in connection with the Notes would apply the foregoing New York law.

In courts outside of New York, investors may not be able to obtain a judgment in a currency other than U.S. dollars. For example, a judgment for money in an action based on the Notes in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of euro into U.S. dollars would depend upon various factors, including which court renders the judgment and when the judgment is rendered.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes.

Despite the European Commission's measures to address sovereign debt issues in Europe, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely.

Should the euro dissolve entirely, the legal and contractual consequences for holders of euro denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

Trading in the clearing systems is subject to minimum denomination requirements.

The terms of the Notes provide that notes will be issued with a minimum denomination of €100,000 and multiples of €1,000 in excess thereof. It is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than the minimum denominations. If definitive notes are required to be issued in relation to such Notes in accordance with the provisions of the relevant global notes, a holder who does not have the minimum denomination or any integral multiple of €1,000 in excess thereof in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive notes unless and until such time as its holding satisfies the minimum denomination requirement.

Holders of the Notes will not be entitled to registration rights.

The Notes will be a type of security that is informally referred to as "Rule 144A for life." We are not obligated to, nor do we intend to, file a registration statement with the SEC covering the resale of the Notes or to make a registered offer to exchange the Notes for publicly tradable

Notes. As a result, for so long as the Notes remain outstanding, they may be transferred or resold only in transactions exempt from the securities registration requirements of federal and applicable state securities laws. See "Notice to Investors."

FinCo was formed solely to facilitate this offering and carries on no independent business other than acting as an issuer of the Notes.

FinCo was formed solely to facilitate this offering and has no material assets or liabilities other than as an issuer of the Notes. FinCo will not have any substantial operations, assets or revenue. Accordingly, you should not expect FinCo to participate in making any payments on the Notes.

If a bankruptcy petition were filed by or against us in the United States, the allowed claim for the Notes may be less than the principal amount of the Notes stated in the Indenture.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the Notes, the claim by any holder of the Notes for the principal amount of the Notes may be allowed in an amount equal to the sum of:

- the original issue price of the Notes; and
- that portion of the stated principal amount of the Notes that exceeds the issue price of such Notes, if any, that does not constitute "unmatured interest" for the purposes of the U.S. Bankruptcy Code.

Any such discount that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest, which is not allowable as part of a bankruptcy claim under the U.S. Bankruptcy Code. Accordingly, holders of the Notes under these circumstances may receive an amount that is less than the principal amount of the Notes stated in the Indenture.

We are exposed to the risk of increased interest rates.

Our Floating Rate Notes and our Credit Facilities have variable rates of interest, which exposes us to the risk of increased interest rates. If interest rates were to increase, the interest payment obligations under our variable rate indebtedness would increase even if the amount borrowed remained the same which could have a material adverse effect on our business, results of operation or financial condition.

The value of the collateral securing the Notes may not be sufficient to satisfy the Issuers' obligations under the Notes.

Obligations under both the Credit Facilities and the Notes will be secured by a first-priority lien on substantially all of the Issuers' and the guarantors' present and future property located in the United States (other than Borrowing Base Collateral), including intellectual property rights and a first-priority pledge of 100% of the equity interests of certain subsidiaries directly owned by the Company and the guarantors (but excluding equity interests of foreign subsidiaries and foreign subsidiary holding companies of the Company and the guarantors possessing more than 65% of the total combined voting power of all classes of equity interests of such foreign subsidiaries or foreign subsidiary holding companies entitled to vote), in each case subject to certain exceptions and customary permitted liens. By its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. The value of the assets pledged as collateral for the Notes could be impaired in the future as a result of changing economic conditions, competition or other future trends. No appraisal of the value of the collateral has been made in connection with the Refinancing Transactions and the value of the collateral at any time is subject to fluctuations that will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, no assurance can be given that the proceeds from any sale or liquidation of the collateral will be sufficient to pay our obligations under the Notes, in full or at all, after first satisfying our obligations in full under claims that are effectively senior to the Notes, if any. Moreover, the lenders under our Credit Facilities will share the proceeds of the collateral ratably with the holders of the Notes, thereby diluting the collateral coverage. There also can be no assurance that the collateral will be saleable and, even if saleable, the timing of its liquidation would be uncertain. Accordingly, there may not be sufficient collateral to pay all or any of the amounts due on the Notes. Any claim for the difference between the amount, if any, realized by the holders of the Notes from the sale of the collateral securing the Notes and the obligations under the Notes will rank pari passu in right of payment with all of the Issuer's and the guarantors' other senior unsecured indebtedness and other obligations, including trade payables.

In addition, in any U.S. bankruptcy proceeding with respect to us or any of the guarantors, it is possible that we, as debtor in possession, any trustee in bankruptcy, or competing creditors will assert that the fair market value of the collateral with respect to the Notes on the date of the bankruptcy filing is less than the then-current principal amount of the Notes. Upon a finding by a U.S. bankruptcy court that the Notes were under-collateralized, the claims in the bankruptcy proceeding with respect to the Notes could be bifurcated between a secured claim in an amount equal to the value of the collateral and an unsecured claim with respect to the remainder of its claim, which would not be entitled to the benefits of security in the collateral. The consequences of a finding of under-collateralization would include, among other things, a lack of entitlement on the part of the holders of the Notes to receive post-petition interest and costs, including attorneys' fees, and a lack of entitlement on the part of the unsecured portion of the Notes to receive "adequate protection" under U.S. bankruptcy laws. In addition, if any payments of post-petition interest had been made at any time prior to such a finding of under-collateralization, those payments would be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the Notes.

Thus, in the event that a bankruptcy case is commenced by or against us, if the value of the collateral is less than the amount of principal and accrued and unpaid interest on the Notes and all other senior secured obligations, interest may cease to accrue on the Notes from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the collateral will be sufficient to pay the obligations due under the Notes.

The Collateral Trustee's ability to foreclose will also be limited by the need to meet certain requirements, such as obtaining third party consents and making additional filings. If we fail to obtain these consents or make these filings, the security interests may not be perfected and the holders will not be entitled to realize on the collateral or any recovery with respect thereto. We cannot assure any holder of the Notes that any such required consents can be obtained on a timely basis or at all. These requirements may limit the number of potential bidders for certain collateral in any foreclosure and may delay any sale, either of which events may have an adverse effect on the sale price of the collateral. Therefore, the practical value of realizing on the collateral may, without the appropriate consents and filings, be limited.

The Indenture will also permit the Issuers and the guarantors to create additional liens on the collateral under specified circumstances, some of which liens may be *pari passu* with the liens securing the Notes. Any obligations secured by such liens may further limit the recovery from the realization of the collateral available to satisfy holders of the Notes. See "Description of Notes—Covenants—Liens."

The terms of the Notes permit, without the consent of the holders of the Notes, various releases of the collateral securing the Notes and subsidiary guarantees that could be adverse to holders of the Notes.

There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes will be released automatically, without your consent or the consent of the trustee and the Collateral Trustee for the Notes. Under various circumstances, the collateral securing the Notes and guarantees of the Notes will be released automatically, including:

- upon a sale, transfer or other disposal of such collateral in a transaction not prohibited under the Indenture;
- with respect to collateral held by a guarantor, upon the release of such guarantor from its note guarantees; and
- with respect to collateral that is capital stock, upon the dissolution of the issuer of such capital stock in accordance with the Indenture.

The Indenture will also permit us to designate one or more of our restricted subsidiaries that is a guarantor of the Notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of such Indenture, all of the liens on any collateral owned by that subsidiary or any of its subsidiaries and any guarantees of the Notes by that subsidiary or any of its subsidiaries will be released under such Indenture. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the Notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of any such unrestricted subsidiary and its subsidiaries will have a claim on the assets of the unrestricted subsidiary and its subsidiaries senior to the claim of the holders of the Notes.

Even though the holders of the Notes will benefit from a first-priority lien on the PP&E Collateral, the term loan administrative agent under the Credit Facilities will initially control actions with respect to that collateral.

The rights of the holders of the Notes with respect to the PP&E Collateral that will secure the Notes on a first-priority basis will be subject to the PP&E Pari Passu Intercreditor Agreement among all holders of obligations secured by that collateral on a first-priority basis, including the obligations under our Term Loan C Facility. Under the PP&E Pari Passu Intercreditor Agreement, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral, to control such proceedings and to approve amendments to releases of such collateral from the lien of, and waive past defaults under, documents relating to such collateral, will be at the exclusive direction of the authorized representative of the lenders under the Term Loan C Facility until the earlier of (1) the date on which our obligations under the Term Loan C Facility are discharged (which discharge does not include certain refinancings of the Term Loan C Facility) or (2) 180 days from the date of delivery of written notice by the trustee for the Notes to the Collateral Trustee, the administrative agent under the Term Loan C Facility and each other agent representing holders of obligations secured by such collateral on a pari passu first-priority basis stating that an event of default under the Indenture has occurred and is continuing thereunder and the obligations under the Notes are due and payable (whether by acceleration or otherwise) and stating its intention to exercise remedies with respect to such collateral, so long as the Collateral Trustee, acting on behalf of the administrative agent under the Term Loan C Facility (subject to the terms of the ABL Intercreditor Agreement), has not commenced the exercise of remedies with respect to such collateral or no insolvency proceeding with respect to the Issuer or any guarantor has commenced.

In addition, the Indenture governing the Notes and the terms of the Credit Facilities will permit us to issue additional first-lien obligations that also have a first-priority lien on the same collateral. After the discharge of the obligations with respect to our Term Loan C Facility, the right to direct such actions will pass to the authorized representative of holders of the then largest outstanding principal amount of indebtedness secured by a first-priority lien on such collateral. If we issue additional indebtedness that is equal in priority to the lien securing our Notes in the future in a greater principal amount than the Notes, then the authorized representative for such additional indebtedness would be next in line to direct the Collateral Trustee to exercise rights under the PP&E Pari Passu Intercreditor Agreement, rather than the trustee with authority to so direct the Collateral Trustee on behalf of the holders of the Notes. Accordingly, the trustee may never have the right to control (or direct the control of) remedies and take (or direct) other actions with respect to such collateral.

In addition, under the terms of the PP&E Pari Passu Intercreditor Agreement, if at any time the Collateral Trustee forecloses upon or otherwise exercises remedies against any such collateral resulting in a sale thereof, the lien securing the Notes on such collateral will be automatically released and discharged and the proceeds thereof applied in accordance with the PP&E Pari Passu Intercreditor Agreement. The PP&E Collateral so released will no longer secure our and the guarantors' obligations under the Notes and the guarantees. The PP&E Pari Passu Intercreditor Agreement also prohibits the trustee and the Collateral Trustee from objecting following the filing of a bankruptcy petition to a proposed "debtor-in-possession" financing to be provided to us to be secured by such collateral that has been consented to by the controlling authorized representative or controlling secured party (provided that certain conditions with respect thereto are satisfied).

Also, under the PP&E Pari Passu Intercreditor Agreement, in the event that the holders of the Notes obtain possession of any such collateral or realize any proceeds or payment in respect of any such collateral at any time prior to the discharge of each of the other obligations subject to such intercreditor agreement, then such holders will be obligated to hold such collateral, proceeds, or payment in trust for the other holders of such other obligations subject to such intercreditor agreement for distribution in accordance with the provisions of such intercreditor agreement among all the holders of first-priority obligations secured on a pari passu basis by such collateral. Thus, there can be no assurances that under the PP&E Pari Passu Intercreditor Agreement, the holders of the Notes would not be obligated to turn over to the other holders of such obligations subject to such intercreditor agreement certain funds they may receive.

Even though the holders of the Notes will benefit from a second-priority lien on the Borrowing Base Collateral, the ABL administrative agent under the Credit Facilities will control actions with respect to that collateral.

The rights of the holders of the Notes with respect to the Borrowing Base Collateral that will secure the Notes on a second-priority basis will be subject to the ABL Intercreditor Agreement. Under that intercreditor agreement, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral, to control such proceedings and to approve amendments to releases of such collateral from the lien of, and waive past defaults under, documents relating to such collateral, will, prior to the discharge of the first lien obligations secured by the Borrowing Base Collateral be at the exclusive direction of the ABL administrative agent as authorized representative of the lenders under the ABL Facility.

In addition, under the terms of such ABL Intercreditor Agreement, if at any time the Collateral Trustee, acting at the direction of the ABL administrative agent, forecloses upon or otherwise exercises remedies against any such collateral resulting in a sale thereof, the lien securing the Notes on such collateral will be automatically released and discharged and the proceeds thereof applied in accordance with the ABL Intercreditor Agreement. The Borrowing Base Collateral so released will no longer secure our and the guarantors' obligations under the Notes and the guarantees. The ABL Intercreditor Agreement also prohibits the trustee and the Collateral Trustee from objecting following the filing of a bankruptcy petition to a proposed "debtor-in-possession" financing to be provided to us to be secured by such collateral that has been consented to by the controlling authorized representative (provided that certain conditions with respect thereto are satisfied).

Also, under the ABL Intercreditor Agreement, in the event that the holders of the Notes obtain possession of any such collateral or realize any proceeds or payment in respect of any such collateral at any time prior to the discharge of each of the other obligations subject to such intercreditor agreement, then such holders will be obligated to hold such collateral, proceeds, or payment in trust for the other holders of the ABL Facility or such other obligations subject to the ABL Intercreditor Agreement for distribution in accordance with the provisions of such intercreditor agreement. Thus, there can be no assurances that under the ABL Intercreditor Agreement, the holders of the Notes would not be obligated to turn over to the other holders of such obligations subject to such intercreditor agreement certain funds they may receive.

Intervening creditors may have a perfected security interest in the collateral.

The collateral securing the Credit Facilities and the Notes is subject to liens permitted under the terms of the Credit Agreement and the Indenture, whether arising before, on or after the date the Notes are issued. There is a risk that there may be a creditor whose liens are permitted under the Credit Agreement or the Indenture or other intervening creditor that has a perfected security interest in the collateral securing the Notes, and if there is such an intervening creditor, the lien of such creditor, whether or not permitted under the Credit Agreement or the Indenture, may be entitled to a higher priority than the liens securing the Notes. The existence of any liens securing intervening creditors, including liens permitted under the Credit Agreement or the Indenture and incurred or perfected prior to the liens securing the Notes, could adversely affect the value of the collateral securing the Notes as well as the ability of the Collateral Trustee for the Notes to realize or foreclose on such collateral. We have conducted lien searches to ascertain the existence of any intervening creditors, but we cannot assure holders of the Notes that no intervening creditors exist.

The collateral will also be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted by the Credit Agreement or the Indenture. Any such exceptions, defects, encumbrances, liens and imperfections could adversely affect the value of the collateral that will secure the Notes and the guarantees of the Notes as well as the ability of the Collateral Trustee for the Notes to realize or foreclose on the collateral for the benefit of holders of the Notes.

The security interests in the collateral will be granted to the Collateral Trustee rather than directly to the holders of the Notes and the ability of the Collateral Trustee to enforce certain of the collateral may be restricted by local law.

The security interests in the collateral that will secure our obligations under the Notes and the obligations of the guarantors under the Notes guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Collateral Trustee for the Notes, subject to the terms of the intercreditor agreements and the liens of the Collateral Trustee pursuant to the Collateral Trust Agreement. The Indenture, along with the intercreditor agreements and Collateral Trust Agreement, will provide that only the Collateral Trustee for the Notes has the right to enforce the security documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the collateral securing the Notes, except through the Notes trustee, who will (subject to the provisions of the Indenture, the Collateral Trust Agreement and the intercreditor agreements) provide instructions to the Collateral Trustee for the Notes in respect of the collateral.

We will, in most cases, retain control over the collateral.

Until the occurrence and continuation of an event of default, the security documents generally allow the Company and the guarantors to remain in possession of and retain control over, to operate, and to collect, invest and dispose of any income from, the collateral. These rights may materially adversely affect the value of the collateral at any time.

Rights of holders of the Notes in the collateral may be adversely affected by the failure to perfect liens on certain collateral. Even if such security interests are perfected, it may not be practicable for a holder of the Notes to enforce or economically benefit from their rights with respect to such security interests.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through the taking of certain actions. The security interests of holders of the Notes will not be perfected with respect to certain items of collateral that cannot be perfected by the filing of financing statements or the filing of a notice of security interest with the U.S. Patent and Trademark Office or the U.S. Copyright Office or subject to the PP&E Pari Passu Intercreditor Agreement, by delivery of any stock certificates or notes representing pledged collateral to the Collateral Trustee together with any proper endorsements executed in blank. To the extent that the security interests in any items of collateral are unperfected, the rights of holders of the Notes with respect to such collateral will be equal to the rights of our general unsecured creditors in the event of any bankruptcy filed by or against us under applicable U.S. federal bankruptcy laws.

For certain other collateral such as securities accounts and the securities held in such accounts, liens thereon may be perfected by filing a financing statement, however, another secured party that has perfected by "control" of such assets would have a prior security interest to the Collateral Trustee's security interest, which was perfected only by filing.

In addition, the security interest of the Collateral Trustee will be subject to practical challenges generally associated with the realization of security interests in collateral. For example, the Collateral Trustee may need to obtain the consent of third parties and make additional filings for certain types of collateral. If we or the Collateral Trustee fail to obtain these consents or make these filings, the security interests may be invalid and the holders of the Notes will not be entitled to realize on the collateral or any recovery with respect to the collateral. Furthermore, the consents of any third parties may not be given when required to facilitate a foreclosure on such collateral. Accordingly, the Collateral Trustee may not have the ability to foreclose upon those assets, and the value of the collateral may significantly decrease under the terms of the collateral agreement, we are also not required to obtain third party consents with respect to certain categories of collateral. Neither the Trustee nor Collateral Trustee has any obligation to obtain such consents or make any filings with respect to the collateral.

In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest or lien can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the trustee or the Collateral Trustee will monitor, or that we will inform the trustee or the Collateral Trustee of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the lien on such after-acquired collateral. Neither the Trustee nor the Collateral Trustee has any obligation to monitor the acquisition of additional property or rights that constitute collateral, to monitor the perfection of any security interests therein or to make any filings or recordings to perfect or maintain the perfection of any of the security interests. Such failure to perfect the security interest may result in the loss of the practical benefits of the liens thereon or of the priority of the liens securing the Notes. In addition, as described further herein, even if the trustee or Collateral Trustee does properly perfect liens on collateral acquired in the future, such liens may potentially be avoidable as a preference in any bankruptcy proceeding under certain circumstances.

The imposition of certain permitted liens will cause the assets on which such liens are imposed to be excluded from the collateral securing the Notes and the guarantees thereof. Certain assets are excluded from the collateral securing the Notes.

The Indenture will permit liens in favor of third parties to secure additional debt, including purchase money indebtedness, and any assets subject to such liens will be automatically excluded from the collateral securing the Notes to the extent a grant of a security interest therein would violate, breach or invalidate such purchase money arrangement or create a right of acceleration, modification, termination or cancellation in favor of any other party thereto (other than the Issuers or any guarantor) after giving effect to the applicable anti-assignment provisions of the New York State Uniform Commercial Code other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the New York State Uniform Commercial Code notwithstanding such prohibition. Our ability to incur purchase money indebtedness is subject to the limitations as described herein under “Description of Notes.” In addition, certain assets are excluded from the collateral securing the Notes as described under “Description of Notes—Collateral and Security.” In addition, no assets of any of our non-guarantor subsidiaries (including any capital stock owned by any such subsidiary) will constitute collateral securing the Notes. As of December 31, 2016, our non-guarantor subsidiaries held approximately 52.7% and 31.8% of our total assets and total liabilities, respectively.

If an event of default occurs and the Notes are accelerated, the Notes will rank equally with the holders of all of our other senior unsubordinated and unsecured indebtedness and other liabilities with respect to such excluded assets. As a result, if the value of the assets securing the Notes and the related guarantees (taking into account any secured indebtedness with a prior security interest on such excluded assets) is less than the aggregate amount of the claims of the holders of the Notes, no assurance can be provided that the holders of the Notes would receive any substantial recovery from the excluded assets.

Any future pledge or perfection of a lien on collateral might be avoidable in bankruptcy or in a state law or other proceeding.

Any future pledge of collateral in favor of the Collateral Trustee for the Notes, including security documents delivered after the date of the Indenture, might be avoidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge (or one year if the creditor that benefited is an "insider" under the U.S. Bankruptcy Code). The same risk applies to perfection of a lien within the applicable period in connection with a pledge granted prior to the commencement of such period. Such pledges and perfection may also be avoidable in a state law or other proceeding, subject to the timeframes and other terms of applicable law.

Rights of holders of the Notes may be adversely affected by bankruptcy proceedings.

If a bankruptcy case were to be commenced by or against us, the ability of holders of the Notes to collect on the Notes may be significantly impaired. A bankruptcy case may be commenced by us or by certain unsecured or undersecured creditors as provided in the U.S. Bankruptcy Code.

The right of the Collateral Trustee for the Notes to repossess and dispose of the collateral securing the Notes upon acceleration is likely to be significantly impaired by federal bankruptcy law if bankruptcy proceedings are commenced by or against us prior to, or possibly even after, the Collateral Trustee for the Notes has repossessed and disposed of the collateral. Under the U.S. Bankruptcy Code, the "automatic stay" prohibits a secured creditor, such as the Collateral Trustee for the Notes, from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without prior bankruptcy court approval.

Moreover, applicable bankruptcy law and/or the bankruptcy court generally permit the debtor to continue to retain and to use collateral, and the proceeds, products, rents, or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection."

The meaning of the term "adequate protection" may vary according to circumstances, but it is generally intended to protect the value of the secured creditor's interest in the collateral from diminution as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. "Adequate protection" may include cash payments or the granting of additional or replacement security, of such type, at such time, and in such amount as the bankruptcy court may determine. The bankruptcy court has broad discretionary powers in all these matters, including the valuation of the collateral and the nature, accessibility or value of any other collateral that may be substituted for it. A bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures. In view of the broad discretionary powers of a bankruptcy court and the lack of a precise definition of the term "adequate protection," it is impossible to predict how long payments under the Notes could be delayed following commencement of a bankruptcy case, whether or when the Collateral Trustee for the Notes could repossess or dispose of the collateral, the value of the collateral at the time of the bankruptcy petition or whether or to what extent holders of the Notes would be compensated for any delay in payment of loss of value of the collateral through the requirement of "adequate protection."

Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the Notes, the holders of the Notes would be "undersecured." Federal bankruptcy laws do not provide for the payment or accrual of interest, costs and attorneys' fees on the "undersecured" portion of a creditor claims during a debtor's bankruptcy case nor is a creditor entitled to adequate protection on account of any undersecured portion of its claims.

In the event of a bankruptcy proceeding, the following factors, among others, might bear on recoveries by holders of the Notes

- a debtor in a bankruptcy case does not have the ability to compel performance of a "financial accommodation," including the funding of any undrawn loans that might be contemplated to fund operations;
- the bankruptcy court may approve debtor-in-possession financing that may be required to be repaid before secured and other creditors are paid;
- lenders with higher priority liens or other secured creditors may seek, and perhaps receive, relief from the automatic stay to foreclose their respective liens; and
- the cost, delay, and procedures of bankruptcy, including potentially pursuing a reorganization plan, could affect operations, revenues, and the value available for creditors.

Moreover, in a bankruptcy proceeding, the bankruptcy court would have broad discretion to approve transactions and otherwise take actions that could disadvantage the holders of the Notes. Among other things, any disposition of the collateral during a bankruptcy case would require permission from the bankruptcy court. Accordingly, there can be no assurances, pending or following the completion of such a proceeding, with respect to the following, among other things: whether and when any payments under the Notes would be made; whether the terms and conditions of the Notes or any rights of the holders of the Notes would be altered or ignored without the consent of holders of Notes; whether holders of the Notes would be able to enforce their rights against the guarantors under their guarantees; and whether and to what extent holders of Notes would be compensated for any delay in payment or receive any payment at all. Furthermore, under certain circumstances, a bankruptcy court could order substantive consolidation of either of the Issuers or a guarantor with one or more of their affiliates or subsidiaries. We believe that the Issuers and the guarantors have observed and will observe certain formalities and operating procedures that are generally recognized requirements for maintaining their respective separate existences, and that their respective assets and liabilities can be readily identified as distinct from each other's and from those of their affiliates and subsidiaries.

We cannot assure holders of the Notes, however, that a bankruptcy court would agree. If a bankruptcy court concludes that substantive consolidation of the Issuers or a guarantor with any affiliate or subsidiary is warranted, holders of the Notes should expect that any payments on account of their claims may be delayed and/or reduced.

Also, as noted above, each of the PP&E Pari Passu Intercreditor Agreement and the ABL Intercreditor Agreement will provide that, in the event of a bankruptcy, the holders of the Notes will be subject to certain restrictions with respect to their ability to object to certain matters or to take other actions following the filing of a bankruptcy petition with respect to the collateral prior to the discharge of the obligations under the Credit Facilities.

The collateral is subject to casualty risks or risks beyond our control.

We intend to maintain insurance or otherwise insure against certain hazards. There are, however, losses that may be uninsurable or not economically insurable. As a result, we cannot assure you that the insurance proceeds will compensate us fully for our losses. If there is a total or partial loss of any of the collateral, we cannot assure holders of the Notes that any insurance proceeds received by us will be sufficient to satisfy all the secured obligations, including the obligations under the Notes and the related guarantees.

In addition, certain collateral securing the Notes are located at the premises or under the control of our customers or their agents. Accordingly, there is no assurance that such collateral is properly maintained at all times. Also, in the event of a total or partial loss affecting any of such collateral, even though there may be insurance coverage, the extended period needed to obtain replacement units may cause significant delays, which may have an adverse impact on our operations and results.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange, and there may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

Although the Issuers will agree to use their commercially reasonable efforts to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF, and to maintain a listing on that or another internationally recognized stock exchange as long as the Notes are outstanding, the Issuers cannot assure you that the Notes will become, or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Luxembourg Stock Exchange and admission to trading on the Euro MTF or another internationally recognized stock exchange, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another stock exchange may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

We cannot assure you that the Notes will become or will remain listed. In addition, we cannot assure you as to the liquidity of any market for the Notes, your ability to sell them or the price at which you may be able to sell them.

Future trading prices of the Notes depend on many factors, including, among other things, prevailing interest rates, the market for similar securities, general economic conditions and our own financial condition, performance and prospects. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities.

Lien searches may not reveal all liens on the collateral.

We cannot guarantee that the lien searches on the collateral that will secure the Notes will reveal any or all existing liens on such collateral. Any such existing lien, including undiscovered liens, could be significant, could be prior in ranking to the liens securing the Notes and could have an adverse effect on the ability of the Collateral Trustee to realize or foreclose upon the collateral securing the Notes.

Security over certain Collateral may not be in place on the closing date of this offering or may not be perfected on the closing date of this offering, and we will not be required to perfect security interests in some instances.

The security interests in the real properties, which constitute a portion of the PP&E Collateral that will secure the Notes, may not be in place on the closing date of this offering. We have a period of 90 days from the closing date of this offering to provide and record a mortgage over specified owned real property that is currently part of the collateral that secures our Term Loan Facilities.

One or more of these mortgages may constitute a significant portion of the value of the PP&E Collateral securing the Notes and the related guarantees. In addition, we will not have title insurance policies on our material properties in place at the time of the issuance of the Notes to insure, among other things, (i) loss resulting from the entity represented by us to be the owner thereof not holding fee title or a valid leasehold interest in the properties and such interest being encumbered by unpermitted liens and (ii) the validity and lien priority of such mortgage.

If we are unable to resolve defects identified in the surveys, if any, or otherwise raised in connection with the title insurance policies, such mortgages and title insurance policies will be subject to those issues, which defects may have a significant adverse effect on the value of the PP&E Collateral or any recovery under the title insurance policies that were delivered for the mortgaged real properties.

Further, certain control agreements with respect to deposit accounts and security accounts owned by the Company and the guarantors may or may not be entered into on the closing date of this offering. The Company and the guarantors will use their respective commercially reasonable efforts to enter into such control agreements on the closing date of this offering or promptly thereafter. With respect to any collateral not perfected within 30 days of the issuance of the Notes, any such security interest would be subject to being set aside as a preference if the issuer were to become insolvent within 90 days of the date of any such perfection. See "Description of Notes—Collateral—Creation and Perfection of Certain Security Interests After the Issue Date."

USE OF PROCEEDS

We intend to use the net proceeds from this offering to prepay certain outstanding indebtedness under the ABL Facility, to prepay in full the Term Loan B Facility and to pay related fees and expenses.

The following table summarizes the estimated sources and uses of funds in connection with the offering of Notes hereby and related use of proceeds, assuming such transactions occurred on December 31, 2016. Actual amounts will vary from estimated amounts, depending on several factors, including the actual amount of fees and expenses related to such transactions.

Sources of Funds			Uses of Funds		
	(Dollars in millions)				
Fixed Rate Notes offered hereby(1)	$	449	Repay Term Loan B Facility(2)	$	684
Floating Rate Notes offered hereby(1)		324	Repay ABL Facility(3)		85
			Estimated fees and expenses(4)		4
Total sources of funds(1)	$	773	**Total uses of funds**	$	773

(1) Represents the principal amount of the Notes offered hereby. The principal amount of the Notes offered hereby has been translated into U.S. dollars using an assumed exchange rate of $1.00 = €0.9253 as of March 22, 2017.

(2) As of December 31, 2016, we had $684 million outstanding under our Term Loan B Facility. The obligations under our Term Loan B Facility mature on April 15, 2018. The interest rate on our outstanding borrowings under our Term Loan B Facility as of December 31, 2016 was 4.00%.

(3) As of December 31, 2016, we had $345 million outstanding under our ABL Facility. The obligations under our ABL Facility mature on December 6, 2018. The interest rates on our outstanding borrowings under our ABL Facility as of December 31, 2016 were 2.40-2.52%. As of December 31, 2016, after giving effect to this offering and the related use of proceeds, we would have had $298 million of borrowing availability under our ABL Facility.

(4) Consists of our estimate of fees and expenses associated with this offering and the related use of proceeds.

CAPITALIZATION

The following table shows our historical cash and cash equivalents and consolidated capitalization at December 31, 2016, (i) on an actual basis and (ii) on an adjusted basis after giving effect to the Refinancing Transactions. You should read this table in conjunction with "Use of Proceeds," "Summary Financial Data and Other Information," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes appearing elsewhere in this offering memorandum.

	As of December 31, 2016	
	Actual	As Adjusted
	(Unaudited) (In millions)	
Cash and cash equivalents	$ 300	$ 300
Long-term debt (including current maturities):		
ABL Facility	345	260
Term Loan B Facility(1)	684	—
Term Loan C Facility(2)	1,857	1,857
Other, primarily foreign instruments	152	152
Fixed Rate Notes offered hereby(3)	—	449
Floating Rate Notes offered hereby(3)	—	324
Total long-term debt (including current maturities)	$3,038	$3,042
Total shareholders' equity	880	880
Total capitalization	$3,918	$3,922

(1) Amount is exclusive of $2 million of unamortized debt issuance costs and $1 million of unamortized original issue discounts.

(2) Amount is exclusive of $4 million of unamortized debt issuance costs and $6 million of unamortized original issue discounts.

(3) Represents the principal amount of the Notes offered hereby. The principal amount of the Notes offered hereby has been translated into U.S. dollars using an assumed exchange rate of $1.00=€0.9253 as of March 22, 2017.

SELECTED HISTORICAL FINANCIAL DATA

The following tables set forth the summary consolidated financial information of Federal-Mogul Holdings LLC. The summary consolidated statement of operations for the years ended December 31, 2014, 2015 and 2016 and the consolidated balance sheet data as of December 31, 2015 and 2016 have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The summary consolidated statement of operations for the years ended December 31, 2012 and 2013, and the consolidated balance sheet data as of December 31, 2012, 2013 and 2014 are derived from our audited consolidated financial statements not included in this offering memorandum. The results of operations for the periods presented below are not necessarily indicative of the results that may be expected for any future period.

This information is only a summary and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto and other financial information appearing elsewhere in this offering memorandum.

	Year Ended December 31,				
	2012	2013	2014	2015	2016
			(in millions)		
Consolidated Statement of Operations					
Net sales	$ 6,444	$ 6,786	$ 7,317	$ 7,419	$ 7,434
Cost of products sold	(5,531)	(5,766)	(6,260)	(6,345)	(6,301)
Gross profit	913	1,020	1,057	1,074	1,133
Selling, general and administrative expenses	(702)	(719)	(776)	(794)	(815)
Goodwill and intangible impairment expense, net	(142)	—	(120)	(94)	(6)
Restructuring charges and asset impairments, net	(20)	(29)	(110)	(121)	(44)
Amortization expense	(49)	(47)	(49)	(59)	(58)
Other income (expense), net	(26)	(3)	(11)	(5)	21
Operating income (loss)	(26)	222	(9)	1	231
Interest expense, net	(128)	(99)	(120)	(138)	(145)
Loss on debt extinguishment	—	—	(24)	—	—
Equity earnings of nonconsolidated affiliates, net of tax	34	34	48	56	59
Income (loss) from continuing operations before income taxes	(120)	157	(105)	(81)	145
Income tax (expense) benefit	29	(56)	(56)	(30)	(55)
Income (loss) from continuing operations	(91)	101	(161)	(111)	90
Gain (loss) from discontinued operations, net of tax	(19)	(52)	—	7	—
Net income (loss)	(110)	49	(161)	(104)	90
Less net income attributable to noncontrolling interests	(7)	(8)	(7)	(6)	(8)
Net income (loss) attributable to Federal-Mogul	$ (117)	$ 41	$ (168)	$ (110)	$ 82

The following table represents items that affect the comparability of the amounts shown above for the years ended December 31, 2012, 2013, 2014, 2015 and 2016:

	Year ended December 31,				
	2012	2013	2014	2015	2016
	(in millions)				
Gain on sale of real estate	$ 1	$ (2)	$ 1	$ 4	$ 7
Loss on sale of equity method investment	—	—	—	(11)	—
Goodwill and intangible impairment expense, net	(142)	—	(120)	(94)	(6)
Loss on debt extinguishment	—	—	(24)	—	—
Restructuring charges and asset impairments, net	(20)	(29)	(110)	(121)	(44)

	As of December 31,				
	2012	2013	2014	2015	2016
	(in millions)				
Consolidated Balance Sheet Data:					
Total assets	$6,927	$7,182	$7,067	$7,228	$7,076
Total liabilities	6,095	5,581	6,158	6,326	6,196
Total debt (including short-term debt and current portion of long-term debt)	2,827	2,599	2,690	3,052	3,025
Federal-Mogul shareholders' equity	725	1,490	806	770	738

	Year Ended December 31,				
	2012	2013	2014	2015	2016
	(in millions)				
Consolidated Statement of Cash Flow Data:					
Net cash provided from (used by) operating activities	$ (53)	$ 418	$ 278	$ 38	$ 546
Net cash used by investing activities	(427)	(355)	(735)	(787)	(400)
Net cash provided from (used by) financing activities	(22)	242	35	627	(20)
Cash payments for property, plant and equipment	(387)	(380)	(418)	(440)	(381)

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

Executive Overview

Our Business: Federal-Mogul is a diversified, global supplier of automotive products to a variety of end markets. We have two business segments that principally focus on discrete markets, each with a chief executive officer reporting to our Board of Directors. Powertrain focuses on OE powertrain products for automotive, heavy-duty and industrial applications. Motorparts sells and distributes a broad portfolio of products in the global vehicle aftermarket, while also serving OEMs with vehicle products including brakes, wipers and, to a limited extent, chassis components.

For more than a century, we have developed the innovative products our customers need to produce the next generation of vehicles and maintain the present vehicle population. We are a preferred provider to our customers as a result of our global engineering, manufacturing, distribution and customer service capabilities. We continue to develop new technologies that improve fuel economy, reduce emissions and enhance durability, safety and vehicle performance. As a result, we believe that we are uniquely positioned to effectively manage the life cycle of a broad range of OE products and OES and aftermarket products to a diverse customer base.

Merger Transaction: On September 6, 2016, the Company, AEP, our sponsor and a subsidiary of IEP, and Merger Sub entered into the Merger Agreement pursuant to which Merger Sub would be merged with and into the Company with the Company surviving. Pursuant to the Merger Agreement, and upon the terms and subject to the conditions thereof, Merger Sub commenced a cash tender offer to acquire, subject to the terms and conditions of the Merger Agreement, all of the issued and outstanding shares of the Company's common stock not already owned by IEP and its affiliates for $10.00 per share in cash. On January 23, 2017, the Merger was consummated and the Company become an indirect wholly-owned subsidiary of IEP and the shares of the Company's common stock ceased to be traded on the NASDAQ stock market.

Conversion: On February 14, 2017, we converted to a single member limited liability company in the U.S. and changed our name to and changed our name to Federal-Mogul Holdings LLC.

Financial Results for the Year Ended December 31, 2016: Consolidated net sales were $7,434 million, an increase of $15 million, or 0.2%. The increase was primarily driven by a 1.9% increase in sales volumes of $143 million (which included a $91 million benefit from acquisitions) and was substantially offset by a $107 million unfavorable effect of foreign currency exchange.

Cost of products sold was $6,301 million for the year ended December 31, 2016, a decrease of $44 million or 0.7%. The decrease was primarily driven by $99 million of savings from net performance and a $92 million favorable effect of foreign currency exchange. This was partially offset by the $147 million in incremental costs related to higher sales volumes attributable to organic growth and acquisitions.

Gross profit increased by $59 million to $1,133 million or 15.2% of sales, for the year ended December 31, 2016 compared to $1,074 million, or 14.5% of sales, for the year ended December 31, 2015. The increase was primarily driven by the favorable effect of performance of $78 million which was offset by the negative effects of foreign currency exchange of $15 million.

For the year-ended December 31, 2016:

- Net income attributable to Federal-Mogul was $82 million which included restructuring charges and asset impairments, net of $44 million, goodwill and intangible impairment charges of $6 million, and other income of $9 million (net of tax) related to the recognition of a gain on the sale of real estate made in the prior year.
- Restructuring charges and asset impairments, net were comprised of $21 million related to the Powertrain segment and $23 million related to the Motorparts segment. This charge includes $27 million of costs related to severance and other charges, net primarily focused on optimizing our cost structure. The charges include severance related costs and other charges of $18 million in EMEA, $8 million in North America, and $1 million in ROW. In addition, there was $12 million in asset impairments in ROW, $4 million in EMEA, and $1 million in North America for the Motorparts segment.
- Total debt, including short-term debt and current portion of long-term debt, decreased by $27 million. The decrease was primarily attributable to the payments in excess of borrowings. We had $300 million of cash, $213 million of availability under the Credit Facilities, and additional availability of $60 million under foreign lines of credit at December 31, 2016.

Recent Trends and Market Conditions:

Please see "Business—Industry" for a summary of the trends and market conditions affecting us. There is inherent uncertainty in the continuation of the trends discussed therein. In addition, there may be other factors or trends that can have an effect on our business.

Critical Accounting Estimates

Our Consolidated Financial Statements and accompanying notes as included in this offering memorandum have been prepared in conformity with accounting principles generally accepted in the United Sates ("U.S GAAP"). Accordingly, our significant accounting policies have been disclosed in Note 2, "*Basis of Presentation and Summary of Significant Accounting Policies*" of the Consolidated Financial Statements. We provide enhanced information that supplements such disclosures for accounting estimates when the estimate involves matters that are highly uncertain at the time the accounting estimate is made and different estimates or changes to an estimate could have a material effect on the reported financial position, changes in financial condition or results of operations.

When more than one accounting principle, or the method of its application, is generally accepted, management selects the principle or method it considers to be the most appropriate given the specific circumstances. Application of these accounting principles requires us to make estimates about the future resolution of existing uncertainties. Estimates are typically based upon historical experience, current trends, contractual documentation, and other information, as appropriate. Due to the inherent uncertainty involving estimates, actual results reported in the future may differ from those estimates. In preparing these financial statements, we have made our best estimates and judgments of the amounts and disclosures included in the financial statements, giving due regard to materiality. The following summarizes our critical accounting policies.

Pension Plans and Other Postretirement Benefit Plans

We sponsor defined benefit pension plans and postretirement plans for certain employees and retirees around the world. Our defined benefit plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected long-term rate of return, discount rate, mortality rates of participants, and expectation of mortality improvement.

Differences in actual experience or changes in assumptions may materially affect the pension and postretirement plan obligations. Actual results that differ from assumptions are accumulated in net actuarial gains and losses which are subject to amortization and expensed over future periods. The unamortized pre-tax actuarial loss on our pension plans was $544 million and $532 million at December 31, 2016 and 2015. We expect to recognize amortization expense of $17 million in 2017.

Assumptions used to calculate benefit obligations as of the end of a fiscal year directly affect the expense to be recognized in future periods. The primary assumptions affecting our accounting for pension and postretirement benefits as of December 31, 2016 are as follows:

- *Long-term rate of return on plan assets:* In December 2016, an investment policy study was completed for the U.S. pension plans. The study resulted in changes to the expected long-term rate of return on assets and is designed to approximate a long-term prospective rate. The long-term rate of return on assets decreased from 5.65% at December 31, 2015 to 5.55% at December 31, 2016. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans and the weighted average return on assets decreased from 3.22% at December 31, 2015 to 3.05% at December 31, 2016.
- *Discount rate:* The discount rate assumption is established at the measurement date. In the U.S., we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. The benefit obligation for pension plans in Belgium, France, and Germany represents 91% of the non-U.S. pension benefit obligation at December 31, 2016. The discount rates for these plans are determined using a cash flow matching approach similar to the U.S. approach.

The weighted-average discount rates used to calculate net periodic benefit cost for the 2016 and year-end obligations as of December 31, 2016 were as follows:

	Pension Benefits		
	U.S. Plans	**Non-U.S. Plans**	**Other Postretirement Benefits**
Used to calculate net periodic benefit cost	4.15%	2.72%	4.18%
Used to calculate benefit obligations	3.90%	2.03%	3.98%

- *Mortality Assumptions:* We have reviewed the mortality improvement tables published by the Society of Actuaries in the three months ended December 31, 2016 that lowered life expectancies for our U.S. Plans. This change in assumptions decreased the U.S. pension and postretirement plan obligation by $46 million.
- *Health care cost trend:* We review external data and our historical trends for health care costs to determine the health care cost trend rate. The assumed health care cost trend rate used to measure next year's postretirement health care benefits is 6.69% for health care and drug costs, both declining to an ultimate trend rate of 5.00% in 2022.

The following table illustrates the sensitivity to a change in certain assumptions for the pension and postretirement plans. The changes in these assumptions have no effect on our funding requirements.

	Pension Benefits				Other Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans			
	Change in 2017 Pension Expense	Change in PBO	Change in 2017 Pension Expense	Change in PBO	Change in 2017 Expense	Change in PBO
	(in millions)					
25 basis point ("bp") decrease in discount rate	$(1)	$ 29	$ 1	$ 20	$—	$ 7
25 bp increase in discount rate	1	(28)	(1)	(19)	—	(6)
25 bp decrease in return on assets rate	2	n/a	—	n/a	n/a	n/a
25 bp increase in return on assets rate	(2)	n/a	—	n/a	n/a	n/a

The assumed health care trend rate has a significant effect on the amounts reported the postretirement plans. The following table illustrates the sensitivity to a change in the assumed health care trend rate:

	Total Service and Interest Cost	APBO
	(in millions)	
100 bp increase in health care cost trend rate	$ 1	$ 24
100 bp decrease in health care cost trend rate	$(1)	$(21)

Environmental Matters

Environmental remediation liabilities are recognized when a loss is probable and can be reasonably estimated. Such liabilities generally are not subject to insurance coverage. The cost of each environmental remediation is estimated by engineering, financial, and legal specialists based on current law and considers the estimated cost of investigation and remediation required and the likelihood that, where applicable, other responsible parties will be able to fulfill their legal obligations and commitments. The process of estimating environmental remediation liabilities is complex and dependent primarily on the nature and extent of historical information and physical data relating to a contaminated site, the complexity of the site, the uncertainty as to what remediation and technology will be required, and the outcome of discussions with regulatory agencies and, if applicable, other responsible parties. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. Refer to Note 17, *Commitments and Contingencies*, to the Consolidated Financial Statements included herein for additional details. We cannot ensure environmental requirements will not change or become more stringent over time or our eventual environmental costs and liabilities will not exceed the amount of current reserves. In the event such liabilities were to significantly exceed the amounts recorded, our results of operations could be materially affected.

Asset Retirement Obligations

In determining whether the fair value of asset retirement obligations ("ARO") can reasonably be estimated, we must determine if the obligation can be assessed in relation to the acquisition price of the related asset or if an active market exists to transfer the obligation. If the obligation cannot be assessed in connection with an acquisition price and if no market exists for the transfer of the obligation, we must determine if it has sufficient information upon which to estimate the obligation using expected present value techniques. This determination requires us to estimate the range of settlement dates and the potential methods of settlement, and then to assign the probabilities to the various potential settlement dates and methods. The majority of the identified ARO liabilities involve asbestos related cleanup. Refer to Note 17, *Commitments and Contingencies*, to the Consolidated Financial Statements included herein for additional details. We cannot ensure that ARO requirements will not change or become more stringent over time or that our eventual environmental costs and liabilities will not exceed the amount of current reserves. In the event that such liabilities were to significantly exceed the amounts recorded, our results of operations could be materially affected.

Valuation of Long-Lived Assets, Definite-Lived Intangible Assets, and Expected Useful Lives

We monitor our long-lived and definite-lived assets for impairment indicators on an ongoing basis. If impairment indicators exist, we perform the required impairment analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. Even if an impairment charge is not required, a reassessment of the useful lives over which depreciation or amortization is being recognized may be appropriate based on our assessment of the recoverability of these assets. We estimate cash flows and fair value using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, and review of appraisals. The key factors which affect our estimates are (1) future production estimates; (2) customer preferences and decisions; (3) product pricing; (4) manufacturing and material cost estimates; and (5) product life / business retention. Any differences in actual results from the estimates could result in fair values different from the estimated fair values, which could materially affect our future results of operations and financial condition. We believe the projections of anticipated future cash flows and fair value assumptions are reasonable; however, changes in assumptions underlying these estimates could affect our valuations.

Goodwill and Indefinite-lived Intangible Asset Impairment Testing

We review goodwill for impairment annually, or more frequently if events or changes in circumstances indicate goodwill might be impaired. We perform impairment assessments at the reporting unit level. If the fair value of the reporting unit is greater than its carrying amount, goodwill is not considered to be impaired and the second step is not required. However, if the fair value of the reporting unit is less than its carrying amount, the second step is performed to measure the amount of the impairment, if any. The second step requires a reporting unit to compare its implied fair value of goodwill to its carrying amount. If the carrying amount of goodwill exceeds its implied fair value, the reporting unit would recognize an impairment loss for the excess. Assumptions used in the discounted cash flow analysis that have the most significant effect on the estimated fair value of the Company's reporting units are the weighted average cost of capital and revenue growth-rates.

The Company has nine reporting units that have goodwill as of December 31, 2016. The following table categorizes the Company's goodwill by reporting unit as of October 1, 2016 according to the level of excess between the reporting unit's fair value and carrying value:

	Fair Value Exceeds Carrying Value	Goodwill
Reporting Units 1-3	< 10%	$214
Reporting Units 4-9	> 10%	459
		$673

We perform an annual impairment analysis of our trademarks and brand names annually, or more frequently if events or changes in circumstances indicate the assets might be impaired. We perform a quantitative assessment of estimating fair values based upon the prospective stream of hypothetical after-tax royalty cost savings discounted at rates that reflect the rates of return appropriate for these intangible assets. The primary, and most sensitive, input utilized in determining the fair values of trademarks and brand names is branded product sales. The Company performed a sensitivity analysis on its trademarks and brand names and determined a one percentage point decrease in its projected future sales growth rates within each aftermarket product line would not result in additional impairment charges.

Income Taxes

Deferred tax assets and liabilities reflect temporary differences between the amount of assets and liabilities for financial and tax reporting purposes. Such amounts are adjusted, as appropriate, to reflect changes in tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is recorded to reduce our deferred tax assets to the amount that is more likely than not to be realized. Changes in tax laws or accounting standards and methods may affect recorded deferred taxes in future periods.

When establishing a valuation allowance, we consider future sources of taxable income such as "future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences and carryforwards" and "tax planning strategies." A tax planning strategy is defined as "an action that: is prudent and feasible; an enterprise ordinarily might not take, but would take to prevent an operating loss or tax credit carryforward from expiring unused; and would result in realization of deferred tax assets." In the event we determine it is more likely than not the deferred tax assets will not be realized in the future, the valuation adjustment to the deferred tax assets will be charged to earnings in the period in which we make such a determination. The valuation of deferred tax assets requires judgment and accounting for the deferred tax effect of events that have been recorded in the financial statements or in tax returns and our future projected profitability. Changes in our estimates, due to unforeseen events or otherwise, could have a material effect on our financial condition and results of operations.

We calculate our current and deferred tax provision based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified. The amount of income taxes we pay is subject to ongoing audits by federal, state, and foreign tax authorities. Our estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. We use a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. We record a liability for the difference between the benefit recognized and measured and tax position taken or expected to be taken on our tax return. To the extent our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. We report tax-related interest and penalties as a component of income tax expense. We do not believe there is a reasonable likelihood there will be a material change in the tax related balances or valuation allowance balances. However, due to the complexity of some of these uncertainties, the ultimate resolution may be materially different from the current estimate. Refer to Note 16, *Income Taxes*, to the Consolidated Financial Statements included herein for additional information.

Non-GAAP Measures:

Management utilizes Operational EBITDA as the key performance measure of segment profitability and uses the measure in its financial and operational decision making processes, for internal reporting, for planning and forecasting purposes to effectively allocate resources and as one element for establishing management incentives. Operational EBITDA is defined as EBITDA (earnings before interest, taxes, depreciation, and amortization), as adjusted for non-recurring, unusual, non-operational or non-cash items. Examples of these adjustments include impairment charges related to goodwill or other long-lived assets; restructuring charges; certain gains or losses on the settlement/extinguishment of obligations; and receivable financing charges. During 2015, we modified our definition of Operational EBITDA to adjust for financing charges related to certain receivable financing programs. Comparable periods have been adjusted to conform to this definition.

Operational EBITDA presents a performance measure exclusive of capital structure and the method by which net assets were acquired, disposed of, or financed. Management believes this measure provides additional transparency into its core operations and is most reflective of the operational profitability or loss of our operating segments and reporting units. The measure also allows management and investors to view operating trends, perform analytical comparisons and benchmark performance between periods and among operating segments.

Operational EBITDA should not be considered a substitute for results prepared in accordance with U.S. GAAP and should not be considered an alternative to net income, which is the most directly comparable financial measure to Operational EBITDA that is in accordance with U.S. GAAP. Operational EBITDA, as determined and measured by us, should not be compared to similarly titled measures reported by other companies.

Results of Operations

The following discussion of our results of operations should be read in connection with "Forward-Looking Statements," "Risk Factors" and "Business" included in this offering memorandum. These items provide additional relevant information regarding the business, our strategy, and the various industry dynamics in the OE market and the aftermarket which have a direct and significant effect on our results of operations, as well as the risks associated with our business.

Consolidated Results:

	Year Ended December 31,			Favorable/(Unfavorable)	
	2016	2015	2014	2016 v 2015	2015 v 2014
			(in millions)		
Consolidated Statement of Operations Data					
Net sales	$ 7,434	$ 7,419	$ 7,317	$ 15	$102
Cost of products sold	(6,301)	(6,345)	(6,260)	44	(85)
Gross profit	1,133	1,074	1,057	59	17
Selling, general and administrative expenses	(815)	(794)	(776)	(21)	(18)
Goodwill and intangible impairment expense, net	(6)	(94)	(120)	88	26
Restructuring charges and asset impairments, net	(44)	(121)	(110)	77	(11)
Amortization expense	(58)	(59)	(49)	1	(10)
Other income (expense), net	21	(5)	(11)	26	6
Interest expense, net	(145)	(138)	(120)	(7)	(18)
Loss on debt extinguishment	—	—	(24)	—	24
Equity earnings of nonconsolidated affiliates, net of tax	59	56	48	3	8
Income tax (expense) benefit	(55)	(30)	(56)	(25)	26
Net income (loss) from continuing operations	90	(111)	(161)	201	50
Gain (loss) from discontinued operations, net of tax	—	7	—	(7)	7
Net income (loss)	90	(104)	(161)	194	57
Less net income attributable to noncontrolling interests	(8)	(6)	(7)	(2)	1
Net income (loss) attributable to Federal-Mogul	$ 82	$ (110)	$ (168)	$192	$ 58

Comparison of Year Ended December 31, 2016 to Year Ended December 31, 2015

Sales:

Consolidated net sales increased by $15 million compared to the year ended December 31, 2015. The increase was primarily driven by a 1.9% increase in sales volumes of $143 million (which included a $91 million benefit from acquisitions) and was substantially offset by a $107 million unfavorable effect of foreign currency exchange.

Cost of Products Sold:

Cost of products sold decreased by $44 million compared to the year ended December 31, 2015. The decrease was primarily driven by $99 million of savings from net performance and a $92 million favorable effect of foreign currency exchange. This was partially offset by the $147 million in incremental costs related to higher sales volumes attributable to organic growth and acquisitions.

Gross Profit:

Gross profit as a percentage of sales for the year ended December 31, 2016 was 15.2% compared to 14.5% for the year ended December 31, 2015. Gross profit increased by $59 million compared to the year ended December 31, 2015. The increase was primarily driven by a $78 million favorable effect of performance, offset by a $15 million negative effect of foreign currency exchange.

Selling, General and Administrative Expense:

Selling, general and administrative expenses ("SG&A") as a percentage of sales, was 11.0% for the year ended December 31, 2016 as compared to 10.7% for the year ended December 31, 2015. This increase of $21 million is primarily attributable to an increase in marketing expenses of $9 million, an additional $4 million from acquisitions, and higher compensation, including pension costs, which were partially offset by favorable effects of prior year bad debt charges of $8 million and foreign exchange of $8 million. SG&A includes R&D costs, including product and validation costs of $192 million and $189 million for the years ended December 31, 2016 and December 31, 2015.

Goodwill and intangible impairment expense, net:

Goodwill impairment charges decreased by $88 million for the year ended December 31, 2016. In 2016, an additional impairment charge of $6 million was recorded as a result of finalizing our 2015 year-end step two goodwill impairment test during the year ended December 31, 2016 for one reporting unit. In 2015, an impairment charge of $56 million was recorded as a result of an analysis of interim impairment indicators in one reporting unit and an impairment charge of $38 million in three reporting units as a result of the annual impairment analysis. These charges were partially offset by a $6 million reduction to a previously recognized impairment charge as a result of the completion of our 2014 year-end step two goodwill analysis during the year ended December 31, 2015.

Restructuring charges and asset impairments, net:

Restructuring charges and asset impairments, net decreased by $77 million for the year ended December 31, 2016 compared to the year ended December 31, 2015. The decreases are related to higher severance and other charges in the year ended December 31, 2015, primarily related to our restructuring efforts in EMEA and ROW aimed at optimizing our cost structure.

Amortization Expense:

Amortization expense decreased by $1 million for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Other income (expense), net:

Other income (expense), net increased by $26 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015. The primary reason for the net increase is the recognition of an $7 million net gain on the sale of assets, as compared to $4 million for the year ended December 31, 2015. In addition, we recognized a loss on disposition of an equity method investment of $11 million and segmentation costs of $4 million during the year ended December 31, 2015.

Interest expense, net:

Net interest expense increased $7 million for the year ended December 31, 2016. This increase is primarily attributable to higher borrowings and interest rates under the Credit Facilities.

Equity earnings of nonconsolidated affiliates:

Equity in earnings of nonconsolidated affiliates increased by $3 million for the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was primarily driven by the full year effect of one of our China joint ventures included in the results for the year ended December 31, 2016.

Income tax (expense) benefit:

For the year ended December 31, 2016, we recorded income tax expense of $55 million on income from continuing operations before income taxes of $145 million, compared to income tax expense of $30 million on a loss from continuing operations before income taxes of $81 million for the year ended December 31, 2015.

Gain (loss) from discontinued operations, net of tax:

Gain (loss) from discontinued operations decreased by $7 million for the year ended December 31, 2016 compared to the year ended December 31, 2015. During 2015, we recognized a $7 million adjustment (no income tax effect) to a prior year divestiture.

Comparison of Year Ended December 31, 2015 to Year Ended December 31, 2014

Sales:

Consolidated net sales increased by $102 million compared to the year ended December 31, 2014. The increase was primarily driven by a 10.2% increase in sales volumes of $743 million (which included a $657 million benefit from acquisitions) and was substantially offset by a $642 million unfavorable effect of foreign currency exchange.

Cost of Products Sold:

Cost of products sold increased by $85 million compared to the year ended December 31, 2014. The increase was driven by a $645 million in incremental costs related to higher sales volumes attributable to acquisitions, and partly to volumes related to organic growth. This was substantially offset by the $529 million favorable effect of foreign currency exchange.

Gross Profit:

Gross profit as a percentage of sales for the year ended December 31, 2015 was 14.5% compared to 14.4% for the year ended December 31, 2014. Gross profit increased by $17 million compared to the year ended December 31, 2014. The increase was primarily driven by the favorable effects of higher sales volumes (net of changes in mix) of $98 million and net performance of $32 million offset by the negative effects of foreign currency exchange of $113 million.

Selling, General and Administrative Expense:

Selling, general and administrative expenses ("SG&A") as a percentage of sales was 10.7% for the year ended December 31, 2015 as compared to 10.6% for the year ended December 31, 2014. This increase of $18 million is primarily attributable to the addition of SG&A expenses associated with acquisitions, partially offset by foreign exchange. Included in SG&A was a $7 million charge related to the bankruptcy of one of our aftermarket customers. Research and development ("R&D") costs, including product and validation costs, of $189 million and $192 million for the years ended December 31, 2015 and December 31, 2014.

Goodwill and intangible impairment expense, net:

Goodwill impairment charges decreased by $26 million for the year ended December 31, 2015. During 2015, we impaired $50 million and $44 million of goodwill related to our Motorparts and Powertrain segments. During 2014, we impaired $120 million of goodwill related to our Motorparts segment.

Restructuring charges and asset impairments, net:

Net restructuring charges and asset impairments increased by $11 million for the year ended December 31, 2015 compared to the year ended December 31, 2014. This increase is driven by overall higher severance and other charges incurred in the year ended December 31, 2015, primarily related to our overall restructuring efforts in Europe, and an impairment of assets held for sale during 2015.

Amortization expense:

Amortization expense increased by $10 million for the year ended December 31, 2015 compared to the year ended December 31, 2014. During 2015, we completed the acquisition of TRW's valvetrain business thereby adding $107 million of definite lived intangible assets which contributed to the increase in amortization expense.

Other Income (Expense), Net:

Other income (expense), net decreased by $6 million for the year ended December 31, 2015 compared to the year ended December 31, 2014. The primary reason for the decrease was a $6 million reduction in the amount of segmentation costs recognized during the year ended December 31, 2015.

Interest Expense, Net:

Net interest expense increased by $18 million in the year ended December 31, 2015 compared to the year ended December 31, 2014. This increase is primarily attributable to the realization of higher interest rates for the full year, and increased borrowings under our revolving credit facilities, offset by lower amortization costs.

Loss on Debt extinguishment:

Loss on debt extinguishment decreased by $24 million for the year ended December 31, 2014 as compared to the year ended December 31, 2014. In 2014, we entered into the Credit Facilities and repaid our existing outstanding indebtedness under previous facilities, resulting in a loss on the retirement of debt of $24 million, including the write-off of a portion of related debt issuance costs and debt discount.

Equity earnings of nonconsolidated affiliates:

Equity in earnings of nonconsolidated affiliates increased by $8 million for the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was primarily driven by increased earnings at a number of our nonconsolidated affiliates, including an initial investment in two new affiliates and the sale of a nonconsolidated affiliate, which incurred a loss of $1 million during the year ended December 31, 2014.

Income tax (expense) / benefit:

For the year ended December 31, 2015, we recorded an income tax expense of $30 million on a loss from continuing operations before income taxes of $81 million, compared to income tax expense of $56 million on a loss from continuing operations before income taxes of $105 million for the year ended December 31, 2014.

Gain (loss) from discontinued operation, net of tax:

Gain (loss) from discontinued operations increased by $7 million for the year ended December 31, 2015 compared to the year ended December 31, 2014. During 2015, we recognized a $7 million adjustment (no income tax effect) to a prior year divestiture.

Segment Results of Operations

Comparison of Year Ended December 31, 2016 to Year Ended December 31, 2015

2016 Sales Analysis:

Sales by Region:

					Volume Increase (Decrease) by Region:			
					Excluding Acquisitions		Including Acquisitions	
	Powertrain	%	Motorparts	%	Powertrain	Motorparts	Powertrain	Motorparts
	(in millions)				(in millions)			
North America	$1,584	35%	$1,787	56%	$ 3	$(51)	$ 47	$(35)
EMEA	1,997	45%	1,154	36%	11	(11)	32	(11)
ROW	882	20%	274	8%	75	25	84	26
	$4,463	100%	$3,215	100%	$89	$(37)	$163	$(20)

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
	(in millions)			
2015 Sales	**$4,450**	**$3,253**	**$(284)**	**$7,419**
External sales volumes	89	(37)	—	52
Inter-segment sales volumes	(41)	1	40	—
Acquisitions	74	17	—	91
Other	(52)	31	—	(21)
Foreign currency	(57)	(50)	—	(107)
2016 Sales	**$4,463**	**$3,215**	**$(244)**	**$7,434**

Other: Primarily represents commercial actions and customer pricing.

2016 Cost of Products Sold Analysis:

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
		(in millions)		
2015 Cost of Products Sold	**$(3,913)**	**$(2,716)**	**$284**	**$(6,345)**
Sales volumes / mix	(115)	8	(40)	(147)
Performance	40	59	—	99
Foreign currency	59	33	—	92
2016 Cost of Products Sold	**$(3,929)**	**$(2,616)**	**$244**	**$(6,301)**

Sales Volumes: The increase is primarily due to the increase in sales in our Powertrain segment.

Performance: Performance includes the benefit of favorable material and service sourcing, and productivity.

2016 Gross Profit Analysis:

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
		(in millions)		
2015 Gross Profit	$537	$537	$—	$1,074
Sales volumes/mix	7	(11)	—	(4)
Performance and other	(12)	90	—	78
Foreign currency	2	(17)	—	(15)
2016 Gross Profit	$534	$599	$—	$1,133

2016 Operational EBITDA Analysis:

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
		(in millions)		
2015 Operational EBITDA(a)	**$428**	**$216**	**$—**	**$644**
Sales volumes / mix	11	(13)	—	(2)
Performance	18	94	—	112
Equity earnings in nonconsolidated affiliates	5	—	—	5
Other costs(b)	13	(16)	—	(3)
Foreign currency	(2)	(10)	—	(12)
2016 Operational EBITDA(a)	**$473**	**$271**	**$—**	**$744**

(a) Refer to "—Critical Accounting Estimates—Non-GAAP Measures."

(b) Other costs include pension costs, bad debt expense, gain (loss) on sale of assets, and other compensation related costs.

Comparison of Year Ended December 31, 2015 to Year Ended December 31, 2014

2015 Sales Analysis:

Sales by Region:

					Volume Increase (Decrease) by Region:			
					Excluding Acquisitions		Including Acquisitions	
	Powertrain	%	Motorparts	%	Powertrain	Motorparts	Powertrain	Motorparts
	(in millions)				(in millions)			
North America	$1,562	35%	$1,815	56%	$13	$ 30	$145	$ 71
EMEA	2,059	46%	1,195	37%	36	(18)	279	152
ROW	829	19%	243	7%	4	21	46	50
	$4,450	100%	$3,253	100%	$53	$ 33	$470	$273

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
	(in millions)			
2014 Sales	**$4,430**	**$3,192**	**$(305)**	**$7,317**
External sales volumes	53	33	—	86
Inter-segment sales volumes	(15)	(6)	21	—
Acquisitions	417	240	—	657
Other	(28)	29	—	1
Foreign currency	(407)	(235)	—	(642)
2015 Sales	**$4,450**	**$3,253**	**$(284)**	**$7,419**

Other: Primarily represents commercial actions and customer pricing.

2015 Cost of Products Sold Analysis:

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
	(in millions)			
2014 Cost of Products Sold	**$(3,897)**	**$(2,668)**	**$305**	**$(6,260)**
Sales volumes / mix	(407)	(217)	(21)	(645)
Performance	41	(10)	—	31
Foreign currency	350	179	—	529
2015 Cost of Products Sold	**$(3,913)**	**$(2,716)**	**$284**	**$(6,345)**

Sales Volumes: The increase is primarily due to the increase in sales attributable to acquisitions.

Performance: Performance includes costs to implement strategic initiatives, materials and service sourcing, and productivity. The Motorparts segment includes costs related to the realignment of our North American distribution network.

2015 Gross Profit Analysis:

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
		(in millions)		
2014 Gross Profit	**$533**	**$524**	**$—**	**$1,057**
Sales volumes / mix	48	50	—	98
Performance and other	13	19	—	32
Foreign currency	(57)	(56)	—	(113)
2015 Gross Profit	**$537**	**$537**	**$—**	**$1,074**

2015 Operational EBITDA Analysis:

	Powertrain	Motorparts	Inter-segment Elimination	Total Reporting Segment
		(in millions)		
2014 Operational EBITDA(a)	**$431**	**$199**	**$—**	**$630**
Sales volumes / mix	50	32	—	82
Performance	(6)	12	—	6
Equity earnings of non-consolidated affiliates	12	(1)	—	11
Other costs(b)	(1)	—	—	(1)
Foreign currency	(58)	(26)	—	(84)
2015 Operational EBITDA(a)	**$428**	**$216**	**$—**	**$644**

(a) Refer to "—Critical Accounting Estimates—Non-GAAP Measures."

(b) Other costs include pension costs, bad debt expense, gain (loss) on sale of assets, and other compensation related costs.

Reconciliation of Operational EBITDA to Net Income (loss):

	Year ended December 31, 2016	Year ended December 31, 2015
	(in millions)	
Powertrain	$ 473	$ 428
Motorparts	271	216
Total Operational EBITDA	$ 744	$ 644
Items required to reconcile Operational EBITDA to EBITDA:		
Restructuring charges and asset impairments (a)	$ (44)	$(121)
Goodwill and intangible impairment expense, net	(6)	(94)
Loss on sale of equity method investment	—	(11)
Financing charges	(12)	(9)
Discontinued operations	—	7
Acquisition related costs	(5)	(6)
Segmentation costs	—	(4)
Other(b)	(12)	(1)
EBITDA	$ 665	$ 405
Items required to reconcile EBITDA to net income (loss):		
Depreciation and amortization	$(375)	$(341)
Interest expense, net	(145)	(138)
Income tax (expense) benefit	(55)	(30)
Net income (loss)	$ 90	$(104)

Footnotes:

	2016	2015
(a) ***Restructuring charges and asset impairments, net:***	(in millions)	
Restructuring charges related to severance and other charges, net	$(27)	$ (89)
Asset impairments, including impairments related to restructuring activities	(17)	(32)
Total Restructuring charges	$(44)	$(121)
(b) ***Other reconciling items:***		
Non-service cost components associated with U.S. based funded pension plans	$(13)	$ 1
Stock appreciation rights	—	1
Other	1	(3)
	$(12)	$ (1)

Liquidity and Capital Resources

Operating Activities

As summarized in the table below, net cash provided from (used by) operating activities for the years ended December 31, 2016, 2015 and 2014:

	Years Ended December 31		
	2016	2015	2014
	(in millions)		
Operational cash flow before changes in operating assets and liabilities	$417	$ 264	$296
Changes in operating assets and liabilities:			
Accounts receivable, net	111	(10)	(47)
Inventories, net	5	(172)	(84)
Accounts payable	7	18	72
Other assets and liabilities	6	(62)	41
Total change in operating assets and liabilities	129	(226)	(18)
Net cash provided from (used by) operating activities	$546	$ 38	$278

Cash provided by operations for the year ended December 31, 2016 increased by $508 million compared to the year ended December 31, 2015. The increase was primarily the result of:

- an increase of $84 million in factored receivables activity, qualifying as sales, in the year ended December 31, 2016 versus the year ended December 31, 2015;
- an increase in cash dividends from our nonconsolidated affiliates of $66 million;
- a reduction of $37 million in cash contributions to our pension plans;
- normalized working capital requirements as compared to the prior year when additional working capital was required to support the acquisition of the TRW valvetrain business in the Powertrain segment; and
- a reduction in inventory in the year ended December 31, 2016 versus a build of inventory in the year ended December 31, 2015 driven by the integration of acquisitions and the additional investment related to the realignment of our North American distribution network during the prior period in the Motorparts segment.

Cash provided by operations for the year ended December 31, 2015 decreased by $240 million compared to the year ended December 31, 2014. The decrease was primarily the result of:

- higher inventory levels required to support the realignment of the aftermarket distribution footprint;
- higher cash interest payments of $22 million;
- lower cash dividends from nonconsolidated affiliates of $14 million; and
- a net increase in payments related to other operating expenses offset by the slight benefit of higher margins and performance improvements.

Investing Activities

As summarized in the table below, net cash provided from (used by) investing activities for the years ended December 31, 2016, 2015, and 2014:

	Years Ended December 31		
	2016	2015	2014
	(in millions)		
Expenditures for property, plant, and equipment	$(381)	$(440)	$(418)
Payments to acquire businesses, net of cash acquired	(31)	(360)	(321)
Capital investment in consolidated subsidiary from noncontrolling interest partner	5	—	—
Transfer of cash balances upon dispositions of operations held for sale	(12)	—	—
Net proceeds associated with business dispositions	—	15	—
Net proceeds from sales of property, plant, and equipment	18	12	4
Net proceeds from sale of shares in consolidated subsidiary	2	—	—
Capital investment in nonconsolidated affiliate	(1)	(14)	—
Net cash provided from (used by) investing activities	$(400)	$(787)	$(735)

Capital expenditures were $381 million, $440 million, and $418 million for the years ended December 31, 2016, 2015, and 2014. These capital expenditures were primarily related to investing in new facilities, upgrading existing products, continuing new product launches, and infrastructure and equipment at our facilities to support our manufacturing, distribution, and cost reduction efforts. We expect to spend between $400 million and $440 million on capital expenditures during 2017, depending on timing of expenditures, as we continue to invest in our strategic priorities and growth. During the year ended December 31, 2016, we completed three acquisitions resulting in cash outflow of $31 million, primarily attributable to the filters manufacturing business in Mexico and the acquisition of Beck Arnley. In addition, we sold a disposal group that was classified as operations held for sale at December 31, 2015 resulting in a cash outflow of $12 million.

The year ended December 31, 2015 included a payment of $360 million, net of acquired cash, to acquire certain assets of the TRW valvetrain business and proceeds from the sale of an equity method investment of $15 million.

The year ended December 31, 2014 included payments of $321 million to acquire businesses, net of acquired cash, and exclusive of $9 million in contingent consideration included in financing activities.

Financing Activities

Cash flow provided from (used by) financing activities for the years ended December 31, 2016, 2015, and 2014:

	Years Ended December 31		
	2016	2015	2014
	(in millions)		
Proceeds from term loans, net of original issue discount	$ 86	$ —	$ 2,589
Principal payments on term loans	(115)	(28)	(2,544)
Proceeds from draws on revolving lines of credit	430	663	—
Payments on revolving lines of credit	(419)	(306)	—
Debt issuance costs	—	—	(12)
Increase in other long-term debt	—	51	12
Increase (decrease) in short-term debt	(2)	(3)	—
Contingent consideration to acquire business	—	—	(9)
Proceeds from equity rights offering, net of related fees	—	250	—
Net proceeds (remittances) on servicing of factoring arrangements	—	—	(1)
Net cash provided from (used by) financing activities	$ (20)	$ 627	$ 35

For the year ended December 31, 2016, cash used by financing activities was $20 million. This included net repayments under the term loans of $29 million and net borrowings under revolving lines of credit of $11 million.

For the year ended December 31, 2015, cash flow provided by financing activities was $627 million. This included $357 million of net borrowings on revolving lines of credit primarily for the acquisition of the TRW valvetrain business. In addition, it included a $250 million cash inflow associated with a common stock rights offering in which approximately 19 million shares of our common stock were issued in March 2015.

For the year ended December 31, 2014, cash flow provided by financing activities was $35 million. This included contingent consideration related to acquisitions, and activity related to the refinancing of our debt.

On April 15, 2014, we entered into the Term Loan Facilities and immediately following the closing of the Term Loan Facilities, we repaid our then existing term loan B and term loan C facilities.

Liquidity

The following table summarizes our available liquidity:

	Years Ended December 31		
	2016	2015	2014
	(in millions)		
Cash and cash equivalents	$300	$194	$332
Available under the Credit Facilities	$213	$170	$516

Our ability to maintain liquidity adequate to fund our needs depends generally on the results of our operations, spending on capital and restructuring initiatives, and the availability of financing. We believe that cash on hand, cash flow from operations, available borrowings under the Credit Facilities and ability to secure additional borrowings will be sufficient to fund capital expenditures and meet our operating obligations through the end of 2017. In the longer term, we believe that our base operating potential, supplemented by the benefits from our announced restructuring programs, will provide adequate long-term cash flows. However, there can be no assurance that such initiatives are achievable in this regard.

In addition to the amounts detailed in the table above, we have additional availability under foreign lines of credit of $60 million and $59 million as of December 31, 2016 and 2015.

Off Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements, other than those described below.

Contractual Obligations and Commercial Commitments

We have the following contractual obligations and commercial commitments outstanding at December 31, 2016:

	2017	2018	2019	2020	2021	Thereafter	Total
				(in millions)			
Debt obligations	$142	$1,050	$ 27	$ 25	$1,788	$ 6	$3,038
Interest payments	140	135	99	99	99	11	583
U.S. letters of credit	—	37	—	—	—	—	37
Pension and other postretirement benefit plans	98	79	78	80	74	298	707
Operating leases	65	55	47	41	36	60	304
Total	$445	$1,356	$251	$245	$1,997	$375	$4,669

Accounts Receivable Factoring

We have subsidiaries in Brazil, Canada, France, Germany, Italy, and the U.S. which are party to accounts receivable factoring and securitization facilities. Amounts factored under these facilities consist of the following:

	As of December 31	
	2016	2015
	(in millions)	
Gross accounts receivable factored	$487	$408
Gross accounts receivable factored, qualifying as sales	$485	$401
Undrawn cash on factored accounts receivable	$ —	$ 1

Proceeds from the factoring of accounts receivable qualifying as sales and expenses associated with the factoring of accounts receivable are as follows:

	Year Ended December 31		
	2016	2015	2014
		(in millions)	
Proceeds from factoring qualifying as sales	$1,616	$1,550	$1,679
Losses on sales of account receivables	$ (12)	$ (9)	$ (6)

Accounts receivables factored but not qualifying as a sale were pledged as collateral and accounted for as secured borrowings and recorded in the consolidated balance sheets within

"Accounts receivable, net" and "Short-term debt, including the current portion of long-term debt."

The financing charges on sales of accounts receivable are recorded in the consolidated statements of operations within "Other income (expense), net". Where we receive a fee to service and monitor these transferred receivables, such fees are sufficient to offset the costs and as such, a servicing asset or liability is not recorded as a result of such activities.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain global market risks, including foreign currency exchange risk, commodity price risk, and interest rate risk associated with our debt.

Direct responsibility for the execution of our market risk management strategies resides with our Treasurer's Office and is governed by written policies and procedures. In accordance with our corporate risk management policies, we use derivative instruments, when available, such as forward contracts and options that economically hedge certain exposures (foreign currency and commodity). We do not enter into derivative transactions for speculative or trading purposes. A discussion of our accounting policies for derivative instruments is included in Note 2 of the Consolidated Financial Statements.

Foreign Currency Exchange Rate Risk—We have foreign currency exposures related to buying, selling, and financing in currencies other than the local currencies in which we operate. At December 31, 2016, our most significant foreign currency exposures were Brazilian real, British pound, Chinese yuan renminbi, euro, Indian rupee, Mexican peso, and Polish zloty. Historically, we have reduced our exposure through financial instruments (hedges) that provide offsets or limits to our exposures, which are opposite to the underlying transactions. We did not hold any foreign currency price hedge contracts at December 31, 2016 and December 31, 2015.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

The following table summarizes the amounts of foreign currency translation and transaction losses (in millions):

	Years Ended December 31,	
	2016	2015
Translation gains (losses) recorded in accumulated other comprehensive income	$(145)	$(237)
Transaction gains (losses) recorded in earnings	$ 2	$ (3)

Commodity Price Risk—Commodity rate price forward contracts are executed to offset a portion of our exposure to the potential change in prices mainly for various non-ferrous metals used in the manufacturing of automotive components. The net fair value of our contracts was an asset of approximately $4 million and a net liability of approximately $3 million as of December 31, 2016 and 2015. At December 31, 2016, we performed a sensitivity analysis to assess the effects of a ten percent adverse change in commodity prices. Based upon the analysis performed, such changes would not be expected to materially affect our consolidated financial position, results of operations or cash flows.

Interest Rate Risk—Our exposure to market risk associated with changes in interest rates relate primarily to our debt obligations. At December 31, 2016 and 2015, we had approximately $3.0 billion and $3.1 billion of debt which primarily bear variable interest rates. At December 31, 2016 and 2015, we did not have any interest rate swap positions to manage interest rate exposures. Our term loans which represent approximately $2.5 billion of our debt at December 31, 2016, are not sensitive to changes in market interest rate because the market rate is below the interest rate floor within our credit agreement. Therefore, an adverse market change in interest rates of ten percent would have no effect on cash flows. Our revolving lines of credit also have variable market interest rates and the effect on cash flow from a ten percent adverse change in market rates would be de minimis.

Our remaining debt consists of foreign debt with primarily variable interest rates. An adverse market change in interest rates of ten percent would not materially affect our consolidated financial position, results of operations or cash flows.

BUSINESS

The Company

Federal-Mogul LLC is a limited liability company formed under the laws of Delaware. On March 29, 2017 Federal-Mogul Holdings LLC merged with and into Federal-Mogul LLC, with Federal-Mogul LLC surviving the merger. On February 14, 2017, Federal-Mogul Holdings Corporation was converted to a single member limited liability corporation and changed its name to Federal-Mogul Holdings LLC. References herein to the "Company," "Federal-Mogul," "we," "us," or "our" refer to Federal-Mogul LLC together with its subsidiaries, including Federal-Mogul Financing Corporation, the co-issuer of the Notes, for the period after the effective date of the Holdco Merger on March 29, 2017, Federal-Mogul Holdings LLC for the period after the effective date of the conversion on February 14, 2017, Federal-Mogul Holdings Corporation for the period between the effective date of the Reorganization (subsequently defined below) on April 15, 2014 and the effective date of the conversion on February 14, 2017, and Federal-Mogul Corporation for the period prior to the effective date of the Reorganization on April 15, 2014. The Company was founded in Detroit, Michigan, in 1899.

Our corporate offices are located at 27300 West Eleven Mile Road, Southfield, Michigan 48034. Our corporate website address is http://www.federalmogul.com. We do not incorporate the information available on our corporate website into this offering memorandum, and you should not consider it part of this offering memorandum.

Holding Company Reorganization: On April 15, 2014, Federal-Mogul Corporation completed a holding company reorganization (the "Reorganization"). As a result of the Reorganization, the outstanding shares of Federal-Mogul Corporation common stock were automatically converted on a one-for-one basis into shares of Federal-Mogul Holdings Corporation common stock, and all of the stockholders of Federal-Mogul Corporation immediately prior to the Reorganization automatically became stockholders of Federal-Mogul Holdings Corporation. The rights of stockholders of Federal-Mogul Holdings Corporation are generally governed by Delaware law and Federal-Mogul Holdings Corporation's certificate of incorporation and bylaws, which are the same in all material respects as those of Federal-Mogul Corporation immediately prior to the Reorganization. In addition, the board of directors of Federal-Mogul Holdings Corporation and its Audit Committee and Compensation Committee were composed of the same members as the board of directors, Audit Committee and Compensation Committee of Federal-Mogul Corporation prior to the Reorganization.

Merger Transaction: On September 6, 2016, the Company, AEP, our sponsor and a subsidiary of IEP, and Merger Sub entered into the Merger Agreement pursuant to which Merger Sub would be merged with and into the Company with the Company surviving. Pursuant to the Merger Agreement, and upon the terms and subject to the conditions thereof, Merger Sub commenced a cash tender offer to acquire, subject to the terms and conditions of the Merger Agreement, all of the issued and outstanding shares of the Company's common stock not already owned by IEP and its affiliates for $10.00 per share in cash. On January 23, 2017, the Merger was consummated and the Company become an indirect wholly-owned subsidiary of IEP and the shares of the Company's common stock ceased to be traded on the NASDAQ stock market

Business Overview

Federal-Mogul is a diversified, global supplier of automotive products to a variety of end markets. We have two business segments that principally focus on discrete markets, each with a chief executive officer reporting to our Board of Directors. Powertrain focuses on OE powertrain products for automotive, heavy-duty and industrial applications. Motorparts sells and distributes a broad portfolio of products in the global vehicle aftermarket, while also serving OEMs with vehicle products including brakes, wipers and, to a limited extent, chassis components.

For more than a century, we have developed the innovative products our customers need to produce the next generation of vehicles and maintain the present vehicle population. We are a preferred provider to our customers as a result of our global engineering, manufacturing, distribution and customer service capabilities. We continue to develop new technologies that improve fuel economy, reduce emissions and enhance durability, safety and vehicle performance. As a result, we believe that we are uniquely positioned to effectively manage the life cycle of a broad range of OE products and OES and aftermarket products to a diverse customer base.

We are a leading technology supplier and, by our estimates, a market share leader in several product categories. As of December 31, 2016, we had OE products included on more than 400 global vehicle platforms and more than 800 global powertrains used in light, medium, and heavy-duty vehicles. Motorparts is one of the industry's largest aftermarket-focused suppliers, offering a range of maintenance and repair parts under more than 20 globally-recognized brands, as well as numerous private label programs. Over the past several years, we have made substantial investments to strengthen our long-term competitive position and the performance of each of our operating segments. We have undertaken three significant acquisitions, as well as restructuring actions to improve our cost base and strategic initiatives to support our product offerings. These investments, largely funded through equity offerings supported by our sponsor, IEP, contributed to a significant improvement in our financial performance in 2016. Today, we are focused on further capitalizing on our competitive strengths to drive profitable growth.

For the year ended December 31, 2016, we generated:

- Net sales of $7.434 billion;
- Net income of $90 million;
- Operational EBITDA[(1)] of $744 million, or 10.0% of net sales;
- Net income attributable to Federal-Mogul of $82 million; and
- Contribution to Cash Flow[(2)] of $313 million.

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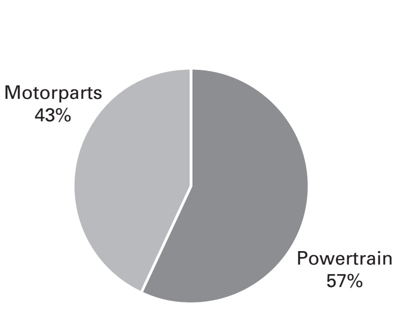
(1) EBITDA and Operational EBITDA are non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Non-GAAP Measures" for definitions of these non-GAAP financial measures and see "Summary—Summary Financial Data and Other Information" for a reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures.

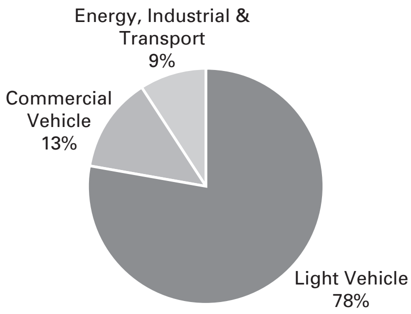
(2) Contribution to Cash Flow is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a definition of this non-GAAP financial measure and see "Summary—Summary Financial Data and Other Information" for a reconciliation of this non-GAAP financial measure to the most comparable GAAP financial measure.

The charts below highlight our net sales for the year ended December 31, 2016 by segments, end markets, and geographic region.

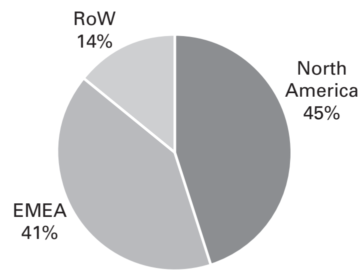
Segments



End Markets



Geographic Region



We supply OE customers with a wide variety of technologically innovative parts, substantially all of which are manufactured by us. Our OE customers consist of automotive light vehicle, medium and heavy-duty commercial vehicle manufacturers as well as agricultural, off-highway, marine, railroad, aerospace, high-performance, power generation and industrial application manufacturers. We have well-established relationships with substantially all major American, European, and Asian automotive OE customers.

Our aftermarket customers include independent warehouse distributors that redistribute products to local parts suppliers, distributors, engine rebuilders, retail parts stores, mass merchants and service chains. The breadth of our product lines, the strength of our leading marketing expertise, a sizable sales force, and supply chain and logistics capabilities are central to Motorparts' success. We have a large and diverse aftermarket customer base. No individual customer accounted for more than 10% of our net sales during 2016.

We have manufacturing facilities, technical centers, distribution centers and warehouses in 24 countries and Powertrain and Motorparts derive sales from both domestic and international markets.

Strategy

Our strategy is to develop and deliver leading technology, innovation and service capabilities for our customers that result in market share expansion in the OE market and aftermarket. Our strategy is designed to create sustainable global profitable growth by leveraging existing and developing new economic advantages. This strategy consists primarily of the following:

Extending our global reach to support our OE and aftermarket customers, furthering our relationships with leading Asian OE customers and strengthening market share with U.S. and European OE customers.

We conduct business with the majority of automotive OE customers, as well as leading automotive aftermarket distributors, retailers and service providers around the world. Within the highly competitive automotive parts industry, we enjoy and seek to extend the significant advantages that come from our world-class global manufacturing, engineering and distribution footprint and global sourcing capabilities. This footprint enables the design, production and delivery of premium parts emphasizing quality, safety and reliability virtually anywhere in the world and also supports the continual innovation of new products and technologies. In 2016 and in previous years, Powertrain expanded its manufacturing capacity and footprint by building new or expanding existing plants, especially in low cost countries. Recent acquisitions have also strengthened our global market position. The integration of the TRW Global Valvetrain business within Powertrain solidified Powertrain as a leading supplier of core engine components. The recent acquisitions of Honeywell and Affinia have also solidified Motorparts as a leading global provider of braking and chassis components. In late 2015, we opened a new state-of-the-art wiper production facility in southeastern Romania serving both OE and aftermarket customers throughout Europe. We are in the process of expanding our braking production capacity at existing braking plants in China and Romania and also investing in our manufacturing footprint in Mexico, Eastern Europe, and Africa.

Assess acquisition and investment opportunities that provide product line expansion, technological advancements, geographic positioning, penetration of emerging markets (including India and China) and market share growth.

We continue to invest in the development of leading powertrain technologies for our customers. During 2016, we began mass production of our market-leading DuroGlide® piston ring technology for both passenger cars and commercial trucks and are seeing rapidly growing demand from our customers. We invested significantly in steel pistons for both heavy duty and passenger cars with significant growth and margin opportunities. In 2016, we also completed the acquisition of a filter manufacturing business in Mexico to extend our product offerings in the global aftermarket and we integrated Beck/Arnley®, a provider of premium OE quality parts and fluids to the North American aftermarket for foreign nameplate vehicles in North America, into Motorparts. Motorparts has also entered into two new Asian joint ventures since 2015, one in Thailand and one in China, focused on the automotive aftermarket vehicle repair business. Motorparts also opened two new DCs in China in 2016. These investments position us to capitalize on the development of the independent aftermarket in the Asia Pacific region.

Leverage the strength of our global aftermarket leading brand positions, product portfolio and range, marketing and selling expertise, and distribution and logistics capabilities.

As we expand our distribution and service capabilities globally, we seek to optimize the performance of our DCs through enhanced efficiencies in order to meet the world-class delivery performance our customers increasingly require. We have made investments in our U.S. distribution network by enhancing our IT system, through our new multi-product distribution centers in California and Eastern Pennsylvania, and through the implementation of automated picking technology and a more efficient replenishment system with the objective of improving inventory visibility and availability and lowering costs. Recently, we made investments in our DC network in Belgium and China and announced plans to open a DC in Hungary during 2017.

We are focused on marketing the advantages of our premium branded aftermarket products through multiple media outlets, including an expanded digital platform. We continue to invest in the development of differentiated products offering enhanced safety, performance and reliability. We have also launched a series of 'Tech First' initiatives to provide online, on-demand, and onsite technical training and support to vehicle repair technicians who use and install our products. This initiative included the opening of Garage Gurus™, a nationwide technical education network consisting of 12 technical support centers and a fleet of mobile training vans in major U.S. markets, a repair shop engagement program in France and Germany; and the opening of our first technical training and support center in China.

Aggressively pursue cost competitiveness in all business segments by continuing to drive productivity in existing operations, consolidating and relocating manufacturing operations to low-cost countries, utilizing our strategic alliances, and rationalizing business resources and infrastructure.

We operate within competitive industries and our management teams continuously analyze opportunities to reduce costs and improve productivity. We also take a disciplined approach in evaluating investment or growth opportunities. We assess individual opportunities to execute our strategy based upon estimated sales and margin growth, cost reduction potential, internal investment returns, and other criteria, and make investment decisions on a case-by-case basis. Opportunities meeting or exceeding benchmark return criteria may be undertaken through existing operations, consolidating and relocating manufacturing operations to low-cost countries internal development activities, acquisitions, strategic alliances or other means. Restructuring expenses for the year ended December 31, 2016 primarily related to acquisition integration actions, the exit from unprofitable businesses, the reconfiguration of our aftermarket distribution network and other factors aimed at reducing production complexities, and reducing inefficiencies in indirect and fixed cost structures.

Research and Development. We maintain technical centers throughout the world designed to:

- Provide solutions for customers and bring new, innovative products to market;
- Integrate our leading technologies into advanced products and processes;
- Provide engineering support for all of our manufacturing sites; and
- Provide technological expertise in engineering and design development.

Our research and development activities are conducted at our technical centers. Within the U.S., these are located in Skokie, Illinois; Ann Arbor, Michigan; Plymouth, Michigan; St. Louis, Missouri, Exton, Pennsylvania and Smithville, Tennessee. Internationally, our technical centers are located in Araras, Brazil; Aubange, Belgium; Chapel-en-le-Frith, United Kingdom; Coventry, United Kingdom; Burscheid, Germany; Nuremberg, Germany; Wiesbaden, Germany; Bad Camberg, Germany; Glinde, Germany; Kostelec, Czech Republic, Gorzyce, Poland; and Shanghai, China.

Each of our business units engage in engineering, and research and development efforts and work closely with customers to develop custom solutions to meet their needs. Total expenditures for research and development activities, including product engineering and validation costs, were $192 million, $189 million, and $192 million for the years ended December 31, 2016, 2015, and 2014.

Consolidated and Nonconsolidated Affiliates. We form certain affiliations, including joint ventures, to gain share in emerging markets, facilitate the exchange of technical information and development of new products, extend current product offerings, provide best cost manufacturing operations, broaden our customer base, and pursue strategic alternatives. We believe certain of these affiliations have provided, and will continue to provide, opportunities to expand business relationships with Asian and other customers and partners operating in the India and China growth markets. We are currently involved in 38 such affiliations located in 13 different countries throughout the world, including China, India, Korea, Russia, Turkey, Thailand, and the U.S. Of these affiliations, we maintain a controlling interest in 18 entities and, accordingly, the financial results of these entities are included in our Consolidated Financial Statements. We have a noncontrolling interest in 20 of our affiliates, of which 13 are accounted for under the equity method and 7 are accounted for under the cost method. We do not consolidate any entity for which we have a variable interest based solely on power to direct the activities and significant participation in the entities' expected results that would not otherwise be consolidated based on control through voting interests. Further, our affiliations are businesses established and maintained in connection with our operating strategy.

Net sales for our 18 consolidated affiliates were approximately 5% of consolidated net sales for each of the years ended December 31, 2016, 2015, and 2014. Our investments in nonconsolidated affiliates totaled $270 million and $296 million as of December 31, 2016 and 2015, and the equity in earnings of such affiliates amounted to $59 million, $56 million, and $48 million for the years ended December 31, 2016, 2015, and 2014.

Acquisitions. On December 1, 2016, we acquired the assets and liabilities of IEH BA LLC ("Beck Arnley"), an entity owned by a subsidiary of IEP. Beck Arnley is a provider of premium OE quality parts and fluids for foreign nameplate vehicles in North America and was acquired for a purchase price of $14 million, which included $7 million paid in cash on the date of acquisition and a $7 million non-interest bearing note maturing on May 1, 2018. Beck Arnley's products complement the foreign nameplate coverage of our current aftermarket offerings, while adding several new product lines, including fluids, engine management, cooling, electrical parts, and electronic components. See Note 5, *Acquisitions,* and Note 23, *Related Party Transactions*, to the Consolidated Financial Statements, included in this offering memorandum.

On May 26, 2016, we completed the acquisition of the assets of a filter manufacturing business in Mexico, which primarily serves the Mexican market, for a purchase price of $25 million, net of cash acquired.

On February 6, 2015, we completed the acquisition of certain assets of the TRW valvetrain business through a combination of asset and stock purchases for a purchase price of approximately $309 million. On July 7, 2015, we completed the purchase of certain additional business assets of the TRW valvetrain business through stock purchases for a base purchase price of approximately $56 million. The purchase included a $25 million noncontrolling interest related to a 66% stake in a majority owned entity that we consolidate in our financial statements. The acquisition of TRW's valvetrain business adds a completely new product line to our portfolio, strengthens our position as a leading developer and supplier of core components for engines, and enhances our ability to support our customers to improve fuel economy and reduce emissions.

In July 2014, we completed the purchase of certain assets of the Honeywell brake component business, including two recently established manufacturing facilities in China and Romania that substantially strengthened the manufacturing and engineering capabilities of our global braking portfolio. The business was acquired through a combination of asset and stock purchases for a base purchase price of $168 million and other incurred liabilities of $15 million.

In May 2014, we completed the purchase of the Affinia chassis business. This business serves leading U.S. aftermarket customers with chassis products and broadened Motorparts product offering and customer base while also providing operational synergies. The purchase price was $149 million, net of acquired cash.

See Note 5, *Acquisitions,* to the Consolidated Financial Statements, included in this offering memorandum.

Divestitures. In connection with our strategic planning process, we assess our operations for market position, product technology and capability, and profitability. Those businesses determined by management not to have a sustainable competitive advantage are considered non-core and may be considered for divestiture or other exit activities.

In December 2016, we entered into an agreement to sell 80.1% of the shares of one of our subsidiaries in Brazil in the Motorparts segment for a sale price of one Brazilian Real. The sale is expected to close in the second half of 2017.

In December 2016, we entered into stock and asset purchase agreement to sell certain assets and liabilities related to our wipers business in the Motorparts segment for a sale price of $8 million. The sale is expected to close in the first half of 2017.

During 2015, we entered into a share agreement to sell 100% of the shares of one of our subsidiaries in the Powertrain segment for a sale price of one euro. Prior to December 31, 2015, we contributed $12 million in cash to the subsidiary. The sale closed on January 1, 2016.

See Note 6, *Held for Sale and Discontinued Operations*, to the Consolidated Financial Statements, included in this offering memorandum.

Restructuring Activities. Our restructuring activities are undertaken as necessary to execute management's strategy and streamline operations, consolidate and take advantage of available capacity and resources, to ultimately achieve net cost reductions and productivity improvements. Restructuring activities include efforts to integrate and rationalize our businesses, and to relocate operations to best cost markets.

During the years ended December 31, 2016, 2015, and 2014, we recorded $27 million, $92 million and $89 million in net restructuring expenses. Our restructuring activities are further discussed in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* and Note 3, *Restructuring charges and asset impairments*, to the Consolidated Financial Statements, included in this offering memorandum.

Products

The following provides an overview of products manufactured and distributed by our reporting segments.

Powertrain

Powertrain offers its customers a diverse array of market-leading products for OE applications, including pistons, piston rings, piston pins, cylinder liners, valvetrain products, valve seats and guides, ignition products, dynamic seals, bonded piston seals, combustion and exhaust gaskets, static gaskets and seals, rigid heat shields, engine bearings, industrial bearings, bushings and washers, systems protection sleeves, acoustic shielding and flexible heat shields. No customer accounted for more than 11.5% of Powertrain's revenue for the year ended December 31, 2016.

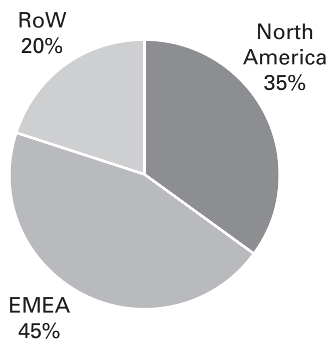
For the year ended December 31, 2016, Powertrain generated:

- Net sales (including sales to Motorparts) of $4.463 billion;
- Powertrain Operational EBITDA of $473 million, or 10.6% of net sales (including sales to Motorparts); and
- Powertrain Contribution to Cash Flow of $185 million.

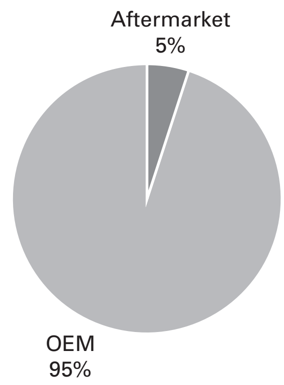
For the year ended December 31, 2016, 95% of Powertrain's revenue was derived from OE customers, with the remaining 5% of revenue sold from Powertrain to Motorparts for further distribution into Motorparts' aftermarket channels.

Powertrain operates 87 manufacturing sites in 19 countries, serving a large number of major automotive, heavy-duty, marine and industrial customers worldwide. For the year ended December 31, 2016, 35% of Powertrain revenue was from North America, 45% was from EMEA and 20% was from the RoW. Powertrain has also invested globally in nonconsolidated affiliates that have multiple manufacturing sites, mainly in Turkey and China.

Geographic Region



End Markets



The following table sets forth a description of the principal products manufactured and/or sold by Powertrain. Market positions by product are Company estimates by global sales value:

Product	Description	Market Position
Pistons	Pistons convert the energy created by the combustion event into mechanical energy to drive the car; pistons can be made from aluminum or steel, both casted and forged; highly efficient engines impose high demands on pistons in terms of rigidity and temperature resistance.	#2 Overall / #1 Diesel Pistons
Piston Rings	Pistons rings are mounted on the piston to seal the combustion chamber while the piston is moving up and down; modern rings need to resist high temperature and very abrasive environments without significant wear; rings are critical for low oil consumptions.	#1 Overall
Valve Seats and Guides	Valve seats and guides are produced from powdered metal based on sophisticated metal-ceramic structures to meet extreme requirements for hardness.	#1 Overall
Bearings	Bearings provide the low-friction environment for rotating components like crankshafts and camshafts; modern bearings are able to deal with very low viscosity oil even in highly repetitive motions like in stop/start-conditions.	#1 Overall

Product	Description	Market Position
Spark Plugs	Modern spark plugs for engines fueled by gasoline or natural gas have to ignite fuel even at very high combustion pressure and with very lean fuel-air mixture—combined with extended life expectation well over 100,000 miles for turbo-charged engines.	#3 Overall / #1 Industrial
Valvetrain Products	Valvetrain products include mainly engine valves but also retainers, rotators, cotters, and tappets for use in both diesel and gas engines; the most demanding applications require sodium-filled hollow valves for fast heat dissipation.	#2 Overall / #1 Hollow Valves
System Protection	System protection products include protection sleeves for wire harness and for oil and water tubes as well as acoustic and EMI/RFI shielding, heat and abrasion protection, and safety/crash protection for cables and tubes for engines and cars.	#1 Overall
Seals and Gaskets	Cylinder-head gaskets and other hot and cold gaskets are sealing engines and engine components; dynamic and static seals protecting rotating engine and transmission components against oil and gas leakages. Such seals and gaskets are made from high-alloyed steel as well from sophisticated rubber and polymers.	#3 Overall / #1 Bonded Transmission Pistons

Motorparts

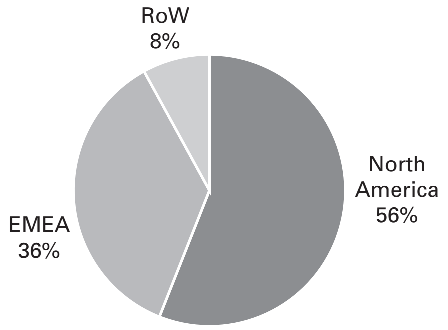
Motorparts engineers, manufactures, sources and distributes a broad portfolio of products in the global vehicle aftermarket while also serving the OE/OES markets with products including braking, wipers, and a limited range of chassis components. Motorparts' products are designed to enhance safety, durability and vehicle performance, while providing ease of installation. Motorparts' products are utilized in vehicle braking systems and also include a wide variety of chassis, engine, sealing, wiper, filter, lighting, battery and other general maintenance applications. Motorparts uses market analytics, supply chain expertise, brand and product line management, innovative technology, manufacturing, sourcing and distribution capabilities to satisfy our customers' requirements. No customer accounted for more than 8% of Motorparts' revenue for the year ended December 31, 2016.

For the year ended December 31, 2016, Motorparts generated:

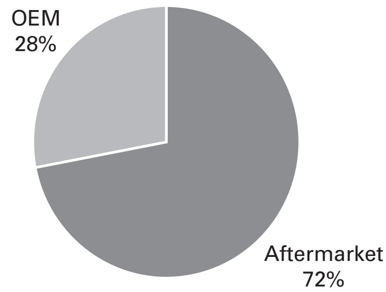
- Net sales (including sales to Powertrain) of $3.215 billion;
- Motorparts Operational EBITDA of $271 million, or 8.4% of net sales (including sales to Powertrain); and
- Motorparts Contribution to Cash Flow of $131 million.

For the year ended December 31, 2016, 72% of Motorparts' revenue was derived from sales to customers in the aftermarket and 28% was attributable to sales to the OE/OES markets. Motorparts operates 33 manufacturing sites in 15 countries, 33 distribution centers and warehouses in 12 countries, 13 technical support centers in two countries, and nine third-party operated distribution centers in four countries. As of December 31, 2016, 56% of Motorparts revenue was from North America, 36% was from EMEA and 8% was from RoW.

Geographic Region



End Markets



The following table sets forth a description of the largest product categories sold by Motorparts. Global and regional market positions by product category are Company estimates by sales value:

Product	Description	Market Position
Braking	Braking products include disc pads for passenger cars, motorcycles and commercial vehicles; drum brake shoes and CV drum brake lining; and brake accessories including rotors, drums, hydraulics, hardware and brake fluid. These products provide stopping ability, a safety feature on all vehicles.	#1 Global Aftermarket
Chassis	Chassis parts include ball joints, tie rod ends, sway bar links, hub assemblies, anti-friction bearings and universal joints, strut assemblies, idler arms, pitman arms, and control arms. These components affect vehicle steering and vehicle ride quality.	#1 North America / #3 Europe
Engine	Pistons, piston rings, engine bearings, bushings, washers, cylinder liners, engine valves and valvetrain components, crank and cam shafts, and pumps are critical internal components in internal combustion engines for automotive, commercial, marine, and industrial applications.	#1 Global
Ignition	Ignition products include spark plugs, glow plugs, ignition coils, wires, harnesses, and accessories for automotive, commercial, lawn and garden, marine, and industrial applications.	#3 Global (w/ Powertrain)
Sealing	Seals create a barrier between two surfaces to contain fluids, pressure, and gases while keeping out dust and other contaminants. There are numerous areas of application including cylinder head and block, valve covers, oil pans, intake manifolds, shaft seals, transmission covers, and exhaust components.	#1 Global
Wipers	Windshield wiper parts include conventional and profile-style wiper blades, blade refills, and wiper arms. Wipers improve driver visibility and safety.	#4 North America / #3 Europe

Product	Description	Market Position
Lighting	Lighting products include forward lighting capsules, miniature light bulbs, LED lighting and sealed beams for virtually every application on cars, trucks, commercial vehicles and other off-road vehicles. Lighting improves driver visibility and safety.	#2 North America / Entering Europe in 2017
Filters	Filtration products include oil, air, fuel and cabin filters used to remove impurities and unwanted solid particles from liquids and gases in automotive, commercial vehicle, marine, and industrial applications.	New product line
Batteries	Batteries convert chemical energy to electricity for use in powering electrical systems for numerous automotive, commercial vehicle, marine, small engine, and industrial applications. Motorparts launched a Champion® branded battery line in the latter part of 2016.	New product line

Industry

The automotive light vehicle market, as well as the medium and heavy-duty commercial market, is comprised of two primary segments: the OE market, in which our products are used in the manufacture of new vehicles and OES, and the global aftermarket, in which our products are used as replacement parts for all vehicles in operation in any particular market.

The OE Market

Demand for component parts in the OE market is generally a function of the number of new vehicles / engines produced, which is driven by macroeconomic conditions and other factors such as fuel prices, consumer confidence, employment trends, regulatory requirements, and trade agreements. Although OE demand is tied to planned vehicle production, parts suppliers also have the opportunity to grow by increasing their product content per vehicle, by increasing market share and by expanding into new or emerging markets. Companies like Federal-Mogul, with a global presence, leading technology and innovation, and advanced product engineering, manufacturing, and customer support capabilities are best positioned to take advantage of these opportunities.

There are currently several significant trends that are affecting the OE market, including the following:

Global Production: Global light and commercial vehicle production during 2016 and 2015 was as follows:

	Global Light and Commercial Vehicle Production	
	2016	2015
	(millions of vehicles)	
Americas	21.1	21.3
EMEA	24.3	23.3
Asia	50.2	46.5

Source: LMC Automotive January 26, 2017 for 2016 vehicle production
LMC Automotive January 15, 2016 for 2015 vehicle production

Automotive Supply Consolidation: Consolidation within the automotive supply base is expected to continue. Consolidation is needed to increase economies of scale and enhance global capabilities to serve vehicle manufacturers that are increasingly global in their production. Suppliers will seek opportunities to achieve synergies in their operations through consolidation, while striving to acquire complementary businesses to improve global competitiveness or to strategically enhance a product offering to global customers.

Globalization of Automotive Industry: OE customers are increasingly designing global platforms where the basic design of the vehicle is performed in one location, but the vehicle is produced and sold in numerous geographic markets to realize significant economies of scale by limiting variations across product designs and geographic regions. While developed markets in North America and Europe continue to remain important to OE customers, increased focus is being placed upon expanded design, development, and production within emerging markets for growth opportunities, especially in India and China. As a result, suppliers must be prepared to provide product and technical resources to support their customers within these emerging markets. Finally, Asian OE customers continue to expand their reach and market share in relation to traditional American and European manufacturers. As this trend is expected to continue into the foreseeable future, suppliers must be geographically and technologically positioned to meet the needs of the Asian OE customers.

Focus on Fuel Economy, Reduced Emissions and Alternative Energy Sources: Increased fuel economy and decreased vehicle emissions are of great importance to OE suppliers, as customers, consumers and legislators continue to demand more efficient and cleaner operating vehicles. Increasingly stringent fuel economy standards and environmental regulations are driving OE customers to focus on new technologies including downsized, higher-output and turbocharged gasoline and diesel engines and hybrid electric and pure electric powertrains, such as fuel cell and battery powered cars. Powertrain, with a manufacturing presence in 19 countries, is well positioned to meet expectations of its global customers. For the foreseeable future, it is expected that gasoline and diesel engines will remain the dominant powertrain for cars (including hybrids), heavy-duty and industrial applications. Powertrain is equally capable of providing components for both gasoline and diesel engines.

Focus on Vehicle Safety: Vehicle safety continues to receive industry attention by OE manufacturers as consumers view safety as a fundamental driver in their purchasing decisions and legislation views improved vehicle safety as a public health issue. Accordingly, OE customers are seeking suppliers with new technologies, capabilities and products that have the ability to advance vehicle safety. Suppliers, like Federal-Mogul, that are able to enhance vehicle safety through innovative products and technologies have a distinct competitive advantage.

Barriers to Entry: Suppliers in the automotive industry compete based on a multitude of factors such as technology, price, product quality, delivery, customer service, and the breadth of products offered. Smaller or start-up companies in the industry have difficulty achieving the scale necessary to challenge already established firms, like Federal-Mogul. Large amounts of capital would be required to build and optimize a competitive manufacturing and distribution footprint. The complexity of industry stock-keeping units ("SKUs") requires lean systems, excellent logistics and inventory management, all of which require time to optimize. Furthermore, the global nature of these businesses requires a broad international footprint and supply chain. Competitors in our industry leverage their global infrastructure in multiple functions including sourcing, research and development and manufacturing.

Cost-Competitive Operating Environment: The automotive industry is very competitive. Suppliers must continually identify and implement product innovation, productivity measures and cost reduction actions to lower costs while maintaining superior product quality. Large suppliers with a global manufacturing and engineering footprint, like Federal-Mogul, are in the best position to be cost-competitive without sacrificing product quality, delivery or service.

Raw Material Cost Fluctuations: The global prices of certain inputs used in our industry, such as aluminum, copper, lead, nickel, platinum, resins, steel, other base raw materials, as well as energy, can fluctuate significantly. In some cases, higher input costs can be passed on to our customers through price escalator agreements. However, we are required to continue to identify leading design and innovative technological solutions and material substitution options to mitigate the impact of higher costs to Federal-Mogul and our customers.

Energy, Industrial and Transport Markets: Customers in these markets for industrial engine applications continue to develop engines with higher efficiencies and lower emissions. This includes engines for mining, agriculture, railway, marine and military applications. Our ability to utilize our automotive expertise also positions us well to service specialized markets.

The Aftermarket Business

Products for the global vehicle aftermarket are sold directly to a wide range of warehouse distributors, retail parts stores, and mass merchants that distribute these products to customers ranging from professional service providers to "do-it-yourself" consumers. In some cases, Motorparts sells its products directly to professional service chains. Demand for aftermarket products historically has been driven by three primary factors: (i) the number of vehicles in operation; (ii) the average age of vehicles in operation; and (iii) vehicle usage trends. These factors, while applicable in all regions, vary depending on the composition of the vehicle population and other factors, which are discussed in greater detail below.

Number of Vehicles in Operation: The global vehicle population is expected to grow to 1.4 billion by 2021 and 2.0 billion by 2040. Growth in certain emerging markets, such as China, is increasing at the highest rate, while more mature markets are expected to grow modestly in size.

Increase in Average Age of Vehicles and Usage: The average age of vehicles on the road in the U.S. has increased since 2002 from 9.6 years to an estimated 11.6 years in 2016. It is expected to increase to 11.8 years by 2019. The average age of vehicles on the road in Western Europe has also steadily increased over the past decade to 9.5 years with a slight increase projected through 2020. Lower fuel prices have also resulted in an increase in vehicle usage in most regions. These trends have contributed to the need for additional maintenance and repair work, thereby increasing the overall demand for aftermarket replacement parts in both markets. The average age of vehicles on the road in China is just under five years and is expected to increase significantly over the coming decade. We believe this will lead to continued significant growth in the China aftermarket.

Focus on Vehicle Safety and Quality: Most of our aftermarket products are safety-related and directly affect vehicle performance. Product quality, reliability and consistency are paramount to our aftermarket end-customers, the majority of whom are professional service technicians.

Managing Complexity: We operate in a highly fragmented and dynamic industry and are among the few large aftermarket-focused suppliers globally. Motorparts today successfully manages more than 300,000 active SKUs, ensuring broad product availability to our aftermarket customers. The increasing global vehicle population, brand and vehicle complexity, the need for rapid new part introduction, as well as new distribution channels (including online) continue to drive significant SKU proliferation and business complexity. Motorparts' recent investments in its supply chain and information technology capabilities are designed to manage this complexity, which we believe will be an important competitive differentiator.

Channel Consolidation: In the more mature markets of the U.S. and Western Europe, there has been increasing consolidation in the aftermarket distribution channel with larger aftermarket distributors and retailers gaining market share. These distributors generally require larger, more capable suppliers that have the ability to provide world-class product expertise, category management capabilities, brand management and supply chain support, as well as a competitive manufacturing and sourcing network. However, channel consolidation also can reduce our pricing power. As a result, Motorparts has undertaken many initiatives to support the value of its branded products to end-market customers and diversify its revenue base.

Growth of Online Capabilities: Reaching consumers directly through online capabilities, including e-commerce, is expected to have an increasing effect on the global aftermarket industry and how aftermarket products are marketed and sold. The establishment of a robust online presence will be critical for suppliers regardless of whether they intend to participate directly in e-commerce. Since 2014, Motorparts has invested heavily in online initiatives to improve its capabilities and connectivity to its end-customers, including a new online order management system, customer relationship management tools, global brand websites and data analytics capabilities. Motorparts will continue to invest in these competencies. Additionally, consumers increasingly are utilizing online research prior to making buying or repair decisions. Motorparts will continue to expand its online presence in order to connect with its customers and more effectively communicate the value of its premium aftermarket brands.

Increase in Private Label Brands and Low-Cost Country Imports: In most of Motorparts' markets, there has been an increase in private label or store brands sold by retailers and distributors at a lower price point than premium brands of the same products. However, in many cases, retailers or wholesale distributors creating private label brands still rely on established suppliers, like Motorparts, to design and manufacture their private label products and, in some cases, utilize co-branding to support their private label offerings. Motorparts will continue to invest in product innovation, marketing and brand support that differentiate our premium branded products for their quality while also supporting lower priced, mid-grade offerings. Additionally, Motorparts will continue to drive productivity and cost reduction efforts and enhance its already strong global sourcing capabilities to remain competitive in each product tier.

Competition

The global vehicular parts business is highly competitive. We compete with many independent manufacturers and distributors of component parts globally. In general, competition for sales is based on price, product quality, technology, delivery, customer service, and the breadth of products offered by a given supplier. We are meeting these competitive challenges by developing leading technologies, efficiently integrating and expanding our manufacturing and distribution operations, widening our product coverage within our core businesses, restructuring our operations and transferring production to best cost countries, and utilizing our worldwide technical centers to develop and provide value-added solutions to our customers. A summary of our primary independent competitors by reporting segment is set forth below.

- *Powertrain*—Primary competitors include AGM Automotive, Art Metal, Bergmann, BinZou, Bleistahl, Bosch, Daido, Dana, Dana-Reinz, Delfingen, Denso, DongYang, ElringKlinger, FNOK, Freudenberg, Kaco/Sabo, Kolbenschmidt, Mahle, Miba, NGK, NOK, NPR, Relats, Sinteron, SKF, Taiho, and Vitrica.

- *Motorparts*—Primary competitors include Akebono Brake Corporation, Autolite, Brake Parts Inc., Bosch Group, Centric Parts, Crowne Group LLC, Delphi Automotive LLP, Denso Corporation, Dorman Products, Inc., GRI Engineering and Development LLC (MAT Holdings, Inc.), Mahle GmbH, Mevotech Inc., NGK Spark Plug Co., Ltd., NTN Bearing Corporation, Neapco Inc., Old World Industries, LLC, Phillips Industries, Pylon Manufacturing Corporation, Rain-X (ITW Global Brands), SKF Group, Osram Sylvania Ltd., The Timken Company, Valeo Group, Dana Corporation (Victor Reinz brand), and ZF TRW Automotive Holdings Corp.

Backlog

For OE customers, we generally receive purchase orders for specific products supplied for particular vehicles. These supply relationships typically extend over the life of the related vehicle, subject to interim design and technical specification revisions, and do not require the customer to purchase a minimum quantity. In addition to customary commercial terms and conditions, purchase orders generally provide for annual price reductions based upon expected productivity improvements and other factors. Customers typically retain the right to terminate purchase orders, but we generally cannot terminate purchase orders. OE order fulfillment is typically manufactured in response to customer purchase order releases, and we ship directly from a manufacturing location to the customer for use in vehicle production and assembly. Accordingly, our manufacturing locations turn finished goods inventory relatively quickly, producing from on-hand raw materials and work-in-process inventory within relatively short manufacturing cycles. Significant risks to us include a change in engine production, driven by mix changes, for powertrain components (e.g. a change from diesel to gasoline engines), lower than expected vehicle or engine production by one or more of our OE customers, or termination of the business based upon perceived or actual shortfalls in delivery, quality or value.

For our global aftermarket customers, Motorparts generally establishes product line arrangements that encompass substantially all parts offered within a particular product line. In some cases, Motorparts will enter into agreements with terms ranging from one to three years that cover one or more product lines with fixed prices. Pricing is market responsive and subject to adjustment based upon competitive pressures, material costs, and other commercial factors. Global aftermarket order fulfillment is largely performed from finished goods inventory stocked in our worldwide distribution network. Inventory stocking levels in our distribution centers are established based upon historical and anticipated future customer demand.

Although customer programs typically extend to future periods, and although there is an expectation we will supply certain levels of OE production over such periods, we believe outstanding purchase orders and product line arrangements do not constitute firm orders. Firm orders are limited to specific and authorized customer purchase order releases placed with our manufacturing and distribution centers for actual production and order fulfillment. Firm orders are typically fulfilled as promptly as possible after receipt from the conversion of available raw materials and work-in-process inventory for OE orders, and from current on-hand finished goods inventory for aftermarket orders. The dollar amount of such purchase order releases on hand and not processed at any point in time is not believed to be significant based upon the time frame involved.

Raw Materials and Suppliers

We purchase various raw materials and component parts for use in our manufacturing processes, including ferrous and non-ferrous metals, non-metallic raw materials, stampings, castings, and forgings. We also purchase parts manufactured by other manufacturers for sale in the aftermarket. We have not experienced any significant shortages of raw materials, components or finished parts and normally do not carry inventories of raw materials or finished parts in excess of those reasonably required to meet our production and shipping schedules. In 2016, no outside supplier provided products that accounted for more than 5% of our annual purchases.

Insight Portfolio Group LLC—Related Party

Insight Portfolio Group, LLC ("Insight") is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services, and tangible and intangible property at negotiated rates. The Company acquired a minority equity interest in Insight and agreed to pay a portion of Insight's operating expenses beginning in 2013. In addition to the minority equity interest held by the Company, certain subsidiaries of IEP and other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight and also agreed to pay certain operating expenses. Our payments to Insight were less than $0.5 million in 2016 and 2015.

Related Parties

On June 1, 2015, a subsidiary of IEP completed an acquisition of substantially all of the assets of Uni-Select USA, Inc. and Beck Arnley Worldparts, Inc., comprising the U.S. automotive parts distribution of Uni-Select Inc. ("Uni-Select"). Subsequent to the acquisition, Uni-Select changed its name to Auto Plus. Auto Plus is operated independently from us and all transactions are approved by independent directors of our company. In connection with the acquisition, Mr. Icahn resigned from our board of directors and our former Co-Chief Executive Officer, Daniel A. Ninivaggi, resigned from the board of directors of IEP.

We had $54 million of sales for the year ended December 31, 2016 to Auto Plus and $11 million of accounts receivable, net outstanding from Auto Plus as of December 31, 2016.

On February 3, 2016, a subsidiary of IEP acquired a majority of the outstanding shares of Pep Boys—Manny, Moe & Jack ("Pep Boys"), a leading aftermarket provider of automotive service, tires, parts, and accessories across the U.S. and Puerto Rico. On February 4, 2016, the acquisition of the remaining outstanding shares of Pep Boys was completed.

We had $39 million of sales from the date of acquisition through December 31, 2016 to Pep Boys and $25 million of accounts receivable, net outstanding from Pep Boys as of December 31, 2016.

PSC Metals, Inc. ("PSC Metals") is a wholly-owned subsidiary of IEP. We had scrap sales to PSC Metals of $2 million for the year ended December 31, 2016.

On December 1, 2016, we acquired the assets and liabilities of IEH BA LLC ("Beck Arnley"), an entity owned by a subsidiary of IEP. The purchase price was $14 million and included a $7 million note maturing on May 1, 2018.

Seasonality of Our Business

Our business is moderately seasonal because many North American OE customers typically close assembly plants for two weeks in July for model year changeovers, and for an additional week during the December holiday season. OE customers in Europe historically shut down vehicle production during portions of July and August and one week in December. Shut-down periods in the Rest of World generally vary by country. The aftermarket experiences seasonal fluctuations in sales due to demands caused by weather and driving patterns. Historically, our sales and operating profits have been the strongest in the second quarter. For additional information, refer to our quarterly financial results contained in Note 22, *Supplementary Quarterly Financial Information (Unaudited)*, to the Consolidated Financial Statements, included in this offering memorandum.

Employee Relations

We have approximately 53,000 employees as of December 31, 2016. Various unions represent approximately 31% of our U.S. hourly employees and approximately 83% of our non-U.S. hourly employees. With the exception of two facilities in the U.S., most of our unionized manufacturing facilities have their own contracts with their own expiration dates and, as a result, no contract expiration date affects more than one facility.

Effect of Environmental Regulations

Our operations, consistent with those of the manufacturing sector in general, are subject to numerous existing and proposed laws, and governmental regulations designed to protect the environment, particularly regarding plant wastes and emissions, and solid waste disposal. Capital expenditures for property, plant, and equipment for environmental control activities did not have a material effect on our financial position or cash flows in 2016 and are not expected to have a material effect on our financial position or cash flows in 2017.

Intellectual Property

We hold in excess of 6,300 patents and patent applications on a worldwide basis, of which more than 1,200 have been filed in the U.S. Of the approximately 6,300 patents and patent applications, approximately 30% are in production use and/or are licensed to third parties, and the remaining 70% are being considered for future production use or provide a strategic technological benefit to us.

We do not materially rely on any single patent, nor will the expiration of any single patent materially affect our business. Our current patents expire over various periods into the year 2036. We are actively introducing and patenting new technology to replace formerly patented technology before the expiration of the existing patents. In the aggregate, our worldwide patent portfolio is materially important to our business because it enables us to achieve technological differentiation from our competitors.

We also maintain more than 6,700 active trademark registrations and applications worldwide. More than 90% of these trademark registrations and applications are in commercial use by us or are licensed to third parties.

Segment Reporting Data

Operating segment data and principal geographic area data for the years ended December 31, 2016, 2015, and 2014 are summarized in Note 21, *Operations by reporting segment and geographic area*, to our Consolidated Financial Statements.

Web Site and Access to Filed Reports

We maintain an internet Web site at *www.federalmogul.com.* The contents of our Web site are not incorporated by reference in this offering memorandum. We provide access to our annual and periodic reports filed with the SEC free of charge through this Web site. Our Code of Conduct is also available on our Web site. The SEC maintains a Web site at *www.SEC.gov* where reports, proxy and information statements, and other information about us may be obtained. Paper copies of annual and periodic reports filed with the SEC may be obtained free of charge by contacting our headquarters at the address located within the SEC Filings or under Investor Relations on our Web site.

MANAGEMENT

Directors and Executive Officers

Set forth below is certain biographical information regarding the Company's directors and executive officers as of the date of this offering memorandum.

Name	Age	Position
Rainer Jueckstock	56	Co-Chief Executive Officer and Director
Bradley S. Norton	53	Co-Chief Executive Officer and Director
Jérôme Rouquet	49	Senior Vice President and Chief Financial Officer
Sung Hwan Cho	42	Director
Keith Cozza	38	Director
Cheryl Krongard	61	Director
Stephen Mongillo	55	Director
Michael Nevin	32	Director

Rainer Jueckstock

Mr. Jueckstock has served as Co-Chief Executive Officer, director of the Company and Chief Executive Officer of the Powertrain Segment since April 2012 and Co-Chairman of the Board since May 2015. Mr. Jueckstock joined the Company in 1990, and has served as senior vice president, powertrain energy; senior vice president, powertrain operations; senior vice president, pistons, rings and liners; vice president, rings and liners; operations director, piston rings, Europe; and managing director of the Friedberg, Germany operation. He also was sales director for rings and liners, Europe; finance controller in Burscheid, Germany; and finance manager in Dresden, Germany. Since February 2013, Mr. Jueckstock also serves on the board of directors of PLEXUS Corp.

Bradley S. Norton

Mr. Norton has served as Co-Chief Executive Officer of the Company and Chief Executive Officer of our Motorparts division since March 8, 2017. Mr. Norton currently serves as Senior Vice President and General Manager, Chassis and Service, Motorparts Segment for the Company and has held that position since July 2014 Prior to joining the Company, Mr. Norton held various positions at Freudenberg-NOK, most recently as President until July 2014.

Jérôme Rouquet

Mr. Rouquet is the Senior Vice President and Chief Financial Officer of the Company. Rouquet is as well Senior Vice President Finance of the Motorparts Division. Rouquet has served as Senior Vice President Finance of Motorparts Corporation and Controller and Chief Accounting Officer of the Company since December 2013. Previously, he was interim Chief Financial Officer of the Company from August to December 2013; vice president, controller and chief accounting officer of the Company since August 2010; and Senior Vice President Finance, Motorparts segment since July 2012. Mr. Rouquet joined the Company in 1996 and held various finance positions of increasing responsibility at regional and group levels across multiple product lines and business units, ultimately serving as Finance Director, Vehicle Safety and Protection. Mr. Rouquet graduated in 1990 from the Institut Superieur de Gestion in Paris, France.

Sung Hwan Cho

Mr. Cho has served as Chief Financial Officer of Icahn Enterprises L.P., a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, gaming, railcar, food packaging, metals, mining, real estate and home fashion, since March 2012. Prior to that time, he was Senior Vice President and previously Portfolio Company Associate at Icahn Enterprises since October 2006. Mr. Cho has been a director of: Trump Entertainment Resorts, Inc., a company engaged in the business of owning and operating casinos and resorts, since February 2016; The Pep Boys – Manny, Moe & Jack, an automotive parts installer and retailer, since February 2016; Ferrous Resources Limited, an iron ore mining company with operations in Brazil, since June 2015; IEH Auto Parts LLC, an automotive parts distributor, since June 2015; CVR Refining, LP, an independent downstream energy limited partnership, since January 2013; Icahn Enterprises L.P., since September 2012; CVR Energy, Inc., a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, since May 2012; CVR Partners LP, a nitrogen fertilizer company, since May 2012; Federal-Mogul Holdings LLC (formerly known as Federal-Mogul Holdings Corporation), a supplier of automotive powertrain and safety components, since May 2012; XO Holdings, a competitive provider of telecom services, since August 2011; American Railcar Industries, Inc., a railcar manufacturing company, since June 2011 (and has been Chairman of the Board of American Railcar Industries since July 2014); WestPoint Home LLC, a home textiles manufacturer, since January 2008; PSC Metals Inc., a metal recycling company, since December 2006; and Viskase Companies, Inc., a meat casing company, since November 2006. Mr. Cho has also been a member of the Executive Committee of American Railcar Leasing LLC, a lessor and seller of specialized railroad tank and covered hopper railcars, since September 2013. Mr. Cho was previously a director of Take-Two Interactive Software Inc., a publisher of interactive entertainment products, from April 2010 to November 2013. Trump Entertainment, Pep Boys, Ferrous Resources Limited, IEH Auto Parts, American Railcar Leasing, CVR Refining, Icahn Enterprises, CVR Energy, CVR Partners, Federal-Mogul, XO Holdings, American Railcar Industries, WestPoint Home, PSC Metals and Viskase Companies each are indirectly controlled by Carl C. Icahn. Mr. Icahn also previously had a non-controlling interest in Take-Two Interactive Software through the ownership of securities. Mr. Cho received a B.S. in Computer Science from Stanford University and an MBA from New York University, Stern School of Business.

Keith Cozza

Mr. Cozza has been the President and Chief Executive Officer of Icahn Enterprises L.P., a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, gaming, railcar, food packaging, metals, mining, real estate and home fashion, since February 2014. Mr. Cozza has served as Chief Operating Officer of Icahn Capital LP, the subsidiary of Icahn Enterprises through which Carl C. Icahn manages investment funds, since February 2013. From February 2013 to February 2014, Mr. Cozza served as Executive Vice President of Icahn Enterprises. Mr. Cozza is also the Chief Financial Officer of Icahn Associates Holding LLC, a position he has held since 2006. Mr. Cozza has been a director of: Federal-Mogul Holdings LLC (formerly known as Federal-Mogul Holdings Corporation), a supplier of automotive powertrain and safety components, since January 2017; The Pep Boys – Manny, Moe & Jack, an automotive parts installer and retailer, since February 2016; IEH Auto Parts LLC, an automotive parts distributor, since June 2015; Tropicana Entertainment Inc., a company that is primarily engaged in the business of owning and operating casinos and resorts, since February 2014; PSC Metals Inc., a metal recycling company, since February 2014; Herbalife Ltd., a nutrition company, since April 2013; Icahn Enterprises L.P., since September 2012; and XO Holdings, a competitive provider of telecom services, since August 2011. Mr. Cozza has also been a member of the Executive Committee of American Railcar Leasing LLC, a lessor and seller of specialized railroad tank and covered hopper railcars, since June 2014. Mr. Cozza was previously a director of: FCX Oil & Gas Inc., a wholly-owned subsidiary of Freeport-McMoRan Inc., from October 2015 to April 2016; CVR Refining, LP, an independent downstream energy limited partnership, from January 2013 to February 2014; and MGM Holdings Inc., an entertainment company focused on the production and distribution of film and television content, from April 2012 to August 2012. Federal-Mogul, Pep Boys, American Railcar Leasing, IEH Auto Parts, CVR Refining, Icahn Enterprises, PSC Metals, Tropicana and XO Holdings are indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had non-controlling interests in Freeport-McMoRan, Herbalife and MGM Holdings through the ownership of securities. Mr. Cozza holds a B.S. in Accounting from the University of Dayton.

Cheryl Krongard

Cheryl Krongard has served as a director of the Company since January 23, 2017. Ms. Krongard is a retired senior partner of Apollo Management. Prior to her position at Apollo, Ms. Krongard spent most of a decade working for Rothschild North America where she served as the Chief Executive Officer of Rothschild Asset Management. Additionally, she was on the board of Rothschild North America, Rothschild Realty and Rothschild Global Asset Management, where her responsibilities included overseeing all areas of the business that managed third-party monies. Ms. Krongard was also a founder of the Rothschild Recovery Fund and one of its General Partners.

Currently, Ms. Krongard serves as a Director of Legg Mason, Inc. since 2005; Air Lease Corporation since 2014; and Xerox Corporation since 2016. She also serves on the compensation, governance and finance committees at Legg Mason and was formerly a member of the audit committee. Ms. Krongard also serves on the compensation committee at Air Lease and will join the compensation committee of Xerox Corporation at its next annual meeting.

Ms. Krongard is a graduate of Iowa State University and a lifetime member of its foundation where she has served as the chairperson of the finance committee. She was also chairperson of the Dean's Advisory Council of the Iowa State University College of Business.

Stephen Mongillo

Mr. Mongillo has served as a director and Chairman of the Audit Committee of the Company since January 23, 2017. Mr. Mongillo has also served as a director and member of the Audit Committee of Herc Holdings Inc. since July 1, 2016 and as a director and Chairman of the Audit Committee of CVR Energy, Inc. since May 2012. Herc Holdings Inc. (NYSE: "HRI") is an equipment rental company and CVR Energy, Inc. (NYSE "CVI") is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries. Mr. Mongillo is a private investor and the Chairman and principal shareholder of AMPF, Inc., a wholesale distributor of picture frame mouldings and supplies. From January 2008 to January 2011, Mr. Mongillo served as a managing director of Icahn Capital LP, the entity through which Mr. Icahn managed third-party investment funds. From 2009 to 2011, Mr. Mongillo served as a director of American Railcar Industries, Inc. From March 2009 to January 2011, Mr. Mongillo served as a director of WestPoint International Inc. Prior to joining Icahn Capital, Mr. Mongillo worked at Bear Stearns for 10 years, most recently as a Senior Managing Director overseeing the leveraged finance group's efforts in the healthcare, real estate, gaming, lodging, leisure, restaurant and education sectors. CVR Energy Inc., American Railcar Industries and WestPoint International are each, directly or indirectly, controlled by Mr. Icahn.

Michael Nevin

Mr. Nevin has been employed as a Financial Analyst at Icahn Enterprises L.P. (a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, gaming, railcar, food packaging, metals, mining, real estate and home fashion) since July 2015. Mr. Nevin is responsible for analyzing and monitoring portfolio companies for Icahn Enterprises L.P. Prior to that time, Mr. Nevin was employed by Jefferies LLC as a Research Analyst from April 2014 to July 2015 covering the Utilities sector. Mr. Nevin was also employed by JP Morgan Investment Bank in various roles from March 2009 to April 2015. Mr. Nevin has been a director of: American Railcar Industries, Inc., a railcar manufacturing company, since February 2017; Conduent Incorporated, a provider of business process outsourcing services, since December 2016; Ferrous Resources Limited, an iron ore mining company with operations in Brazil, since December 2016; and Federal-Mogul Holdings LLC (formerly known as Federal-Mogul Holdings Corporation), a supplier of automotive powertrain and safety components, since February 2016. American Railcar Industries, Ferrous Resources and Federal-Mogul are each indirectly controlled by Carl C. Icahn. Mr. Icahn also has non-controlling interests in Conduent through the ownership of securities. Mr. Nevin received his B.S. from Drexel University.

SECURITY OWNERSHIP

Federal-Mogul is an indirect wholly-owned subsidiary of Icahn Enterprises L.P. (NASDAQ: IEP). IEP is controlled by Carl C. Icahn, who indirectly owned approximately 90.1% of its outstanding depositary units as of March 1, 2017.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transaction Policy

The Company has a written policy that requires the Audit Committee or a majority of the disinterested directors of the Company to approve or ratify certain transactions involving the Company in which any director, nominee for director, executive officer, 5% beneficial stockholder, or any of their immediate family members has a direct or indirect material interest, as determined by the Audit Committee and the aggregate amount involved is or is expected to exceed $120,000. This policy covers transactions including financial transactions, arrangements or relationships, indebtedness and guarantees of indebtedness, or series of similar transactions, arrangements or relationships, or any material amendment to any such transaction.

Certain Relationships and Related Party Transactions

Based on a review of the questionnaires the Company's directors and executive officers completed, and a review of the Company's internal records on any related person that was identified in such questionnaires, it has determined there are no related party transactions in excess of $120,000, since the beginning of 2016 or currently proposed, involving the Company, other than as follows:

- Insight Portfolio Group, LLC ("Insight") is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services, and tangible and intangible property at negotiated rates. The Company acquired a minority equity interest in Insight and agreed to pay a portion of Insight's operating expenses beginning in 2013. In addition to the minority equity interest held by the Company, certain subsidiaries of IEP and other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight and also agreed to pay certain operating expenses.

  The Company's payments to Insight were less than $0.5 million for the year ended December 31, 2016. The Company anticipates its 2017 payments to Insight Portfolio Group to be similar to the amounts paid in 2016.

- On June 1, 2015, a subsidiary of IEP, completed an acquisition of substantially all of the assets of Uni-Select USA, Inc. and Beck Arnley Worldparts, Inc. comprising the U.S. automotive parts distribution of Uni-Select Inc ("Uni-Select"). Subsequent to the acquisition, Uni-Select changed its name to Auto Plus. Auto Plus is operated independently from the Company and all transactions are approved by the independent directors of the Company. In connection with the acquisition, Mr. Icahn has resigned from the Company's board of directors and Daniel A. Ninivaggi, former Co-Chief Executive Officer of the Company resigned from the board of directors of IEP.

  The Company had $54 million of sales for the year ended December 31, 2016 to Auto Plus. The Company had $11 million of accounts receivable, net outstanding from Auto Plus as of December 31, 2016.

- On February 3, 2016, a subsidiary of IEP acquired a majority of the outstanding shares of Pep Boys—Manny, Moe & Jack ("Pep Boys"), a leading aftermarket provider of automotive service, tires, parts and accessories across the U.S. and Puerto Rico. On February 4, 2016, the acquisition of the remaining outstanding shares of Pep Boys was completed. The Company had $39 million of sales from the date of acquisition for the year ended December 31, 2016 to Pep Boys and $25 million of accounts receivable, net outstanding from Pep Boys as of December 31, 2016.

- On December 1, 2016, the Company acquired substantially all of the assets and liabilities of Beck Arnley, an entity owned by a subsidiary of IEP. The purchase price was $14 million and included a $7 million non-interest bearing note maturing on May 1, 2018.
- PSC Metals, Inc. ("PSC Metals") is a wholly-owned subsidiary of IEP. The Company had scrap sales to PSC Metals of $2 million for the year ended December 31, 2016.
- IEP has a noncontrolling ownership interest in Navistar, Inc. ("Navistar"), Hertz Global Holdings Inc. ("Hertz"), and Xerox Corporation ("Xerox"), and a controlling interest in XO Holdings, Inc. ("XO"). The Company's purchases from Hertz, XO, and Xerox were $2 million, $1 million, and $5 million for the year ended December 31, 2016. The Company's sales to Navistar for the year ended December 31, 2016 were $15 million.
- Janis N. Acosta, the wife of Mr. Ninivaggi, the Company's former Co-Chief Executive Officer and Chief Executive Officer of the Motorparts Segment and director, serves as the Executive Vice President, General Counsel and Corporate Secretary of International Automotive Components Group ("IAC Group"). In the year ended December 31, 2016, the Company sold $6 million in products to IAC Group. These transactions with IAC Group were made in the ordinary course of the Company's business and in accordance with its normal procedures for sales of its products to customers on an arms-length basis.

Affiliate Pension Obligations

As a result of the more than 80% ownership interest in the Company by Mr. Icahn's affiliates, the Company is subject to the pension liabilities of all entities in which Mr. Icahn has a direct or indirect ownership interest of at least 80%. One such entity, ACF Industries LLC ("ACF"), is the sponsor of several pension plans. All the minimum funding requirements of the Code and the Employee Retirement Income Security Act of 1974 for these plans have been met as of December 31, 2016. If the ACF plans were voluntarily terminated, they would be underfunded by approximately $111 million as of December 31, 2016. These results are based on the most recent information provided by the plans' actuaries. These liabilities could increase or decrease, depending on a number of factors, including future changes in benefits, investment returns, and the assumptions used to calculate the liability. As members of the controlled group, the Company would be liable for any failure of ACF to make ongoing pension contributions or to pay the unfunded liabilities upon a termination of the pension plans of ACF. In addition, other entities now or in the future within the controlled group in which the Company is included may have pension plan obligations that are, or may become, underfunded and the Company would be liable for any failure of such entities to make ongoing pension contributions or to pay the unfunded liabilities upon termination of such plans. Further, the failure to pay these pension obligations when due may result in the creation of liens in favor of the pension plan or the Pension Benefit Guaranty Corporation ("PBGC") against the assets of each member of the controlled group.

The current underfunded status of the pension plans of ACF requires it to notify the PBGC of certain "reportable events," such as if the Company ceases to be a member of the ACF controlled group, or the Company makes certain extraordinary dividends or stock redemptions. The obligation to report could cause the Company to seek to delay or reconsider the occurrence of such reportable events.

Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC have undertaken to indemnify Federal-Mogul for any and all liability imposed upon the Company pursuant to the Employee Retirement Income Security Act of 1974, as amended, or any regulation there under ("ERISA") resulting from the Company being considered a member of a controlled group within the meaning of ERISA § 4001(a)(14) of which American Entertainment Properties Corporation is a member, except with respect to liability in respect to any employee benefit plan, as defined by ERISA § 3(3), maintained by the Company. Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC are not required to maintain any specific net worth and there can be no guarantee Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC will be able to fund its indemnification obligations to the Company.

DESCRIPTION OF OTHER INDEBTEDNESS

On April 15, 2014, the Company, each of the lenders from time to time party thereto, Citibank N.A. as administrative agent with respect to the ABL Facility and the Term Loan B Facility (each as defined below), Credit Suisse AG, as administrative agent with respect to the Term Loan C Facility (as defined below), and each other party from time to time party thereto, entered into the Credit Agreement, providing for up to a $600 million asset-based revolving line of credit (the "ABL Facility"), a $700 million term loan B facility (the "Term Loan B Facility) and a $1.9 billion term loan C facility (the "Term Loan C Facility" and, together with the Term Loan B Facility, the "Term Loan Facilities").

ABL Facility

The ABL Facility provides for (i) aggregate commitments available of up to $600 million (ii) a maturity date of December 6, 2018, with springing maturity dates occurring 91 days prior to the scheduled maturity dates of certain debt if more than $700 million of such debt is outstanding on such date and (iii) additional liquidity of the Company's borrowing base. The borrowing base consists of 85% of eligible accounts receivable (provided that, at the time of determination, the portion of such amount attributable to long dated accounts receivable shall not exceed $200.0 million), plus available raw materials, plus available OE finished goods, plus available AM finished goods, plus available goods-in-transit plus available work-in-process, minus certain hedging obligation reserves and secured cash management obligations reserves.

Advances under the ABL Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate (as defined in the agreement) plus an adjustable margin of 0.50% to 1.00% based on the average monthly availability or (ii) Adjusted LIBOR Rate (as defined in the agreement) plus a margin of 1.50% to 2.00% based on the average monthly availability. An unused commitment fee of 0.375% is also payable under the terms of the ABL Facility. Availability under the ABL Facility is limited by borrowing base conditions. As of December 31, 2016, the amount drawn under the ABL Facility was $345 million and an additional $37 million letters of credit were outstanding. To the extent letters of credit associated with the ABL Facility are issued, there is a corresponding decrease in borrowings available under the ABL Facility. The ABL Facility also contains a fixed charge coverage ratio test that may apply if a liquidity event occurs, as well as affirmative covenants and events of default that are customary for such facilities.

A portion of the ABL Facility will be repaid with the proceeds from the Refinancing Transactions. See "Use of Proceeds."

Term Loan Facilities

The Term Loan B Facility provides for aggregate commitments of $700.0 million with a maturity date of April 15, 2018. Borrowings under Term Loan B Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.00% or (ii) the Adjusted LIBOR Rate plus a margin of 3.00%, subject, in each case, to a floor of 1.00%.

The Term Loan B Facility will be repaid in full with the proceeds from the Refinancing Transactions.

The Term Loan C Facility provides for aggregate commitments of $1.9 billion with a maturity date of April 15, 2021. Borrowings under the Term Loan C Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.75% or (ii) the Adjusted LIBOR Rate plus a margin of 3.75%, subject, in each case, to a minimum rate of 1.00% plus the applicable margin.

As of December 31, 2016, we had $684 million and $1,857 million outstanding under the Term Loan B Facility and the Term Loan C Facility, respectively. The weighted average interest rate on the Term Loan B Facility and Term Loan C Facility outstanding was 4.00% and 4.75%, respectively, at December 31, 2016.

General

The obligations of the Company under the ABL Facility and the Term Loan Facilities are guaranteed by substantially all of the wholly-owned domestic subsidiaries of the Company, and are secured by substantially all personal property and certain real property of the Company and such guarantors, subject to certain limitations. The liens granted to secure these obligations and certain hedging obligations and cash management obligations have first priority (subject to certain excluded assets, exceptions and permitted liens).

The ABL Facility and the Term Loan Facilities also contain certain affirmative and negative covenants, including, subject to certain exceptions, restrictions on incurring additional indebtedness, mandatory prepayment provisions associated with specified asset sales and dispositions, and limitations on: (i) investments; (ii) certain acquisitions, mergers or consolidations; (iii) sale and leaseback transactions; (iv) certain transactions with affiliates; and (v) dividends and other payments in respect of capital stock. These covenants are subject to important exceptions and qualifications. The ABL Facility and Term Loan Facilities are also subject to events of default including, but not limited to: non-payment of amounts when due; violation of covenants; material inaccuracy of representations and warranties; cross default and cross acceleration with respect to other material debt; bankruptcy and other insolvency events; certain ERISA events; invalidity of guarantees or security documents; material judgments; and the occurrence of a change of control. Some of these events of default allow for grace periods. The Company was in compliance with all covenants under the ABL Facility and the Term Loan Facilities as of December 31, 2016 and 2015.

DESCRIPTION OF NOTES

General

Certain terms used in this description are defined under the subheading "—Certain Definitions." In this description, (i) the terms "we," "our" and "us" each refer to Federal-Mogul LLC and its consolidated Subsidiaries, (ii) the term "Company" refers only to Federal-Mogul LLC and not any of its Subsidiaries, (iii) the term "FinCo" refers only to Federal Mogul Financing Corporation and not any of its Subsidiaries and (iv) the term "Issuers" refers to the Company and FinCo, which will be co-issuers of the Notes (as defined below).

The Issuers will issue €415,000,000 in aggregate principal amount of 4.875% senior secured notes due 2022 (the "*Fixed Rate Notes*") and €300,000,000 in aggregate principal amount of floating rate senior secured notes due 2024 (the "*Floating Rate Notes*" and, together with the Fixed Rate Notes, the "*Notes*"*)* under an indenture to be dated March 30, 2017 (the "*Indenture*"*)* among the Issuers, the Guarantors, Wilmington Trust, National Association, as trustee (the "*Trustee*"), and The Bank of New York Mellon, London Branch, as paying agent and The Bank of New York Mellon (Luxembourg) S.A. as registrar. The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors." The terms of the Notes include those stated in the Indenture.

The Company has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and admit the Notes to trading on the Luxembourg Stock Exchange's Euro MTF market (the "*Euro MTF*").

The following description is only a summary of the material provisions of the Indenture and the Security Documents, does not purport to be complete and is qualified in its entirety by reference to the provisions thereof, including the definitions therein of certain terms used below. We urge you to read the Indenture and the Security Documents because they, and not this description, define your rights as a Holder of the Notes. You may request copies of the Indenture and the Security Documents at our address set forth under the heading "Summary—Corporate Information."

FinCo

FinCo is a wholly owned subsidiary of the Company that was incorporated in Delaware for the purpose of serving as a co-issuer of the Notes in order to facilitate this offering. FinCo will not have any substantial operations and will not have any revenue or material assets. As a result, prospective purchasers of Notes should not expect FinCo to participate in servicing the principal of, premium, if any, and interest or any other payment obligations of the Notes.

Brief Description of Notes

The Fixed Rate Notes will mature on April 15, 2022 at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes redeemed plus the Applicable Fixed Rate Premium as of, and accrued and unpaid interest and Additional Amounts if any, to, but not including, the maturity date. The Floating Rate Notes will mature on April 15, 2024 at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed plus the Applicable Floating Rate Premium as of, and accrued and unpaid interest Additional Amounts, if any, to, but not including, the Redemption Date.

The Notes will be:

- senior secured obligations of the Issuers;
- secured on a first-priority basis, equally and ratably with all obligations of the Company under any other PP&E First Lien Term Facility, by Liens on the Collateral from time to time owned by the Company and certain of its Subsidiaries, subject to certain exceptions and Permitted Liens, as described under "—Collateral and Security" and "—Collateral Trust Agreement and the Collateral Trustee;"
- effectively junior to all obligations of the Company under any ABL Loan Facility (and any hedging obligations and cash management obligations permitted by the Senior Credit Facilities to be secured by Borrowing Base Collateral) to the extent of the value of the Borrowing Base Collateral;
- *pari passu* in right of payment to all existing and future senior indebtedness of the Issuers;
- effectively senior to any future PP&E Second Lien Obligations and any future unsecured Indebtedness to the extent of the value of the Collateral; and
- senior in right of payment to all Subordinated Indebtedness of the Issuers.

Guarantees

The Company's current and future domestic Wholly Owned Subsidiaries that guarantee the Senior Credit Facilities will guarantee the Notes, subject to the terms of the release provisions of their guarantees. None of our Foreign Subsidiaries (or any other Excluded Subsidiaries) will guarantee the Notes.

Each of the Guarantees of the Notes will be a general secured obligation of each Guarantor and will be *pari passu* in right of payment with all senior indebtedness of each such entity, will be secured on a first-priority basis, equally and ratably with all obligations of that Guarantor under any other PP&E First Lien Term Facility, by Liens on the Collateral from time to time owned by such Guarantor, subject to certain exceptions and Permitted Liens, as described under "—Collateral and Security" and "—Collateral Trust Agreement and Collateral Trustee," will be effectively junior to all obligations of that Guarantor under any ABL Loan Facility (and any hedging obligations and cash management obligations permitted by the Senior Credit Facilities to be secured on a pari passu basis with such ABL Loan Facility) to the extent of the value of the Borrowing Base Collateral held by that Guarantor, will be effectively senior to (a) any future PP&E Second Lien Obligations and future unsecured Indebtedness of each such entity to the extent of the value of the Collateral held by that Guarantor and will be senior in right of payment to all Subordinated Indebtedness of each such entity and (b) the ABL Loan Facility to the extent of the value of the PP&E Collateral. The Notes and Guarantees will be structurally subordinated to Indebtedness of Subsidiaries of the Company or the Guarantors, as applicable, that do not guarantee the Notes.

Not all of the Company's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

The obligations of each Guarantor (other than a company that is a direct or indirect parent of the Company, if applicable) under its Guarantee will be limited to the extent enforceable as necessary to prevent such Guarantee from constituting a fraudulent conveyance or transfer under applicable law or case law (including legal restrictions to make distributions or to provide other benefits to direct or indirect shareholders) or as necessary to recognize certain defenses generally available to guarantors, including voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally or other considerations under applicable law.

If a Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Guarantor, and, depending on the amount of such indebtedness, such Guarantor's liability on its Guarantee could be reduced to zero. See "Risk Factors—Risks Related to our Indebtedness, the Notes and the Guarantees—Federal and state fraudulent transfer and conveyance statutes and similar laws may permit courts, under specific circumstances, to avoid the Notes, the guarantees and/or security interests related to the Notes, to require noteholders to return payments received from us or the guarantors, and to take other actions detrimental to the noteholders."

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

The Indenture will provide that each Guarantor may consolidate with, amalgamate or merge with or into or sell all or substantially all of its assets to the Company or another Guarantor without limitation, or with other Persons upon the terms and conditions set forth in the Indenture. See "—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets."

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

(1) (a) any sale, exchange, disposition or transfer (including through consolidation, merger or otherwise) of (x) the Capital Stock of such Guarantor, after which such Guarantor is no longer a Restricted Subsidiary, or (y) all or substantially all the assets of such Guarantor, which sale, exchange, disposition or transfer in each case is made in compliance with the Indenture;

(b) in the case of any Restricted Subsidiary that after the Issue Date is required to guarantee the Notes pursuant to the covenant described under "—Certain Covenants—Future Guarantors," the release, discharge or termination of the guarantee by such Guarantor of the guarantee which resulted in the creation of such Guarantees, except a release, discharge or termination by or as a result of payment under such guarantee;

(c) the release or discharge of the guarantee by, or the direct obligation of, such Guarantor of the Obligations under the Senior Credit Facilities, except a discharge or release by or as a result of payment in connection with the enforcement of remedies under such guarantee or direct obligation;

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

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

(f) the Issuers exercising their legal defeasance option or covenant defeasance option as described under "—Legal Defeasance and Covenant Defeasance" or the Issuers' obligations under the Indenture being discharged in accordance with the terms of the Indenture; and

(2) if the Issuers request the Trustee to acknowledge such release, the Issuers delivering to the Trustee an Officer's Certificate of such Guarantor or the Company and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such transaction have been complied with.

Ranking

The payment of the principal of, premium, if any, and interest, if any, on the Notes and the payment of any Guarantee will rank *pari passu* in right of payment to all senior indebtedness of the Issuers or the relevant Guarantor, as the case may be, including the obligations of the Company and such Guarantor under the Senior Credit Facilities.

The Notes will be effectively senior to all of the Issuers' and each Guarantor's existing and future unsecured Indebtedness to the extent of the value of the Collateral (subject to Permitted Liens on such Collateral). The Notes and Guarantees will be effectively subordinated to any existing or future Indebtedness of the Issuers and any Guarantor that is secured by Liens on assets that do not constitute a part of the Collateral to the extent of the value of such assets. As of December 31, 2016, on a pro forma basis, the Issuers would have had \$3,042 million of total indebtedness outstanding (including the Notes), including \$2,890 million of senior secured indebtedness, comprised of \$2,132 million that would have been outstanding under the Senior Credit Facilities. In addition, as of the same date, we would have had approximately \$298 million of availability under our ABL credit facility of the Senior Credit Facilities (excluding \$37 million of outstanding letters of credit as of December 31, 2016). The Notes will be structurally subordinated to existing and future indebtedness and other guarantees of our Subsidiaries that do not guarantee the Notes, to the extent of the assets of those Subsidiaries. Our Subsidiaries that do not guarantee the Notes represented approximately 62.5% and 69.8% of our net sales and Operational EBITDA, respectively, as of December 31, 2016. In addition, these non-Guarantor Subsidiaries represented approximately 52.7% and 31.8% of our total assets and total liabilities, respectively, as of December 31, 2016.

Although the Indenture will contain limitations on the amount of additional Indebtedness that the Issuers and the Restricted Subsidiaries may incur, under certain circumstances the amount of such Indebtedness could be substantial and, in any case, such Indebtedness may be senior secured indebtedness or structurally senior indebtedness. See "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes, including a Paying Agent in (a) the City of London and (ii) Luxembourg, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF, but only if the rules of the Luxembourg Stock Exchange so require (which they currently do not). The initial Paying Agent will be The Bank of New York Mellon, London Branch.

The Company will also maintain one or more registrars (each, a "*Registrar*"). The initial Registrar will be The Bank of New York Mellon (Luxembourg) S.A. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes (as defined under "Book-Entry, Delivery and Form") outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Company.

The Company may change the Paying Agents or the Registrars without prior notice to the holders of Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MFT and the rules of the Luxembourg Stock Exchange so require, the Company will publish a notice of any change of Paying Agent or Registrar in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Issuers are not required to transfer or exchange any Note selected for redemption. Also, the Issuers are not required to transfer or exchange any Note for a period of 15 days before the sending of a notice of redemption.

Principal, Maturity and Interest

The Issuers will initially issue €415,000,000 in aggregate principal amount of Fixed Rate Notes and will initially issue €300,000,000 in aggregate principal amount of Floating Rate Notes. The Issuers may issue additional Fixed Rate Notes (the "*Additional Fixed Rate Notes*"*)* and additional Floating Rate Notes (the "*Additional Floating Rate Notes*" and, together with the Additional Fixed Rate Notes, the "*Additional Notes*") under the Indenture from time to time after this offering subject to compliance with the covenant described below under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock." Unless the context requires otherwise, references to "Fixed Rate Notes" or "Floating Rate Notes" for all purposes of the Indenture and this "Description of Notes" include any Additional Fixed Rate Notes or Additional Floating Rate Notes, respectively.

The Issuer will issue Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Fixed Rate Notes and the Floating Rate Notes each will constitute a separate series of Notes and will not vote together as a single class under the Indenture for any reason.

Principal of, premium, if any, and interest on the Notes will be payable at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest may be made through the paying agent by check mailed to the Holders at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more global notes registered in the name of or held by Euroclear or Clearstream, as applicable, or their respective nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof.

Fixed Rate Notes

Interest on the Fixed Rate Notes will accrue at the rate of 4.875% per annum and be payable in cash. Interest on the Fixed Rate Notes will be payable semi-annually in arrears on each April 15 and October 15, commencing on October 15, 2017. The Issuers will make each interest payment to the Holders of record of the Fixed Rate Notes at the close of business on the immediately preceding April 1 and October 1. Interest on the Fixed Rate Notes will accrue from the most recent date to which interest has been paid with respect to such Fixed Rate

Notes, or if no interest has been paid with respect to such Fixed Rate Notes, from the date of original issuance thereof. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The Fixed Rate Notes will mature on April 15, 2022.

Floating Rate Notes

Interest on the Floating Rate Notes will bear interest at a rate per annum (the "*Applicable Rate*"), reset quarterly, equal to EURIBOR plus 4.875%, as determined by an agent appointed by the Company to calculate EURIBOR for the purposes of the Indenture (the "*Calculation Agent*"). Interest on the Floating Rate Notes will be payable quarterly in arrears on each January 15, April 15, July 15 and October 15, commencing on July 15, 2017. The Issuers will make each such interest payment to the Holders of record of the Floating Rate Notes at the close of business on the immediately preceding January 1, April 1, July 1 and October 1. Interest on the Floating Rate Notes will accrue from the most recent date to which interest has been paid with respect to such Floating Rate Notes, and if no interest has been paid with respect to such Floating Rate Notes, from the date of original issuance thereof. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Set forth below is a summary of certain of the provisions of the Indenture relating to the calculation of interest on the Floating Rate Notes.

"*Determination Date*" with respect to an Interest Period, means the date that is two TARGET Settlement Dates preceding the first day of such Interest Period.

"*EURIBOR*" with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the date that is two TARGET Settlement Days after the Determination Date that appears on Reuters Screen EURIBOR 01 Page as of 11:00 a.m., Brussels time, on the Determination Date; provided, however, that EURIBOR shall never be less than 0%. If Reuters Screen EURIBOR 01 Page does not include such a rate or is unavailable on a Determination Date, then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

"*euro zone*" means the region comprised of member states of the European Union that adopt the euro.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include July 15, 2017 with respect to the Floating Rate Notes and October 15, 2017 with respect to the Fixed Rate Notes.

"*Reuters Screen EURIBOR 01 Page*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*TARGET Settlement Day*" means any day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m., Brussels time, on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*Interest Amount*"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Floating Rate Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, fraud or manifest error, be final and binding on all parties. In no event will the rate of interest on the Floating Rate Notes be higher than the maximum rate permitted by applicable law, *provided*, *however*, that the Calculation Agent shall not be responsible for verifying that the rate of interest on the Floating Rate Notes is permitted under any applicable law. The Trustee, Registrar and Paying Agent shall not be responsible for, nor incur any liability in relation to any loss resulting from any calculation or determination made, or intended to be made, by the Calculation Agent.

The rights of Holders of Floating Rate Notes to receive the payments of interest on the Floating Rate Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Floating Rate Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Collateral and Security

The Notes and the Guarantees will be secured by Liens on the Collateral on an equal and ratable basis with all PP&E First Lien Obligations. These Liens are senior in priority to the Liens securing all Borrowing Base Priority Obligations in respect of PP&E Collateral and senior in priority to Liens securing all future PP&E Second Lien Obligations. In addition, these Liens are junior in priority to the Liens securing all Borrowing Base Priority Obligations in respect of Borrowing Base Collateral. The Liens on the Collateral that will secure the Notes and the Guarantees are granted under certain PP&E First Lien Security Documents in favor of the Collateral Trustee for the benefit of the Holders of the Notes. The Liens on the Collateral that secure the Initial PP&E First Lien Term Facility are granted under certain other PP&E First Lien Security Documents in favor of the Collateral Trustee for the benefit of the secured parties under the Initial PP&E First Lien Term Facility and, during the term of the Collateral Trust Agreement, the Liens on the Collateral that secure any other PP&E First Lien Obligations will be granted under other PP&E First Lien Security Documents in favor of the Collateral Trustee for the benefit of the holders of such obligations. During the term of the Collateral Trust Agreement, the Liens on the Collateral that will secure future PP&E Second Lien Obligations will be granted under the PP&E Second Lien Security Documents in favor of the Collateral Trustee for the benefit of the holders of all PP&E Second Lien Obligations. The relative rights in the Collateral among the holders of PP&E Priority Obligations (including the Notes) and the holders of Borrowing Base Priority Obligations will be governed by the Collateral Trust Agreement and the ABL Intercreditor Agreement and in the event of a conflict, the ABL Intercreditor Agreement will govern. The relative rights in the Collateral among the holders of PP&E First Lien Obligations will be governed by the Collateral Trust Agreement and the PP&E Pari Passu Intercreditor Agreement and in the event of a conflict, the PP&E Pari Passu Intercreditor Agreement will govern. The relative rights in the Collateral between the holders of PP&E First Lien Obligations (including the Notes) and the holders of PP&E Second Lien Obligations will be governed by the Collateral Trust Agreement and a future Second Lien Intercreditor Agreement and in the event of a conflict the Second Lien Intercreditor Agreement will govern.

The Collateral Trust Security Documents provide for separate grants (which may be contained in the same Collateral Trust Security Documents or in a joinder to the Collateral Trust

Security Documents) of the Liens securing PP&E First Lien Obligations, on the one hand, and the Liens securing any PP&E Second Lien Obligations, on the other hand. Subject to the terms set forth therein, the Collateral Trust Agreement shall terminate when all security interests granted under the Collateral Agreement and the other Collateral Trust Security Documents have terminated and the Collateral has been released; *provided* that the Collateral Trust Agreement shall terminate prior to the termination of all security interests granted under the Collateral Trust Security Documents and the release of all the Collateral if each Representative shall have agreed to such termination and shall have delivered the Collateral Trustee written notice thereof.

The Liens on the Collateral that will secure the Initial ABL Facility and any future ABL Loan Facility incurred during the term of the Collateral Trust Agreement are granted under certain of the Collateral Trust Security Documents in favor of the Collateral Trustee for the benefit of the holders of all such Borrowing Base Priority Obligations. The relative rights among the holders of the Borrowing Base Priority Obligations and the holders of PP&E Priority Obligations are described below.

The Collateral comprises substantially all of the assets of the Company and the Guarantors, other than the Excluded Assets and other than any assets released from the Collateral as described below under the captions "—Release of Liens on Collateral" and "—Release of Liens in Respect of the Notes;" *provided* that none of the Capital Stock of any Excluded Subsidiary shall be pledged as collateral under the Note Documents other than 65% of the issued and outstanding voting Capital Stock and 100% of the issued and outstanding non-voting Capital Stock of (A) each wholly owned Domestic Subsidiary that is described in clause (c) of the definition of "Excluded Subsidiary" that is directly owned by the Company or any Guarantor and (B) each wholly owned Foreign Subsidiary that is directly owned by the Company or by any Guarantor.

Collateral Trust Agreement and the Collateral Trustee

On April 15, 2014, the Company and the Guarantors party thereto entered into a Collateral Trust Agreement and the ABL Intercreditor Agreement with the Initial ABL Agent (as a First Priority Representative), the Initial PP&E First Lien Agent (as a First Priority Representative) and the Collateral Trustee. In connection with the issuance of the Notes, the Trustee and the Collateral Trustee, each acting on behalf of the Trustee and the Holders of the Notes, will each enter into the PP&E Pari Passu Intercreditor Agreement as contemplated in the Collateral Trust Agreement. The Collateral Trust Agreement sets forth the terms on which the Collateral Trustee receives, holds, administers, maintains, enforces and distributes the proceeds of all Liens upon any property of the Company or any Guarantor at any time held by the Collateral Trustee, in trust for the benefit of the current and future holders of the Secured Obligations, subject to the provisions described below.

Citibank, N.A. has been appointed pursuant to the Collateral Trust Agreement to serve as the Collateral Trustee for the benefit of the holders of:

- the Notes and Guarantees;
- the Borrowing Base Priority Obligations under the Initial ABL Facility;
- the PP&E First Lien Obligations under the Initial PP&E First Lien Facility;
- all future Borrowing Base Priority Obligations outstanding from time to time, if any, under any other ABL Loan Facility, subject to the terms set forth therein and in the Collateral Trust Agreement; and

- all future PP&E Priority Obligations outstanding from time to time, if any, under any other PP&E Loan Document subject to the terms set forth therein and in the Collateral Trust Agreement.

The Collateral Trustee holds (directly or through co-trustees or agents), and is entitled to enforce on behalf of the holders of the applicable Secured Obligations (subject to the provisions described below), all Liens on the Collateral created by the Collateral Trust Security Documents.

Except as provided in the Collateral Trust Agreement and the Collateral Trust Security Documents (or as directed by the Applicable Representatives), the Collateral Trustee will not be obligated to take any action which is discretionary in nature. In addition, the Collateral Trustee will not be responsible for or have any duty to ascertain or inquire into any statement, warranty or representation made or in connection with the Collateral Trust Security Document or any secured instrument, the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, the occurrence of any default, the validity, enforceability, effectiveness or genuineness the Collateral Trust Agreement, or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Trust Security Documents, the value or the sufficiency of any Collateral for any Secured Obligations, or the satisfaction of any condition set forth in any Collateral Trust Security Document, other than to confirm receipt of items expressly required to be delivered to the Collateral Trustee.

The Collateral Trustee has and will make available for inspection and copying by any First Priority Representative or Second Priority Representative each certificate or other paper furnished to the Collateral Trustee by the Company or Guarantors under or in respect of the Collateral Trust Agreement or of the Collateral.

Priority of Liens

Pursuant to the Collateral Trust Agreement, the Collateral Trustee is granted a security interest in the Collateral prior to any other Secured Party to cover the Collateral Trustee Fees.

The ABL Intercreditor Agreement provides for the priorities and other relative rights between the holders of the PP&E Priority Obligations and the holders of the Borrowing Base Priority Obligations, including, among other things, that, notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens on all or any portion of the Collateral securing any Borrowing Base Priority Obligations or securing any PP&E Priority Obligations, or the order or time of filing or recordation of any document or instrument for perfecting the Liens securing any Borrowing Base Priority Obligations or securing any PP&E Priority Obligations with respect to any Collateral (or any actual or alleged defect in any of the foregoing) or any provision of the UCC, any other applicable law, the ABL Loan Documents, the PP&E Loan Documents or any other circumstance whatsoever, each ABL Agent, and each PP&E Agent, on behalf of itself and the other Secured Parties represented by it, agree that:

(1) any Lien now or hereafter held by or on behalf of any PP&E Agent or PP&E Secured Party (or the Collateral Trustee on behalf of any of the foregoing Persons) in and to the Borrowing Base Collateral that secures all or any portion of the PP&E Priority Obligations shall in all respects be junior and subordinate to all Liens granted to any ABL Agent or ABL Secured Party (or to the Collateral Trustee on behalf of any of the foregoing Persons) in the Borrowing Base Collateral to secure all or any portion of the Borrowing Base Priority Obligations;

(2) any Lien now or hereafter held by or on behalf of any PP&E Agent or PP&E Secured Party (or the Collateral Trustee on behalf of any of the foregoing Persons) in and to the PP&E

Collateral that secures all or any portion of the PP&E Priority Obligations, shall in all respects be senior and prior to all Liens granted to any ABL Agent or ABL Secured Party (or to the Collateral Trustee on behalf of any of the foregoing Persons) in the PP&E Collateral to secure all or any portion of the Borrowing Base Priority Obligations;

(3) any Lien now or hereafter held by or on behalf of any ABL Agent or ABL Secured Party (or the Collateral Trustee on behalf of any of the foregoing Persons) in and to the Borrowing Base Collateral that secures all or any portion of the Borrowing Base Priority Obligations, shall in all respects be senior and prior to all Liens granted to any PP&E Agent or PP&E Secured Party (or to the Collateral Trustee on behalf of any of the foregoing Persons) in the Borrowing Base Collateral to secure all or any portion of the PP&E Priority Obligations; and

(4) any Lien now or hereafter held by or on behalf of any ABL Agent or ABL Secured Party (or the Collateral Trustee on behalf of any of the foregoing Persons) in and to the PP&E Collateral that secures all or any portion of the Borrowing Base Priority Obligations, shall in all respects be junior and subordinate to all Liens granted to any PP&E Agent or PP&E Secured Party (or to the Collateral Trustee on behalf of any of the foregoing Persons) in the PP&E Collateral to secure all or any portion of the PP&E Priority Obligations.

The ABL Intercreditor Agreement further provides that the subordination of Liens on the Borrowing Base Collateral by each PP&E Agent, on behalf of itself and the other PP&E Secured Parties represented by it, in favor of each ABL Agent, and the subordination of Liens on the PP&E Collateral by each ABL Agent, for and on behalf of itself and the other ABL Secured Parties represented by it, in favor of each PP&E Agent, on behalf of itself and the other PP&E Secured Parties represented by it, shall not be deemed to subordinate any PP&E Agent's Liens or any ABL Agent's Liens, respectively, to the Liens of any other Person. The ABL Intercreditor Agreement also provides that the parties thereto acknowledge that additional Liens may be granted on the Collateral to secure (i) additional PP&E First Lien Obligations, (ii) PP&E Second Lien Obligations and/or (iii) Borrowing Base Priority Obligations under any ABL Loan Facility in each case in accordance with the terms of the ABL Intercreditor Agreement.

Pursuant to the PP&E Pari Passu Intercreditor Agreement, each PP&E First Lien Agent under each Series of PP&E First Lien Obligations will agree (and each PP&E First Lien Secured Party agrees) that, notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens securing any Series of PP&E First Lien Obligations granted on the Shared Collateral and notwithstanding any provision of the Uniform Commercial Code of any jurisdiction, or any other applicable law or the PP&E First Lien Security Documents or any defect or deficiencies in the Liens securing the PP&E First Lien Obligations of any Series or any other circumstance whatsoever (but, in each case, subject to any impairment or as otherwise provided in the PP&E Pari Passu Intercreditor Agreement, (i) the Liens securing each Series of PP&E First Lien Obligations on any Shared Collateral shall be of equal priority and (ii) the benefits and proceeds of the Shared Collateral shall be shared among the PP&E First Lien Secured Parties as provided therein, regardless of the date, time, method, manner or order of grant, attachment or perfection of any Liens securing any Series of PP&E First Lien Obligations, granted on the Shared Collateral.

The PP&E Pari Passu Intercreditor Agreement further provides that it is the intention of the PP&E First Lien Secured Parties of each Series that the holders of PP&E First Lien Obligations of such Series (and not the PP&E First Lien Secured Parties of any other Series) bear the risk of (i) any determination by a court of competent jurisdiction that (x) any of the PP&E First Lien Obligations of such Series are unenforceable under applicable law or are subordinated to any other obligations (other than another Series of PP&E First Lien Obligations), (y) any of the PP&E

First Lien Obligations of such Series do not have a valid and perfected security interest in any of the Collateral securing any other Series of PP&E First Lien Obligations and/or (z) any intervening security interest exists securing any other obligations (other than another Series of PP&E First Lien Obligations) on a basis ranking prior to the security interest of such Series of PP&E First Lien Obligations but junior to the security interest of any other Series of PP&E First Lien Obligations or (ii) the existence of any Collateral for any other Series of PP&E First Lien Obligations that is not Shared Collateral (any such condition referred to in the foregoing clauses (i) or (ii) with respect to any Series of PP&E First Lien Obligations, an "Impairment" of such Series); provided that the existence of a maximum claim with respect to any real property subject to a mortgage which applies to all PP&E First Lien Obligations shall not be deemed to be an Impairment of any Series of PP&E First Lien Obligations. In the event of any Impairment with respect to any Series of PP&E First Lien Obligations, the results of such Impairment shall be borne solely by the holders of such Series of PP&E First Lien Obligations, and the rights of the holders of such Series of PP&E First Lien Obligations (including, without limitation, the right to receive distributions in respect of such Series of PP&E First Lien Obligations) set forth in the PP&E Pari Passu Intercreditor Agreement shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of the Series of such PP&E First Lien Obligations subject to such Impairment.

The PP&E Pari Passu Intercreditor Agreement provides that, notwithstanding the equal priority of the Liens securing each Series of PP&E First Lien Obligations, the Collateral Trustee (acting on the instructions of the Applicable PP&E First Lien Agent) may deal with the Shared Collateral, Restricted Assets (as defined in the PP&E Pari Passu Intercreditor Agreement) or Sale Proceeds (as defined in the PP&E Pari Passu Intercreditor Agreement) as if the Collateral Trustee had a senior and exclusive Lien on such Shared Collateral, Restricted Assets or Sale Proceeds, subject to the terms of the Collateral Trust Agreement. No Non-Controlling PP&E First Lien Agent or Non-Controlling Secured Party will contest, protest or object to any foreclosure proceeding or action brought by the Collateral Trustee, the Applicable PP&E First Lien Agent or the Controlling Secured Party or any other exercise by the Collateral Trustee, the Applicable PP&E First Lien Agent or the Controlling Secured Party of any rights and remedies relating to the Shared Collateral or to cause the Collateral Trustee to do so. The foregoing does not limit the rights and priorities of any PP&E First Lien Secured Party, the Collateral Trustee or any PP&E First Lien Agent with respect to any Collateral not constituting Shared Collateral, Restricted Assets or Sale Proceeds.

Second Lien Intercreditor Agreement

In the event that any future PP&E Second Lien Obligations are entered into, a second lien intercreditor agreement in substantially the form attached as an exhibit to the Indenture will be entered into. The Second Lien Intercreditor Agreement will subordinate the PP&E Second Lien Obligations Second Lien to the PP&E First Lien Obligations with respect to all Collateral on terms largely similar to the subordination of the Borrowing Base Priority Obligations to the PP&E First Lien Obligations on the PP&E Collateral described herein.

Collateral Trust—Enforcement of Liens and Limitations on Enforcement

Pursuant to the Collateral Trust Agreement, if an Applicable Notice of Event of Default is in effect, the Collateral Trustee shall have the right and power to institute and maintain such suits and proceedings as it may deem appropriate, or as it may be instructed by the Applicable Representative, to protect and enforce the rights vested in it by the Collateral Trust Agreement and each Collateral Trust Security Document and may, either after entry or without entry, proceed by suit or suits at law or in equity to enforce such rights and to foreclose upon the

Collateral and to sell all or, from time to time, any of the Collateral under the judgment or decree of a court of competent jurisdiction. As described below, initially, the Applicable Representative with respect to the Borrowing Base Collateral will be the administrative agent under the Initial ABL Facility as representative for the holders of such Borrowing Base Priority Obligations and the Applicable Representative with respect to the PP&E Collateral will be the administrative agent under the Term Loan C Facility as representative for the holders of the Initial PP&E First Lien Term Facility. For so long as the Trustee is not the Applicable Representative, neither the Trustee nor the Holders of the Notes will have any ability to instruct the Collateral Trustee to take any enforcement actions with respect to the Collateral, even if an event of default shall have occurred and be continuing with respect to the Notes.

ABL Intercreditor Agreement—Restrictions on Enforcement of Liens

The ABL Intercreditor Agreement provides that, except as otherwise provided therein, until the Discharge of Borrowing Base Priority Obligations, neither any PP&E Agent nor any PP&E Secured Party shall exercise (or instruct the Collateral Trustee to exercise) any rights or remedies in respect of the Borrowing Base Collateral or the Liens of any PP&E Agent with respect thereto, whether under the PP&E Loan Documents, applicable law or otherwise, including without limitation (A) rights of recoupment or set-off in respect of any deposit or securities account of the Company or any Guarantor maintained with any PP&E Agent or any of their respective Affiliates, or (B) any action to institute any judicial or nonjudicial or similar action or proceeding in respect of the Liens of any PP&E Agent or to seek relief from the automatic stay pursuant to Section 362 of the Bankruptcy Code with respect to such Collateral, and neither any PP&E Agent nor any PP&E Secured Party shall have any right whatsoever to direct any ABL Agent or the Collateral Trustee to exercise or seek to exercise or refrain from exercising any rights or remedies in respect of the Borrowing Base Collateral. With respect to PP&E Priority Collateral, the ABL Intercreditor Agreement provides that except as otherwise provided therein, until the Discharge of PP&E Priority Obligations, neither any ABL Agent nor any ABL Secured Party shall exercise (or instruct the Collateral Trustee to exercise) any rights or remedies in respect of the PP&E Collateral or the Liens of any ABL Agent with respect thereto, whether under the ABL Loan Documents, applicable law or otherwise, including without limitation (A) rights of recoupment or set-off in respect of any deposit or securities account of the Company or any Guarantor maintained with any ABL Agent or its Affiliates, or (B) any action to institute any judicial or nonjudicial or similar action or proceeding in respect of the Liens of any ABL Agent or to seek relief from the automatic stay pursuant to Section 362 of the Bankruptcy Code with respect to such Collateral, and neither any ABL Agent nor any ABL Secured Party shall have any right whatsoever to direct any PP&E Agent or the Collateral Trustee to exercise or seek to exercise or refrain from exercising any rights or remedies in respect of the PP&E Collateral.

The ABL Intercreditor Agreement further provides that, subject to the terms of the PP&E Loan Documents and the ABL Intercreditor Agreement (and, solely as among the PP&E Secured Parties, the PP&E Pari Passu Intercreditor Agreement and any applicable Second Lien Intercreditor Agreement), each PP&E Agent (and the Collateral Trustee on behalf of any such PP&E Agent) shall have the right to exercise rights and remedies in respect of (A) the PP&E Collateral, and (B) on and after Discharge of Borrowing Base Priority Obligations, the Borrowing Base Collateral, in each case under the respective PP&E Loan Documents, applicable law or otherwise. In exercising such rights and remedies with respect to such Collateral, each PP&E Agent (or the Collateral Trustee on behalf of any such PP&E Agent) may enforce the provisions of the PP&E Loan Documents to which it is a party and exercise remedies thereunder and under applicable law (or refrain from enforcing any such rights and exercising any such remedies), all in such order and in such manner as it may determine in the exercise of its discretion. Such exercise and enforcement shall include, without limitation, the rights of any PP&E Agent to sell or otherwise dispose of such Collateral (such sale to be free and clear of the ABL Agents' Liens and each ABL Agent agrees to execute any and all Lien releases requested by any PP&E Agent in connection therewith), to incur reasonable expenses in connection with such exercise and enforcement, and to exercise all the rights and remedies of a secured creditor under the UCC and of a secured creditor under bankruptcy or similar laws of any applicable jurisdiction.

The ABL Intercreditor Agreement further provides that until Discharge of Borrowing Base Priority Obligations, any money, property, securities, or other direct or indirect distributions of any nature whatsoever received by any PP&E Agent or PP&E Secured Party represented by it (or by the Collateral Trustee on its or their behalf) (A) resulting from the sale, disposition, or other realization upon or other exercise of remedies in respect of all or any part of the Borrowing Base Collateral, (B) consisting of net cash proceeds from any disposition with respect to all or any part of the Borrowing Base Collateral or (C) resulting from the sale, disposition, or other realization upon or other exercise of remedies in respect of all or any part of the PP&E Collateral which remains after the Discharge of PP&E Priority Obligations, in each case regardless of whether such money, property, securities, or other distributions are received directly or indirectly during the pendency of or in connection with any Insolvency or Liquidation Proceeding or otherwise, shall be delivered to the Designated ABL Agent in the form received, duly endorsed, if required, and applied by the Designated ABL Agent as provided in the ABL Loan Documents and the ABL Intercreditor Agreement if then in effect. Until so delivered, such payment or distribution to the extent received by any PP&E Agent or PP&E Secured Party represented by it (or by the Collateral Trustee on its or their behalf) shall be held in trust by such party as the property of the ABL Secured Parties, segregated from other funds and property held by such party. Similar turnover provisions apply to the ABL Secured Parties with respect to PP&E Collateral.

Pursuant to the ABL Intercreditor Agreement, each PP&E Agent, on behalf of itself and each PP&E Secured Party represented by it, agrees that prior to the Discharge of Borrowing Base Priority Obligations, it and they shall not (and waives, on behalf of itself and the other PP&E Secured Parties represented by it, any right to) take any action to contest or challenge (or instruct or assist or support the Collateral Trustee or any other Person in contesting or challenging), directly or indirectly, whether or not in any proceeding (including in any Insolvency or Liquidation Proceeding), the validity, priority, enforceability, or perfection of the Liens of any ABL Agent in respect of the Collateral. Each PP&E Agent, for itself and the PP&E Secured Parties represented by it, agrees that neither it nor the PP&E Secured Parties represented by it, will take any action that would hinder any exercise of remedies undertaken by any ABL Agent under the ABL Loan Documents in respect of the Borrowing Base Collateral, including any public or private sale, lease, exchange, transfer, or other Disposition of the Borrowing Base Collateral, whether by foreclosure or otherwise (other than as expressly permitted under the ABL Intercreditor Agreement). Each PP&E Agent, for itself and the PP&E Secured Parties represented by it, waives any and all rights it, or any PP&E Secured Party represented by it may have as a lien creditor or otherwise to contest, protest, object to, or interfere with the manner in which any ABL Agent seeks to enforce the Liens on any portion of the Borrowing Base Collateral (other than as expressly permitted under the ABL Intercreditor Agreement). The ABL Representatives make similar reciprocal agreements with respect to the PP&E Collateral.

Pursuant to the ABL Intercreditor Agreement, prior to the Discharge of Borrowing Base Priority Obligations, the PP&E Agents (including the Collateral Trustee on their behalf) agree that they will not commence receivership or foreclosure proceedings against the Company or any Guarantor in respect of the Borrowing Base Collateral or sell, collect, transfer or dispose of any Borrowing Base Collateral or notify third party account debtors to make payment in respect of Borrowing Base Collateral directly to it or any other Persons acting on its behalf. Prior to the date that the Discharge of PP&E Priority Obligations occurs, the ABL Agents (including the Collateral Trustee on their behalf) will not commence receivership or foreclosure proceedings against the Company or any Guarantor in respect of any PP&E Collateral or sell, collect, transfer or dispose of any PP&E Collateral.

PP&E Pari Passu Intercreditor Agreement—Restrictions on Enforcement of Liens

The PP&E Pari Passu Intercreditor Agreement provides that with respect to any Shared Collateral, Restricted Assets or Sale Proceeds, (i) only the Collateral Trustee shall act or refrain from acting with respect to Shared Collateral, Restricted Assets or Sale Proceeds (including with respect to any intercreditor agreement with respect to any Shared Collateral, Restricted Assets or Sale Proceeds), and then only on the instructions of the Applicable PP&E First Lien Agent and (ii) no holders of any other PP&E First Lien Obligations (including the Holders of the Notes) shall or shall instruct the Collateral Trustee to, commence any judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its security interest in or realize upon, or take any other action available to it in respect of, Shared Collateral, Restricted Assets or Sale Proceeds (including with respect to any intercreditor agreement with respect to Shared Collateral, Restricted Assets or Sale Proceeds), whether under any PP&E First Lien Security Document, applicable law or otherwise, it being agreed that only the Collateral Trustee, acting on the instructions of the Applicable PP&E First Lien Agent in accordance with the applicable PP&E First Lien Security Documents, shall be entitled to take any such actions or exercise any remedies with respect to such Shared Collateral at such time.

Pursuant to the PP&E Pari Passu Intercreditor Agreement, each of the PP&E First Lien Secured Parties will agree that it will not (and waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any of the PP&E First Lien Secured Parties in all or any part of the Collateral; provided that the foregoing shall not prevent or impair (A) the rights of any of the Collateral Trustee or any PP&E First Lien Secured Party to enforce the PP&E Pari Passu Intercreditor Agreement or (B) the rights of any PP&E First Lien Secured Party from contesting or supporting any other Person in contesting the enforceability of any Lien purporting to secure PP&E First Lien Obligations constituting unmatured interest pursuant to Section 502(b)(2) of the Bankruptcy Code.

Applicable Representative and Applicable PP&E First Lien Agent

Pursuant to the Collateral Trust Agreement and the ABL Intercreditor Agreement, the Applicable Representative with respect to Borrowing Base Collateral will be the administrative agent under the Initial ABL Facility as representative under the Initial ABL Facility or the First Priority Representative under such other ABL Loan Facility as is specified in the ABL Loan Documents. Pursuant to the Collateral Trust Agreement and the ABL Intercreditor Agreement, the Applicable Representative with respect to PP&E Collateral will be the administrative agent under the Term Loan C Facility as representative under the Initial PP&E Term Facility or the First Priority Representative under such other PP&E First Lien Term Facility, in each case, as is designated as the Applicable PP&E First Lien Agent under the PP&E Pari Passu Intercreditor Agreement.

Pursuant to the PP&E Pari Passu Intercreditor Agreement, "Applicable PP&E First Lien Agent" means, with respect to any Shared Collateral (i) until the earlier of (x) the Discharge of

PP&E Credit Agreement Secured Obligations and (y) the Non-Controlling PP&E First Lien Agent Enforcement Date, the Initial PP&E Agent and (ii) from and after the earlier of (x) the Discharge of PP&E Credit Agreement Secured Obligations and (y) the Non-Controlling Authorized Representative Enforcement Date, the Major Non-Controlling PP&E First Lien Agent; provided, in each case, that if there shall occur one or more Non-Controlling PP&E First Lien Agent Enforcement Dates, the Applicable PP&E First Lien Agent shall be the PP&E First Lien Agent that is the Major Non-Controlling PP&E First Lien Agent in respect of the most recent Non-Controlling PP&E First Lien Agent Enforcement Date. The Applicable PP&E First Lien Agent under the PP&E Pari Passu Intercreditor Agreement will be the Applicable Representative with respect to the PP&E Collateral under the ABL Intercreditor Agreement and the Collateral Trust Agreement. The PP&E Pari Passu Intercreditor Agreement uses the defined term "Authorized Representative" but for clarity this Description of Notes substitutes "Applicable PP&E First Lien Agent" each place where the PP&E Pari Passu Intercreditor Agreement uses "Authorized Representative."

For purposes of the PP&E Pari Passu Intercreditor Agreement: "Non-Controlling PP&E First Lien Agent Enforcement Date" means, with respect to any Non-Controlling PP&E First Lien Agent, the date which is 180 days (throughout which 180-day period such Non-Controlling PP&E First Lien Agent was the Major Non-Controlling PP&E First Lien Agent) after the occurrence of both (i) an "Event of Default" (under and as defined in the PP&E First Lien Documents under which such Non-Controlling PP&E First Lien Agent is the PP&E First Lien Agent) and (ii) the Collateral Trustee's and each other PP&E First Lien Agent's receipt of written notice from such Non-Controlling PP&E First Lien Agent certifying that (x) such Non-Controlling PP&E First Lien Agent is the Major Non-Controlling PP&E First Lien Agent and that an "Event of Default" (under and as defined in the PP&E First Lien Documents under which such Non-Controlling PP&E First Lien Agent is the PP&E First Lien Agent) has occurred and is continuing and (y) the PP&E First Lien Obligations of the Series with respect to which such Non-Controlling PP&E First Lien Agent is the PP&E First Lien Agent are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable PP&E First Lien Document; provided that the Non-Controlling PP&E First Lien Agent Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred with respect to any Shared Collateral (A) at any time the Applicable PP&E First Lien Agent has commenced and is diligently pursuing any enforcement action with respect to such Shared Collateral or (B) at any time the grantor that has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any Insolvency or Liquidation Proceeding.

Order of Application

Subject to the provisions in the ABL Intercreditor Agreement and any applicable pari passu intercreditor agreement (including, without limitation, the PP&E Pari Passu Intercreditor Agreement), the Collateral Trust Agreement provides that the Collateral Trustee will have the right at any time to apply moneys held by it in the "Trust Collateral Account" to the payment of due and unpaid Collateral Trust Fees. All remaining moneys held by the Collateral Trustee in the "Trust Collateral Account" or received by the Collateral Trustee while an Applicable Notice of Event of Default is in effect shall, to the extent available for distribution (it being understood that the Collateral Trustee may liquidate investments prior to maturity in order to make a distribution), be distributed by the Collateral Trustee on each Distribution Date in the following order of priority:

First: to the Collateral Trustee for any unpaid Collateral Trustee Fees and then to any Secured Party which has theretofore advanced or paid any Collateral Trustee Fees;

Second: to any Secured Party which has theretofore advanced or paid any Collateral Trustee Fees other than such administrative expenses, described in clause First above, an amount equal to the amount thereof so advanced or paid by such Secured Party and for which such Secured Party has not been reimbursed prior to such Distribution Date;

Third: subject to the ABL Intercreditor Agreement and each applicable pari passu intercreditor agreement, to the First Priority Representatives in an amount equal to the unpaid amount of the First Priority Obligations (including Indebtedness and other obligations under the Indenture in respect of the Notes) then outstanding, whether or not then due and payable (including without limitation amounts required to cash collateralize undrawn letters of credit and other contingent obligations that are First Priority Obligations);

Fourth: to the Second Priority Representative in an amount equal to the unpaid amount of the Second Priority Obligations then outstanding whether or not then due and payable; and

Fifth: any surplus then remaining shall be paid to the applicable Loan Parties or their successors or assigns or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Notwithstanding the foregoing, pursuant to the ABL Intercreditor Agreement, all PP&E Collateral and all remedies proceeds in respect thereof received by the ABL Agent and each PP&E Agent (including any proceeds received pursuant to the Collateral Trust Agreement during an Applicable Notice of Event of Default) upon the exercise of their secured creditor rights or remedies under any of the ABL Loan Documents or PP&E Loan Documents, applicable law, or otherwise should be applied as provided in the Initial ABL Facility as in effect on the date of the ABL Intercreditor Agreement. The Credit Agreement provides for the following allocation of PP&E Collateral and remedies proceeds (subject to the PP&E Pari Passu Intercreditor Agreement or any other pari passu intercreditor agreement):

First, to pay the then unreimbursed expenses (if any) of the Applicable Representative in connection with such sale or other realization, including reasonable compensation to agents of and counsel for the Applicable Representative, and all other expenses, fees, advances and indemnities then payable to the Applicable Representative (including amounts then due and payable to the Applicable Administrative Agent);

Second, to pay interest and prepayment fees (if any) then due with respect to the Term Loans (as defined in the Credit Agreement), ratably to each class of Term Loan and pro rata among the Term Loan Lenders of each class, and to pay interest and prepayment fees (if any) on any other PP&E First Lien Obligations (including under the Indenture with respected to the Notes) pro rata among the holders of such other PP&E First Lien Obligations, until such interest, prepayment fees (if any) and prepayment fees (if any) have each been paid in full;

Third, to pay the then outstanding principal amount of the Term Loans, ratably to each class of Term Loan and pro rata among the Term Loan Lenders of each class, and the then outstanding principal amount of any other PP&E First Lien Obligations pro rata among the holders of such other PP&E First Lien Obligations, until each such amount has been paid in full (including Indebtedness and other obligations under the Indenture in respect of the Notes);

Fourth, to pay interest then due with respect to the Revolving Credit Loans (as defined in the Credit Agreement), interest then due with respect to the then drawn amounts under letters of credit that have not been reimbursed by the Loan Parties, interest then due with respect to any other Borrowing Base Priority Obligations (other than excess secured obligations), and certain commitment fees with respect to the commitments in respect of the Revolving Credit Loans and letter of credit fees;

Fifth, to pay the then outstanding principal amount of the Revolving Credit Loans and the then drawn amounts under letters of credit that have not been reimbursed by the Loan Parties, and to pay the then outstanding principal amount of any other Borrowing Base Priority Obligations (other than excess secured obligations); and

Sixth, to cash collateralize outstanding letters of credit until an amount equal to 105% of the then undrawn stated amount of all outstanding letters of credit has been deposited in the letter of credit account.

Notwithstanding the foregoing, pursuant to the Credit Agreement, all proceeds from the sale of, or other realization upon, all or any part of the Borrowing Base Collateral (including any such proceeds received by the Applicable Representative from the Collateral Trustee pursuant to the terms of the Collateral Trust Agreement) pursuant to the exercise of remedies with respect to such Borrowing Base Collateral shall be applied as follows:

First, to pay the then unreimbursed expenses (if any) of the Applicable Representative in connection with such sale or other realization, including reasonable compensation to agents of and counsel for the Applicable Representative, and all other expenses, fees, advances and indemnities then payable to the Applicable Representative;

Second, to pay interest then due with respect to the Revolving Credit Loans, interest then due with respect to the then drawn amounts under letters of credit that have not been reimbursed by the Loan Parties, interest then due with respect to any other Borrowing Base Priority Obligations (other than Excess Secured Obligations), certain commitment fees with respect to the commitments in respect of the Revolving Credit Loans and letter of credit fees;

Third, to pay the then outstanding principal amount of the Revolving Credit Loans and the then drawn amounts under Letters of Credit that have not been reimbursed by the Loan Parties, and to pay the then outstanding principal amount of any other Borrowing Base Priority Obligations (other than Excess Secured Obligations) or, in the case of Cash Management Obligations owed to any Lender (or any Person that was an affiliate of a Lender at the time of incurrence thereof) (other than Excess Secured Cash Management Obligations) and Hedging Obligations (other than Excess Secured Hedging Obligations) owed to any Lender (or any Person that was an affiliate of a Lender at the time of incurrence thereof), to cash collateralize the same (at 105%)), pro rata among the holders thereof, until such amounts have each been paid in full or cash collateralized in full;

Fourth, to cash collateralize outstanding letters of credit until an amount equal to 105% of the then undrawn stated amount of all outstanding Letters of Credit has been deposited in a letter of credit account;

Fifth, to pay the then outstanding principal amount of any Excess Secured Obligations;

Sixth, to pay interest and prepayment fees (if any) then due with respect to the Term Loans, ratably to each Class of Term Loan and pro rata among the Term Loan Lenders of each Class, and to pay interest and prepayment fees (if any) on any other PP&E Priority Obligations (including under the Indenture with respected to the Notes) pro rata among the holders of such other PP&E Priority Obligations, until such interest, prepayment fees (if any) and prepayment fees (if any) have each been paid in full; and

Seventh, to pay the then outstanding principal amount of the Term Loans of each Class, ratably to each Class of Term Loan and pro rata among the Term Loan Lenders of each Class, and the then outstanding principal amount of any other PP&E Priority Obligations pro rata among the holders of such other PP&E Priority Obligations, until each such amount has been paid in full (including Indebtedness and other obligations under the Indenture in respect of the Notes).

Notwithstanding the foregoing, pursuant to the PP&E Pari Passu Intercreditor Agreement, once an Event of Default has occurred and is continuing, and the Collateral Trustee is taking action to enforce rights in respect of any Shared Collateral, Restricted Assets or Sale Proceeds or any distribution is made in respect of any Shared Collateral, Restricted Assets or Sale Proceeds in any Bankruptcy Case proceeds of any such distribution to which the PP&E First Lien Obligations are entitled under any intercreditor agreement (all proceeds of any sale, collection or other liquidation of any Shared Collateral and all proceeds of any such distribution being collectively referred to as "Proceeds"), subject to the ABL Intercreditor Agreement if then in effect, are to be applied by the Collateral Trustee in the following order:

First, to the payment of all reasonable costs and expenses incurred by the Collateral Trustee (in its capacity as such) in connection with such collection or sale or otherwise, any other Secured Loan Documents or any of the PP&E First Lien Obligations, including all court costs and the reasonable fees and expenses of its agents and legal counsel, and any other reasonable costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Secured Loan Documents;

Second, subject to any Impairment, to the payment in full of the PP&E First Lien Obligations (including Indebtedness and other obligations under the Indenture in respect of the Notes) of each Series secured by such Shared Collateral (the amounts so applied to be distributed among the PP&E First Lien Secured Parties pro rata in accordance with the respective principal amounts of such PP&E First Lien Obligations owed to them on the date of any such distribution and in accordance with the terms of the applicable Secured Loan Documents); and

Third, any balance of such Proceeds remaining to the grantors, their successors or assigns, or to whomever may be lawfully entitled thereto.

Notwithstanding the foregoing, with respect to any Shared Collateral for which a third party (other than a PP&E First Lien Secured Party) has a lien or security interest that is junior in priority to the security interest of any Series of PP&E First Lien Obligations but senior (as determined by appropriate legal proceedings in the case of any dispute) to the security interest of any other Series of PP&E First Lien Obligations (such third party an "Intervening Creditor"), the value of any Shared Collateral or Proceeds which are allocated to such Intervening Creditor shall be deducted on a ratable basis solely from the Shared Collateral or Proceeds to be distributed in respect of the Series of PP&E First Lien Obligations with respect to which such Impairment exists.

Insolvency Proceedings—DIP Financing

The ABL Intercreditor Agreement provides that, if, prior to the occurrence of the Discharge of Borrowing Base Priority Obligations, the Company or any Guarantor becomes subject to any Insolvency or Liquidation Proceeding, and if each ABL Agent consents (or does not object) to the use of Borrowing Base Collateral (including but not limited to the use of any Borrowing Base Collateral that is cash collateral) by the Company or any Guarantor during any Insolvency or Liquidation Proceeding or provides financing to the Company or any Guarantor under Section 364 of the Bankruptcy Code secured by Borrowing Base Collateral (and, if secured by PP&E Collateral, secured only by Liens on PP&E Collateral that are junior to the Liens on such PP&E Collateral securing the PP&E Priority Obligations) or consents (or does not object) to the provision of such financing to the Company or any Guarantor by ABL Secured Parties or any third party (any such financing, whether provided by such ABL Agent or any ABL Secured Parties (or any of them) or any third party, being referred to herein as an "ABL DIP Financing"), then each PP&E Agent agrees, on behalf of itself and the other PP&E Secured Parties represented by it, that such PP&E Agent and such PP&E Secured Parties (a) will be deemed to have consented to, will raise no objection to, and will not support any other Person objecting to, the use of such Borrowing Base Priority Collateral or to such ABL DIP Financing, (b) shall not request or accept adequate protection in connection with the use of such Borrowing Base Collateral or such ABL DIP Financing, (c) will subordinate (and will be deemed hereunder to have subordinated) its Liens on any Borrowing Base Collateral and any Adequate Protection Liens provided in respect thereof (i) to the Liens on such Borrowing Base Collateral securing such ABL DIP Financing on the same terms and conditions as the Liens of such PP&E Agent on such Borrowing Base Collateral are subordinated to the Liens on such Borrowing Base Collateral securing the Borrowing Base Priority Obligations, (ii) to any adequate protection with respect to the Borrowing Base Collateral provided to the ABL Secured Parties, including, without limitation, Adequate Protection Liens on the Borrowing Base Collateral provided to the ABL Secured Parties and (iii) to any "carve-out" with respect to the Borrowing Base Collateral for professional and United States Trustee fees agreed to by such ABL Agent or the other ABL Secured Parties with respect to the Borrowing Base Collateral and (d) agrees that any notice of such events found to be adequate by the bankruptcy court shall be adequate notice, *provided* that: such ABL DIP Financing or use of Borrowing Base Collateral is subject to the terms of the ABL Intercreditor Agreement; (ii) each PP&E Agent retains the right to object to any agreements or arrangements regarding the use of Borrowing Base Collateral or the ABL DIP Financing that require a specific treatment of a claim in respect of the PP&E Priority Obligations for purposes of a plan of reorganization or contravene the terms of the ABL Intercreditor Agreement; and (iii) as a condition to such ABL DIP Financing or use of Borrowing Base Collateral, until the Discharge of PP&E Credit Agreement Secured Obligations, (1) all Proceeds of the PP&E Collateral shall either (x) be remitted to the Designated PP&E Agent for application to the PP&E Priority Obligations or (y) only be used by Loan Parties subject to terms and conditions reasonably acceptable to the Designated PP&E Agent and (2) unless otherwise agreed by the Designated PP&E Agent, no portion (or Proceeds) of the PP&E Collateral shall be used to repay the Borrowing Base Priority Obligations outstanding as of the date of the commencement of any Insolvency or Liquidation Proceeding.

The ABL Intercreditor Agreement provides similarly that each ABL Agent, on behalf of itself and the ABL Secured Parties represented by it shall be deemed to have consented to, will raise no objection to, and will not support any other Person objecting to consent (or shall not object) to the provision of financing to the Company or any Guarantor by PP&E Secured Parties or any third party (any such financing, whether provided by the Designated Term Representations or any PP&E Secured Parties (or any of them) or any third party, being referred to herein as an "PP&E DIP Financing"), if prior to the occurrence of the Discharge of PP&E Priority Obligations, the Company or any Guarantor becomes subject to any Insolvency or Liquidation Proceeding, and if the Designated PP&E Agent consents (or does not object) to the use of PP&E Collateral by the Company or any Guarantor during any Insolvency or Liquidation Proceeding or provides financing to the Company or any Guarantor under Section 364 of the Bankruptcy Code secured by PP&E Collateral (and, if secured by Borrowing Base Collateral, secured only by Liens on Borrowing Base Collateral that are junior to the Liens on the Borrowing Base Collateral securing the Borrowing Base Priority Obligations).

In addition, the PP&E Pari Passu Intercreditor Agreement provides that if any grantor shall become subject to a case (a "Bankruptcy Case") under the Bankruptcy Code and shall, as debtor(s)-in-possession, move for approval of financing ("DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code or the use of cash collateral under Section 363 of the Bankruptcy Code, each PP&E First Lien Secured Party (other than any Controlling Secured Party or any PP&E First Lien Agent of any Controlling Secured Party) agrees that it will raise no objection to any such financing or to the Liens on the

Shared Collateral securing the same ("DIP Financing Liens") or to any use of cash collateral that constitutes Shared Collateral, unless the Applicable PP&E First Lien Agent or any Controlling Secured Party, shall then oppose or object to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the Controlling Secured Parties, each Non-Controlling Secured Party will subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any PP&E First Lien Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank *pari passu* with the Liens on any such Shared Collateral granted to secure the PP&E First Lien Obligations of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Shared Collateral as set forth herein), in each case so long as (A) the PP&E First Lien Secured Parties of each Series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-à-vis all the other PP&E First Lien Secured Parties (other than any Liens of the PP&E First Lien Secured Parties constituting DIP Financing Liens) as existed prior to the commencement of the Bankruptcy Case, (B) the PP&E First Lien Secured Parties of each Series are granted Liens on any additional collateral pledged to any PP&E First Lien Secured Parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority vis-à-vis the PP&E First Lien Secured Parties as set forth in the PP&E Pari Passu Intercreditor Agreement (other than any Liens of the First Priority Secured Parties constituting DIP Financing Liens), (C) if any amount of such DIP Financing or cash collateral is applied to repay any of the PP&E First Lien Obligations, such amount is applied pursuant to the PP&E Pari Passu Intercreditor Agreement, and (D) if any First Lien Secured Parties are granted adequate protection with respect to the PP&E First Lien Obligations subject hereto, including in the form of periodic payments, in connection with such DIP Financing or use of cash collateral, the proceeds of such adequate protection are applied pursuant to the PP&E Pari Passu Intercreditor Agreement; provided that the PP&E First Lien Secured Parties of each Series shall have a right to object to (x) the grant of a Lien to secure the DIP Financing over any Collateral subject to Liens in favor of the PP&E First Lien Secured Parties of such Series or its PP&E First Lien Agent that shall not constitute Shared Collateral and (y) any aspect of a DIP Financing relating to any provision or content of a plan of reorganization or any similar dispositive restructuring plan other than to the extent such provision or content provides for payment of the DIP Financing in full; and provided further that the PP&E First Lien Secured Parties receiving adequate protection shall not object to any other PP&E First Lien Secured Party receiving adequate protection comparable to any adequate protection granted to such PP&E First Lien Secured Parties in connection with a DIP Financing or use of cash collateral; and provided further that the PP&E First Lien Secured Parties receiving adequate protection shall not object to any other PP&E First Lien Secured Party receiving adequate protection comparable to any adequate protection granted to such PP&E First Lien Secured Parties in connection with a DIP Financing or use of cash collateral.

Insolvency and Liquidation—Asset Sales

The ABL Intercreditor Agreement provides that each PP&E Agent agrees, on behalf of itself, and the PP&E Secured Parties represented by it, that it will not oppose any sale or other Disposition consented to by any ABL Agent or any ABL Secured Party of Borrowing Base Collateral pursuant to Section 363(f), 365, 1129 or 1141 of Bankruptcy Code (or any similar provision in any other applicable federal, state or foreign bankruptcy, insolvency, receivership or similar law) so long as the proceeds of such sale are applied in accordance with this Agreement. The ABL Intercreditor Agreement contains reciprocal agreement of each ABL Agent with respect to the PP&E Collateral.

The ABL Intercreditor Agreement also provides that, each PP&E Agent, on behalf of itself and the other PP&E Secured Parties represented by it, agrees that the ABL Secured Parties shall have the right to credit bid under Section 363(k) of the Bankruptcy Code with respect to any Disposition of Borrowing Base Collateral, and each ABL Agent, on behalf of itself and the other ABL Secured Parties represented by it, agrees that the PP&E Secured Parties shall have the right to credit bid under Section 363(k) of the Bankruptcy Code with respect to any Disposition of PP&E Collateral; provided, that the Secured Parties shall not be deemed to have agreed to any credit bid with respect to any Disposition of Collateral consisting of both Borrowing Base Collateral and PP&E Collateral. Each PP&E Agent, on behalf of itself and the other PP&E Secured Parties represented by it, agrees that, so long as the Discharge of Borrowing Base Priority Obligations has not occurred, no PP&E Secured Party shall, without the prior written consent of the Designated ABL Agent, credit bid under Section 363(k) of the Bankruptcy Code with respect to any Borrowing Base Collateral. Each ABL Agent, on behalf of itself and the other ABL Secured Parties represented by it, agrees that, so long as the Discharge of PP&E Priority Obligations has not occurred, no ABL Secured Party shall, without the prior written consent of the Designated PP&E Agent, credit bid under Section 363(k) of the Bankruptcy Code with respect to any PP&E Collateral.

Insolvency and Liquidation—Adequate Protection

The ABL Intercreditor Agreement provides that no PP&E Agent, on behalf of itself and the other PP&E Secured Parties represented by it, nor any PP&E Secured Parties, shall be entitled to contest and none of them shall contest (or support any other Person contesting) (but instead shall be deemed to have irrevocably, absolutely, and unconditionally waived any right to contest):

(1) any request by any ABL Agent or other ABL Secured Party for relief from the automatic stay with respect to the Borrowing Base Collateral;

(2) any request by any ABL Agent or other ABL Secured Party for adequate protection with respect to the Borrowing Base Collateral; or

(3) any objection by any ABL Agent or other ABL Secured Party to any motion, relief, action or proceeding based on such ABL Agent ABL Secured Party claiming a lack of adequate protection with respect to the Borrowing Base Collateral.

The ABL Intercreditor Agreement further provides that (i) if the ABL Secured Parties (or any subset thereof) are granted adequate protection with respect to the Liens on Borrowing Base Collateral in the form of additional collateral or super-priority claims in connection with any DIP Financing or use of cash collateral under Section 363 or 364 of the Bankruptcy Code or any similar provision of any other Debtor Relief Law or otherwise, then each PP&E Agent, for itself and on behalf of each PP&E Secured Party represented by it, may seek or request adequate protection in the form of a replacement Lien or super-priority claim on such additional collateral, which Lien or super-priority claim is subordinated to the Liens securing the Borrowing Base Priority Obligations and such DIP Financing (and all obligations relating thereto) on the same basis as the other Liens on Borrowing Base Collateral securing the PP&E Priority Obligations are so subordinated to the Liens on such Borrowing Base Collateral securing the Borrowing Base Priority Obligations under this Agreement, (ii) in the event any PP&E Agent, for itself and on behalf of the PP&E Secured Parties represented by it, seeks or requests adequate protection and such adequate protection is granted in the form of additional or replacement collateral constituting Borrowing Base Collateral, then such PP&E Agent, for itself and on behalf of each PP&E Secured Party represented by it, agrees that the ABL Secured Parties shall be entitled to a senior priority Lien on such additional or replacement collateral as security for the Borrowing Base Priority Obligations and any such DIP Financing and that any Lien on such additional or replacement collateral securing the PP&E Priority Obligations shall be subordinated to the Liens on such collateral securing the Borrowing Base Priority Obligations and any such DIP Financing (and all obligations relating thereto) on the same basis as the other Liens on the Borrowing Base Collateral securing the PP&E Priority Obligations are so subordinated to the Liens on such Borrowing Base Collateral securing the Borrowing Base Priority Obligations under this Agreement and (iii) in the event any PP&E Agent, for itself and on behalf of the PP&E Secured Parties represented by it, seeks or requests adequate protection and such adequate protection is granted in the form of a superpriority claim in respect of Borrowing Base Collateral, then such PP&E Agent, for itself and on behalf of each PP&E Secured Party represented by it, agrees that the ABL Secured Parties shall be granted adequate protection in the form of a super-priority claim in respect of Borrowing Base Collateral, which super-priority claim shall be senior to the super-priority claim of such PP&E Agent and the PP&E Secured Parties. The ABL Intercreditor Agreement contains similar reciprocal agreements of the ABL Agents with respect to PP&E Collateral.

Amendments, Supplements and Waivers

Pursuant to the Collateral Trust Agreement, with the written consent of each First Priority Representative and each Second Priority Representative, the Collateral Trustee and the Loan Parties may, from time to time, enter into written agreements supplemental thereto or to any Collateral Trust Security Document for the purpose of amending, adding to, or waiving any provisions of, the Collateral Trust Agreement or any Collateral Trust Security Document.

Without the consent of any First Priority Representative or Second Priority Representative or any other Secured Party, the Collateral Trustee and any of the Loan Parties, at any time and from time to time, may enter into one or more agreements supplemental to the Collateral Trust Agreement or to any Collateral Trust Security Document, in form satisfactory to the Collateral Trustee, (i) to add to the covenants of the Company or any Guarantor for the benefit of the Secured Parties or to surrender any right or power herein conferred upon the Company or any Guarantor; (ii) to mortgage or pledge to the Collateral Trustee, or grant or perfect a security interest in favor of the Collateral Trustee in, any property or assets as additional security for the Secured Obligations (including without limitation any such agreements the Company or any Guarantor are required to enter into pursuant to the Credit Agreement); or (iii) to cure any ambiguity, to correct or supplement any provision herein or in any Collateral Trust Security Document which may be defective or inconsistent with any other provision herein or therein, or to make any other provision with respect to matters or questions arising hereunder which shall not be inconsistent with any provision of the Collateral Trust Agreement; *provided* that any such action contemplated by this clause (iii) shall not adversely affect the interests of any Secured Party, as determined in an Opinion of Counsel delivered to the Collateral Trustee.

The PP&E Pari Passu Intercreditor Agreement provides that each PP&E First Lien Secured Party agrees that the Collateral Trustee may enter into any amendment (and, upon request by the Collateral Trustee, each PP&E First Lien Agent shall sign a consent to such amendment) to any PP&E First Lien Security Document (including, without limitation, to release Liens securing any Series of PP&E First Lien Obligations) so long as such amendment, is not prohibited by the terms of each then extant PP&E First Lien Document. Additionally, each PP&E First Lien Secured Party agrees that the Collateral Trustee may enter into any amendment (and, upon request by the Collateral Trustee, each PP&E First Lien Agent shall sign a consent to such amendment) to any PP&E First Lien Security Document solely as such PP&E First Lien Security Document relates to a particular Series of PP&E First Lien Obligations (including, without limitation, to release Liens securing such Series of PP&E First Lien Obligations) so long as (x) such amendment is in accordance with the PP&E First Lien Document pursuant to which such Series of PP&E First Lien Obligations was incurred and (y) such amendment does not adversely affect the PP&E First Lien Secured Parties of any other Series.

Waiver of Right of Marshalling

The Collateral Trust Agreement provides that the Company and the Guarantors, to the extent each may lawfully do so, on behalf of itself and all who may claim through or under it, including without limitation any and all subsequent creditors, vendees, assignees and lienors, waives and releases all rights to demand or to have any marshaling of the Collateral upon any sale, whether made under any power of sale granted herein or in any Collateral Trust Security Document or pursuant to judicial proceedings or upon any foreclosure or any enforcement of the Collateral Trust Agreement or any Collateral Trust Security Document and consents and agrees that all the Collateral may at any such sale be offered and sold as an entirety.

Release of Liens on Collateral Pursuant to the Intercreditor Agreements

The Collateral Agreement provides that liens shall be released in connection with:

(1) Discharge of Borrowing Base Priority Obligations and the Discharge of PP&E Credit Agreement Secured Obligations;

(2) If any of the Collateral shall be sold, transferred or otherwise disposed of by the Company or any Guarantor in a transaction permitted by each of the ABL Loan Facility and each PP&E First Lien Term Facility; and

(3) If (x)(i) all the Capital Stock of a Guarantor shall be sold, transferred or otherwise disposed of (but other than to any other Guarantor), (ii) a Guarantor shall enter into any merger, consolidation or amalgamation with a Person that is not the Company or a Guarantor (and is not required to be a Guarantor) and such Guarantor is not the survivor of such merger, consolidation or amalgamation, or (iii) a Guarantor shall liquidate, wind up or dissolve itself (or be liquidated or dissolved), in the case of each of clauses (i), (ii) and (iii) pursuant to a transaction permitted by each of the ABL Loan Facility and the PP&E First Lien Term Facility or (y) a Guarantor is designated an "Unrestricted Subsidiary."

The ABL Intercreditor Agreement provides that any ABL Agent (or the Collateral Trustee on behalf of any such ABL Agent) may in connection with any exercise of rights and remedies in respect of the Borrowing Base Collateral sell or otherwise dispose of Borrowing Base Collateral and further provides that any such sale shall be free and clear of each PP&E Agent's Liens. The ABL Intercreditor Agreement contains a similar reciprocal agreement of the ABL Agents with respect to PP&E Collateral.

The PP&E Pari Passu Intercreditor Agreement will provide that if, at any time any Shared Collateral is transferred to a third party or otherwise disposed of, in each case, in connection with any enforcement of Liens on the Shared Collateral by the Collateral Trustee in accordance with the provisions of the Collateral Trust Security Documents and the PP&E Pari Passu Intercreditor Agreement, then (whether or not any Insolvency or Liquidation Proceeding is pending at the time) the Liens in favor of the Collateral Trustee for the benefit of each Series of PP&E First Lien Secured Parties upon such Shared Collateral will automatically be released and discharged upon final conclusion of foreclosure proceeding; provided that any proceeds of any Shared Collateral realized therefrom shall be applied pursuant to the PP&E Pari Passu Intercreditor Agreement.

The ABL Intercreditor Agreement further provides that upon the Discharge of PP&E Priority Obligations, the security interest granted to the Collateral Trustee on behalf of any PP&E Agent under the PP&E Loan Documents shall terminate (unless earlier terminated in accordance with their terms).

(4) In addition, the Indenture will provide that (1) no Excluded Subsidiary shall be required to pledge any of its property or assets as collateral under the Notes, (2) no Excluded Subsidiary shall be required to provide a guaranty of any obligations under the Notes, and (3) none of the Capital Stock of any Excluded Subsidiary shall be pledged as collateral under the Notes other than 65% of the issued and outstanding voting Capital Stock and 100% of the issued and outstanding non-voting Capital Stock of (A) each wholly owned Domestic Subsidiary that is described in clause (c) of the definition of "Excluded Subsidiary" that is directly owned by the Company or any Guarantor and (B) each wholly owned Foreign Subsidiary that is directly owned by the Company or any Guarantor, and any Lien on Collateral will be released in order comply therewith and any Lien on Collateral will be released in order to comply therewith.

Release of Liens in Respect of Notes Pursuant to the Indenture

Without limiting the releases described above under "—Release of Liens on the Collateral," the Indenture will provide that the Collateral Trustee's Liens on the Collateral will no longer secure the Notes outstanding under the Indenture or any other Obligations under the Indenture or other Note Documents, and the right of the holders of the Notes and such Obligations to the benefits and proceeds of the Collateral Trustee's Liens on the Collateral will terminate and be discharged:

(1) upon satisfaction and discharge of the Indenture as set forth under the caption "—Satisfaction and Discharge;"

(2) upon a legal Defeasance or covenant Defeasance of the Notes as set forth under the caption "—Legal Defeasance and Covenant Defeasance;"

(3) upon payment in full and discharge of all Notes outstanding under the Indenture and all Obligations that are outstanding, due and payable under the Indenture at the time the Notes are paid in full and discharged; or

(4) in whole or in part, with the consent of the Holders of the requisite percentage of Notes in accordance with the provisions described below under the caption "Amendment, Supplement and Waiver."

Amendment of Certain Collateral Trust Security Documents

The ABL Intercreditor Agreement provides that no amendment or waiver of any provision of such agreement nor consent to any departure by any party hereto shall be effective unless it is in a written agreement executed by each PP&E Agent and each ABL Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

The PP&E Pari Passu Intercreditor Agreement will provide that the Collateral Trustee may enter into any amendment to any PP&E First Lien Security Document (including, without limitation, to release Liens securing any Series of PP&E First Lien Obligations) so long as such amendment, subject to clause (y) below, is not prohibited by the terms of each then extant PP&E First Lien Document. Additionally, each PP&E First Lien Secured Party agrees that the

Collateral Trustee may enter into any amendment (and, upon request by the Collateral Trustee, each PP&E First Lien Agent shall sign a consent to such amendment) to any PP&E First Lien Security Document solely as such PP&E First Lien Security Document relates to a particular Series of PP&E First Lien Obligations (including, without limitation, to release Liens securing such Series of PP&E First Lien Obligations) so long as (x) such amendment is in accordance with the PP&E First Lien Document pursuant to which such Series of PP&E First Lien Obligations was incurred and (y) such amendment does not adversely affect the PP&E First Lien Secured Parties of any other Series.

The Collateral Trust Agreement provides that with the written consent of each First Priority Representative and each Second Priority Representative, the Collateral Trustee and the Loan Parties may, from time to time, enter into written agreements supplemental hereto or to any Collateral Trust Security Document for the purpose of amending, adding to, or waiving any provisions of, the Collateral Trust Agreement or any Collateral Trust Security Document.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

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

Optional Redemption

Fixed Rate Notes

Except as set forth below, the Issuers will not be entitled to redeem the Fixed Rate Notes at their option prior to April 15, 2019.

At any time prior to April 15, 2019, the Issuers may redeem all or a part of the Fixed Rate Notes, at their option, at any time or from time to time, upon notice as described under the heading "—Selection and Notice," at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes redeemed plus the Applicable Fixed Rate Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of redemption (the "*Redemption Date*"), subject to the rights of Holders of record at the close of business on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date.

On and after April 15, 2019, the Issuers may redeem the Fixed Rate Notes, at their option, in whole at any time or in part from time to time, upon notice as described under the heading "—Selection and Notice," at the redemption prices (expressed as a percentage of principal amount of the Fixed Rate Notes to be redeemed) set forth below, plus accrued and unpaid interest and Additional Amounts thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record at the close of business on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date, if redeemed during the twelve-month period beginning on April 15 of each of the years indicated below:

Year	Percentage
2019	102.43750%
2020	101.21875%
2021 and thereafter	100.00000%

In addition, until April 15, 2019, the Issuers may, at its option, on one or more occasions redeem up to 40% of the aggregate principal amount of Fixed Rate Notes (calculated after giving effect to any issuance of any Additional Fixed Rate Notes) at a redemption price equal to 104.875% of the aggregate principal amount thereof, plus accrued and unpaid interest and Additional Amounts thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record at the close of business on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that at least 60% of the sum of the aggregate principal amount of Fixed Rate Notes originally issued under the Indenture and any Fixed Rate Notes that are issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 120 days of the date of closing of each such Equity Offering upon not less than 30 nor more than 60 days' notice sent to each Holder of Fixed Rate Notes being redeemed and otherwise in accordance with the procedures set forth in the Indenture.

Floating Rate Notes

Except as set forth below, the Issuers will not be entitled to redeem the Floating Rate Notes at their option prior to April 15, 2018.

At any time prior to April 15, 2018, the Issuers may redeem all or a part of the Floating Rate Notes, at their option, at any time or from time to time, upon notice as described under the heading "—Selection and Notice," at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed plus the Applicable Floating Rate Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the Redemption Date, subject to the rights of Holders of record at the close of business on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date.

On and after April 15, 2018, the Issuers may redeem the Floating Rate Notes, at their option, in whole at any time or in part from time to time, upon notice as described under the heading "—Selection and Notice," at the redemption prices (expressed as a percentage of principal amount of the Floating Rate Notes to be redeemed) set forth below, plus accrued and unpaid interest and Additional Amounts thereon, if any, to, but not including, the applicable Redemption Date, subject to the right of Holders of record at the close of business on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date, if redeemed during the twelve-month period beginning on April 15 of each of the years indicated below:

Year	Percentage
2018	101.000%
2019 and thereafter	100.000%

Notice of any redemption of Notes described above may be given prior to such redemption, and any such redemption or notice may, at the Issuers' discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the relevant Equity Offering, other offering or other transaction or event. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state that, in the Issuers' discretion, the Redemption Date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the Redemption Date, or by the Redemption Date as so delayed. In addition, the Issuers may provide in such notice that payment of the redemption price and performance of the Issuers' obligations with respect to such redemption may be performed by another Person.

The Paying Agent shall select the Notes to be redeemed in the manner described under "—Selection and Notice."

Redemption for Tax Reasons

The Issuers may redeem the Notes in whole, but not in part, at any time upon giving not less than 30 days' nor more than 60 days' prior notice to the Holders of such Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to but not including the date fixed for redemption (a "Tax Redemption Date") (subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "—Payment of Additional Amounts"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuers determine in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below); or

(2) any amendment to, or change in an official written application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice or revenue guidance) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

a Payor is, or on the next interest payment date in respect of such Notes would be, required to pay Additional Amounts with respect to such Notes, and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new paying agent where this would be reasonable, but not including assignment of the obligation to make payment with respect to such Notes). Such Change in Tax Law must (i) not have been publicly announced before the Issue Date and (ii) become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date).

No such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of any Notes pursuant to the foregoing, the Issuers will deliver to the Trustee and Paying Agent (a) an Officer's Certificate stating that they are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to their right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of our choosing of recognized standing qualified under the laws of the Relevant Taxing Jurisdiction to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Upon receiving such notice of redemption, each holder will have the right to elect to not have its Notes redeemed, in which case the Payors will not be obligated to pay any Additional Amounts on any payment with respect to such Notes after the Tax Redemption Date (or, if we fail to pay the redemption price on the Tax Redemption Date, after such later date on which we pay the redemption price) solely as a result of such Change in Tax Law that resulted in the obligation to pay such Additional Amounts, and all future payments with respect to such Notes will be subject to the deduction or withholding of such Relevant Taxing Jurisdiction taxes required by law to be deducted or withheld as a result of such Change in Tax Law.

If no election is made, the holder will have its Notes redeemed without any further action.

Payment of Additional Amounts

All payments of principal and interest on the Notes by the Issuers or any Guarantor (including, in each case, any successor entity) (each, a "Payor") will be made free and clear of and without withholding or deduction for or on account of any present or future tax, assessment or other governmental charge imposed by the United States, any other jurisdiction from or through which payment on any Note or Guarantee thereof is made, or any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (or, in each case, any political subdivision or taxing authority thereof or therein having power to tax) (each, a "Relevant Taxing Jurisdiction"), unless the withholding or deduction of such taxes, assessment or other government charge is required by law or the official interpretation or administration thereof. The Payor will, subject to the exceptions and limitations set forth below, pay such additional amounts ("Additional Amounts") as are necessary in order that the net payment received by the beneficial holder, after withholding or deduction for any present or future tax, assessment or other governmental charge imposed by a Relevant Taxing Jurisdiction, will not be less than the amount provided in the Notes to be then due and payable; provided, however, that the foregoing obligation to pay Additional Amounts shall not apply:

(1) to the extent any tax, assessment or other governmental charge is imposed by reason of the Holder (or the beneficial owner for whose benefit such Holder holds such Note), or a fiduciary, settlor, beneficiary, member or shareholder of the Holder if the Holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary Holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

(b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the Notes, the receipt of any payment or the enforcement of any rights hereunder), including being or having been a citizen or resident of the United States or having been present in the United States;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States income tax purposes or a corporation that has accumulated earnings to avoid U.S. federal income tax;

(d) being or having been a "10-percent shareholder" of an Issuer as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code") or any successor provision; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in section 881(c)(3)(A) of the Code or any successor provision;

(2) to any Holder that is not the sole beneficial owner of the Notes, or a portion of the Notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the Holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to the extent any tax, assessment or other governmental charge that would not have been imposed but for the failure of the Holder or any other person (A) to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to a partial or complete exemption from such tax, assessment or other governmental charge or (B) to comply with any information gathering or reporting requirements or take any similar actions (including entering into any agreement with the U.S. Internal Revenue Service), in each case, that are required to obtain the maximum exemption from withholding that is available to payments received by or on behalf of the Holder;

(4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by the Payor or a paying agent from the payment;

(5) to any estate, inheritance, gift, sales, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge, or excise tax imposed on the transfer of Notes;

(6) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any Note as a result of the presentation of any Note for payment (where presentation is required) by or on behalf of a Holder of Notes, if such payment could have been made without such withholding by presenting the relevant Note to at least one other paying agent in a member state of the European Union;

(7) to the extent any tax, assessment or other governmental charge would not have been imposed but for the presentation by the Holder of any Note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

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

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

As used under this heading "—Payment of Additional Amounts" and under the heading "—Redemption for Tax Reasons", the term "United States" means the United States of America, the states of the United States, and the District of Columbia.

Wherever in the Indenture, the Notes or this "Description of Notes" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any Guarantee of a Note,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and indemnify the Holders and beneficial owners of the Notes, the Trustee and Paying Agent for any present or future stamp, transfer, issue, registration, court or documentary taxes, or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, enforcement or registration of, or receipt of payments with respect to, any Note, any Guarantee of a Note, the Indenture, or any other document or instrument in relation thereto (limited, solely to the extent of such taxes or similar charges or levies that arise from the receipt of any payments of principal or interest on the Notes, to any such taxes or similar charges or levies that are not excluded under clauses (1) through (3) and (5) through (8) or any combination thereof).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes or Guarantees thereof is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Except as specifically provided under this heading "—Payment of Additional Amounts," we will not be required to make any payments for any taxes, assessments or other governmental charges imposed by any government or political subdivision or any taxing authority of any government or political subdivision.

Repurchase at the Option of Holders

Change of Control

The Indenture will provide that, if a Change of Control occurs after the Issue Date, unless the Issuers have previously or concurrently sent a redemption notice with respect to all the outstanding Notes as described under "*Optional Redemption,*" the Issuers will make an offer to purchase all of the Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase, subject to the right of Holders of record of the Notes at the close of business on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date. Within 30 days following any Change of Control, the Issuers will send notice of such Change of Control Offer by first-class mail, with a copy to the Trustee and Paying Agent, to each Holder of Notes to the registered address of such Holder or otherwise electronically in accordance with the procedures of Euroclear and Clearstream, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "Repurchase at the Option of Holders—Change of Control," and that such Holder has the right to require the Issuers to purchase all or a portion of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase, subject to the right of Holders of record of the Notes at the close of business on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the purchase date;

(2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed or otherwise delivered (the "*Change of Control Payment Date*");

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

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

(5) 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;

(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 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;

(7) that Holders will be entitled to withdraw their tendered Notes and their election to require the Company to purchase such Notes, provided that the paying agent receives, not later than the close of business on the second Business Day prior to the Change of Control Payment Date, 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; and

(8) the instructions, as determined by the Issuers, consistent with the covenant described hereunder, that a Holder must follow.

Notes purchased by the Issuers pursuant to a Change of Control Offer will have the status of Notes issued but not outstanding or will be retired and cancelled at the option of the Issuers. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the purchase by the Issuers of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuers will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations described in the Indenture by virtue thereof.

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

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

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

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

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

The Senior Credit Facilities will provide, and future credit agreements or other agreements relating to senior indebtedness to which the Company becomes a party may provide, that certain change of control events with respect to the Company would constitute a default thereunder (including a Change of Control under the Indenture). If we experience a change of control that triggers a default thereunder, we could seek a waiver of such default or seek to refinance such Indebtedness. In the event we do not obtain such a waiver or refinance such Indebtedness, such default could result in amounts outstanding under such Indebtedness being declared due and payable.

The Issuers' ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by their then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. See "Risk Factors—Risks Related to our Indebtedness, the Notes and the Guarantees—We may be unable to finance a change of control offer."

The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchaser and us. After the Issue Date, we have no present intention to engage in a transaction involving a Change of Control although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Liens." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

We will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and we, or any third party making a Change of Control Offer in lieu of us as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, we or such third party will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable Redemption Date.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Company to any Person. Although there is a limited body of case law interpreting the phrase "substantially all" under New York law, which governs the Indenture, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuers to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relative to the Issuers' obligation to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes.

Asset Sales

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

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value as determined in good faith by the Company (such fair market value to be determined on the date of contractually agreeing to such Asset Sale) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto, or if incurred or accrued subsequent to the date of such balance sheet, such liabilities that would have been reflected on the Company's or such Restricted Subsidiary's balance sheet or in the footnotes thereto if such incurrence or accrual had taken place on or prior to the date of such balance sheet, as determined in good faith by the Company) of the Company or any Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes or the Guarantees, that are assumed by the transferee of any such assets or that are otherwise cancelled or terminated in connection with the transaction with such transferee and for which the Company and all of its Restricted Subsidiaries have been validly released by all creditors in writing,

(b) any securities, notes or other obligations or assets received by the Company or any Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into Cash Equivalents, or by their terms are required to be satisfied for Cash Equivalents (to the extent of the Cash Equivalents received) within 365 days following the closing of such Asset Sale, and

(c) any Designated Non-cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of (x) $150.0 million and (y) 2.0% of Consolidated Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value, shall be deemed to be Cash Equivalents for purposes of this provision and for no other purpose.

Within 365 days after the receipt of any Net Proceeds of any Asset Sale, the Company or such Restricted Subsidiary, at the Company's option, may apply the Net Proceeds from such Asset Sale,

(1) to the extent such Net Proceeds represent proceeds from an Asset Sale of PP&E Collateral, (a) repay, prepay, defease, redeem, purchase or otherwise retire PP&E First Lien Obligations (and if the Indebtedness repaid is revolving credit indebtedness, to correspondingly reduce commitments with respect thereto) or (b) make an investment in (i) any one or more businesses primarily engaged in a Similar Business; *provided* that such investment in any business is in the form of (x) a merger with the Company or any Restricted Subsidiary, (y) the acquisition of Capital Stock that results in the Company or any Restricted Subsidiary owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary or (z) the acquisition of Capital Stock or other assets of such business, (ii) properties, (iii) capital expenditures and (iv) the acquisition of Capital Stock or other assets, that in each of (i), (ii), (iii) or (iv), are used or useful in a Similar Business or replace the businesses, properties and assets that are subject of such Asset Sale;

(2) to the extent that such Net Proceeds do not represent proceeds from an Asset Sale of PP&E Collateral, (a) repay, prepay, defease, redeem, purchase otherwise retire Borrowing Base Priority Obligations or the Indebtedness of a Restricted Subsidiary that is not a Guarantor or (b) repay, prepay, defease, redeem, purchase or otherwise retire Indebtedness of the Company or any Guarantor that is not subordinated in right of payment to the Notes or the Guarantees, in each case owing to a person other than the Company or any Affiliate of the Company; *provided* that, with respect to this clause (b), the Company shall equally and ratably prepay, repay, redeem, reduce or purchase (or offer to prepay, repay, redeem, reduce or purchase, as applicable) Obligations under the Notes (and may elect to reduce other PP&E First Lien Obligations or Borrowing Base Priority Obligations) on a pro rata basis; *provided further* that all reductions of Obligations under the Notes shall be made as provided under "—Optional Redemption," through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts to, but not including, the date of redemption) or by an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Notes at 100% of the principal amount thereof, plus the amount of accrued but unpaid interest and Additional Amounts, if any, to, but not including, the date of redemption, on the amount of Notes that would otherwise be prepaid; or

(3) to the extent that such Net Proceeds do not represent proceeds from an Asset Sale of PP&E Collateral, to make an Investment in (a) any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Company or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) properties or (c) other assets that, in the case of each of (a), (b) and (c), replace the businesses, properties and/or other assets that are the subject of such Asset Sale; or

(4) any combination of the foregoing;

provided that, in the case of clauses (1)(b) and (3) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Company or such other Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an "*Acceptable Commitment*") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute Excess Proceeds (as defined below).

Notwithstanding the foregoing, (i) to the extent that any or all of the Net Proceeds of any Asset Sale by a Foreign Subsidiary (a "*Foreign Disposition*") are prohibited or delayed by applicable local law from being repatriated to the United States, the amount equal to the portion of such Net Proceeds so affected will not be required to be applied in compliance with this covenant, and such amounts may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Company hereby agreeing to use reasonable efforts to cause the applicable Foreign Subsidiary to take all actions reasonably required by the applicable local law to permit such repatriation), and if such repatriation of any of such affected Net Proceeds is permitted under the applicable local law, an amount equal to such Net Proceeds permitted to be repatriated will be applied (whether or not repatriation actually occurs) in compliance with this covenant (net of any additional taxes that are or would be payable or reserved against as a result thereof) and (ii) to the extent that the Company has determined in good faith that repatriation of any or all of the Net Proceeds of any Foreign Disposition could have a material adverse tax consequence (which for the avoidance of doubt, includes, but is not limited to, any purchase whereby doing so the Issuer, any Restricted Subsidiary or any of their Affiliates and/or equity partners would incur a material tax liability, including a material tax dividend, material deemed dividend pursuant to Code Section 956 or material withholding tax), the amount equal to the Net Proceeds so affected will not be required to be applied in compliance with this covenant. For the avoidance of doubt, to the extent this covenant relates to Net Proceeds realized by any Excluded Subsidiary, this covenant shall be an obligation of the Company (and not such Excluded Subsidiary) to make a payment or an offer to purchase, in each case, measured by the amount of such Net Proceeds and nothing in this "Asset Sales" covenant shall be construed as an obligation of any Excluded Subsidiary to make a payment or repatriate any Net Proceeds (or to effect an offer to purchase) or an obligation of the Company or any Guarantor to cause an Excluded Subsidiary to make a payment or repatriate Net Proceeds (or effect an offer to purchase).

Any Net Proceeds from any Asset Sale that are not invested or applied as provided and within the time period set forth in the preceding paragraph (it being understood that any portion of such Net Proceeds used to make an offer to purchase Notes, as described in clause (1) above, will be deemed to have been invested whether or not such offer is accepted) will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $60.0 million, the Issuers shall make an offer to all Holders of Notes (an "*Asset Sale Offer*"), to purchase the maximum aggregate principal amount of the Notes that is at least €100,000 and an integral multiple of €1,000 in excess thereof that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. The Issuers will commence an Asset Sale Offer with respect to Excess Proceeds within ten (10) Business Days after the date that Excess Proceeds exceed $60.0 million by sending the notice required pursuant to the terms of the Indenture, with a copy to the Trustee and Paying Agent, or otherwise in accordance with the procedures of Euroclear and Clearstream or the relevant clearing system.

To the extent that the aggregate amount of Notes tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to compliance with other covenants contained in the Indenture. If the aggregate principal amount of Notes surrendered in an Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee and Paying Agent shall select the Notes to be purchased in the manner described under "—Selection and Notice" below. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset to zero (regardless of whether there are any remaining Excess Proceeds upon such completion).

Pending the final application of any Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by the Indenture.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

The Senior Credit Facilities will prohibit or limit, and future credit agreements or other agreements to which the Company becomes a party may prohibit or limit, the Company from purchasing any Notes pursuant to this Asset Sales covenant. In the event the Company is prohibited from purchasing the Notes, the Company could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes. In such case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, likely constitute a default under such other agreements.

Selection and Notice

If the Issuers are redeeming less than all of the Notes issued by it at any time, selection of the Notes for redemption will be made in accordance with the procedures of Euroclear and Clearstream or the relevant clearing system; *provided* that no Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof, or less shall be redeemed in part.

Notices of purchase or redemption shall be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the date of purchase or Redemption Date to each Holder of record of Notes at such Holder's registered address or (otherwise in accordance with the procedures of Euroclear and Clearstream) (with a copy to the Trustee and Paying Agent), except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. If any Note is to be purchased or redeemed in part only, any notice of purchase or redemption that relates to such Note shall state the portion of the principal amount thereof that has been or is to be purchased or redeemed.

The Issuers will issue a new Note in a principal amount equal to the unredeemed portion of the Note called for redemption or tendered for purchase in the name of the Holder upon cancellation of the redeemed or purchased Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions thereof called for redemption.

If and for so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, any redemption notice to the Holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu), and, in connection with any redemption, the Company will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture.

Covenant Suspension

If on any date following the Issue Date (i) the Notes of any series have an Investment Grade Rating from at least two of the Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture then, beginning on that day and continuing at all times thereafter until the Reversion Date (as defined below) (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "*Covenant Suspension Event*"), the covenants specifically listed under the following captions in this "*Description of Notes*" (collectively, the "*Suspended Covenants*" and each individually, a "*Suspended Covenant*") will not be applicable to the Notes:

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

(2) "—Limitation on Restricted Payments;"

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

(4) clause (4) of the first paragraph of "—Merger, Consolidation or Sale of All or Substantially All Assets;"

(5) "—Transactions with Affiliates;"

(6) "—Dividend and other Payment Restrictions Affecting Restricted Subsidiaries;" and

(7) "—Future Guarantors."

During a Suspension Period, the Company may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the second sentence of the definition of "Unrestricted Subsidiaries." If and while the Company and the Restricted Subsidiaries are not subject to the Suspended Covenants, the Notes will be entitled to substantially less covenant protection. In the event that the Company and the Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "*Reversion Date*") that the Notes no longer have an Investment Grade Rating from at least two of the Rating Agencies, then the Company and the Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture with respect to future events. The period beginning on the day of a Covenant Suspension Event and ending on a Reversion Date is called a "Suspension Period."

On each Reversion Date, all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (3) of the second paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Limitation on Restricted Payments" will be made as though the covenant described under "—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period. No Default or Event of Default will be deemed to have occurred on the Reversion Date (or thereafter) under any Suspended Covenant solely as a result of any actions taken by the Company or its Restricted Subsidiaries, or events occurring, during the Suspension Period. On and after each Reversion Date, the Company and its Subsidiaries will be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period (and not in contemplation of the Reversion Date) so long as such contract and such consummation would have been permitted during such Suspension Period.

For purposes of the "Repurchase at the Option of Holders—Asset Sales" covenant, on the Reversion Date, the unutilized Excess Proceeds amount will be reset to zero.

For purposes of the "—Dividend and other Payment Restrictions Affecting Non-Guarantor Restricted Subsidiaries" covenant, on the Reversion Date, any contractual encumbrances or restrictions of the type specified in clause (1), (2) or (3) of that covenant entered into during the Suspension Period will be deemed to have been in effect on the Issue Date, so that they are permitted under clause (a) under "—Dividend and other Payment Restrictions Affecting Non-Guarantor Restricted Subsidiaries."

For purposes of the "—Transactions with Affiliates" covenant, any Affiliate Transaction entered into after the Reversion Date pursuant to a contract, agreement, loan, advance or guaranty with, or for the benefit of, any Affiliate of the Company entered into during the Suspension Period will be deemed to have been in effect as of the Issue Date for purposes of clause (4) under "—Transactions with Affiliates." Within 10 days following the Reversion Date any Guarantees released solely upon the related Covenant Suspension Event shall be reinstated and the Company must comply with the terms of the covenant under "—Future Guarantors."

There can be no assurance that the Notes of any series will ever achieve or maintain an Investment Grade Rating.

The Issuers shall deliver to the Trustee an Officer's Certificate notifying it of the commencement or termination of any Suspension Period. The Trustee shall have no independent obligation to determine if a Suspension Period has commenced or terminated, to notify the Holders regarding the same or to determine the consequences thereof.

Financial Calculations for Limited Condition Acquisitions

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with a Limited Condition Acquisition, the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Company, be the date the definitive agreements for such Limited Condition Acquisition are entered into and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds therefrom) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such Limited Condition Acquisition (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in EBITDA of the Company or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition is permitted under the Indenture and (y) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided further* that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, then any such transactions (including any incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition.

Limitation on Restricted Payments

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

(1) declare or pay any dividend or make any other payment or any distribution on account of the Company's, or any of its Restricted Subsidiaries' Equity Interests (in each case, solely in such Person's capacity as holder of such Equity Interests), including any dividend or distribution payable in connection with any merger or consolidation other than:

(a) dividends or distributions by the Company payable solely in Equity Interests (other than Disqualified Stock) of the Company; or

(b) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Subsidiary, the Company or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(2) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Company or any direct or indirect parent of the Company, including in connection with any merger or consolidation, in each case held by Persons other than the Company or a Restricted Subsidiary;

(3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness of the Company or a Guarantor, other than:

(a) Indebtedness permitted under clauses (7) and (8) of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" or

(b) the payment, redemption, repurchase, defeasance, acquisition or retirement for value of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, redemption, repurchase, defeasance, acquisition or retirement; or

(4) make any Restricted Investment

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

(1) no Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) immediately after giving effect to such transaction on a *pro forma basis*, the Company could incur $1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clauses (1), (7)(c) and (9) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(a) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) beginning on January 1, 2017 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Company, of marketable securities or other property (other than cash) received by the Company since January 1, 2017 from the issue or sale of:

(i) (A) Equity Interests of the Company, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value, as determined in good faith by the Company, of marketable securities or other property received from the sale of Equity Interests to any future, present or former employee, officer, director, member of management or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Company, any direct or indirect Parent Company since January 1, 2017 to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(B) to the extent such net cash proceeds or other property are actually contributed to the Company, Equity Interests of the Company's direct or indirect parent companies (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(ii) debt of the Company or any Restricted Subsidiary that has been converted into or exchanged for Equity Interests of the Company or its direct or indirect parent companies;

provided, however, that this clause (b) shall not include the proceeds from

(V) Designated Preferred Stock,

(W) Refunding Capital Stock,

(X) Equity Interests or convertible debt securities of the Company sold to a Restricted Subsidiary,

(Y) Disqualified Stock or debt securities that have been converted into Disqualified Stock and

(Z) Excluded Contributions; *plus*

(c) 100% of the aggregate amount of cash and the fair market value, as determined in good faith by the Company, of marketable securities or other property (other than cash) contributed to the capital of the Company following the Issue Date (other than (i) by a Restricted Subsidiary, Designated Preferred Stock, (ii) Refunding Capital Stock, (iii) Disqualified Stock or debt securities that have been converted into Disqualified Stock and (iv) any Excluded Contributions); *plus*

(d) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Company, of marketable securities or other property (other than cash) received by means of:

(i) the sale or other disposition (other than to the Company or a Restricted Subsidiary) of Restricted Investments made by the Company or its Restricted Subsidiaries, repurchases and redemptions of such Restricted Investments from the Company or its Restricted Subsidiaries, repayments of loans or advances, releases of guarantees, which constitute Restricted Investments by the Company or its Restricted Subsidiaries, return of capital, income, profits and other amounts realized as a return or Investment from any Restricted Investment by the Company or its Restricted Subsidiaries, in each case since January 1, 2017 (other than in each case to the extent the Restricted Investment was made in an Unrestricted Subsidiary pursuant to clauses, (11), (12) or (20) of the next succeeding paragraph);

(ii) the sale or other distribution (other than to the Company or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary was made by the Company or a Restricted Subsidiary pursuant to clause (11), (12) or (20) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment) or a dividend or distribution from an Unrestricted Subsidiary since January 1, 2017; *plus*

(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 Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment of the Company or the Restricted Subsidiary in such Unrestricted Subsidiary at the time of such redesignation or at the time of such merger, amalgamation, consolidation or transfer of assets (or the assets transferred or conveyed, as applicable), as determined by the Company in good faith or, if such fair market value may exceed $50.0 million, by the board of directors of the Company, a copy of the resolution of which with respect thereto will be delivered to the Trustee at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation, consolidation or transfer of assets other than to the extent the Investment in such Unrestricted Subsidiary was made by the Company or a Restricted Subsidiary pursuant to clause (11), (12) or (20) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment; *plus*

(f) $200.0 million.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or other distribution or

giving of the redemption notice, as the case may be, if at the date of declaration or distribution such dividend, distribution or redemption payment would have complied with the provisions of the Indenture (assuming, in the case of a redemption payment, the giving of the notice would have been deemed a Restricted Payment at such time and such deemed Restricted Payment would have been permitted at such time);

(2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests ("*Treasury Capital Stock*") or Subordinated Indebtedness of the Company, any direct or indirect parent of the Company or any Restricted Subsidiary in exchange for, or out of the proceeds of, the substantially concurrent sale or issuance (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any of its Subsidiaries) of, Equity Interests of the Company or any direct or indirect Parent Company to the extent any such proceeds are contributed to the Company (in each case, other than any Disqualified Stock) ("*Refunding Capital Stock*"), (b) the declaration and payment of accrued dividends on Treasury Capital Stock out of the proceeds of the substantially concurrent sale or issuance (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any of its Subsidiaries) of any 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 clause (6) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect Parent Company) 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) the principal payment on, redemption, repurchase, defeasance, exchange or other acquisition or retirement of (x) Subordinated Indebtedness of the Company or a Guarantor made by exchange for, or out of the proceeds of the sale of, new Indebtedness of the Company or a Guarantor, as the case may be, or (y) Disqualified Stock of the Company or a Guarantor made by exchange for, or out of the proceeds of the sale of, Disqualified Stock of the Company or a Guarantor, that, in each case, is made within 120 days of such sale and is incurred in compliance with "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so long as:

(a) the principal amount (or accreted value, if applicable) of such new Indebtedness or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable), *plus* any accrued and unpaid interest on, the Subordinated Indebtedness or the liquidation preference of, *plus* any accrued and unpaid dividends on, the Disqualified Stock being so repaid, repurchased, redeemed, defeased, exchanged, acquired or retired for value, *plus* the amount of any premium required to be paid under the terms of the instrument governing the Subordinated Indebtedness or

(b) Disqualified Stock being so repaid, repurchased, redeemed, defeased, exchanged, acquired or retired, any tender premiums, plus any defeasance costs, accrued interest and any fees and expenses (including original issue discount, upfront or similar fees) incurred in connection therewith;

(c) such new Indebtedness is subordinated to the Notes or the applicable Guarantee at least to the same extent as such Subordinated Indebtedness so repaid, repurchased, redeemed, defeased, exchanged, acquired or retired for value;

(d) such new Indebtedness or Disqualified Stock has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness or Disqualified Stock being so repaid, repurchased, redeemed, defeased, exchanged, acquired or retired; and

(e) such new Indebtedness or Disqualified Stock has a Weighted Average Life to Maturity at the time incurred equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness or Disqualified Stock being so repaid, repurchased, redeemed, defeased, exchanged, acquired or retired;

(4) the making of cash distributions by the Company to its equity holders, members or partners in an amount not to exceed the Tax Amount;

(5) a Restricted Payment to pay for the repurchase, redemption, retirement or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Company or any of its direct or indirect parent companies held by any future, present or former employee, officer, director, member of management, manager or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Company, any of its Subsidiaries or any of its direct or indirect parent companies, pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement (and including, for the avoidance of doubt, any principal and interest payable on any notes issued by the Company or any direct or indirect Parent Company in connection with any such repurchase, retirement or other acquisition and any tax related thereto); *provided*, *however,* that the aggregate amounts made under this clause (5) do not exceed $50.0 million in any calendar year; *provided further that* such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Company and, to the extent contributed to the Company, Equity Interests of any of the Company's direct or indirect parent companies, in each case to any future, present or former employee, officer, director, member of management, manager or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Company, any of its Subsidiaries or any of its direct or indirect parent companies after the Issue Date, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of the preceding paragraph; plus, in respect of any sale of Equity Interests in connection with an exercise of stock options, an amount equal to the amount required to be withheld by the Company or any of its direct or indirect parent companies in connection with such exercise under applicable law to the extent such amount is repaid to the Company or its direct or indirect Parent Company, as applicable, constituted a Restricted Payment and has not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of the preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Company or its Restricted Subsidiaries or any of its direct or indirect parent companies after the Issue Date; *plus*

(c) the amount of any cash bonuses otherwise payable to employees, officers, directors, members of management, consultants of the Company, any of its Subsidiaries or any of its direct or indirect companies that are foregone in return for receipt of Equity Interests; *less*

(d) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a), (b) and (c) of this clause (5);

and *provided further* that cancellation of Indebtedness owing to the Company or any of its Restricted Subsidiaries from any future, present or former employee, officer, director, member of management, manager or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Company, any of the Company direct or indirect parent companies or any of the Company's Restricted

Subsidiaries in connection with a repurchase of Equity Interests of the Company or any of its direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(6) the declaration and payment of dividends or distributions to Holders of any class or series of Disqualified Stock of the Company or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued or incurred in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges;"

(7) (a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Company or any of its Restricted Subsidiaries after the Issue Date;

(b) the declaration and payment of dividends or distributions to a direct or indirect Parent Company, the proceeds of which will be used to fund the payment of dividends to Holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such Parent Company issued after the Issue Date; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided, however, in the case of each of (a), (b) and (c) of this clause (7), that (i) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma basis*, the Company and its Restricted Subsidiaries on a consolidated basis would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00 and (ii) the aggregate amount of dividends paid pursuant to subclauses (a) and (b) of this clause (7) shall not exceed the aggregate amount of cash actually contributed to the Company from the sale of such Designated Preferred Stock (other than Disqualified Stock) issued after the Issue Date;

(8) redemptions, repurchases, retirements or other acquisitions of Equity Interests deemed to occur (a) upon exercise of stock options or warrants or other securities convertible into or exchangeable for Equity Interests if such Equity Interests represent all or a portion of the exercise price of such options or warrants or other securities convertible into or exchangeable for Equity Interests and (b) in connection with the withholding portion of the Equity Interests granted or awarded to any future, present or former employee, officer, director, member of management, manager or consultant (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Company or any of its Subsidiaries to pay for the taxes payable by such Persons upon such grant or award;

(9) declaration and payment of dividends on the Company's common stock (or the payment of dividends to any direct or indirect parent entity to fund a payment of dividends on such entity's common stock), following any public offering of the Company's common stock or the common stock of any of its direct or indirect parent companies after the Issue Date, of up to 6% per annum of the net cash proceeds received by or contributed to the Company in or from any public offering, other than public offerings with respect to the Company's common stock registered on Form S-8 and other than any public sale constituting an Excluded Contribution;

(10) Restricted Payments in an amount that does not exceed the amount of Excluded Contributions made since the Issue Date;

(11) other Restricted Payments in an aggregate amount, taken together with all other Restricted Payments made pursuant to this clause (11) that are at the time outstanding, not to exceed the greater of (a) $200.0 million and (b) 3.0% of Consolidated Total Assets;

(12) any Restricted Payments if immediately after giving *pro forma* effect thereto and the incurrence of any Indebtedness the net proceeds of which are used to finance such Restricted Payment, the Consolidated Total Leverage Ratio of the Company and its Restricted Subsidiaries would not have exceeded 3.00 to 1.00;

(13) distributions or payments of Receivables Fees;

(14) any Restricted Payment used to fund the Refinancing;

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

(16) the declaration and payment of dividends or distributions by the Company or a Restricted Subsidiary to, or the making of loans or advances to, any of their respective direct or indirect parent companies in amounts required for any direct or indirect parent companies to pay, in each case without duplication,

(a) franchise and similar taxes and other fees and expenses required to maintain their corporate existence of or the qualification to do business;

(b) customary wages, salary, bonus, severance and other benefits payable to, and indemnitees provided on behalf of, current or former officers, directors, employees, members of management, consultants and/or independent contractors of any direct or indirect Parent Company and any payroll, social security or similar taxes thereof to the extent such wages, salaries, bonuses, severance, indemnification, obligations and other benefits are attributable to the ownership or operation of the Company and its Restricted Subsidiaries;

(c) interest and/or principal on Indebtedness the proceeds of which have been contributed to the Company or any Restricted Subsidiary and that has been guaranteed by, or is otherwise, considered Indebtedness of, the Company incurred in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified and Preferred Stock;"

(d) general corporate operating, legal and overhead costs and expenses of any direct or indirect Parent Company to the extent such costs and expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries;

(e) audit and other accounting and reporting expenses at such direct or indirect Parent Company to the extent relating to the ownership or operations of the Company and/ or its Restricted Subsidiaries;

(f) (i) cash payments in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of the Company or any direct or indirect parent and (ii) consisting of payments made or expected to be made in respect of withholding or similar Taxes payable by any future, present or former officers, directors, employees, members of management, managers or consultants of the Company, any Restricted Subsidiary or any direct or indirect Parent Company or any of their respective immediate family members;

(g) payments permitted under clauses (3) or (7) of the covenant described under "—Transactions with Affiliates;" and

(h) payments to finance any Investment permitted to be made pursuant to this covenant; *provided* that (i) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, such parent shall, promptly following the closing thereof, cause (A) all property acquired (whether assets or Equity Interests) to be contributed to the Company or a Restricted Subsidiary or (B) the merger, consolidation or amalgamation to the extent permitted pursuant to the covenant described below under "—Merger, Consolidation or Sale of All or Substantially All Assets" of the Person formed or acquired into the Company or a Restricted Subsidiary in order to consummate such acquisition or Investment in a manner that causes such Investment to be a Permitted Investment, (ii) such direct or indirect Parent Company and its Affiliates (other than the Company or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Company or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (iii) any property received by the Company shall not increase amounts available for Restricted Payments pursuant to clause (3)(c) of the preceding paragraph and (iv) such Investment shall be deemed to be made by the Company or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (9) hereof) or pursuant to the definition of "Permitted Investments;"

(17) the distribution, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock of, or Indebtedness owed to the Company or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, the primary assets of which are Cash Equivalents) or the proceeds thereof;

(18) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, any of its Restricted Subsidiaries or any direct or indirect Parent Company; and

(19) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "—Merger, Consolidation or Sale of All or Substantially All Assets;" and

(20) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (20) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of, or have not been subsequently sold or transferred for, cash or marketable securities, not to exceed the sum of (a) the greater of (x) $100.0 million and (y) 1.5% of Consolidated Total Assets (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) and (b) any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment;

provided, however, that if any Investment pursuant to this clause (20) is made in any Person that is not the Company or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Company or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) of the definition of Permitted Investments and shall cease to have been made pursuant to this clause (20) for so long as such Person continues to be the Company or a Restricted Subsidiary;

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clause (12), no Default shall have occurred and be continuing or would occur as a consequence thereof.

In determining whether any Restricted Payment is permitted by this covenant, the Company and its Restricted Subsidiaries may allocate all or any portion of such Restricted Payment among the categories described in clauses (1) through (20) of the immediately preceding paragraph or among such categories and the types of Restricted Payments described in the first paragraph of this covenant (including categorization in whole or in part as a Permitted Investment); *provided* that, at the time of such allocation, all such Restricted Payments, or allocated portions thereof, would be permitted under the various provisions of this covenant and *provided further* that the Company and its Restricted Subsidiaries may reclassify all or a portion of such Restricted Payment or Permitted Investment in any manner that complies with this covenant (based on circumstances existing at the time of such reclassification), and following such reclassification such Restricted Payment or Permitted Investment shall be treated as having been made pursuant to only the clause or clauses of this covenant to which such Restricted Payment or Permitted Investment has been reclassified.

As of the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries. The Company will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the second to last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Investments in an amount determined as set forth in the last sentence of the definition of "Investments." Such designation will be permitted only if a Restricted Payment or Permitted Investment in such amount would be permitted at such time, whether pursuant to the first paragraph of this section or clauses (10), (11) or (12) of the second paragraph of this section or pursuant to the definition of Permitted Investment and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Indenture.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "*incur*" and collectively, an "*incurrence*") with respect to any Indebtedness (including Acquired Indebtedness) and the Company will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided, however,* that the Company may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries' most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of the proceeds therefrom had occurred at the beginning of such four-quarter period; *provided, further* that the aggregate amount of Indebtedness (including Acquired Indebtedness) that may be incurred and Disqualified Stock or Preferred Stock that may be issued pursuant to the foregoing by non-Guarantor Subsidiaries shall not exceed the greater of (x) $250.0 million and (y) 3.5% of Consolidated Total Assets, at any one time outstanding, on a *pro forma basis* (including *pro forma* application of the proceeds therefrom).

The foregoing limitations will not apply to:

(1) Indebtedness incurred pursuant to Credit Facilities (and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof)) by the Company or any Restricted Subsidiary; *provided* that immediately after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (1) and then outstanding does not exceed the greater of (a) $2,700.0 million and (b) the Borrowing Base as of the date of such incurrence;

(2) the incurrence by the Company and any Guarantor of Indebtedness represented by the Notes (including any Guarantee) issued on the Issue Date;

(3) Indebtedness of the Company and its Restricted Subsidiaries in existence, or pursuant to commitments existing, on the Issue Date (other than Indebtedness described in clauses (1) and (2));

(4) (a) Indebtedness (including Capitalized Lease Obligations) incurred or Disqualified Stock issued by the Company or any Restricted Subsidiary and Preferred Stock issued by any Restricted Subsidiary, to finance the purchase, lease, replacement or improvement of property (real or personal) or equipment, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets and (b) any Indebtedness incurred or Disqualified Stock or Preferred Stock issued to refund, refinance or replace any other Indebtedness incurred or Disqualified Stock or Preferred Stock issued pursuant to this clause (4); *provided* that the aggregate amount of Indebtedness incurred and Disqualified Stock and Preferred Stock issued pursuant to clauses (a) and (b) of this clause (4) does not exceed the greater of (x) $200.0 million and (y) 3.0% of Consolidated Total Assets at any one time outstanding;

(5) Indebtedness incurred by the Company or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit, bank guarantees or similar instruments supporting trade payables, discounted bills of exchange, the discounting or factoring of receivables for credit management purposes, bankers acceptances, warehouse receipts or other similar facilities issued in the ordinary course of business, including, without limitation, letters of credit in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance, unemployment insurance (including premiums related thereto) or other types of social security, pension obligations, vacation pay, health, disability or other employee benefits;

(6) Indebtedness arising from agreements of the Company or its Restricted Subsidiaries providing for indemnification, adjustment of purchase price, earnouts or similar obligations, in

each case, incurred or assumed in connection with an acquisition or disposition of any business or assets or Subsidiary in accordance with the terms of the Indenture, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business or assets or Subsidiary for the purpose of financing such acquisition and Indebtedness arising from guaranties, letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments securing the performance of the Company or any Restricted Subsidiary pursuant to any such agreement;

(7) Indebtedness of the Company to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor or FinCo is expressly subordinated in right of payment to the Notes to the extent that such subordination is permitted by applicable law; *provided further* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Company or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (7);

(8) Indebtedness of a Restricted Subsidiary to the Company or another Restricted Subsidiary; *provided* that if a Guarantor or FinCo incurs such Indebtedness to a Restricted Subsidiary that is not a Guarantor or FinCo, such Indebtedness is expressly subordinated in right of payment to the Guarantee of the Notes of such Guarantor to the extent that such subordination is permitted by applicable law; *provided further* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Company or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or another Restricted Subsidiary, *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Company or another of its Restricted Subsidiaries) shall be deemed in each case to be an issuance of such shares of Preferred Stock not permitted by this clause (9);

(10) (a) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting interest rate risk, exchange rate risk or commodity pricing risk, and (b) Indebtedness in respect of any Bank Products or Cash Management Services provided by any lender party to any Senior Credit Facilities or any affiliate of such lender (or any Person that was a lender or an affiliate of a lender at the time the applicable agreement pursuant to which such Bank Products or Cash Management Services are provided was entered into) in the ordinary course of business;

(11) obligations (including reimbursement obligations with respect to guaranties, letters of credit, bank guarantees or other similar instruments) in respect of tenders, statutory obligations, leases, governmental contracts, trade contracts, stay, performance, bid, customs, appeal and surety bonds and performance and/or return of money bonds and completion guarantees or other obligations of a like nature provided by the Company or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice or industry practices;

(12) Indebtedness or Disqualified Stock of the Company and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary not otherwise permitted hereunder in an

aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred or issued, as applicable, pursuant to this clause (12), does not at any one time outstanding exceed the greater of (A) $500.0 million or (B) 7.0% of Consolidated Total Assets; (*provided*, that (x) any Indebtedness incurred or Disqualified Stock or Preferred Stock issued by non-Guarantor Subsidiaries pursuant to this clause (12) shall not exceed the greater of (a) $250.0 million at any one time outstanding or (b) 3.5% of Consolidated Total Assets and (y) any Indebtedness incurred or Disqualified Stock or Preferred Stock issued pursuant to this clause (12) shall cease to be deemed incurred, issued or outstanding for purposes of this clause (12) but shall be deemed incurred or issued for the purposes of the first paragraph of this covenant from and after the first date on which the Company or such Restricted Subsidiary could have incurred such Indebtedness or issued such Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (12);

(13) the incurrence by the Company or any Restricted Subsidiary of Indebtedness or issuance of Disqualified Stock or the issuance by any Restricted Subsidiary of Preferred Stock which serves to extend, replace, refund, refinance, renew or defease any Indebtedness incurred (including any existing commitments unutilized thereunder) or Disqualified Stock or Preferred Stock issued as permitted under the first paragraph of this covenant and clauses (2), (3) and (4) above, this clause (13) and clause (14) below or any Indebtedness incurred or Disqualified Stock or Preferred Stock issued to so extend, replace, refund, refinance or renew such Indebtedness, Disqualified Stock or Preferred Stock including additional Indebtedness incurred or Disqualified Stock or Preferred Stock issued to pay accrued interest and dividends, premiums (including tender premiums), defeasance costs and fees and expenses (including original issue discount, upfront fees or similar fees) in connection therewith (the "*Refinancing Indebtedness*") prior to its respective maturity; *provided, however,* that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred or issued which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being extended, replaced, refunded, refinanced, renewed or defeased (except by virtue of prepayment of such Indebtedness),

(b) to the extent such Refinancing Indebtedness extends, replaces, refunds, refinances, renews or defeases (i) Indebtedness subordinated to or *pari passu* with the Notes or any Guarantee thereof, such Refinancing Indebtedness is subordinated to or *pari passu* with the Notes or the Guarantee at least to the same extent as the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively,

(c) shall not include:

(i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Company that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Company;

(ii) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Company that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of a Guarantor;

(iii) Indebtedness, Disqualified Stock or Preferred Stock of the Company or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary; or

(iv) to the extent such Refinancing Indebtedness extends, replaces, refunds, refinances, renews or defeases Indebtedness secured by Liens junior in priority to the Liens securing the Notes or any Guarantee, such Refinancing Indebtedness is secured by Liens junior in priority to the Liens securing the Notes or such Guarantee;

(14) (x) Indebtedness or Disqualified Stock of the Company or Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred or issued to finance an acquisition, merger, consolidation or amalgamation or investment or (y) Indebtedness, Disqualified Stock or Preferred Stock of Persons that are acquired by the Company or any Restricted Subsidiary or merged into or amalgamated or consolidated with or into the Company or a Restricted Subsidiary in accordance with the terms of the Indenture or that is assumed by the Company or any Restricted Subsidiary in connection with such acquisition, which with respect to this clause (y) is not incurred by such Persons in connection with, or in anticipation of, such acquisition, merger, amalgamation or consolidation; *provided* that after giving effect to such acquisition, merger, amalgamation or consolidation or investment, either

(a) the Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant, or

(b) the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries is equal to or greater than immediately prior to such acquisition, merger, amalgamation or consolidation;

(15) Indebtedness (i) arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business and (ii) in respect of any commercial credit cards, stored value cards, purchasing cards, treasury management, check drawing and automated payment services (including depository, overdraft, controlled disbursement, ACH transactions, return items, interstate depository network services, Society for Worldwide Interbank Financial Telecommunication transfers, cash pooling and operational foreign exchange management), dealer incentive, supplier finance or similar programs, current account facilities, netting services, employee credit card programs, overdraft facilities, foreign exchange facilities, payment facilities and, in each case, similar arrangements and cash management arrangements entered into in the ordinary course of business;

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

(17) (a) any guarantee by the Company or a Restricted Subsidiary of Indebtedness or other obligations of any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of the Indenture, or

(b) any guarantee by a Restricted Subsidiary of Indebtedness of the Company permitted to be incurred under the terms of the Indenture; *provided* that such guarantee is incurred in accordance with the covenant described below under "—Future Guarantors;"

(18) Indebtedness of non-Guarantor Subsidiaries of the Company incurred not to exceed, taken together with any other Indebtedness incurred under this clause (18) at any one time outstanding, the greater of (a) $200.0 million and (b) 3% of Consolidated Total Assets (it being understood that any Indebtedness incurred pursuant to this clause (18) shall cease to be deemed incurred or outstanding for purposes of this clause (18) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which

the applicable non-Guarantor Subsidiary could have incurred such Indebtedness under the first paragraph of this covenant without reliance on this clause (18));

(19) Indebtedness of the Company or any of its Restricted Subsidiaries consisting of (a) the financing of insurance premiums, (b) take-or-pay obligations contained in supply arrangements, in each case incurred in the ordinary course of business and/or (c) obligations to reacquire assets or inventory in connection with customer financing arrangements in the ordinary course of business;

(20) Indebtedness consisting of Indebtedness issued by the Company or any of its Restricted Subsidiaries to any stockholders of any direct or indirect Parent Company or any future, present or former employee, officer, director, member of management, consultant or independent contractor (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing), or any direct or indirect parent thereof, in each case to finance the purchase or redemption of Equity Interests of the Company, a Restricted Subsidiary or any of their direct or indirect parent companies to the extent described in clause (5) of the second paragraph of the covenant described under "—Limitation on Restricted Payments;"

(21) (a) to the extent constituting Indebtedness, obligations of the Company or a Restricted Subsidiary, in a Receivables Facility and (b) to the extent constituting Indebtedness, obligations of the Company or a Restricted Subsidiary as seller or servicer under a Receivables Facility and any guarantee by the Company of such Indebtedness;

(22) Indebtedness of the Company or any Restricted Subsidiary as an account party in respect of trade letters of credit issued in the ordinary course of business;

(23) Indebtedness consisting of obligations owing under supply, customer, distribution, license, leases or similar agreements entered into in the ordinary course of business;

(24) Indebtedness representing deferred compensation to directors, officers, employees, members of management, managers or consultants of the Company or any of its Restricted Subsidiaries or any direct or indirect Parent Company incurred in the ordinary course of business and deferred compensation or any Investments or any Restricted Payments permitted pursuant to the covenant described under "—Limitation on Restricted Payments;"

(25) Indebtedness in respect of letters of credit, bank guaranties, surety bonds, performance bonds and similar instruments issued for general corporate purposes in the ordinary course of business;

(26) Indebtedness arising out of any Sale and Lease-Back Transaction incurred in the ordinary course of business or consistent with industry practice; and

(27) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (26) above.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (27) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuers, in their sole discretion, will classify or reclassify, or later divide, classify or reclassify, such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant; *provided* that all

Indebtedness outstanding under the Senior Credit Facilities on the Issue Date shall be treated as incurred on the Issue Date under clause (1) of the preceding paragraph. In addition, in the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued pursuant to the second paragraph of this covenant (other than clause (14) above) on the same date that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued under the first paragraph of this covenant or clause (14) above, then the Fixed Charge Coverage Ratio, or applicable leverage ratio, will be calculated with respect to such incurrence or issuance under the first paragraph of this covenant or clause (14) above without regard to any incurrence or issuance under the second paragraph of this covenant (other than clause (14) above). Unless the Company elects otherwise, the incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) will be deemed incurred or issued first under the first paragraph of this covenant or clause (14) to the extent permitted, with the balance incurred or issued under the second paragraph of this covenant (other than clause (14)).

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount, and the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, of the same class, accretion or amortization 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 will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock or Preferred Stock for purposes of this covenant. Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included in the determination of such amount of Indebtedness; *provided* that the incurrence of the Indebtedness represented by such guarantee or letter of credit, as the case may be, was in compliance with this covenant. Any Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, to refinance Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, pursuant to clauses (1), (2), (3), (4), (12), (13), (14) and (18), of the second paragraph above will be permitted to include additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay (I) any accrued and unpaid interest on the Indebtedness, any accrued and unpaid dividends on the Preferred Stock and any accrued and unpaid dividends on the Disqualified Stock being so refinanced, extended, replaced, refunded, renewed or defeased and (II) the amount of any tender premium or penalty or premium required to be paid under the terms of the instrument or documents governing such refinanced Indebtedness, Preferred Stock or Disqualified Stock and any defeasance costs and any fees and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with the issuance of such new Indebtedness, Preferred Stock or Disqualified Stock or the extension, replacement, refunding, refinancing, renewal or defeasance of such refinanced Indebtedness, Preferred Stock or Disqualified Stock (and, with respect to Indebtedness under the Initial ABL Facility, will be permitted to include an amount equal to any unutilized Initial ABL Facility being refinanced, extended, replaced, refunded, renewed or defeased to the extent permanently terminated at the time of incurrence of such Refinancing Indebtedness).

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed or first incurred (whichever yields the lower U.S. dollar equivalent), 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 U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness (plus premium (including tender premiums), fees, defeasance costs, accrued interest and expenses including original issue discount, upfront fees or similar fees) does not exceed the principal amount of such Indebtedness being refinanced.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing. The principal amount of Indebtedness outstanding under any clause of this covenant will be determined after giving effect to the appreciation of proceeds of any such Indebtedness to refinance any other such Indebtedness.

The Indenture will provide that the Company will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is contractually subordinated or junior in right of payment to any Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Company or such Guarantor, as the case may be.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Liens

The Company will not, and will not permit any Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) that secures obligations under any Indebtedness or any related guarantee, on any asset or property of the Company or any Guarantor, or any income or profits therefrom, or assign or convey any right to receive income therefrom.

The expansion of Liens by virtue of accrual of interest, the accretion of accreted value, the payment of interest or dividends in the form of additional Indebtedness, amortization of original issue discount 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 will not be deemed to be an incurrence of Liens for purposes of this covenant.

Merger, Consolidation or Sale of All or Substantially All Assets

The Company may not consolidate or merge with or into or wind up into (whether or not the Company is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) the Company is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited liability company or trust organized or existing under the laws of the United States, any state thereof or the District of Columbia (the Company or such Person, as the case may be, being herein called the "*Successor Company*");

(2) the Successor Company, if other than the Company, expressly assumes all the obligations of the Company under the Notes, the Indenture and the Security Documents pursuant to a supplemental indenture or other document or instrument;

(3) immediately after such transaction, no Default shall have occurred and be continuing; and

(4) immediately after giving pro forma effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period, either

(a) the Successor Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," or

(b) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would be equal to or greater than the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction;

(5) each Guarantor, unless it is the other party to the transactions described above, in which case clause (1)(b) of the third succeeding paragraph shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Indenture and the Notes; and

(6) the Successor Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture.

The Successor Company (if other than the Company) will succeed to, and be substituted for the Company, as the case may be, under the Indenture and the Notes and in such event the Company will automatically be released and discharged from its obligation under the Indenture and the Notes.

Notwithstanding the foregoing clauses (3) and (4),

(1) any Restricted Subsidiary may consolidate with or merge with or into or wind up into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to the Company;

(2) the Company may consolidate with or merge with or into or wind up into an Affiliate of the Company solely for the purpose of redomiciling the Company in a state of the United States, the District of Columbia or any territory thereof so long as the amount of Indebtedness of the Company and its Restricted Subsidiaries is not increased thereby;

(3) the Company or any of its Subsidiaries may be converted into, or reorganized or reconstituted as a limited liability company, limited partnership or corporation in a state of the United States, the District of Columbia or any territory thereof; and

(4) the Company or a Guarantor may change its name.

Subject to certain limitations described in the Indenture governing the release of a Guarantee upon the sale, disposition or transfer of a Guarantor, no Guarantor will, and the

Company will not permit any Guarantor to, consolidate or merge with or into or wind up into (whether or not the Company or a Guarantor is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Guarantor is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership or limited liability company organized or existing under the laws of the jurisdiction of organization of such Guarantor, as the case may be, or the laws of under the laws of the United States, any state thereof, the District of Columbia or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "*Successor Person*"*);*

(b) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Indenture, such Guarantor's related Guarantee and the Security Documents pursuant to supplemental indentures or other documents or instruments;

(c) immediately after such transaction, no Default exists; and

(d) the Successor Person shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; or

(2) the transaction is made in compliance with clauses (1) and (2) of the first paragraph of the covenant described under "Repurchase at the Option of Holders—Asset Sales."

Subject to certain limitations described in the Indenture, the Successor Person (if other than such Guarantor) will succeed to, and be substituted for, such Guarantor under the Indenture and such Guarantor's Guarantee, and such Guarantor will automatically be released and discharged from its obligations under the Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, (1) any Guarantor may consolidate with or merge with or into or wind up into or sell, assign, transfer, lease, convey or otherwise dispose of all or part of its properties and assets to another Guarantor or to the Company, (2) a Guarantor may consolidate or merge with or into or wind up or convert into an Affiliate for the purpose of reincorporating such Guarantor in another state of a the United States or the District of Columbia, (3) a Guarantor may convert into a Person organized or existing under the laws of a jurisdiction in the United States, (4) a Guarantor may liquidate or dissolve or change its legal form if the Company determines in good faith that such action is in the best interests of the Company and is not materially disadvantageous to the Holders of the Notes or (5) change its name.

FinCo may not consolidate or merge with or into or wind up into (whether or not FinCo is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) FinCo is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than FinCo) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited liability company or trust organized or existing under the laws of the United States, any state thereof or the District of Columbia (FinCo or such Person, as the case may be, being herein called the "*Successor FinCo*");

(2) the Successor FinCo, if other than FinCo, expressly assumes all the obligations of FinCo under the Notes pursuant to a supplemental indenture or other document or instrument;

(3) immediately after such transaction, no Default shall have occurred and be continuing;

(4) the Successor FinCo shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture.

Clauses (3) and (4) of the first paragraph of this "—Merger, Consolidation and Sale of All or Substantially All Assets" covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and the Restricted Subsidiaries.

Although there is a limited body of case law interpreting the phrase "substantially all" under New York law, which governs the Indenture, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of $30.0 million, unless:

(1) such Affiliate Transaction is on terms, taken as a whole, that are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's-length basis or, if in the good faith judgment of the board of directors of the Company no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is fair to the Company or such Restricted Subsidiary from a financial point of view; and

(2) the Company delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $60.0 million, a resolution adopted in good faith by the majority of the board of directors of the Company approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The foregoing provisions will not apply to the following:

(1) transactions between or among the Company or any of its Restricted Subsidiaries, or an entity that becomes a Restricted Subsidiary as a result of such transaction, and any merger, consolidation or amalgamation of the Company and any direct or indirect parent of the Company; provided that such parent shall have no material liabilities and no material assets other than cash, Cash Equivalents and Capital Stock of the Company (or a Parent Company thereof) and such merger, consolidation or amalgamation is otherwise in compliance with the terms of the Indenture and effected for a bona fide business purpose;

(2) Restricted Payments permitted by the provisions of the Indenture described above under the covenant "—Limitation on Restricted Payments" and Investments constituting Permitted Investments;

(3) the payment of customary fees, reasonable out of pocket costs to and reimbursement of expenses and compensation paid to, and indemnities provided on behalf of or for the benefit of, future, present or former employees, officers, members of the board of directors (or similar governing body), members of management, managers, consultants or independent contractors (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Company, any of its direct or indirect parent companies or any of its subsidiaries, in each case, in the ordinary course of business;

(4) any agreement as in effect as of the Issue Date, or any amendment, modification or extension thereof (so long as any such amendment is not disadvantageous in any material respect to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date as determined in good faith by the Company) or any transaction contemplated thereby;

(5) (a) transactions with customers, clients, suppliers, joint ventures, contractors, or purchasers or sellers of goods or services or providers of employees or other labor, or transactions otherwise relating to the purchase or sale of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture which are fair to the Company and its Restricted Subsidiaries, in the good faith determination of the board of directors (or similar governing body) of the Company or the senior management thereof, or are on terms at least as favorable as would reasonably have been obtained at such time from an unaffiliated party on an arm's length basis or (b) transactions with joint ventures or Unrestricted Subsidiaries entered into in the ordinary course of business or the terms of any such transactions are no less favorable to the Company or Restricted Subsidiary participating in such joint ventures than they are to other joint venture partners;

(6) the sale, issuance or transfer of Equity Interests (other than Disqualified Stock or Preferred Stock) of the Company or a Restricted Subsidiary to any person and the granting and performance of customary registration rights;

(7) payments by the Company or any of its Restricted Subsidiaries made for any financial advisory, consulting, financing, underwriting or placement services or in respect of other investment banking activities and other transaction fees, including, without limitation, in connection with acquisitions or divestitures which payments are approved by a majority of the board of directors of the Company in good faith or are otherwise permitted by the Indenture;

(8) (a) payments or loans (or cancellation of loans) or advances to employees, officers, directors, members of management, consultants or independent contractors (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) of the Company, any of its direct or indirect parent companies or any of its Restricted Subsidiaries and collective bargaining agreements, employment agreements, severance arrangements, compensatory (including profit sharing) arrangements, stock option plans, benefit plan, health, disability or similar insurance plan and other similar arrangements with such employees, officers, directors, managers, members of management, consultants or independent contractors (or the estate, heirs, family members, spouse, former spouse, domestic partner or former domestic partner of any of the foregoing) in each case, for bona fide business purposes and (b) any subscription agreement or similar agreement pertaining to the repurchase of Capital Stock pursuant to put/call rights or similar rights with future, present or former employees, officers, directors, members of management, consultants or independent contractors approved by the board of directors (or equivalent governing body) of any direct or indirect Parent Company or of the Company or any Restricted Subsidiary in good faith;

(9) the payment of all Refinancing Expenses incurred or owed after the Issue Date;

(10) any transaction effected as part of a Receivables Facility;

(11) any contribution to the capital of the Company or any Restricted Subsidiary;

(12) between the Company or any Restricted Subsidiary and any Person, a director of which is also a director of the Company or any direct or indirect parent of the Company; *provided, however,* that such director abstains from voting as a director of the Company or such direct or indirect parent of the Company or of a Restricted Subsidiary of the Company, as the case may be, on any matter involving such other Person;

(13) the issuance of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock option and stock ownership plans or similar employee benefit plans approved by the board of directors (or equivalent governing body) of the Company or any direct or indirect Parent Company, as appropriate, in good faith;

(14) transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Company in an Officer's Certificate) for the purposes of improving the consolidated tax efficiency of the Company and its Subsidiaries and not for the purpose of circumventing any covenant set forth in the Indenture;

(15) any transaction with a Person (other than an Unrestricted Subsidiary) which would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an Equity Interest in or otherwise controls such Person entered into in the ordinary course of business;

(16) pledges of Equity Interests of Unrestricted Subsidiaries;

(17) transactions with joint ventures for the purchase or sale of goods, equipment and services entered into in the ordinary course of business;

(18) the payment of reasonable out-of-pocket costs and expenses related to registration rights and customary indemnities provided to shareholders under any shareholder agreement;

(19) licenses of, or other grants of rights to use, intellectual property granted by the Company or any Restricted Subsidiary in the ordinary course of business or consistent with industry practice;

(20) contemporaneous purchases and/or sales by (a) the Company or any of its Restricted Subsidiaries and (b) an Affiliate, of assets, Capital Stock, bonds, notes, debentures or other debt securities, and bank loans, participations or similar obligations at substantially the same price;

(21) investments by any Permitted Holder, Parent Company or Affiliate in securities or Indebtedness of the Company or any Guarantor; and

(22) without duplication of amounts permitted to be distributed under paragraph (2) above, entering into any tax allocation agreement pursuant to which the amount payable by the Company does not exceed the Tax Amount.

Dividend and Other Payment Restrictions Affecting Non-Guarantor Restricted Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1) (a) pay dividends or make any other distributions to the Company or any of the Guarantors on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits; or

(b) pay any Indebtedness owed to the Company or any of its Guarantors;

(2) make loans or advances to the Company or any Guarantor; or

(3) sell, lease or transfer any of its properties or assets to the Company or any Guarantor, except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities and the related documentation;

(b) the Indenture, the Notes and the related Guarantees;

(c) purchase money obligations for property acquired and Capitalized Lease Obligations in the ordinary course of business that impose restrictions of the nature discussed in clause (3) above on the property or assets so acquired;

(d) applicable law or any applicable rule, regulation or order or the terms of any license, authorization, concession or permit provided by any Governmental Authority;

(e) any agreement or other instrument of a Person acquired (or assumed in connection with the acquisition of property) by the Company or any of its Restricted Subsidiaries in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person so acquired and its Subsidiaries, or the property or assets of the Person so acquired and its Subsidiaries;

(f) contracts or agreements for the sale of assets, including any restrictions with respect to a Subsidiary of the Company pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(g) Indebtedness otherwise permitted to be incurred pursuant to the covenants described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Liens" that apply solely to the assets securing such Indebtedness and/or the Restricted Subsidiaries incurring or guaranteeing such Indebtedness;

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

(i) other Indebtedness, Disqualified Stock or Preferred Stock of such non-Guarantor Subsidiaries of the Company permitted to be incurred or issued subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(j) customary provisions in any partnership agreement, limited liability company organizational governance document, joint venture agreement and other similar agreement entered into in the ordinary course of business;

(k) customary provisions contained in leases, subleases, licenses or sublicenses. Equity Interests or asset sale agreements and other similar agreements, including with respect to intellectual property, in each case, entered into in the ordinary course of business;

(l) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(m) other Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary that is incurred subsequent to the Issue Date, *provided* that such Indebtedness, Disqualified Stock or Preferred Stock is permitted to be incurred subsequent to the Issue Date by the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and either (i) the provisions relating to such encumbrance or restriction contained in such Indebtedness are no less favorable to the Company in any material respect, taken as a whole, as determined by the Company in good faith, than the provisions contained in the Indenture or the Senior Credit Facilities as in effect on the Issue Date, (ii) are not more disadvantageous, taken as a whole, to the Holders than is customary in comparable financings for similarly situated issuers or (iii) will not materially impair the Issuers' ability to make payments on the Notes when due, in each case in the good faith judgment of the Company;

(n) customary restrictions and conditions contained in any agreement relating to the sale, transfer, lease or other disposition of any asset permitted by the covenant described under "—Asset Sales" pending the consummation of such sale, transfer, lease or other disposition;

(o) customary restrictions and conditions contained in the document relating to any Lien so long as (i) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien and (ii) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this clause (o);

(p) restrictions created in connection with any Receivables Facility that in the good faith determination of the Company are necessary or advisable to effect such Receivables Facility;

(q) customary net worth or similar provisions contained in real property leases entered into by the Company or any Subsidiary in the ordinary course of business so long as the Company or such Subsidiary has determined in good faith that such net worth or similar provisions could not reasonably be expected to impair the ability of the Company or such Subsidiary to meet its ongoing obligations;

(r) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (r) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company, no more restrictive in any material respect with respect to such encumbrances and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

(s) agreements entered into in connection with a Sale and Lease-Back Transaction entered into in the ordinary course of business or consistent with industry practice.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made to the Company or a Restricted Subsidiary to other Indebtedness incurred by the Company or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Future Guarantors

The Company will not permit any of its domestic Wholly Owned Subsidiaries that are Restricted Subsidiaries (and non-Wholly Owned Subsidiaries if such non-Wholly Owned Subsidiary guarantees Indebtedness under the Senior Credit Facilities or Capital Markets Indebtedness of the Company or FinCo or any Guarantor), other than a Guarantor or an Excluded Subsidiary, to guarantee the payment of (i) any Indebtedness of the Company or any Guarantor under the Credit Facilities incurred under clause (1) of the second paragraph described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" or (ii) any Capital Markets Indebtedness of the Company or FinCo or any Guarantor having an aggregate principal amount outstanding in excess of $50.0 million, unless:

(1) such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Indenture providing for a Guarantee by such Restricted Subsidiary, except with respect to a Guarantee of Indebtedness of the Company 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 will be subordinated in right of payment to such Guarantee substantially to the same extend as such Indebtedness is subordinated to the Notes; and

(2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other applicable rights against the Company or any Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee;

provided that this covenant will not be applicable to any 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. The Company may elect, in its sole discretion, to cause any Subsidiary that is not otherwise required to be a Guarantor to become a Guarantor, in which case such Subsidiary will not be required to comply with clause (1) or (2) above and such Guarantee may be released at any time in the Company's sole discretion.

Notwithstanding the foregoing, each such Guarantee may be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Each Guarantee shall be released in accordance with the provisions of the Indenture described under "—Guarantees."

Limitations on FinCo

FinCo (and any successor to FinCo) will not hold any material assets, become liable for any material obligations or engage in any trade or business activity, other than (1) the ownership of Equity Interests of the Company, (2) the incurrence of Indebtedness as a co-obligor or guarantor with respect to any Indebtedness that is permitted to be incurred by the Company or any of its Restricted Subsidiaries pursuant to the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (including Indebtedness under the Credit Facilities) and (3) activities incidental to any of the foregoing.

Reports and Other Information

Whether or not the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any Notes are outstanding, the Company will furnish to the Trustee:

(1) within 120 days after the end of each fiscal year end of the Company, audited year-end consolidated financial statements of the Company and its Subsidiaries (including a balance sheet, statement of operations and a statement of cash flows and related footnotes) prepared in accordance with GAAP, except as noted therein, plus a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a presentation of earnings before interest, taxes, depreciation and amortization of the Company and its Subsidiaries (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information included in this offering memorandum);

(2) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, unaudited quarterly consolidated financial statements of the Company and its Subsidiaries (including a balance sheet, statement of operations or a statement of cash flows and related footnotes) prepared in accordance with GAAP, except as noted therein, plus a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a presentation of earnings before interest, taxes, depreciation and amortization of the Company and its Subsidiaries (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information included in this offering memorandum);

(3) within ten Business Days after the occurrence of such an event, the information that would be required to be contained in filings with the SEC on Form 8-K under Items 1.01, 1.02, 1.03, 2.01, 2.05, 2.06, 4.01, 4.02, 5.01 and 5.02(b), 5.02(c) and 5.02(d) (other than with respect to information required or contemplated by Item 402 of Regulation S-K) if the Company were required to file such reports; *provided, however,* that no such current report will be required to be furnished if the Company determines in its good faith judgment that such event is not material to noteholders or the business, assets, operations, financial positions or prospects of the Company and its Subsidiaries, taken as a whole; *provided further* that no such current report will be required to include a summary of the terms of any employment or compensatory arrangement, agreement, plan or understanding between the Company (or any of its Subsidiaries) and any director or officer; and

(4) with respect to the annual financial statements only, a report on the annual financial statements by Company's independent registered public accounting firm; it being understood that for so long as the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall not be required to include, except as otherwise provided in this paragraph, any other adjustment that would be required by any SEC rule, regulation or interpretation, including but not limited to any "push down" accounting adjustment.

Notwithstanding the foregoing: (a) the Company will not be required to furnish any information, certificates or reports required by (i) Section 302, Section 404 or Section 906 of the Sarbanes-Oxley Act of 2002, or related Items 307 or 308 of Regulation S-K, (ii) Regulation G or Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-generally accepted accounting principles financial measures contained therein or (iii) Rule 3-05, 3-09 and 3-10 of Regulation S-X; (b) such reports shall not be required to present compensation or beneficial ownership information; (c) such reports shall not be required to include any exhibits that would have been required to be filed pursuant to Item 601 of Regulation S-K (except this clause (c) shall not apply to any financial statements otherwise expressly required to be provided under this covenant); and (d) the financial statements required of any acquired businesses will be limited to the financial statements (in whatever form) that the Company receives in connection with any such acquisition, whether or not audited.

The Company will deliver such information and such reports to any Holder of a Note and, upon request, to any beneficial owner of the Notes, in each case by posting such information on password-protected website which will require a confidentiality acknowledgment, and will make such information readily available to any prospective investor in the Notes that certifies that it is an eligible purchaser of the Notes, any securities analyst (to the extent providing analysis of investment in the Notes) or any market maker in the Notes, in each case who (i) agrees to treat such information as confidential or (ii) accesses such information on such password-protected website which will require a confidentiality acknowledgment; provided that the Company shall post such information thereon and make readily available any password or other login information to any such prospective investor in the Notes, securities analyst (to the extent providing analysis of investment in the Notes) or market maker in the Notes. The Company will hold a quarterly conference call for all Holders and securities analysts (to the extent providing analysis of investment in the Notes) to discuss such financial information within ten (10) Business Days after distribution of such financial information or otherwise providing substantially comparable availability of such reports (as determined by the Company in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service shall constitute substantially comparable availability); it being understood that any customary quarterly earnings calls with public equity holders shall be deemed to constitute such quarterly conference calls for all Holders and such securities analysts.

To the extent not satisfied by the foregoing, the Company will also furnish to Holders, securities analysts (to the extent providing analysis of investment in the Notes) and prospective investors in the Notes upon request the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act of 1933, as amended (the *"Securities Act")*, so long as the Notes are not freely transferable under the Securities Act.

If the Company has designated any of its Subsidiaries as an Unrestricted Subsidiary and if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the annual and quarterly information required by clauses (1) and (2) of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

The Company will be deemed to have furnished the reports referred to in the first paragraph of this covenant if the Company has filed reports containing such information with the SEC. The Trustee shall have no duty to monitor whether any such filings have been made.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on an Officer's Certificate).

To the extent that any reports or other information is not furnished within the time periods specified above and such reports or other information is subsequently furnished prior to the time such failure results in an Event of Default, the Issuers will be deemed to have satisfied their obligations with respect thereto and any Default with respect thereto shall be deemed to have been cured. Notwithstanding anything herein to the contrary, the Issuers will not be deemed to have failed to comply with any of their obligations hereunder for purposes of clause (3) under "Events of Default and Remedies" until 90 days after the date of any report hereunder is due.

Creation and Perfection of Certain Security Interests After the Issue Date

The Company and the Guarantors will agree to use their respective commercially reasonable efforts to create and perfect on the Issue Date the security interests in the Collateral (and obtain title insurance) for the benefit of the holders of the Notes, but to the extent any such security interest could not be created or perfected or title insurance obtained by such date, the Company and the Guarantors will agree to use their respective commercially reasonable efforts to do or cause to be done all acts and things that would be required, including obtaining any required consents from third parties, to have all security interests in the Collateral duly created and enforceable and perfected, to the extent required by the Security Documents, and obtain title insurance promptly following the Issue Date, but in no event later than 90 days thereafter. Failure to obtain such consents and create and perfect a security interest in such Collateral or to obtain title insurance within such period constitutes an Event of Default if and to the extent provided under clause (9) under the caption "Events of Default and Remedies" below. Notwithstanding the foregoing, if after using commercially reasonable efforts such a security interest in an asset could not be created or perfected because a third party consent had not been obtained or local law did not permit a security interest to more than one secured party, the Company will not be required to create or perfect such security interest. For avoidance of doubt, references in this paragraph to Collateral do not include Excluded Assets. Neither the Trustee nor the Collateral Trustee on behalf of the holders of the Notes has any duty or responsibility to see to or monitor the performance of the Company and its Subsidiaries with regard to these matters.

Further Assurances

The Indenture will provide that the Company and the Guarantors will do or cause to be done all acts and things that may be required under applicable law or that the Collateral Trustee from time to time may reasonably request, to assure and confirm that the Collateral Trustee holds, for the benefit of the Holders of Notes, duly created and enforceable and perfected Liens upon the Collateral (including any real, personal or mixed property or assets that are acquired or otherwise become, or are required by any Security Document to become, Collateral after the Notes are issued), in each case, as contemplated by, and with the Lien priority required under, the Security Documents, and subject to the limitations set forth in the Security Documents.

Upon the reasonable request of the Collateral Trustee at any time and from time to time, the Company and the Guarantors will promptly execute, acknowledge and deliver such security documents, instruments, certificates, notices and other documents, and take such other actions as will be reasonably required under applicable law or that the Collateral Trustee may reasonably request, in each case, to create, perfect or protect the Liens and benefits intended to be conferred, in each case as contemplated by the Security Documents for the benefit of the Holders of Notes, in each case, subject to the limitations set forth in the Security Documents.

Events of Default and Remedies

The Indenture will provide, with respect to any series of Notes, that each of the following is an Event of Default:

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on any Note of that series;

(2) default for 30 days or more in the payment when due of interest on or with respect to any Note of that series;

(3) failure by the Company for 90 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in principal amount of the Notes of that series to comply with any of its obligations, covenants or agreements described in "—Certain Covenants—Reports and Other Information;"

(4) failure by the Company or any Guarantor for 90 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in principal amount of the Notes of that series to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1), (2) or (3) above) contained in the Indenture or the Notes of that series;

(5) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries, other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of any Note of that series, if both:

(a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and

(b) the principal amount of such Indebtedness, together with the principal amount of any other such indebtedness in default for failure to pay any principal at its stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate $150.0 million or more at any one time outstanding;

(6) failure by the Company or any Significant Subsidiary, or any group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company), would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of $150.0 million, which final judgments remain unpaid, undischarged, unwaived and unstayed for a period of more than 90 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;

(7) certain events of bankruptcy or insolvency with respect to the Company, FinCo or any Significant Subsidiary, or any group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company), would constitute a Significant Subsidiary;

(8) the Guarantee of that series of Notes of any Significant Subsidiary, or any group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company), would constitute a Significant Subsidiary, shall for any reason cease to be in full force and effect or any responsible officer of the Company or any Guarantor that is a Significant Subsidiary, or any group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company), would constitute a Significant Subsidiary, as the case may be, denies that it has any further liability under its or their Guarantee(s) or gives notice to such effect, other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with the Indenture; or

(9) so long as the Security Documents have not otherwise been terminated in accordance with their terms or the Collateral as a whole of the Company or any Guarantor has not otherwise been released from the Lien of the Security Documents in accordance with the terms thereof, (a) default by the Company or any such Guarantor for 60 days after written notice given by the Trustee or Holders of at least 30% in aggregate principal amount of the then outstanding Notes of that series in the performance of any covenant under the Security Documents which adversely effects, in any material respect, the enforceability, validity, perfection or priority of the Lien on the Collateral securing the Obligations under the Indenture and the Notes of that series or which adversely affects the condition or value of the Collateral, in each case, taken as a whole, in any material respect, (b) repudiation or disaffirmation by the Company or any Guarantor, or any Person acting on behalf of the Company, of any of its material obligations under the Security Documents or (c) the determination in a judicial proceeding that all or any material portion of the Security Documents, taken as a whole, are unenforceable or invalid, for any reason, against the Company or any Guarantor with respect to any material portion of the Collateral.

If any Event of Default (other than of a type specified in clause (7) above with respect to the Company) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 30% in principal amount of the then total outstanding Notes of the applicable series by notice to the Company and the Paying Agent (and if given by the Holders, with a copy to the Trustee) may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes of the applicable series to be due and payable immediately.

Upon the effectiveness of such declaration, such principal, premium, if any, and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (7) above with respect to the Company, all outstanding Notes of the applicable series will become due and payable without further action or notice. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest.

The Indenture provides that the Holders of a majority in aggregate principal amount of the then outstanding applicable series of Notes by notice to the Trustee may on behalf of the Holders of all of the applicable series of Notes waive any existing Default and its consequences under the Indenture except a continuing Default in the payment of interest on, premium, if any, or the principal of any Note of the applicable series held by a non-consenting Holder. In the event of any Event of Default specified in clause (5) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the applicable series of Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged; or

(2) Holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the default that is the basis for such Event of Default has been cured.

The Indenture will provide that, at any time after a declaration of acceleration with respect to the applicable series of Notes, the Holders of a majority in principal amount of the applicable series of Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured, waived, annulled or rescinded except nonpayment of principal or interest 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; and

(4) if the Company has paid the Trustee and the Paying Agent its reasonable compensation and reimbursed the Trustee and the Paying Agent for its expenses, disbursements and advances.

In case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless the Holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder of a Note may pursue any remedy with respect to the Indenture or the applicable series of 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 principal amount of the total outstanding applicable series of Notes have requested the Trustee, in writing, to pursue the remedy;

(3) Holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense; the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(4) Holders of a majority in principal amount of the total outstanding applicable series of Notes have not given the Trustee a written direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, under the Indenture the Holders of a majority in principal amount of the total outstanding applicable series of Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder of a Note or that would involve the Trustee in personal liability.

The Indenture will provide that the Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required, within five Business Days, after becoming aware of any Default, to deliver to the Trustee a statement specifying such Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, employee, manager, incorporator, member, partner or stockholder of the Company, FinCo or any Guarantor or any of their Subsidiaries or direct or indirect parent companies shall have any liability for any obligations of the Company, FinCo or the Guarantors under the Notes, the Guarantees, the Indenture or the Security Documents or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The obligations of the Company, FinCo and the Guarantors under the Indenture will terminate (other than certain obligations) and will be released upon payment in full of all of the Notes. The Company may, at its option and at any time, elect to have all of its obligations and the obligations of FinCo discharged with respect to the Notes and have each Guarantor's obligation discharged with respect to its Guarantee *("Legal Defeasance")* and cure all then existing Events of Default except for:

(1) the rights of Holders of Notes to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due solely out of the trust created pursuant to the Indenture;

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

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

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations and those of FinCo and each Guarantor released with respect to substantially all of the restrictive covenants in the Indenture *("Covenant Defeasance")* and thereafter any omission to comply with such obligations shall not constitute a Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Company) described under "Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes:

(1) the Company must irrevocably deposit with the Trustee (or such other entity directed, designated or appointed by the Company and reasonably acceptable to the Trustee acting for the Trustee for this purpose), for the benefit of the Holders, cash in euro, Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, in the opinion of a nationally recognized firm of independent public accountants, investment bank or appraisal firm, to pay the principal of, premium, if any, and interest due on the Notes on the stated maturity date or on the redemption date, as the case may be, of such principal, premium, if any, or interest on such Notes (provided

that if such redemption is made as provided under "Optional redemption," (x) the amount of cash in euros, Government Securities, or a combination thereof, that the Company must irrevocably deposit or cause to be deposited will be determined using an assumed Applicable Fixed Rate Premium or Applicable Floating Rate Premium, as applicable, calculated as of the date of such deposit and (y) the Company must irrevocably deposit or cause to be deposited additional money in trust on the redemption date as necessary to pay the Applicable Fixed Rate Premium or Applicable Floating Rate Premium, as applicable, as determined on such date) and the Company must specify whether such Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions,

(a) the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling, or

(b) since the issuance of the Notes, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to such 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 (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 Senior Credit Facilities have been issued or any other material agreement or instrument (other than the Indenture) to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(6) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or any Guarantor or others; and

(7) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Notwithstanding the foregoing, an Opinion of Counsel required by the subsection (2) of the immediately preceding paragraph with respect to legal defeasance need not be delivered if all of the Notes not theretofore delivered to the Paying Agent for cancellation (x) have become due and payable or (y) will become due and payable at their stated maturity within one year under arrangements satisfactory to the Paying Agent and the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Company.

The Collateral will be released from the Lien securing the Notes, as provided under the caption "—Release of Liens in Respect of Notes Pursuant to the Indenture," upon a Legal Defeasance or Covenant Defeasance in accordance with the provisions described above.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes, when either:

(1) (a) all Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from trust, have been delivered to the Paying Agent for cancellation; or

(b) all Notes not theretofore delivered to the Paying Agent for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee and the Paying Agent for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Company and either Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity directed, designated or appointed by the Company and reasonably acceptable to the Trustee, acting for the Trustee for this purpose) for the benefit of the Holders, cash in euros, Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Paying Agent for cancellation for principal, premium, if any, and accrued interest to, but not including, the date of maturity or redemption;

(2) the Company and/or the Guarantors have paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Company has delivered irrevocable instructions to the Trustee (or such other entity directed, designated or appointed by the Company and reasonably acceptable to the Trustee, acting for the Trustee for this purpose) and the Paying Agent to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

The Collateral will be released from the Lien securing the Notes, as provided under the caption "—Collateral Trust Agreement—Release of Liens on Respect of Notes Pursuant to the Indenture," upon Satisfaction and Discharge in accordance with the provisions described above.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, any Guarantee, the Notes and the Security Documents may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the applicable series of Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for Notes, and any past or existing Default or compliance with any provision of the Indenture, any Guarantee, the Notes issued thereunder or the Security Documents may be waived with the consent of the Holders of a majority in principal amount of the then outstanding applicable series of Notes (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes), other than Notes beneficially owned by the Company or their Affiliates.

The Indenture will provide that, without the consent of each affected Holder of the applicable series of Notes, an amendment or waiver may not, with respect to any Notes of that series held by a non-consenting Holder:

(1) reduce the principal amount of such Notes of that series whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed final maturity of any such Note or alter or waive the provisions with respect to the redemption of such Notes of that series (other than provisions relating to the covenants described above under the caption "Repurchase at the Option of Holders");

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

(4) waive a Default in the payment of principal of or premium, if any, or interest on the Notes of that series, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the applicable series of Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Indenture or any Guarantee which cannot be amended or modified without the consent of all affected Holders;

(5) make any Note of that series payable in money other than that stated therein;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Notes of that series;

(7) make any change in the amendment and waiver provisions of the Indenture described herein;

(8) impair the right of any Holder to receive payment of principal of, premium if any, or interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(9) make any change to or modify the ranking of the applicable series of Notes that would materially adversely affect the Holders;

(10) except as expressly permitted by the Indenture, modify the Guarantees in any manner adverse to the Holders.

In addition, without the consent of the Holders of Notes of at least 66 2/3% in principal amount of the applicable series of Notes then outstanding, no amendment, supplement or waiver may release all or substantially all of the Collateral other than in accordance with the Indenture and the Security Documents.

Notwithstanding the foregoing, the Company, any Guarantor (with respect to its Guarantee), and the Trustee and the Collateral Trustee may amend or supplement the Indenture, any Guarantee, any series of Notes or the Security Documents without the consent of any Holder:

(1) to cure any ambiguity, omission, mistake, defect or inconsistency as certified by the Company;

(2) to provide for uncertificated Notes of such series in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(3) to comply with the covenant relating to mergers, consolidations and sales of assets;

(4) to provide for the assumption of the Company's, FinCo's or any Guarantor's obligations to the Holders in a transaction that complies with the Indenture;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder;

(6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Company or any Guarantor;

(7) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee or Paying Agent thereunder pursuant to the requirements thereof;

(8) to add a Guarantor under the Indenture or to release a Guarantor in accordance with the terms of the Indenture and to provide for any local law restrictions required by the jurisdiction of organization of such Guarantor;

(9) to conform the text of the Indenture, Guarantees, the Notes or the Security Documents to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, Guarantee, the Notes or the Security Documents as certified by the Company;

(10) to provide for the issuance of Additional Notes permitted to be incurred under the Indenture;

(11) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided, however,* that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Notes;

(12) to add additional assets as Collateral; or

(13) to make, complete or confirm any grant of Collateral permitted or required by the Indenture or any of the Security Documents or any release, termination or discharge of Collateral that becomes effective as set forth in the Indenture or any of the Security Documents.

In addition, the Collateral Trustee and the Trustee will be authorized to amend the Security Documents as provided under the caption "—Amendment of Certain Collateral Trust Security Documents."

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Neither the Company nor any of its Subsidiaries or Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or agreed to be paid to all Holders of the Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the consent, waiver or amendment.

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described under "—Certain Covenants," or action taken in compliance with the covenants in effect at the time of such action, shall be deemed to impair or affect any legal rights of any Holders of the Notes to receive payment of principal of or premium, if any, or interest on the Notes or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market.

Notices

Notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing; notices personally delivered will be deemed given at the time delivered by hand; notices given by facsimile will be deemed given when receipt is acknowledged; notices given by overnight air courier guaranteeing next day delivery will be deemed given the next Business Day after timely delivery to the courier; and notices given electronically will be deemed given when sent. Any notices required to be given to the Holders of Notes represented by global notes will be given to the common depository for Euroclear and Clearstream.

Concerning the Trustee

The Indenture will contain certain limitations on the rights of the Trustee thereunder, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest, as defined in the Indenture, it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions.

The Indenture will provide that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care that a prudent person would use under the circumstances in the conduct of his own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of a Note, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to the Trustee against any loss, liability or expense.

Neither the Trustee nor the Collateral Trustee shall be responsible for and make no representation as to the existence, genuineness, value or protection of any Collateral, for the legality, effectiveness or sufficiency of any Security Document, or for the creation, perfection, priority, sufficiency or protection of any Liens securing the Notes. Neither the trustee nor the Collateral Trustee shall 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.

By their acceptance of the Notes, the Holders of the Notes will be deemed to have authorized (i) the Trustee to enter into any Security Documents, including without limitation joinders to the Collateral Trust Agreement, and any intercreditor agreements to which it is a party and (ii) the Collateral Trustee to enter into and to perform each of the Security Documents.

Governing Law

The Indenture, the Notes and any Guarantee will be governed by and construed In accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. For purposes of the Indenture, unless otherwise specifically indicated, the term "*consolidated*" with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries, and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"*ABL Agent*" means, individually, each of (i) with respect to the Initial ABL Facility, the Initial ABL Agent and (ii) with respect to any other ABL Loan Facility, (x) if such ABL Loan Facility provides for any agent, the agent thereunder, together with any successor thereto and (y) if such ABL Loan Facility does not provide for any agent thereunder, the ABL secured parties thereunder, together with any successor and assigns thereto.

"*ABL Loan Documents*" means each ABL Loan Facility, the ABL Security Documents and any ABL Loan Facility intercreditor arrangement, and each other "Loan Document" as defined in any ABL Loan Facility (or any similar term as defined in any such agreement).

"*ABL Loan Facility*" means

(1) the Initial ABL Facility,

(2) any other credit agreement, loan agreement, note agreement, indenture or other agreement evidencing or governing the terms of any Indebtedness or other financial accommodation that has been incurred to extend, replace or refinance in whole or in part the Initial ABL Facility, in each case in accordance with the terms of the Indenture, as amended, restated, supplemented or otherwise modified from time to time; and

(3) any other credit agreement, loan agreement or other agreement with banks or other institutional or commercial lenders providing for loans or other extensions of credit or any indenture or other debt instrument or agreement providing for bonds, notes, other loans or other extensions of credit, in the case of clauses (2) and (3), that (a) is secured by the Collateral on a *pari passu* basis with the other Borrowing Base Priority Obligations (if any), (b) is designated as an ABL Loan Facility by the Company in a writing delivered to each ABL Agent and each PP&E Agent and which also contains a certification by the Company that the incurrence of the Indebtedness under such credit agreement, loan agreement, note agreement, indenture or other agreement is permitted to be incurred and so secured by the Collateral by the ABL Loan Documents and the PP&E Loan Documents and otherwise complies with the terms of the ABL Intercreditor Agreement and the Collateral Trust Agreement.

"*ABL Intercreditor Agreement*" means that certain intercreditor agreement, dated as of April 15, 2014, by and among the ABL Agent, the PP&E Agents, the Collateral Trustee and the loan parties thereto, as amended, modified, restated, supplemented or replaced from time to time.

"*ABL Secured Party*" means, at any relevant time, the Holders of Borrowing Base Priority Obligations at that time, including, without limitation, the Collateral Trustee, the Initial ABL Agent, the "Revolving Credit Lenders" (as defined in the Secured Facilities), any ABL Agent, and any agent or trustee appointed for any of the foregoing pursuant to the applicable ABL Loan Documents.

"*ABL Security Documents*" means any agreement, document or instrument pursuant to which a Lien is granted, or purported to be granted, securing any Borrowing Base Priority Obligations or under which rights or remedies with respect to such Liens are governed, including, without limitation, the Collateral Agreement, as any such agreement, document or instrument may be amended, restated, supplemented or otherwise modified from time to time.

"*Acquired Indebtedness*" means, with respect to any specified Person,

(1) Indebtedness of any other person existing at the time such other Person is consolidated, merged or amalgamated with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging or amalgamating with or Into, or becoming a Restricted Subsidiary of, such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person; *provided,* that any Indebtedness of such Person that is extinguished, redeemed, defeased, retired or otherwise repaid at the time of or immediately upon consummation of the transaction pursuant to which such other Person becomes a Subsidiary of the specified Person will not be Acquired Indebtedness.

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

"*Applicable Fixed Rate Premium*" means, with respect to any Fixed Rate Note on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of such Fixed Rate Note; and

(2) the excess, if any, of (a) the present value at such Redemption Date of (i) the redemption price of such Fixed Rate Note at April 15, 2019 (such redemption price being set forth in the table appearing above under the caption "Optional Redemption"), *plus* (ii) all required interest payments due on such Fixed Rate Note through April 15, 2019 (excluding accrued but unpaid interest and Additional Amounts to the Redemption Date), computed using a discount rate equal to the Bund Rate as of such Redemption Date *plus* 50 basis points; over (b) the then outstanding principal amount of such Fixed Rate Note as calculated by the Company or on behalf of the Company by such Person as the Company shall designate; *provided* that such calculation shall not be a duty or an obligation of the Trustee.

"*Applicable Floating Rate Premium*" means, with respect to any Floating Rate Note on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of such Floating Rate Note; and

(2) the excess, if any, of (a) the present value at such Redemption Date of (i) the redemption price of such Floating Rate Note at April 15, 2018 (such redemption price being set forth in the table appearing above under the caption "Optional Redemption"), *plus* (ii) all required interest payments due on such Floating Rate Note through April 15, 2018 (excluding accrued but unpaid interest and Additional Amounts to the Redemption Date), computed using a discount rate equal to the Bund Rate as of such Redemption Date *plus* 50 basis points; over (b) the then outstanding principal amount of such Floating Rate Note as calculated by the Company or on behalf of the Company by such Person as the Company shall designate; *provided* that such calculation shall not be a duty or an obligation of the Trustee.

"*Applicable Notice of Event of Default*" means at any time a notice of event of default delivered by the Applicable Representative at such time.

"*Applicable Representatives*" means (i) with respect to the Borrowing Base Collateral and the Borrowing Base Priority Obligations, the Designated ABL Agent (subject to the ABL Intercreditor Agreement), (ii) with respect to the PP&E Collateral and the PP&E Priority Obligations, the Designated PP&E Agent (subject to the PP&E Pari Passu Intercreditor Agreement) and (iii) if the context shall so require, the collective reference to the Designated ABL Agent and the Designated PP&E Agent.

"*Asset Sale*" means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets of the Company or any of its Restricted Subsidiaries (each referred to in this definition as a "disposition"); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary, whether in a single transaction or a series of related transactions (other than Preferred Stock of Restricted Subsidiaries issued in compliance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and directors' qualifying shares and shares issued to foreign nationals as required under applicable law);

in each case, other than:

(a) any disposition of (i) Cash Equivalents (or other financial assets that were Cash Equivalents when the original Investment was made) or Investment Grade Securities, (ii) surplus, obsolete, used, damaged or worn out property or equipment in the ordinary course of business (whether now owned or hereafter acquired) or any disposition or consignment of equipment, inventory or goods (or other assets) held for sale, (iii) property no longer used or useful in the conduct of business of the Company and its Restricted Subsidiaries and (iv) property or equipment that is otherwise economically impracticable to maintain;

(b) the disposition of all or substantially all of the assets of the Company in a manner permitted pursuant to the provisions described above under "—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control pursuant to the Indenture;

(c) the making of any payment or Investment that is permitted to be made, and is made, under the covenant described above under "—Certain Covenants—Limitation on Restricted Payments" or the making of any Permitted Investment;

(d) any disposition of assets of the Company or any Restricted Subsidiary or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of transactions with an aggregate fair market value not to exceed $50.0 million;

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to another Restricted Subsidiary;

(f) to the extent allowable under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(g) (i) the sale, lease, assignment, sublease, license or sublicense of any real or personal property in the ordinary course of business and (ii) the termination of leases in the ordinary course of business;

(h) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of such Unrestricted Subsidiary or any disposition of assets of such Unrestricted Subsidiary;

(i) any disposition arising from foreclosure, casualty, condemnation or any similar action or transfers by reason of eminent domain with respect to any property or other asset of the Company or any of the Restricted Subsidiaries or exercise of termination rights under any lease, sublease, license, sublicense, concession or other agreement;

(j) a sale or transfer of receivables, accounts receivable and related assets of the type specified in the definition of "Receivables Facility" (or a fractional undivided interest or participation therein) or pursuant to any similar arrangement;

(k) dispositions in connection with the granting of a Lien that is permitted under the covenant described above under "—Certain Covenants—Liens;"

(l) the issuance by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is permitted by the covenant described under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(m) any financing transaction with respect to property built or acquired by the Company or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations, permitted by the Indenture;

(n) any grant in the ordinary course of business of any license of patents, trademarks, know-how or any other intellectual property, including, but not limited to, grants of franchises or licenses, franchise or license master agreements and/or area development agreements;

(o) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings;

(p) the sale, discount or forgiveness of accounts receivable or notes receivable in the ordinary course of business or in connection with the collection or compromise thereof or the conversion of accounts receivable to notes receivable;

(q) the abandonment of intellectual property rights in the ordinary course of business which in the reasonable good faith determination of the Company are uneconomical or not material to the conduct of the business of the Company and the Restricted Subsidiaries taken as a whole;

(r) termination of non-speculative Hedging Obligations;

(s) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind in the ordinary course of business;

(t) sales, transfers and other dispositions of Investments in joint ventures or any Subsidiary that is not a Wholly Owned Subsidiary to the extent required by, or made pursuant to, buy/sell arrangements between the joint venture or similar parties set forth in the relevant joint venture arrangements and/or similar binding arrangements;

(u) dispositions of real property and related assets in the ordinary course of business in connection with relocation activities for directors, officers, employees, members of management or consultants of any direct or indirect Parent Company, the Company or any Subsidiary;

(v) dispositions and/or terminations of leases, subleases, licenses or sublicenses, which (i) do not materially interfere with the business of the Company and its Restricted Subsidiaries, taken as a whole, or (ii) relate to closed facilities or the discontinuation of any product line;

(w) any financing transaction with respect to property built or acquired by the Company or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations, permitted by the Indenture; and

(x) the disposition of any assets (including Equity Interests) (i) acquired in a transaction permitted under the Indenture, which assets are not used or useful in the principal business of the Company and its Restricted Subsidiaries, or (ii) made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the good faith determination of the Company to consummate any acquisition permitted under the Indenture.

"*Bank Products*" means any services or facilities on account of credit or debit cards, purchase cards, stored value cards or merchant services constituting a line of credit.

"*Bankruptcy Code*" means The Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 et seq.

"*Borrowing Base*" means, at the time of any determination, an amount equal to the sum, without duplication, of (a) 85% of the aggregate book value of accounts receivable of the

Company and its Restricted Subsidiaries, *plus* (b) 65% of the aggregate book value of all inventory owned by the Company and its Restricted Subsidiaries, in each case, based on the most recent internal month-end financial statements available to the Company, determined on a *pro forma* basis in a manner consistent with the *pro forma* basis contained in the definition of "Fixed Charge Coverage Ratio."

"*Borrowing Base Collateral*" means assets owned or acquired by the Company or any Guarantor consisting of any right to payment for goods sold in the ordinary course of business, regardless of how such right is evidenced and whether or not it has been earned by performance, any raw materials or film, packaging and/or shipping supplies or materials not otherwise directly used in the production of goods to be sold in the ordinary course of business, which are currently in the process of being manufactured, and goods to be sold in the ordinary course of business, in each case, including the proceeds thereof and excluding Excluded Assets.

"*Borrowing Base Priority Obligations*" means (a) all Obligations and all liabilities (contingent or otherwise) relating to the ABL Loan Facility under the ABL Loan Documents, including any and all amounts payable under the ABL Loan Documents with respect to the ABL Loan Facility, as amended, restated, supplemented or otherwise modified from time to time, including principal, premium, interest accrued or accruing (or which would absent the commencement of an Insolvency or Liquidation Proceeding accrue), fees, attorneys' fees, costs, charges, expenses, reimbursement obligations, any obligation to post cash collateral in respect of letters of credit, indemnities, guarantees, and all other amounts payable thereunder (including, in each case, all amounts accruing on or after the commencement of any Insolvency or Liquidation Proceeding (or that would accrue but for the commencement of such Insolvency or Liquidation Proceeding) relating to the Company or any Guarantor or any other Person irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in any Insolvency or Liquidation Proceeding), (b) all Hedging Obligations and (c) all Cash Management Services.

"*Bund Rate*" means, with respect to a redemption date, the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as compiled and published in the most recent financial statistics that have become publicly available at least two Business Days prior to such redemption date (or, if such financial statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to April 15, 2019 (in the case of the Fixed Rate Notes) and April 15, 2018 (in the case of the Floating Rate Notes); provided, however, that if the period from the applicable redemption date to such date is not equal to the constant maturity of the direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from the applicable redemption date to such date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"*Business Day*" means each day which is not a Legal Holiday.

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

"*Capital Stock*" means:

(1) in the case of a corporation, shares in the capital of such corporation;

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

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

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease Obligation*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP.

"*Cash Equivalents*" means:

(1) U.S. dollars and Canadian dollars;

(2) (a) pounds sterling, euro, or any national currency of any participating member state of the EMU; or

(b) in the case of any Foreign Subsidiary that is a Restricted Subsidiary, such local currencies held by them from time to time in the ordinary course of business;

(3) securities issued or directly and unconditionally guaranteed or insured as to interest and principal by the U.S. government or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the U.S., in each case maturing within one year after such date and, in each case, repurchase agreements and reverse repurchase agreements relating thereto;

(4) deposits, money market deposits, time deposit accounts, certificates of deposit or bankers' acceptances (or similar instruments) maturing within one year after such date, in each case with any bank or trust company organized under, or authorized to operate as a bank or trust company under, the laws of the U.S., any state thereof or the District of Columbia and that has capital and surplus of not less than $100,000,000 and, in each case, repurchase agreements and reverse repurchase agreements relating thereto;

(5) commercial paper maturing within 24 months from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-2 from S&P, at least P-2 from Moody's or at least F-2 from Fitch (or reasonably equivalent ratings of another internationally recognized ratings agency);

(6) marketable short-term money market and similar securities having a rating of at least A-2 from S&P, at least P-2 from Moody's or at least F-2 from Fitch (or reasonably equivalent ratings of another internationally recognized ratings agency) and in each case maturing within 24 months after the date of creation thereof and in a currency permitted under clause (1) or (2) above;

(7) readily marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority thereof having an Investment Grade Rating from either Moody's or S&P (or reasonably equivalent ratings of another internationally recognized rating agency) with maturities of 24 months or less from the date of acquisition;

(8) Indebtedness or Preferred Stock issued by Persons with a rating of "A" or higher from S&P, "A2" or higher from Moody's or "Baa1" or higher from Fitch (or reasonably equivalent ratings of another internationally recognized ratings agency) with maturities of 24 months or less from the date of acquisition and in each case in a currency permitted under clause (1) or (2) above;

(9) Investments with average maturities of 12 months or less from the date of acquisition in money market funds rated AA- (or the equivalent thereof) or better by S&P, Aaa3 (or the equivalent thereof) or better by Moody's or A1 (or the equivalent thereof) or better by Fitch, and in each case in a currency permitted under clause (1) or (2) above;

(10) institutional money market funds registered under the Investment Company Act of 1940;

(11) in the case of any Foreign Subsidiaries, investments equivalent to those referred to in clauses (3) through (10) above denominated in foreign currencies customarily used by persons for cash management purposes in any jurisdiction outside the United States; and

(12) investment funds (including shares of any money market mutual fund) investing at least 90% of their assets in securities of the types described in clauses (1) through (11) above.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) and (2) above, provided that such amounts are converted into any currency listed in clauses (1) and (2) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

"*Cash Management Services*" means any of the following to the extent not constituting a line of credit: treasury, depositary and/or cash management services, including, without limitation, other netting services, overdraft protections, automated clearing-house arrangements, employee credit card programs, controlled disbursement services, ACH transactions, return items, interstate depository network services, foreign exchange facilities, travel and expense cards, corporate purchasing cards, car leasing programs, deposit and other accounts and merchant services (including, for the avoidance of doubt, all "*Cash Management Obligations*" as defined in the Senior Credit Facilities).

"*Change of Control*" means the occurrence of any of the following after the Issue Date:

(1) the sale, lease or transfer, in one or a series of related transactions (other than by way of merger or consolidation), of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any Person other than the Permitted Holder; or

(2) the Company 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) the acquisition by

(A) any Person (other than one or more Permitted Holders) or (B) Persons (other than Permitted Holders) that are together (1) a group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), or (2) are acting, for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), as a group, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of more than 50% of the total voting power of the Voting Stock of the Company or any of its direct or indirect parent companies that hold directly or indirectly an amount of Voting Stock of the Company such that the Company is a Subsidiary of such holding company; *provided* that so long as the Company is a Subsidiary of a Parent Company, no Person shall be deemed to be or become a beneficial owner of 50% or more of the total voting power of the Voting Stock of the Company unless such Person shall be or become a beneficial owner of 50% or more of the total voting power of the Voting Stock of such Parent Company.

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

"*Collateral*" means the Borrowing Base Collateral and the PP&E Collateral, in each case other than Excluded Assets.

"*Collateral Agreement"* means each of (i) the Amended and Restated Collateral Agreement dated as of April 15, 2014 by the Company and the Guarantors in favor of the Collateral Trustee in connection with the Credit Agreement and (ii) the Collateral Agreement to be entered into by the Company and the Guarantors in favor of the Collateral Trustee in connection with the Notes, in each case as amended, restated, supplemented or otherwise modified from time to time.

"*Collateral Trust Agreement*" means that certain Amended and Restated Collateral Trust Agreement dated as of April 15, 2014, by and among the Company, the Guarantors and the Collateral Trustee, as amended, modified, restated, supplemented or replaced from time to time.

"*Collateral Trustee Fees*" means all fees, costs and expenses of the Collateral Trustee as described in the Collateral Trust Agreement.

"*Collateral Trust Security Documents*" means, collectively, (i) the Collateral Agreement, the Collateral Trust Agreement, any foreign pledge agreements, any mortgages and all other security documents delivered to the Collateral Trustee granting a Lien on any property of any Person to secure the obligations and liabilities of the Company or any Guarantor under any secured instrument, (ii) each Deposit Account Control Agreement (as defined in the Collateral Agreement), (iii) each new security document delivered to the Collateral Trustee pursuant to the terms of the Collateral Trust Agreement and (iv) each supplemental agreement entered into pursuant to the terms of the Collateral Trust Agreement.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, (a) the total amount of depreciation and amortization expense, including without limitation the amortization of intangible assets (including amortization of deferred launch costs) and deferred financing fees, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP and (b) the depreciation of assets of such Person and its subsidiaries acquired under Capital Leases, which is expensed in cost of goods sold and not included in depreciation and amortization under GAAP.

"*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 paid or payable in respect of such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit, bank guarantees, bankers' acceptances, ancillary facilities or any similar facility or financing and hedging agreements, (c) non-cash interest payments (but excluding any interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, made (less net payments, if any, received) pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (i) penalties and interest related to taxes, (ii) amortization of deferred financing fees, debt issuance costs, discounted liabilities, commissions, fees and expenses, (iii) any expensing of bridge, commitment and other financing fees, (iv) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Receivables Facility, (v) any expense resulting from the discounting of Indebtedness in connection with the application of recapitalization accounting or, if applicable, acquisition accounting and (vi) interest expense attributable to a Parent Company resulting from push-down accounting; *plus*

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

(3) interest income of such Person and its Restricted Subsidiaries 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 the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the Net Income, of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided, however,* that, without duplication,

(1) any after-tax effect of extraordinary, non-recurring or unusual gains, income, losses, expenses or charges (including (x) costs of and payments of actual or prospective legal settlements, fines, judgments or orders and (y) gains, income, losses, expenses or charges arising from insurance claims and settlements), severance, relocation costs, integration costs, consolidation and costs related to the opening, closure, relocation and/or consolidation of facilities, signing, retention or completion costs and bonuses, recruiting costs, recruiting and hiring bonuses, transition costs, costs incurred in connection with acquisitions (whether or not consummated) after the Issue Date (including integration costs), consulting fees, legal fees and taxes related to issuances of significant options and curtailments or modifications to pension and post-retirement employee benefit plans and corporate reorganization shall be excluded,

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principles or policies during such period,

(3) any net after-tax gains, charges or losses with respect to disposed, abandoned, closed or discontinued operations (other than assets held for sale) and any accretion or accrual of

discounted liabilities and on the disposal of disposed, abandoned and discontinued operations and facilities, plans or distribution centers that have been closed, or temporarily shut down or idled during such period, shall be excluded,

(4) any after-tax effect of gains, income, losses, expenses or charges (less all fees and expenses relating thereto) attributable to asset dispositions (including asset retirement costs) or returned surplus assets of any employee pension benefit plan other than in the ordinary course of business shall be excluded,

(5) the Net Income (or loss) for such period of any Person that is an Unrestricted Subsidiary, or, solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Person that is not a Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; *provided* that Consolidated Net Income of such Person shall be increased by the amount of dividends or distributions or other payments (including any ordinary course dividend, distribution or other payment) that are actually paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period by such Person,

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph of "—Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived, *provided* that Consolidated Net Income will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(7) effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) in the Person's consolidated financial statements pursuant to GAAP (including in the inventory, property and equipment, software, goodwill, intangible assets, in-process research and development, deferred revenue, deferred rent, deferred trade incentives and other lease-related items and debt line items thereof) resulting from the application of recapitalization accounting or purchase accounting, as the case may be, in relation to any consummated acquisition or the amortization or write-off or removal of revenue otherwise recognizable on any amounts thereof, net of taxes, shall be excluded or added back in the case of lost revenue,

(8) any after-tax effect of income (loss) (less all fees and expenses or charges related thereto) from the early extinguishment or conversion of Indebtedness or Hedging Obligations or other derivative instruments (including deferred financing expenses written off and premiums paid) shall be excluded,

(9) any goodwill or other asset impairment charges, write-offs or write-downs or amortization of intangibles shall be excluded,

(10) any (i) non-cash compensation charge, cost, expense, accrual or reserve including any such charge, cost, expense, accrual or reserve arising from the grant of stock appreciation or

similar rights, stock options, restricted stock or other equity incentive programs, (ii) charges, costs, expenses, accruals or reserves incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan, profits interest or stock option plan or any other management or employee benefit plan or agreement, pension plan or other long-term or post-employment benefit, any stock subscription or shareholder agreement or any distributor equity plan or agreement, including any fair value adjustments that may be required under liquidity puts for such arrangements, (iii) charges, costs, expenses, accruals or reserves in connection with the rollover, acceleration or payout of Capital Stock held by management of the Company, any direct or indirect Parent Company and/or any of its subsidiaries, in each case to the extent that such charges, costs, expenses, accruals or reserves are funded with cash proceeds contributed to the capital of the Company as a result of capital contribution or as a result of the sale or issuance of Capital Stock (other than Disqualified Capital Stock) of the Company solely to the extent such amounts are funded with net cash proceeds contributed to such Person as a capital contribution or as a result of the sale of Capital Stock (other than Disqualified Capital Stock) of such Person, and (iv) charges, costs, or expenses incurred in respect of bonus payments pursuant to employee incentive programs (including any bonus plans) that exceed 100% of the total amount projected for such payments, shall be excluded,

(11) (i) any fees, commissions and expenses incurred during such period, or any amortization or write-off thereof for such period in connection with any acquisition, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction shall be excluded, and (ii) accruals and reserves that are established or adjusted within 12 months after the date of any acquisition or other similar Investment, in each case, in accordance with GAAP or as a result of the adoption or modification of accounting policies, shall be excluded,

(12) any unrealized or realized net gain or loss resulting from currency translation or transaction gains or losses impacting net income (including currency remeasurements of Indebtedness) and any foreign currency translation or transaction gains or losses shall be excluded, including those resulting from intercompany Indebtedness,

(13) any unrealized net gains and losses resulting from Hedging Obligations in accordance with GAAP or any other derivative instrument pursuant to the application of Accounting Standards Codification Topic Number 815 “Derivatives and Hedging” shall be excluded,

(14) to the extent covered by insurance and actually reimbursed, or, so long as the Company has made a good faith determination that it expects to receive reimbursement within 365 days (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days), (x) the amount of any fee, cost, expense or reserve with respect to liability or casualty events or business interruption shall be excluded, and (y) proceeds of such insurance in an amount representing the earnings for the applicable period that such proceeds are intended to replace shall be included, and

(15) to the extent actually reimbursed or reimbursable by third parties pursuant to indemnification or reimbursement provisions or similar agreements or insurance, fees, costs, expenses or reserves incurred to the extent covered by indemnification provisions in any agreement in connection with any sale of Capital Stock, acquisition, Permitted Investment, Restricted Payment, Asset Sale, disposition, recapitalization, mergers, consolidations or amalgamations, option buyouts or incurrences, repayments, refinancings, amendments or

modifications of Indebtedness (in each case, including any such transaction consummated prior to the Issue Date) shall be excluded.

Notwithstanding the foregoing, for the purpose of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" only (other than clause (3)(d) of the first paragraph thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Company and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Company and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Company or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (3)(d) of the first paragraph thereof or clause (7)(b) of the second paragraph thereof.

"*Consolidated Secured Debt Ratio*" means, as of any date of determination, the ratio of (1) Consolidated Total Indebtedness of such Person and its Restricted Subsidiaries that is secured by Liens as of such date of determination to (2) EBITDA of such Person and its Restricted Subsidiaries, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio.

"*Consolidated Total Assets*" means, at any date, all amounts that would, in conformity with GAAP, be set forth opposite the caption "total assets" (or like caption) on a consolidated balance sheet of the Company and its Subsidiaries at such date.

"*Consolidated Total Leverage Ratio*" means, as of any date of determination, the ratio of (1) Consolidated Total Indebtedness of such Person and its Restricted Subsidiaries as of such date of determination to (2) EBITDA of such Person and its Restricted Subsidiaries, in each case with such *pro forma* adjustments to Consolidated Total Indebtedness and EBITDA as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio.

"*Consolidated Total Indebtedness*" means, as to any Person as at any date of determination, an amount equal to (x) the sum of (1) the aggregate amount of all outstanding Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, Obligations in respect of Capitalized Lease Obligations and debt obligations evidenced by promissory notes and similar instruments and (2) the aggregate amount of all outstanding Disqualified Stock of such Person and all Preferred Stock of its Restricted Subsidiaries on a consolidated basis, with the amount of such Disqualified Stock and Preferred Stock equal to the greater of their respective voluntary or involuntary liquidation preferences and maximum fixed repurchase prices, in each case determined on a consolidated basis in accordance with GAAP, less unrestricted cash and Cash Equivalents included on the consolidated balance sheet of such Person and any Restricted Subsidiaries as of such date. For purposes hereof, the "*maximum fixed repurchase price*" of any Disqualified Stock or Preferred Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock as if such Disqualified Stock or Preferred Stock were purchased on any date on which Consolidated Total Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock or Preferred Stock, such fair market value shall be determined reasonably and in good faith by the Company.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Controlling Secured Parties*" means, with respect to any Shared Collateral, the Series of PP&E First Lien Secured Parties whose PP&E First Lien Agent is the Applicable PP&E First Lien Agent for such Shared Collateral.

"*Credit Agreement*" means that certain Term Loan and Revolving Credit Agreement, dated as of April 15, 2014 among Federal-Mogul Holdings Corporation, the lenders from time to time party thereto, Citibank, N.A., as administrative agent with respect to the revolving credit facility thereunder, Citibank, N.A., as administrative agent with respect to the tranche B term loan facility thereunder, and Credit Suisse AG, as administrative agent with respect to the tranche C term loan facility thereunder.

"*Credit Facilities*" means, with respect to the Company or any Restricted Subsidiary, one or more debt facilities, including the Senior Credit Facilities, or other financing arrangements (including, without limitation, commercial paper facilities with banks or other institutional lenders or investors or indentures) providing for revolving credit loans, term loans, letters of credit or other long-term indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, restructurings, renewals, restatements, amendments, replacements and restatements, or refundings thereof, in whole or in part, and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that refinance any part of the loans, notes or other securities, other credit facilities or commitments thereunder, including any such refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (provided that such increase in borrowings is permitted under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock") or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

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

"*Designated ABL Agent*" means the Initial ABL Agent or its successor designated as Designated ABL Agent in accordance with the terms of the ABL Intercreditor Agreement.

"*Designated Non-cash Consideration*" means the fair market value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of Cash Equivalents received in connection with a subsequent sale, redemption, repurchase of, or collection or payment on, such Designated Non-cash Consideration.

"*Designated PP&E Agent*" means the Initial PP&E First Lien Agent or its successor designated as Designated PP&E Agent in accordance with the terms of the ABL Intercreditor Agreement.

"*Designated Preferred Stock*" means Preferred Stock of the Company, any Restricted Subsidiary or any direct or indirect Parent Company thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of the first paragraph of the "—Certain Covenants—Limitation on Restricted Payments" covenant.

"*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 redeemable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control or asset sale) pursuant to a sinking fund obligation or otherwise or is redeemable at the option of the Holder thereof (other than solely as a result of a change of control or asset sale), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; *provided, however,* that if such Capital Stock is issued to any current or former employee or to any plan for the benefit of employees, directors, officers, members of management or consultants of the Company or its Subsidiaries or by any such plan to such employees, directors, officers, members or management or consultants, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination, death or disability.

"*Discharge of Borrowing Base Priority Obligations*" means the payment in full in cash of all Borrowing Base Priority Obligations (other than contingent obligations or contingent indemnification obligations) and the termination or expiration of all commitments, if any, to extend credit under the ABL Loan Documents, together with the any cash collateralization required in connection with any letters of credit and hedging agreements or cash management obligations.

"*Discharge of PP&E Credit Agreement Secured Obligations*" means, with respect to any Shared Collateral, the discharge of the PP&E Credit Agreement Secured Obligations with respect to such Shared Collateral; provided that the Discharge of PP&E Credit Agreement Secured Obligations shall not be deemed to have occurred in connection with a refinancing of such PP&E Credit Agreement Secured Obligations with additional PP&E First Lien Obligations secured by Shared Collateral under the security documents in respect of PP&E First Lien Obligations which has been designated in writing by the applicable administrative agent (under the credit agreement so refinanced) or the Company to the Collateral Trustee and each other PP&E First Lien Agent as the "Credit Agreement" for purposes of the PP&E Pari Passu Intercreditor Agreement.

"*Discharge of PP&E Priority Obligations*" means the discharge of PP&E First Lien Obligations and the discharge of PP&E Second Lien Obligations

"*Distribution Date*" means each date fixed by the Collateral Trustee for a distribution to the Secured Parties of funds held in the Trust Collateral Account, the first of which shall be within 120 days after the Collateral Trustee receives an Applicable Notice of Event of Default and the remainder of which shall be monthly thereafter on the day of the month corresponding to the first Distribution Date (or, if there be no such corresponding day, the last day of such month); provided that if any such day is not a business day, such Distribution Date shall be the next business day.

"*Domestic Subsidiary*" means a Subsidiary incorporated or organized under the laws of any jurisdiction of the United States of America.

"*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) provision for taxes based on income or profits or capital (including pursuant to any tax sharing arrangements), including, without limitation, federal, state, local, provincial, foreign, excise, franchise, property and similar taxes and foreign withholding taxes and foreign unreimbursed value added taxes (including, in each case, any future taxes or other levies that replace or are intended to be in lieu of taxes, and any penalties and interest related to such taxes or arising from tax examinations) of or with respect to such Person paid or accrued during such period deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) Fixed Charges of such Person for such period plus bank fees and costs of surety bonds in connection with financing activities, plus amounts excluded from Consolidated Interest Expense as set forth in clauses (i), (ii), (iii), (iv) and (v) in the definition thereof, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income plus commissions, discounts and other fees and charges owed with respect to letters of credit, bankers' acceptance or any similar facilities or financing and Hedging Obligations; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same was deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) (i) Refinancing Expenses, (ii) transaction fees, costs and expenses (including rationalization, legal, tax and structuring fees, costs and expenses) incurred (1) in connection with the consummation of any transaction (or any transaction proposed and not consummated) permitted under the Indenture, including any Equity Offering, Permitted Investment, Restricted Payments, acquisitions, dispositions, recapitalizations, mergers, consolidations or amalgamations, option buyouts or incurrences, repayments, refinancings, amendments or modifications of Indebtedness (including any amortization or write-off of debt issuance or deferred financings costs, premiums and prepayment penalties) or similar transactions) or any Qualifying IPO, including (x) such fees, expenses or charges related to the offering of the Notes, the Fixed Rate Notes, the Floating Rate Notes, the Senior Credit Facilities and any Receivables Facility or the repayment of the Senior Credit Facilities, (y) any amendment or other modification of the Notes, the Senior Credit Facility and any Receivables Facility and (z) commissions, discounts, yield and other fees and charges (including any interest expense related to any Receivables Facility), and (iii) costs associated with, or in anticipation of, our preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, in each case, deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) the amount of any costs, charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings (including sourcing), operating expense reductions, operating improvements, product margin synergies and product cost and other synergies and similar initiatives, integration, transition, reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, restructuring costs (including those related to tax restructurings), charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings initiatives, operating expense reductions, business optimization and other restructuring costs, charges, accruals, reserves and expenses (including, without limitation, inventory and business optimization programs, the opening and pre-opening, closure, relocation and/or consolidation of facilities and locations, unused warehouse space costs, costs related to entry into new markets, unused warehouse space costs, and consulting and other professional fees, signing or retention costs, retention or completion charges or bonuses, relocation expenses, recruitment expenses (including headhunter fees and relocation expenses) severance payments, earnout payments, curtailments and modifications to or losses on settlement of pension and post-retirement employee benefit plans, excess pension charges, contract termination costs, future lease commitments, system establishment costs and implementation costs and project startup costs and expenses attributable to the implementation of cost savings initiatives and professional and consulting fees incurred in connection with any of the foregoing); *plus*

(f) any other non-cash charges or losses, including (i) any write offs or write downs, (ii) the vesting of warrants and stock options and other equity based awards compensation, (iii) losses on sales, disposals or abandonment of, or any impairment charges or asset write off related to, intangible assets, long-lived assets and investments in debt and equity securities, (iv) all losses from investments recorded using the equity method (other than to the extent funded with cash) and (v) other non-cash charges, non-cash expenses or non-cash losses reducing Consolidated Net Income for such period (provided that if any such non-cash charges, expenses or losses represent an accrual or reserve for potential cash items in any future period, (A) the Company may determine not to add back such non-cash charge, loss or expense in the current period or (B) to the extent the Company does decide to add back such non-cash charge, loss, or expense, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period); *plus*

(g) the amount of any minority and/or non-controlling interest expense consisting of Subsidiary income attributable to minority and/or non-controlling equity interests of third parties in any non-Wholly Owned Subsidiary deducted (and not added back) in such period in calculating Consolidated Net Income; *plus*

(h) the amount of management, monitoring, consulting, transaction and advisory fees (including termination fees) and related indemnities and expenses paid or accrued in such period to the Permitted Holder or other persons with a similar interest in the Company or its direct or indirect parent companies to the extent otherwise permitted under "—Certain Covenants—Transactions with Affiliates" and deducted (and not added back) in such period in computing Consolidated Net Income; *plus*

(i) expected "run rate" cost savings (including sourcing), operating expense reductions, other operating improvements and expense reductions and synergies projected by the

Company in good faith to be realized as a result of any asset sale, merger or other business combination, acquisition, Investment, disposition or divestiture, operating improvement and expense reductions, restructurings, cost saving initiatives, any similar initiative and/or specified transaction taken or to be taken by the Company or any of its Restricted Subsidiaries (calculated on a *pro forma basis* as though such cost savings, operating improvements and expense reductions and synergies had been realized on the first day of such period and as if such cost savings, operating improvements and expense reductions and synergies were realized during the entirety of such period), net of the amount of actual benefits realized during such period from such actions; *provided* that such cost savings, expense reductions, operating improvements and synergies are projected by the Company in good faith to result from actions either taken or with respect to which substantial steps have been taken or are expected to be taken (in the good faith determination of the Company) within 18 months after the end of such period (which adjustments may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"); *plus*

(j) the amount of loss or discount on sale of receivables and related assets in connection with a Receivables Facility; *plus*

(k) (i) any charges, costs, expenses, accruals or reserves incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan, profits interest or stock option plan or any other management or employee benefit plan or agreement, pension plan or other long-term or post-employment benefit, any stock subscription or shareholder agreement or any distributor equity plan or agreement, including, without limitation, any fair value adjustments that may be required under liquidity puts for such arrangements and amortization of unrecognized prior service costs, actuarial losses (including amortization of such amounts arising in prior periods), and any other items of a similar nature, (ii) any charges, costs, expenses, accruals or reserves in connection with the rollover, acceleration or payout of Capital Stock held by management of the Company, any direct or indirect Parent Company and/or any of its subsidiaries, in each case to the extent that such charges, costs, expenses, accruals or reserves are funded with cash proceeds contributed to the capital of the Company as a result of capital contribution or as a result of the sale or issuance of Capital Stock (other than Disqualified Stock) of the Company solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (3) of the first paragraph under "—Certain Covenants—Limitation on Restricted Payments" and (iii) any charges, costs, or expenses incurred in respect of bonus payments pursuant to employee incentive programs (including any bonus plans) that exceed 100% of the total amount projected for such payments, *plus*

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

(m) earn-out and contingent consideration obligations incurred or accrued in connection with any acquisition or other Permitted Investment and paid or accrued during such period and on similar acquisitions and Permitted Investments completed prior to the Issue Date, *plus*

(n) with respect to any joint venture that is not a Restricted Subsidiary, an amount equal to the proportion of those items described in clauses (a) to (c) above relating to such joint venture corresponding to such Person'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), *plus*

(o) at the option of the Company, (A) the excess of GAAP rent expense over actual cash rent paid, including the benefit of lease incentives (in the case of a charge) during such period due to the use of straight line rent or the application of fair value adjustments made as a result of recapitalization or purchase accounting, in each case, for GAAP purposes, (B) the non-cash amortization of tenant allowances and (C) the cash portion of sublease rentals received by such Person; provided that, in each case, if any such non-cash charge represents an accrual or reserve for potential cash items in any future period, such Person may determine not to add back such non-cash charge in the current period, *plus*

(p) the percentage ownership of any joint venture that is accounted for under the equity method attributable to the Company, *plus*

(q) the amount of travel expenses, payroll taxes, indemnification payments, director's fees and any other charges, costs, expenses, accruals or reserves incurred in connection with, or amounts payable to, any director of the board of the Company or its parent entities in connection with such director serving as a member of such board of directors and performing his or her duties in respect thereof, *plus*

(r) charges or expenses in connection with union contract renewals and related negotiations (including, without limitation, management travel expenses and legal and other third-party costs), *plus*

(s) internal software development and information technology costs that are expensed during the period but could have been capitalized in accordance with GAAP; and

(2) decreased (without duplication) by:

(a) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced EBITDA in any prior period and any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase EBITDA in such prior period, *plus*

(b) any net income from disposed or discontinued operations; and

(3) increased or decreased by (without duplication), as applicable, any adjustments resulting from the application of ASC Topic Number 460 (Guarantees).

"*EMU*" means economic and monetary union as contemplated in the Treaty on European Union.

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

"*Equity Offering*" means any public or private sale of common stock or Preferred Stock of the Company or any of its direct or indirect parent companies (excluding Disqualified Stock), other than:

(1) public offerings with respect to the Company's or any direct or indirect Parent Company's common stock registered on Form S-8;

(2) issuances to any Subsidiary of the Company; and

(3) any such public or private sale that constitutes an Excluded Contribution.

"*euro*" means the single currency of participating member states of the EMU.

"*Excess Designated Hedging Obligations*" shall mean, at any time, all Hedging Obligations that are not pari passu secured Hedging Obligations at such time.

"*Excess Secured Cash Management Obligations*" shall mean, at any time, all Cash Management Obligations that are not pari passu secured cash management obligations at such time.

"*Excess Secured Obligations*" shall mean, collectively, Excess Designated Hedging Obligations and Excess Secured Cash Management Obligations.

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

"*Excluded Assets*" means:

(1) any contract, intangibles, as term is defined in Article 9 of the UCC and, in any event, including, without limitation, with respect to the Company and the Guarantors, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which the Company or such Guarantor is a party or under which the Company or such Guarantor has any right, title or interest or to which the Company or such Guarantor or any property of the Company or such Guarantor is subject, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (i) all rights of the Company or such Guarantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of such the Company and such Guarantor to damages arising thereunder and (iii) all rights of the Company and such Guarantor to perform and to exercise all remedies thereunder;

(2) any written agreement naming the Company or a Guarantor as licensor or licensee, granting any right under all copyrights arising under the laws of the United States, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office and the rights to obtain all renewals thereof, in each case held by the Company and the Guarantors, and the grant of rights to manufacture, distribute, exploit and sell materials derived from any of the foregoing;

(3) all agreements, whether written or oral, providing for the grant by or to the Company or any Guarantor of any right to manufacture, use or sell any invention covered in whole or in part by letters patent of the United States, all reissues and extensions thereof and all goodwill associated therewith, including, without limitation, all applications for letters patent of the United States and all divisions, continuations and continuations-in-part thereof, and all rights to obtain any reissues or extensions of the foregoing, in each case held by the Company or a Guarantor;

(4) all agreements, whether written or oral, providing for the grant by or to the Company or a Guarantor of any right to use any trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or

agency of the United States or any State thereof, or otherwise, and all common-law rights related thereto, and the right to obtain all renewals thereof, in each case by the Company or such Guarantor;

(5) certain receivables that have been sold, transferred or assigned, all related security with respect to such securitized receivables, including, cash proceeds thereof, each concentration account, depositary account, lockbox account or similar account in which any cash collections or cash proceeds that are collected or deposited and all balances, checks, money orders and other instruments from time to time therein, and all documentation evidencing any permitted securitization refinancing, receivables that have been disposed of pursuant to a factoring agreement;

(6) deposit accounts established solely for the purpose of funding payroll (including salaries and wages and workers' compensation), payroll taxes and other compensation and benefits (and similar expenses) or for administering foreign tax credits, and any deposit account the funds in which consist solely of funds held by the Company or any Guarantor in trust for any director, officer or employee of the Company or any Guarantor, employee benefit plans maintained by the Company or any Guarantor or funds representing deferred compensation for the directors, officers and employees of the Company and the Guarantors;

(7) each joint venture of the Company and Guarantors to the extent the grant is prohibited by any contract, agreement, instrument or indenture governing such joint venture, would give any other party to such contract, agreement, instrument or indenture the right to terminate its obligations thereunder or is permitted only with the consent of another party, if such consent has not been obtained; *provided*, that the foregoing exclusions shall not apply to the extent that any such prohibition, right to terminate, consent right or other term would be ineffective pursuant to the UCC;

(8) Capital Stock of any Excluded Subsidiary other than 65% of the issued and outstanding voting Capital Stock and 100% of the issued and outstanding non-voting Capital Stock of (A) each wholly owned Domestic Subsidiary that is described in clause (c) of the definition of "Excluded Subsidiary" that is directly owned by the Company or any Guarantor and (B) each wholly owned Foreign Subsidiary that is directly owned by the Company or by any Guarantor; and

(9) real property owned, leased or otherwise held by the Company or such Guarantor having a value of $5,000,000 or less.

The Excluded Assets shall not include any proceeds (as defined in the UCC), substitutions or replacements of Excluded Assets (unless such proceeds, substitutions or replacements would otherwise constitute Excluded Assets.

"*Excluded Contribution*" means net cash proceeds, marketable securities or Qualified Proceeds received by the Company after the Issue Date from:

(1) contributions to its common equity capital, and

(2) the sale (other than to a Subsidiary of the Company or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Company) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Company, in each case designated as Excluded Contributions pursuant to an Officer's Certificate on or promptly after the date such capital contributions are made or the date such Equity

Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (3) of the first paragraph under "—Certain Covenants—Limitation on Restricted Payments."

"*Excluded Subsidiary*" means (a) any Subsidiary that is not a Wholly-Owned Subsidiary of the Company or a Guarantor, (b) any Foreign Subsidiary of the Company or of any direct or indirect Domestic Subsidiary or Foreign Subsidiary, (c) any Domestic Subsidiary (i) substantially all of the assets of which constitute the Capital Stock in one or more Foreign Subsidiaries or (ii) substantially all of the assets of which constitute the Capital Stock of any entity described in clause (i) (including, without limitation, FM International, LLC), (d) any Domestic Subsidiary that is a direct or indirect Subsidiary of a Foreign Subsidiary or a Subsidiary described in clause (c) above, (e) any Subsidiary that is prohibited by applicable law existing on the Issue Date or by applicable law or contractual obligation existing at the time of the formation or acquisition by the Company (or any of its Subsidiaries) of such Subsidiary (so long as such contractual obligation is not entered into in contemplation of such formation or acquisition) from providing a Guarantee for so long as such prohibition exists, or if such Guarantee would require governmental (including regulatory) consent, approval, license or authorization unless such consent, approval, license or authorization has been received, (f) any Subsidiary that is a not-for-profit organization and (g) any other Subsidiary with respect to which, in the reasonable judgment of the Company, the burden or cost (including any adverse tax consequences) of providing a Guarantee will outweigh the benefits to be obtained by the Holders therefrom; provided that any such Subsidiary that is an Excluded Subsidiary pursuant to clause (g) above will cease to be an Excluded Subsidiary at any time such Subsidiary guarantees Indebtedness under the Senior Credit Facilities or Capital Market Indebtedness of the Company, FinCo or any Guarantor.

"*Fitch*" means Fitch Ratings Inc., and any successor to its rating agency business.

"*First Priority Documents*" means the ABL Loan Documents and the PP&E First Lien Documents.

"*First Priority Obligations*" means the Borrowing Base Priority Obligations and the PP&E First Lien Obligations.

"*First Priority Representative*" means, collectively (i) each ABL Agent and (ii) each PP&E First Lien Agent who has executed the Collateral Trust Agreement or who executes and delivers a joinder to the Collateral Trust Agreement as a First Priority Representative.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person for any period, the ratio of (1) EBITDA of such Person and its Restricted Subsidiaries for such period to (2) the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that such Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repurchases, redeems, retires or extinguishes any Indebtedness (other than Indebtedness under any revolving credit facility or revolving advances under any Receivables Facility, in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during such applicable period) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repurchase, redemption, retirement or extinguishment of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred

Stock, as if the same had occurred at the beginning of the applicable four-quarter period for which internal financial statements are available.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, amalgamations, mergers, consolidations and discontinued operations (as determined in accordance with GAAP) and any operational changes that the Company or any of its Restricted Subsidiaries has determined to make/or has made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma basis* assuming that all such Investments, acquisitions, dispositions, amalgamations, mergers, consolidations, discontinued operations and operational changes (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, amalgamation, merger, consolidation, discontinued operation or operational change that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to an Investment, acquisition, disposition, amalgamation, merger, consolidation, discontinued operation or operational change, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Company (and may include (to the extent not already included in EBITDA) (a) "run rate" cost savings (including sourcing), operating expense reductions and other operating improvements or synergies resulting from such Investment, acquisition, disposition, amalgamation, merger, consolidation, discontinued operation or operational change, which is being given pro forma effect that are projected by the Company in good faith to result from actions either taken or with respect to which substantial steps have been taken or are expected to be taken (in the good faith determination of the Company) within 18 months after the end of such period and (b) adjustments of the nature used in connection with the calculation of Operational EBITDA set forth in footnote (1) to "Summary—Summary Historical Condensed Consolidated Financial and Other Data" in this offering memorandum. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate. Interest on any Indebtedness under a revolving credit facility computed on a *pro forma basis* shall be computed based upon the average daily balance of such indebtedness during the applicable period.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

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

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

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

"*Foreign Subsidiary*" means any Subsidiary that is incorporated or organized under the laws of a jurisdiction outside of the United States.

"*FMLLC*" means Federal Mogul LLC, a Delaware limited liability company.

"*GAAP*" means generally accepted accounting principles in the United States which are in effect on the Issue Date, except for any reports required to be delivered under the covenant described above under "—Certain Covenants "—Reports and Other Information," which shall be prepared in accordance with GAAP in effect on the date thereof. At any time after the Issue Date, the Company 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 pursuant to the previous sentence.

"*Government Securities*" 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 by the United States of America, which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository 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 depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"*Governmental Authority*" means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank), in each case whether associated with a state or locality of the U.S., the U.S., or a foreign government.

"*guarantee*" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

"*Guarantee*" means the guarantee by any Guarantor of the Company's Obligations under the Indenture and the Notes.

"*Guarantor*" means each Person that Guarantees the Notes in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contract, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies (including, for the avoidance of doubt, under all "*Hedging Obligations*" as defined in the Senior Credit Facilities).

"*Holder*" means the Person in whose name a Note is registered on the registrar's books.

"*IFRS*" means international accounting standards within the meaning of IAS Regulation 1606/2002, as in effect from time to time, to the extent relevant to the applicable financial statements.

"*Indebtedness*" means, with respect to any Person, without duplication:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except (i) any such balance that constitutes an obligation in respect of a commercial letter of credit, a trade payable or similar obligation, in each case accrued in the ordinary course of business, (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and is not paid after becoming due and payable and (iii) any such obligations under ERISA or liabilities associated with customer prepayments; or

(d) representing any Hedging Obligations;

if and to the extent that any of the foregoing Indebtedness (other than letters of credit (other than commercial 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;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the obligations of the type referred to in clause (1) of a third Person (whether or not such items would appear upon the balance sheet of such obligor

or guarantor), other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any asset owned by such first Person, whether or not such Indebtedness is assumed by such first Person; *provided*, *however,* that the amount of such Indebtedness will be the lesser of: (i) the fair market value of such asset at such date of determination, and (ii) the amount of such Indebtedness of such other Person;

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (1) Contingent Obligations incurred in the ordinary course of business and (2) deferred or prepaid revenues.

Notwithstanding anything in the Indenture to the contrary, Indebtedness shall not include, and shall be calculated without giving effect to, the effects of Accounting Standards Codification Topic 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness; and any such amounts that would have constituted Indebtedness under the Indenture but for the application of this sentence shall not be deemed an incurrence of Indebtedness under the Indenture.

"*Independent Financial Advisor*" means an accounting, appraisal, investment banking firm or consultant, in each case of nationally recognized standing that is, in the good faith judgment of the Company, qualified to perform the task for which it has been engaged.

"*Initial ABL Agent*" means Citibank, N.A., as collateral agent under the Initial ABL Facility and its successors and permitted assigns thereunder.

"*Initial ABL Facility*" means the asset-based revolving credit facility in an aggregate principal amount of $600,000,000 incurred under the Senior Credit Facilities.

"*Initial PP&E Agent*" means Credit Suisse AG, as administrative agent under the tranche C term loan facility of the Senior Credit Facilities, and its successors and permitted assigns thereunder in such capacity.

"*Initial PP&E First Lien Term Facility*" means the tranche B term loan facility in an initial aggregate principal amount of $700,000,000 and the tranche C term loan facility in an initial aggregate principal amount of $1,900,000,000, in each case incurred under the Senior Credit Facilities.

"*Initial Purchaser*" means Deutsche Bank AG, London Branch.

"*Insolvency or Liquidation Proceeding*" means (a) any voluntary or involuntary case or proceeding under the Bankruptcy Code with respect to the Company or any Guarantor, (b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to the Company or any Guarantor or with respect to any of their respective assets, (c) any liquidation, dissolution, reorganization or winding up of the Company or any Guarantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (d) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company or any Guarantor.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB- (or the equivalent) by S&P, BBB by Fitch, or, in any such case, an equivalent rating by any other Rating Agency.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities or instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries;

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

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

"*Investments*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel and similar advances to officers, directors, distributors, consultants and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes thereto) of the Company in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. The amount of any Investment shall be deemed to be the amount actually invested, without adjustment for subsequent increases or decreases in value or any write-downs or write-offs, but giving effect to any repayments thereof in the form of loans and any return on capital or return on Investment in the case of equity Investments (whether as a distribution, dividend, redemption or sale but not in excess of the amount of such Investment). For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments":

"*Investments*" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however,* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(1) the Company's "*Investment*" in such Subsidiary at the time of such redesignation; less

(2) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(3) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Company.

"*Issue Date*" means March 30, 2017.

"*Legal Holiday*" means a Saturday, a Sunday or any other day on which commercial banking institutions are not required by law, regulation or executive order to be open in the State of New York or in the jurisdiction of the place of payment. If a payment date at a place of payment is on a Legal Holiday, payment shall be made at that place on the next succeeding Business Day, and no interest shall accrue on such payment for the intervening period.

"*Lien*" means, with respect to any asset, any mortgage, lien, deed of trust, hypothecation, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof); provided that in no event shall an operating lease be deemed to constitute a Lien.

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing; provided that the Consolidated Net Income (and any other financial term derived therefrom), other than for purposes of calculating any ratios in connection with the Limited Condition Acquisition, shall not include any Consolidated Net Income of or attributable to the target company or assets associated with any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

"*Major Non-Controlling PP&E First Lien Agent*" means, with respect to any Shared Collateral, the PP&E First Lien Agent of the Series of Other PP&E First Lien Obligations that constitutes the largest outstanding principal amount (including contingent reimbursement agreements in respect of letters of credit) of any then outstanding Series of PP&E First Lien Obligations with respect to such Shared Collateral; provided, however, that if there are two outstanding Series of Other PP&E First Lien Obligations which have an equal outstanding principal amount, the Series of Other PP&E First Lien Obligations with the earlier maturity date shall be considered to have the larger outstanding principal amount for purposes of this definition and if such Series of Other PP&E First Lien Obligations have the same existing principal amount and same maturity date, the Major Non-Controlling PP&E First Lien Agent shall be determined by vote of the Holders of such Series of Other PP&E First Lien Obligations constituting a majority of the amount of such Series of Other PP&E First Lien Obligations.

"*Moody's*" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale, including, without limitation, any cash received in respect of or upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including legal, accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof, amounts required to be applied to the repayment of principal, premium, if any, and interest on Indebtedness (other than Subordinated Indebtedness) secured by a Lien on the assets disposed of required (other than required by clause (1) of the second paragraph of "—Repurchase at the Option of Holders—Asset Sales") to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Company or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Company or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

"*Non-Controlling PP&E First Lien Agent*" means, with respect to any Shared Collateral, any PP&E First Lien Agent that is not the Applicable PP&E First Lien Agent with respect to such Shared Collateral at such time.

"*Non-Controlling Secured Parties*" means, with respect to any Shared Collateral, the First Lien Secured Parties which are not Controlling Secured Parties with respect to such Shared Collateral.

"*Note Documents*" means the Indenture, the Notes and the Security Documents.

"*Obligations*" means any principal, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), penalties, fees, indemnification, reimbursements (including reimbursement obligations with respect to letters of credit and banker's acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

"*Officer*" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, the Secretary or an Assistant Secretary of the Company.

"*Officer's Certificate*" means a certificate signed by an Officer of the Company, who must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company or such other Person appointed by one of the foregoing, in each case, that meets the requirements set forth in the Indenture.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

"*Parent Company*" means any Person that is a direct or indirect parent (which may be organized as, among other things, a partnership) of the Company.

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; provided that any Cash Equivalents received must be applied in accordance with the "—Repurchase at the Option of Holders—Asset Sales" covenant.

"*Permitted Holder*" means the Related Parties and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended, or any successor provision) of which any of the Related Parties are members.

"*Permitted Investments*" means:

(1) any Investment in the Company or any of its Restricted Subsidiaries;

(2) any Investment in cash and Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Company or any of its Restricted Subsidiaries in a Person (including in the Equity Interests of such Person) if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is merged, amalgamated or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary,

and, in each case, any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation or transfer;

(4) any Investment in securities or other assets not constituting cash, Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the first paragraph under "Repurchase at the Option of Holders—Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any extension, modification, replacement, renewal or reinvestments of any such Investments existing or committed on the Issue Date (other than reimbursements of Investments in the Company or any Subsidiary); *provided* that the amount of any such Investment may be increased (x) as required by the terms of such Investment or commitment as in existence on the Issue Date or (y) as otherwise permitted under the Indenture;

(6) any Investment acquired by the Company or any of its Restricted Subsidiaries:

(a) in exchange for any other Investment or accounts receivable held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of, or settlement of delinquent accounts and disputes with or judgments against, the issuer of such other Investment or accounts receivable;

(b) as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(c) as a result of the settlement, compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates, or

(d) in settlement of debts created in the ordinary course of business;

(7) Hedging Obligations permitted under clause (10) of the covenant described in "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(8) Investments the payment for which consists of Equity Interests (exclusive of Disqualified Stock) of the Company, or any of its direct or indirect parent companies; provided, however, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant description in "—Certain Covenants—Limitation on Restricted Payments;"

(9) guarantees (including Guarantees) of Indebtedness permitted under the covenant described in "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of

Disqualified Stock and Preferred Stock," performance guarantees and Contingent Obligations in the ordinary course of business and the creation of liens on the assets of the Company or any of its Restricted Subsidiaries in compliance with the covenant described in "—Certain Covenants—Liens," including, without limitation, any guarantee or other obligation issued or incurred under the Senior Credit Facilities in connection with any letter of credit issued for the account of the Company or any of its Subsidiaries (including with respect to the issuance of, or payments in respect of drawings under, such letters of credit);

(10) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2) and (5) of the second paragraph thereof);

(11) Investments consisting of or to finance purchases and acquisitions of inventory, supplies, materials, services or equipment, or intellectual property, or the licensing or contribution of intellectual property pursuant to any distribution, service, joint marketing, cobranding, co-distribution or other similar arrangement, however denominated;

(12) Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (12) that are at that time outstanding, not to exceed the greater of (x) $300.0 million and (y) 4.25% of Consolidated Total Assets (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 (12) is made in any Person that is not a Restricted Subsidiary of the Company at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (12) for so long as such Person continues to be a Restricted Subsidiary;

(13) Investments relating to a Receivables Subsidiary that, in the good faith determination of the Company, are necessary or advisable to effect any Receivables Facility;

(14) loans and advances to, or guarantees of Indebtedness of, officers, directors, employees, managers, consultants or independent contractors and members of management of the Company (or their respective immediate family members), any of its Subsidiaries or any direct or indirect parent of the Company not to exceed $10.0 million (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) (calculated without regard to write-downs or write-offs thereof);

(15) loans and advances to present or former officers, directors, employees, consultants, managers, members of management and independent contractors of payroll payments or other compensation and for travel, moving, entertainment and other similar expenses, drawing accounts and similar expenditures, in each case incurred in the ordinary course of business or consistent with past practices or to fund such Person's purchase of Equity Interests of the Company or any direct or indirect Parent Company thereof;

(16) Investments consisting of licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(17) 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;

(18) Investments in any Subsidiary or any joint venture as required by, or made pursuant to, intercompany cash management arrangements, buy/sell arrangements between the joint venture parties set forth in joint venture agreements and similar binding arrangements or related activities arising in the ordinary course of business;

(19) Investments in the ordinary course of business consisting of endorsements for collection or deposit and customary trade arrangements with customers;

(20) Investments in joint ventures having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (20) that are at the time outstanding, not to exceed the greater of (x) $300.0 million and (y) 4.25% of Consolidated Total Assets (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(21) the Notes and the related Guarantees;

(22) guarantees of leases (other than capital leases) or of other obligations not constituting Indebtedness, in each case in the ordinary course of business;

(23) Investments constituting advances, deposits, prepayments and other credits to, and guarantees for the benefit of, existing or potential suppliers, customers, distributors, licensors, licensees, lessee and lessors, in each case, in the ordinary course of business, to maintain the ordinary course of business or where there is a reasonable expectation for a material commercial benefit, as the case may be;

(24) extensions of trade credit and the conversion of overdue trade receivables into notes receivables in each case in the ordinary course of business; and

(25) Investments in notes receivables payable to the Company or any Restricted Subsidiary by the purchasers of assets purchased pursuant to dispositions permitted in accordance with the "Asset Sales" covenant.

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

(1) (a) (i) pledges, deposits or security by such Person under workmen's compensation laws, unemployment insurance, employers' health tax and other social security laws or similar legislation or regulations, health, disability or other employee benefits or property and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations and (ii) pledges and deposits and other Liens securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty, liability or other insurance to the Company and its Subsidiaries; or (b) Liens, pledges and deposits in connection with bids, tenders, contracts (other than for Indebtedness for borrowed money) or leases, statutory obligations, surety, stay, customs, bid and appeal bonds, performance and return of money bonds, bids, leases, government contracts, trade contracts, agreements with utilities, performance and completion guarantees and other obligations of a like nature (including letters of credit in lieu of any such items or to support the issuance thereof) incurred in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business and obligations in respect of letters of credit or bank guarantees that have been posted to support payment of the items described in this clause (1);

(2) Liens imposed by law, such as landlord's, banks', carriers', warehousemen's, workmen, materialmen's, repairmen's, construction and mechanics' Liens, (i) for sums not yet overdue for

a period of more than 30 days, (ii) being contested in good faith by appropriate actions or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP or (iii) with respect to which the failure to make payment could not reasonably be expected to have a material adverse effect;

(3) Liens for taxes, assessments or other governmental charges (i) not yet overdue for a period of more than 30 days, (ii) which are being contested in good faith by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP, (iii) for property taxes on property that the Company or one of its Subsidiaries has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property or (iv) with respect to which the failure to make payment could not reasonably be expected to have a material adverse effect;

(4) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements or letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the request of and for the account of such Person in the ordinary course of its business or consistent with past practice or industry practices prior to the Issue Date;

(5) minor survey exceptions, minor encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph and telephone and cable television lines, gas and oil pipelines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and which do not in the aggregate materially impair their use in the operation of the business of such Person;

(6) Liens securing Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clauses (4), (14)(y) or (18) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that (a) Liens securing Indebtedness, Disqualified Stock or Preferred Stock to be Incurred pursuant to clause (4) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" are limited to the assets financed with such Indebtedness, Disqualified Stock or Preferred Stock and any replacements thereof, additions and accessions thereto and the proceeds and products thereof and after-acquired and other related property; *provided further* that individual financings of assets provided by a counterparty may be cross-collateralized to other financings of assets provided by such counterparty and (b) Liens securing Indebtedness permitted to be incurred pursuant to clause (14)(y) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" are solely on property or the assets or Capital Stock of the acquired, merged, amalgamated or consolidated entity, as the case may be, and improvements thereon and the proceeds and the products thereof and after-acquired property and (c) Liens securing Indebtedness permitted to be incurred pursuant to clause (18) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets of non-Guarantor Subsidiaries;

(7) Liens existing on the Issue Date (other than any Lien described under clauses (38) or (39) of this definition of "Permitted Liens");

(8) Liens existing on property or shares of stock of a Person at the time such Person becomes a Subsidiary (*provided* that such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary) and any replacement, extension or renewal of any such Lien (to the extent the indebtedness and other obligations secured by such replacement, extension or renewal Liens are permitted by the Indenture); *provided* that such replacement, extension or renewal Liens do not cover any property other than the property that was subject to such Liens prior to such replacement, extension or renewal;

(9) Liens existing on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries; provided, however, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition, merger, amalgamation or consolidation; provided, further, however, that the Liens may not extend to any other property owned by the Company or any of its Restricted Subsidiaries;

(10) Liens securing Indebtedness or other obligations of the Company or a Restricted Subsidiary owing to the Company or another Restricted Subsidiary permitted to be incurred in accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(11) Liens securing Hedging Obligations and in respect of Cash Management Services so long as the related Indebtedness is permitted to be incurred under the Indenture;

(12) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of documentary letters of credit or bankers' acceptances, a bank guarantee or 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;

(13) leases, subleases, licenses or sublicenses, grants or permits (including with respect to intellectual property) granted to others in the ordinary course of business which do not materially interfere with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries and the customary rights reserved or vested in any Person by the terms of any lease, sublease, license, sublicense, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(14) Liens arising from Uniform Commercial Code (or equivalent statutes) financing statement filings regarding operating leases or accounts in connection with any transaction otherwise permitted under the Indenture;

(15) Liens in favor of the Company, FinCo or any Guarantor;

(16) Liens on equipment of the Company or any of its Restricted Subsidiaries granted in the ordinary course of business to the Company's or its Subsidiaries' customers;

(17) (a) Liens on accounts receivable and related assets incurred in connection with a Receivables Facility and (b) Liens on assets sold or transferred or purported to be sold or transferred to a Receivables Subsidiary in connection with a Receivables Facility and the proceeds of such assets, including, in each case, Liens on receivables resulting from precautionary Uniform Commercial Code filings or from recharacterization of any such sale as a financing or a loan;

(18) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (6), (7), (8) and (9); provided, however, that (a) such new Lien shall be limited to the same property that was permitted to secure the original Lien (other than the proceeds and products thereof, accessions thereto, improvements on such property and after-acquired property), and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (7), (8) and (9) at the time the original Lien became a Permitted Lien under the Indenture, and an amount necessary to pay any accrued interest and fees (including original issue discount, upfront fees or similar fees) and expenses, including premiums (including tender premiums), related to such refinancing, refunding, extension, renewal or replacement;

(19) deposits made or other security provided to secure liabilities to insurance brokers, insurance carriers under insurance or self-insurance arrangements in the ordinary course of business;

(20) Liens securing judgments for the payment of money not constituting an Event of Default under clause (6) under the caption "Events of Default and Remedies" so long as such Liens are adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(21) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(22) Liens (i) of a collection bank arising under Section 4-208 or 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, and (iii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(23) Liens deemed to exist in connection with Investments in repurchase agreements or other Cash Equivalents permitted under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement or other Cash Equivalents;

(24) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(25) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Company or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(26) Liens solely on any cash earnest money deposits made by the Company or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted under the Indenture;

(27) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by the Company or any of its Restricted Subsidiaries 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;

(28) restrictive covenants affecting the use to which real property may be put; provided, however, that the covenants are complied with;

(29) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business;

(30) zoning by-laws and other land use restrictions, including, without limitation, site plan agreements, development agreements and contract zoning agreements;

(31) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(32) Liens arising from Personal Property Security Act financing statement filings regarding leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(33) (i) customary transfer restrictions and purchase options in joint venture and similar agreements, (ii) Liens on Equity Interests in joint ventures or Unrestricted Subsidiaries securing capital contributions to, or obligations of, such Persons and (iii) customary rights of first refusal and tag, drag and similar rights in joint venture agreements and agreements with respect to non-Wholly Owned Subsidiaries entered into in the ordinary course of business;

(34) (i) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business, (ii) Liens arising out of conditional sale, title retention or similar arrangements for the sale of goods in the ordinary course of business and (iii) Liens arising by operation of law under Article 2 of the Uniform Commercial Code;

(35) Liens on the assets of non-Guarantor Subsidiaries of the Company (i) securing Indebtedness permitted to be incurred by non-Guarantor Subsidiaries under this Indenture or (ii) to the extent arising mandatorily under applicable law;

(36) other Liens securing obligations not to exceed the greater of (x) $400.0 million and (y) 6.0% of Consolidated Total Assets, at any one time outstanding; *provided* that, any Liens securing Borrowing Base Priority Obligations under this clause (36) will be pari passu with the Liens securing any other Borrowing Base Priority Obligations;

(37) Liens securing reimbursement obligations in respect of documentary letters of credit or bankers' acceptances in the ordinary course of business, provided that such Liens attach only to the documents and goods covered thereby and proceeds thereof;

(38) Liens securing the Notes, and the related Guarantees (not including any Additional Notes);

(39) Liens on the Collateral securing Borrowing Base Priority Obligations and/or PP&E First Lien Obligations in respect of Indebtedness and other obligations permitted to be incurred

under any Credit Facilities, including any letter of credit facility relating thereto, that was permitted to be incurred pursuant to clause (1) of the second paragraph of the "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(40) Liens on the Collateral securing PP&E First Lien Obligations in respect of Indebtedness and other obligations permitted to be incurred under any Credit Facilities, including any letter of credit facility relating thereto, that was permitted by the terms of the indenture to be incurred pursuant to the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" *provided* that, with respect to Liens securing PP&E First Lien Obligations under this clause (40), at the time of incurrence and after giving pro forma effect thereto, the Consolidated Secured Debt Ratio of the Company and its Restricted Subsidiaries would have been no greater than 3.75 to 1.00;

(41) Liens on the Collateral securing PP&E Second Lien Obligations and which Liens are made junior to the Liens securing PP&E First Lien Obligations pursuant to the Collateral Trust Agreement; provided that such Indebtedness was permitted to be incurred under the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;"

(42) any encumbrance or restriction (including put, call arrangements, tag, drag, right of first refusal and similar rights) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(43) Liens on cash and Cash Equivalents used to satisfy or discharge Indebtedness; *provided* that such satisfaction or discharge is permitted under the Indenture;

(44) agreements to subordinate any interest of the Company or any Restricted Subsidiary in any accounts receivable or other proceeds arising from inventory consigned by the Company or any Restricted Subsidiary pursuant to an agreement entered into the ordinary course of business or consistent with industry practice;

(45) Liens securing Guarantees of any Indebtedness or other obligations otherwise permitted to be secured by a Lien under the Indenture;

(46) Liens in connection with a Sale and Lease-Back Transaction;

(47) Liens arising pursuant to Section 107(1) of the Comprehensive Environmental Response, Compensation and Liability Act or similar provision of any environmental law; and

(48) Liens disclosed by the title insurance reports or policies delivered on or prior to the Issue Date and any replacement, extension or renewal of any such Lien (to the extent the Indebtedness and other obligations secured by such replacement, extension or renewal Liens are permitted by the Indenture); *provided* that such replacement, extension or renewal Liens do not cover any property other than the property that was subject to such Liens prior to such replacement, extension or renewal.

For purposes of determining compliance with this definition, (x) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens, the Company shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, and (z) in the event that a portion of Indebtedness secured by a Lien could be classified as secured in part pursuant to clauses (36), (38), (39), (40) or (41) above (giving effect to the incurrence of such portion of such Indebtedness), the Company, in its sole discretion, may classify such portion of such Indebtedness (and any Obligations in respect thereof) as having been secured pursuant to clauses (36), (38), (39), (40) or (41) above and thereafter the remainder of the Indebtedness as having been secured pursuant to one or more of the other clauses of this definition.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

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

"*PP&E Agent*" means each PP&E First Lien Agent and each PP&E Second Lien Agent.

"*PP&E Collateral*" means all of the tangible and intangible properties and assets at any time owned or acquired by the Company or any Guarantor, except Borrowing Base Collateral and Excluded Assets.

"*PP&E Credit Agreement Secured Obligations*" means all Obligations under the Initial PP&E First Lien Term Facility and under or with respect to any other Term Loans under the Credit Agreement, including, in each case, all amounts accruing on or after the commencement of any Insolvency or Liquidation Proceeding relating to any Grantor and all amounts that would have accrued or become due under the terms of the Initial PP&E First Lien Term Facility or such Term Loans but for the effect of the Insolvency or Liquidation Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency or Liquidation Proceeding.

"*PP&E First Lien Agent*" means, at any time, (i) in the case of any PP&E Credit Agreement Secured Obligations or the PP&E Credit Agreement Secured Parties, the Initial PP&E Agent, (ii) in the case of the Obligations under the Indenture or the Holders of the Notes, the Trustee, and (iii) in the case of any other Series of Other PP&E First Lien Obligations or PP&E First Lien Secured Parties, the Person named as PP&E First Lien Agent for such Series in the applicable joinder agreement.

"*PP&E First Lien Documents*" means, with respect to the PP&E Credit Agreement Secured Obligations, the Credit Agreement Loan Documents, and with respect to the other PP&E First Lien Obligations, the documents governing such other PP&E First Lien Obligations.

"*PP&E First Lien Obligations*" means, collectively, (i) the PP&E Credit Agreement Secured Obligations and (ii) all other Obligations under any PP&E First Lien Term Facility under the PP&E First Lien Documents, including any and all amounts payable under the PP&E First Lien Documents with respect to the PP&E First Lien Term Facility, as amended, restated, supplemented or otherwise modified from time to time, including principal, premium, interest accrued or accruing (or which would absent the commencement of an Insolvency or Liquidation Proceeding accrue), fees, attorneys' fees, costs, charges, expenses, reimbursement obligations, any obligation to post cash collateral in respect of letters of credit, indemnities, guarantees, and all other amounts payable thereunder (including, in each case, all amounts accruing on or after the commencement of any Insolvency or Liquidation Proceeding (or that would accrue but for the commencement of such Insolvency or Liquidation Proceeding) relating to the Company or any Guarantor or any other Person irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in any Insolvency or Liquidation Proceeding), including the Obligations under the Indenture.

"*PP&E First Lien Secured Parties*" means (i) the PP&E Credit Agreement Secured Parties and (ii) the PP&E First Lien Secured Parties with respect to each Series of Other PP&E First Lien Obligations.

"*PP&E First Lien Security Document*" means any agreement, document or instrument pursuant to which a Lien is granted, or purported to be granted, securing any PP&E First Lien Obligations or under which rights or remedies with respect to such Liens are governed, including without limitation, the Collateral Agreement and the Collateral Trust Agreement, in each case as amended, restated, supplemented or otherwise modified from time to time.

"*PP&E First Lien Term Facility*" means:

(1) Indebtedness represented by the Notes initially issued by the Company under the Indenture on the Issue Date;

(2) the Initial PP&E First Lien Term Facility;

(3) any other credit agreement, loan agreement, note agreement, indenture or other agreement evidencing or governing the terms of any Indebtedness or other financial accommodation that has been incurred to extend, replace or refinance in whole or in part the Initial PP&E First Lien Term Facility, in each case in accordance with the terms of the Indenture, as amended, restated, supplemented or otherwise modified from time to time; and

(4) any other credit agreement, loan agreement or other agreement with banks or other institutional or commercial lenders providing for loans or other extensions of credit or any indenture or other debt instrument or agreement providing for bonds, notes, other loans or other extensions of credit (including, without limitation, with respect to any permitted first priority refinancing debt and any incremental equivalent debt), in the case of clauses (3) and (4), that (a) is secured by the Collateral on a *pari passu* basis with the other PP&E First Lien Obligations, (b) is designated as a PP&E First Lien Term Facility by the Company in an Officer's Certificate delivered to each ABL Agent and each PP&E Agent and which also contains a certification that the incurrence of the Indebtedness under such credit agreement, loan agreement, note agreement, indenture or other agreement is permitted to be incurred and so secured by the Collateral by the ABL Loan Documents and the PP&E Loan Documents and (c) otherwise complies with the terms of the ABL Intercreditor Agreement and the Collateral Trust Agreement.

"*PP&E Loan Documents*" means the PP&E First Lien Documents and the PP&E Second Lien Loan Documents.

"*PP&E Pari Passu Intercreditor Agreement*" shall mean, that certain intercreditor agreement substantially in the form as set forth as an attachment in the Senior Credit Facilities, providing that the Liens securing the Notes shall rank pari passu with the Liens securing the obligations in respect of the term loans made under the Initial PP&E First Lien Term Facility (but without regard to control of remedies) and any other PP&E First Lien Obligations, and subject to the other exceptions set forth therein.

"*PP&E Priority Obligations*" means the PP&E First Lien Obligations and the PP&E Second Lien Obligations.

"*PP&E Second Lien Agent*" means each agent or trustee under any PP&E Second Lien Credit Agreement, in each case, together with any successor thereto.

"*PP&E Second Lien Credit Agreement*" means any loan agreement, credit agreement or other agreement with banks or other institutional or commercial lenders providing for loans or other extensions of credit or any indenture or other debt instrument or agreement providing for bonds, notes, other loans or other extensions of credit (including, without limitation, with respect to any Permitted Second Priority Refinancing Debt), in each case, that (i) is secured by the Collateral on a basis junior to the PP&E First Lien Obligations, (ii) is designated as a PP&E Second Lien Credit Agreement by the Company in a writing delivered to each ABL Agent and each PP&E Agent and which also contains a certification by the Company that the incurrence of the Indebtedness under such credit agreement, loan agreement, note agreement, indenture or other agreement is permitted to be incurred and so secured by the Collateral by the ABL Loan Documents and the PP&E Loan Documents and otherwise complies with the terms of the ABL Intercreditor Agreement and the Collateral Trust Agreement

"*PP&E Second Lien Loan Documents*" means each PP&E Second Lien Credit Agreement, each PP&E Second Lien Security Document and each other "Loan Document" as defined in any PP&E Second Lien Credit Agreement (or any similar term as defined in any such agreement).

"*PP&E Second Lien Obligations*" means all obligations and all liabilities (contingent or otherwise) relating to any PP&E Second Lien Credit Agreement under the PP&E Second Lien Loan Documents, including any and all amounts payable under the PP&E Second Lien Loan Documents with respect to the PP&E Second Lien Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time, including principal, premium, interest accrued or accruing (or which would absent the commencement of an Insolvency or Liquidation Proceeding accrue), fees, attorneys' fees, costs, charges, expenses, reimbursement obligations, any obligation to post cash collateral in respect of letters of credit, indemnities, guarantees, and all other amounts payable thereunder (including, in each case, all amounts accruing on or after the commencement of any Insolvency or Liquidation Proceeding (or that would accrue but for the commencement of such Insolvency or Liquidation Proceeding) relating to the Company or any Guarantor or any other Person irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in any Insolvency or Liquidation Proceeding).

"*PP&E Second Lien Security Documents*" means any agreement, document or instrument pursuant to which a Lien is granted, or purported to be granted, securing any PP&E Second Lien Obligations or under which rights or remedies with respect to such Liens are governed as amended, restated, supplemented or otherwise modified from time to time.

"*PP&E Second Lien Secured Parties*" means, at any relevant time, the holders of PP&E Second Lien Obligations at that time.

"*PP&E Secured Parties*" means, at any relevant time, the PP&E First Lien Secured Parties and the PP&E Second Lien Secured Parties.

"*Preferred Stock*" means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

"*Principal*" means Carl Icahn.

"*Qualified Proceeds*" means assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business; provided that the fair market value of any such assets or Capital Stock shall be determined by the Company in good faith.

"*Qualifying IPO*" means the issuance and sale by any direct or indirect Parent Company of its common Capital Stock in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement (whether alone or in connection with a secondary public offering) pursuant to which net proceeds are received by any direct or indirect Parent Company and contributed to the Company or any Restricted Subsidiary.

"*Rating Agencies*" means Moody's, S&P and Fitch, or if Moody's, S&P and Fitch or any of the foregoing shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company which shall be substituted for Moody's, S&P and Fitch or any of the foregoing, as the case may be.

"*Receivable*" means a payment owing to a Person (whether constituting an account, chattel paper, document, instrument or general intangible) arising from the provision of merchandise, goods or services by such Person, including the right to payment of any interest or finance charges and other obligations owing to such Person with respect thereto.

"*Receivables Facility*" means any transaction or series of transactions in one or more receivables financing facilities entered into by the Company or any of its Restricted Subsidiaries pursuant to which such party consummates a "true sale" of receivables, drafts, bills of exchange or similar right to payment to (i) a Person that is not a Restricted Subsidiary; or (ii) a Receivables Subsidiary that in turn sells such asset to a Person that is not a Restricted Subsidiary, in each case, on market terms as determined in good faith by the Company; provided that such Receivables Facility is (x) non-recourse to the Company and the Restricted Subsidiaries (except for Securitization Undertakings made in connection with such Receivables Facility) and their assets, other than any recourse solely attributable to a breach by the Company or any Restricted Subsidiary of representations and warranties that are customarily made by a seller in connection with a "true sale" of receivables, drafts, bills of exchange or similar rights to payment on a non-recourse basis and (y) consummated pursuant to customary contracts, arrangements or agreements entered into with respect to the "true sale" of receivables, drafts, bills of exchange or similar rights to payment, as applicable, on market terms for similar transactions.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any accounts receivable or participation interest therein issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Facility.

"*Receivables Subsidiary*" means any Subsidiary formed for the purpose of, and that engages only in one or more Receivables Facilities and other activities reasonably related thereto.

"*Refinancing*" means the offering of the Notes and the use of proceeds therefrom as described in this offering memorandum.

"*Refinancing Expenses*" means all fees and expenses, including any prepayment penalties or premiums and fees of counsel, related to the Refinancing.

"*Related Business Assets*" means assets (other than cash or Cash Equivalents) used or useful in a Similar Business, provided that any assets received by the Company or a Restricted Subsidiary in exchange for assets transferred by the Company or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"*Related Party*" or "*Related Parties*" means (1) the Principal and his siblings, his and their respective spouses and descendants (including stepchildren and adopted children) and the spouses of such descendants (including stepchildren and adopted children) (collectively, the "*Family Group*"); (b) any trust, estate, partnership, corporation, company, limited liability company or unincorporated association or organization (each an "*Entity*" and collectively "*Entities*") controlled by (as defined in the definition of "Affiliate") one or more members of the Family Group; (c) any Entity over which one or more members of the Family Group, directly or indirectly, have rights that, either legally or in practical effect, enable them to make or veto significant management decisions with respect to such Entity, whether pursuant to the constituent documents of such Entity, by contract, through representation on a board of directors or other governing body of such Entity, through a management position with such Entity or in any other manner (such rights hereinafter referred to as "*Veto Power*"); (d) the estate of any member of the Family Group; (e) any trust created (in whole or in part) by any one or more members of the Family Group; (f) any individual or Entity who receives an interest in any estate or trust listed in clauses (d) or (e), to the extent of such interest; (g) any trust or estate, substantially all the beneficiaries of which (other than charitable organizations or foundations) consist of one or more members of the Family Group; (h) any organization described in Section 501(c) of the Code, over which any one or more members of the Family Group and the trusts and estates listed in clauses (d), (e) and (g) have direct or indirect Veto Power, or to which they are substantial contributors (as such term is defined in Section 507 of the Code); (i) any organization described in Section 501(c) of the Code of which a member of the Family Group is an officer, director or trustee; or (j) any Entity, directly or indirectly (i) owned or controlled by (as defined in the definition of "Affiliate") or (ii) a majority of the economic interests in which are owned by, or are for or accrue to the benefit of, in either case, any Person or Persons identified in clauses (a) through (i) above. For the purposes of this definition of "Related Party," and for the avoidance of doubt, in addition to any other Person or Persons that may be considered to possess control, (x) a partnership shall be considered controlled by a general partner or managing general partner thereof, (y) a limited liability company shall be considered controlled by a managing member of such limited liability company and (z) a trust or estate shall be considered controlled by any trustee, executor, personal representative, administrator or any other Person or Persons having authority over the control, management or disposition of the income and assets therefrom.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means, at any time, any direct or indirect Subsidiary of the Company (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; provided, however, that upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary."

"*S&P*" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business.

"*Sale and Lease-Back Transaction*" means any arrangement providing for the leasing by the Company 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 Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Second Priority Documents*" means the PP&E Second Lien Loan Documents.

"*Second Priority Obligations*" means the PP&E Second Lien Obligations.

"*Second Priority Representative*" means with respect to the PP&E Collateral and the PP&E Second Lien Obligations, any PP&E Second Lien Agent that has executed and delivered a joinder agreement to the Collateral Trust Agreement.

"*Secured Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries secured by a Lien.

"*Secured Obligations*" shall mean, collectively, the First Priority Obligations and the Second Priority Obligations.

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

"*Securitization Undertakings*" means representations, warranties, covenants, repurchase obligations, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be required by a seller or servicer (or parent of such seller or servicer) in a Receivables Facility.

"*Security Documents*" means the Collateral Trust Agreement, the ABL Intercreditor Agreement, the PP&E Pari Passu Intercreditor Agreement, each joinder to the Collateral Trust Agreement or to the PP&E Pari Passu Intercreditor Agreement, all security agreements, pledge agreements control agreements, collateral assignments, mortgages, deeds of trust or other grants or transfers for security or agreements related thereto executed and delivered by the Company or any Guarantor creating or perfecting (or purporting to create or perfect) or perfecting a Lien upon Collateral in favor of the Collateral Trustee on behalf of the trustee and the Holders of the Notes to secure the Notes and the Guarantee, in each case, as amended, modified, restated, supplemented or replaced from time to time.

"*Series*" means (i) with respect to the PP&E First Lien Secured Parties, each of (A) the PP&E Credit Agreement Secured Parties (in their capacities as such), (B) the Holders of the Notes (in their capacities as such), and (C) the PP&E First Lien Secured Parties that become subject to the PP&E Pari Passu Intercreditor Agreement after the date hereof that are represented by a common PP&E First Lien Agent (in its capacity as such for such PP&E First Lien Secured Parties) and (ii) with respect to any PP&E First Lien Obligations, each of (A) the PP&E Credit Agreement Secured Obligations, (B) the Holders of the Notes and (C) the other PP&E First Lien Obligations incurred pursuant to any other PP&E First Lien Document, which pursuant to any applicable joinder agreement, are to be represented hereunder by a common PP&E First Lien Agent (in its capacity as such for such other PP&E First Lien Obligations).

"*Senior Credit Facilities*" means (1) the Amended and Restated Credit Agreement, dated as of April 15, 2014 (referred to herein as the "*Credit Agreement*"), among the Company, the other borrowers and guarantors party thereto, the subsidiaries of the Company party thereto from time to time, the lenders party thereto from time to time in their capacities as lenders thereunder and Citicorp USA, Inc., as administrative agent for the lenders, including one or more debt facilities or other financing arrangements (including, without limitation indentures) providing for term loans, revolving loans or other long-term indebtedness that replace or refinance such credit facility, including any such replacement or refinancing facility or indenture that increases or decreases the amount permitted to be borrowed thereunder or alters the maturity thereof and whether by the same or any other agent, lender or group of lenders, and any amendments, supplements, modifications, extensions, renewals, restatements, amendments and restatements or refundings thereof or any such indentures or credit facilities that replace or refinance such credit facility and (2) whether or not the credit agreement referred to in clause (1) remains outstanding, if designated by the Company to be included in the definition of "Senior Credit Facilities," one or more (i) debt facilities or commercial paper facilities, providing for revolving credit loans, term loans, Receivables Facilities (including through the sale of receivables to lenders or to special purpose entities formed to borrower from lenders against such receivables) or letters of credit, (ii) debt securities, indentures or other forms of debt financing (including convertible or exchangeable debt instruments or bank guarantees or bankers' acceptances) or (iii) instruments or agreements evidencing any other Indebtedness, in each case, with the same or different arrangements, agents, lenders, borrowers or issuer and, in each case, as amended, restated, amended and restated, supplemented, waived, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified in whole or in part from time to time.

"*Shared Collateral*" means, at any time, Collateral in which the Holders of two or more Series of PP&E First Lien Obligations (or their respective PP&E First Lien Agents or the Collateral Trustee on behalf of such Holders) hold, or purport to hold, a valid security interest or Lien at such time. If more than two Series of PP&E First Lien Obligations are outstanding at any time and the Holders of less than all Series of PP&E First Lien Obligations hold, or purport to hold, a valid security interest or Lien in any Collateral at such time, then such Collateral shall constitute Shared Collateral for those Series of PP&E First Lien Obligations that hold a valid security interest or Lien in such Collateral at such time and shall not constitute Shared Collateral for any Series which does not have, or purport to have, a valid security interest or Lien in such Collateral at such time.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

"*Similar Business*" means any business conducted or proposed to be conducted by the Company and its Restricted Subsidiaries on the Issue Date or any business that is a reasonable extension, development or expansion of any of the foregoing or is similar, reasonably related, incidental or ancillary thereto.

"*Subordinated Indebtedness*" means, with respect to the Notes:

(1) any Indebtedness of the Company which is by its terms subordinated in right of payment to the Notes, and any

(2) Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Guarantee of such entity of the Notes.

"*Subsidiary*" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of such Person or a combination thereof; provided that in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interests in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding.

"*Tax Amount*" means, for any taxable period (or portion thereof) during which the Company is treated as a passthrough entity or disregarded entity or filing a consolidated return within a parent entity for U.S. federal income tax purposes, the combined federal, state and local income taxes, including estimated taxes, that would be payable by the Company if it were a Delaware corporation filing a consolidated tax return as the parent of a consolidated group only including the Company and its applicable Restricted Subsidiaries for such period; *provided* that in determining the Tax Amount, the effect thereon of any net operating loss carryforwards or other carryforwards or tax attributes, such as alternative minimum tax carryforwards, that would have arisen if Company were a Delaware corporation (but assuming these assets are carried forward in their entirety, notwithstanding any rule permitting carrybacks) shall be taken into account but only to the extent such carryforward attributes arise after the date hereof, subject to any limitations on the utilization of any such carryforwards or attributes imposed by law; *provided further* that (i) if there is an adjustment in the amount of the relevant taxable income for any period, an appropriate positive or negative adjustment shall be made in the Tax Amount, (ii) the Tax Amount shall be reduced by any amounts paid directly by the Company or its Restricted Subsidiaries with respect to their tax liability and (iii) any Tax Amount other than amounts relating to estimated taxes shall be computed by a nationally recognized accounting firm (but, including in any event, the Company's auditors); *provided further* that payments with respect to any taxes attributable to any Unrestricted Subsidiary for any taxable period shall be limited to the amount actually paid with respect to such period by such Unrestricted Subsidiary to the Company for the purposes of paying taxes.

"*UCC*" means the Uniform Commercial Code as in effect in the State of New York or any other applicable jurisdiction.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company which at the time of determination is an Unrestricted Subsidiary (as designated by the Company, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Company may designate any Subsidiary of the Company (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary (other than FinCo) unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Company or any Subsidiary of the Company (other than solely any Subsidiary of the Subsidiary to be so designated); provided that

(1) any Unrestricted Subsidiary must be an entity of which the Equity Interests entitled to cast at least a majority of the votes that may be cast by all Equity Interests having ordinary voting power for the election of directors or Persons performing a similar function are owned, directly or indirectly, by the Company;

(2) such designation complies with the covenants described under "—Certain Covenants—Limitation on Restricted Payments;" and

(3) each of:

(a) the Subsidiary to be so designated; and

(b) its Subsidiaries

has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any Restricted Subsidiary.

The Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

(1) the Company could incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described in the first paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock;" or

(2) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would be equal to or greater than such ratio for the Company and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma basis* taking into account such designation.

Any such designation by the Company shall be notified by the Company to the Trustee by promptly filing with the Trustee a copy of the resolution of the board of directors of the Company or any committee thereof giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness,

Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"*Wholly Owned Subsidiary*" of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors' qualifying shares and shares issued to foreign nationals as required under applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

BOOK ENTRY; DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the "Rule 144A Book Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book Entry Interests" and, together with the Rule 144A Book Entry Interests, the "Book Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book Entry Interests will not be issued in definitive form.

Book Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book Entry Interests. In addition, while the notes are in global form, holders of Book Entry Interests will not be considered the owners or "holders" of notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book Entry Interests, to transfer their interests or to exercise any rights of holders of the Notes under the Indenture.

None of the Issuers, the trustee or any agent will have any responsibility, or be liable, for any aspect of the records relating to the Book Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuers that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuers within 120 days; or

(2) if the owner of a Book Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default and commencement of enforcement action under the Indenture.

Euroclear and Clearstream have advised the Issuers that upon request by an owner of a Book Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the Issuers issue or cause to be issued notes in definitive registered form to all owners of Book Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuers, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the relevant Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, each of the Issuers, the trustee and each agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuers, and such registration is a means of evidencing title to the notes.

The Issuers will not impose any fees or other charges in respect of the notes; however, owners of the Book Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuers understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuers will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the common depositary or its nominee for Euroclear and Clearstream. The common depositary will distribute such payments to participants in accordance with their customary procedures. The Issuers will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law. The Issuers expect that standing customer instructions and customary practices will govern payments by participants to owners of Book Entry Interests held through such participants.

Under the terms of the Indenture, the Issuers, the guarantors, the trustee and each agent will treat the registered holders of the Global Notes (e.g., Euroclear or Clearstream (or their respective nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuers, the guarantors, the trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such notes through Euroclear or Clearstream in euro.

Action by Owners of Book Entry Interests

Euroclear and Clearstream have advised the Issuers that they will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described above) only at the direction of one or more participants to whose account the Book Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the notes, Euroclear and Clearstream, at the request of the holders of the notes, reserve the right to exchange the Global Notes for definitive registered notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of notes requires physical delivery of Definitive Registered Notes for any reason, including to sell notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture governing the notes.

The Global Notes will bear a legend to the effect set forth under "Notice to Investors." Book Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors."

Transfers of Rule 144A Book Entry Interests to persons wishing to take delivery of Rule 144A Book Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A under the Securities Act or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book Entry Interest for a Rule 144A Book Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book Entry Interests in a Global Note only as described under "Description of Notes—Transfer and Exchange" and, if required, only if the transferor first delivers to the trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Notice to Investors."

Any Book Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book Entry Interest in any other Global Note will, upon transfer, cease to be a Book Entry Interest in the first mentioned Global Note and become a Book Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book Entry Interests in such other Global Note for as long as it remains such a Book Entry Interest.

Information Concerning Euroclear and Clearstream

All Book Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuers provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of the Issuers, the trustee, any agent or the Initial Purchaser are responsible for those operations or procedures.

The Issuers understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuers, any guarantor, the trustee or any agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the notes will be made in euro. Book Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain U.S. federal income tax considerations for U.S. Holders and Non-U.S. Holders (each as defined below and, in the aggregate, referred to as "holders") of the Notes. It does not address the U.S. federal income tax considerations related to the acquisition, ownership or disposition of Notes obtained other than pursuant to this offer.

This discussion is limited to persons purchasing the Notes for cash at original issue and at their "issue price" within the meaning of the Code (i.e., the first price at which a substantial amount of the Notes is sold to holders for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and deals only with Notes held as capital assets within the meaning of the Code.

This discussion is based upon current provisions of the Code, Treasury regulations thereunder, current administrative rulings and pronouncements, judicial decisions and other applicable authorities, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax considerations different from those discussed below. Any such change may be applied retroactively in a manner that could adversely affect a holder and the continued validity of this discussion. No ruling from the U.S. Internal Revenue Service (the "IRS") has been or is expected to be sought on any of the issues discussed below, and there can be no assurance that the IRS will concur with the conclusions reached herein. Furthermore, this discussion does not address the estate or gift tax or tax considerations arising under the tax laws of any state, locality or non-U.S. jurisdiction or any tax not specifically referenced herein.

This discussion does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to specific holders in light of their personal investment circumstances (for example, holders subject to the alternative minimum tax), nor does it purport to deal with all U.S. federal income tax considerations applicable to certain types of holders subject to special treatment under U.S. federal income tax law (e.g., banks or other financial institutions, partnerships or other pass-through entities, U.S. expatriates or former long-term residents or citizens of the United States, government instrumentalities or agencies, entities that are tax-exempt for U.S. federal income tax purposes, retirement plans, individual retirement accounts or other tax-deferred accounts, bond houses, broker-dealers or similar persons or organizations acting in the capacity of underwriters, dealers or traders in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, insurance companies, real estate investment trusts and regulated investment companies and shareholders of such corporations, U.S. Holders whose functional currency is not the U.S. dollar, controlled foreign corporations, passive foreign investment companies, grantor trusts, persons that hold the Notes as a position in a "straddle", or as part of a "hedge", "conversion transaction", "constructive sale", "wash sale", "synthetic security" or other integrated investment). This discussion does not address the tax consequences to shareholders, beneficiaries or other owners of a holder of Notes.

In the case of a beneficial owner of Notes that is classified as a partnership for U.S. federal income tax purposes, the tax treatment of its partners will generally depend upon the status of the partner and the activities of the partnership. Entities or arrangements that are classified as partnerships for U.S. federal income tax purposes and persons holding Notes through an entity or arrangement classified as a partnership for U.S. federal income tax purposes should consult their tax advisors regarding their tax considerations related to this offer and the ownership and disposition of Notes.

For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of Notes that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the

United States; (ii) a corporation (or any other entity or arrangement taxable 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; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if either (A) a court within the United States is able to exercise primary jurisdiction over the administration of such trust and one or more United States persons (within the meaning of the Code) have the authority to control all substantial decisions of such trust, or (B) the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person. As used herein, the term "Non-U.S. Holder" means a beneficial owner of Notes that is for U.S. federal income tax purposes an individual, corporation, estate or trust and is not a U.S. Holder or a partnership (including any entity treated as a partnership for U.S. federal income tax purposes).

HOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSIDERATIONS OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES BASED UPON THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY OF ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS, INCLUDING MEDICARE AND GIFT AND ESTATE TAX LAWS, AND POSSIBLE CHANGES IN THE TAX LAWS OR INTERPRETATIONS THEREOF.

Effect of certain contingencies

We may be required in certain circumstances (*e.g.*, a change in control as described in "Description of Notes—Repurchase at the Option of Holders," a redemption as described in "Description of Notes—Optional Redemption," or upon payment of additional amounts as described in "Description of Notes—Payment of Additional Amounts"), to pay amounts in addition to the stated principal amount of and stated interest on the Notes or to pay amounts in redemption of the Notes prior to their stated maturity. The obligation to make such payments may implicate the provisions of the Treasury regulations relating to contingent payment debt instruments, or CPDIs. Under applicable Treasury regulations, the possibility of such excess amounts being paid will not cause the Notes to be treated as CPDIs if either (i) such amounts would be paid pursuant to an option of the Issuers that would cause the yield on the debt instrument to increase or (ii) as of the issue date of the Notes, there is only a remote chance that these contingencies will occur or if such contingencies are considered to be "incidental." Although the issue is not free from doubt, we intend to take the position that the possibility of such payments does not result in the Notes being treated as CPDIs under applicable Treasury regulations. This position will be based in part on our determination that, as of the date of the issuance of the Notes, (i) the contingency described under "Description of the Notes—Optional Redemption" relate to an option of ours that would cause the yield on the debt instrument to increase and (ii) the contingencies described under "Description of Notes—Repurchase at the Option of Holders" and "Description of Notes—Payment of Additional Amounts" are remote or incidental within the meaning of applicable Treasury regulations.

Our determination that the Notes should not be treated as CPDIs is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the year during which it acquires the Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, then the Notes may be treated as CPDIs and, regardless of a holder's method of tax accounting, such holder may be required to accrue interest income on the Notes in excess of the stated interest and any gain on the sale, exchange, redemption, retirement or other taxable disposition of the Notes may be recharacterized as ordinary income and other tax consequences of ownership and disposition of the Notes could be materially and adversely different from those described herein. Holders of

Notes should consult their tax advisors regarding the tax consequences of the Notes being treated as CPDIs. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Tax consequences of ownership of the Notes to U.S. holders

Interest on the Notes. Interest on the Notes will generally be taxable to a U.S. Holder as U.S. source ordinary income at the time the holder receives or accrues such amounts in accordance with the holder's regular method of accounting for U.S. federal income tax purposes.

A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes and who receives a payment of stated interest in Euro (including a payment attributable to accrued but unpaid stated interest upon the sale, exchange, redemption, retirement or other disposition of a Note) will be required to include in income the U.S. dollar value of the Euro payment received (determined based on the spot rate of exchange on the date the payment is received), regardless of whether the payment is in fact converted to U.S. dollars at that time. A cash-basis U.S. Holder will not realize foreign currency exchange gain or loss on the receipt of stated interest income but may recognize exchange gain or loss attributable to the actual disposition of the Euro received.

A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes will accrue Euro-denominated stated interest income in Euro and translate that amount into U.S. dollars based on the average rate of exchange in effect for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate of exchange for the partial period within the applicable taxable year. Alternatively, an accrual-method U.S. Holder may elect to translate stated interest income received in Euro into U.S. dollars at the spot rate of exchange on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate of exchange on the last day of such partial accrual period) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate of exchange on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments held by the U.S. Holder from year to year and cannot change the election without the consent of the IRS.

A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency exchange gain or loss with respect to accrued Euro-denominated stated interest income on the date the interest payment (or proceeds from a sale, exchange, redemption, retirement or other disposition attributable to accrued but unpaid stated interest) is actually received. The amount of foreign currency exchange gain or loss recognized will equal the difference between the U.S. dollar value of the Euro payment received (determined based on the spot rate of exchange on the date the payment is received) in respect of the accrual period and the U.S. dollar value of stated interest income that has accrued during the accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars. In general, this foreign currency gain or loss will be treated, for U.S. foreign tax credit purposes, as U.S.-source ordinary income or loss, and will not be treated as an adjustment to interest income or expense.

Moreover, if Additional Amounts are required to be paid to a U.S. Holder in connection with the withholding or deduction of taxes imposed on payments on the Notes (see "Description of Notes—Payment of Additional Amounts"), such Additional Amounts generally will be included in the U.S. Holder's gross income as additional interest at the time such Additional Amounts are paid or accrued, in accordance with the U.S. Holder's regular method of accounting. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received by the U.S. Holder with respect to such payment. In the event such taxes are non-U.S. withholding taxes, subject to applicable limitations, a U.S. Holder generally may be entitled to claim either a credit against its U.S. federal income tax liability or a deduction in computing its U.S. federal taxable income in respect of foreign taxes withheld from payments on the Notes. Because the interest payments generally will be treated as U.S. source, the use of U.S. foreign tax credits relating to any non-U.S. tax imposed upon interest payments may be limited. The rules governing foreign tax credits are complex. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Sale, exchange, redemption, retirement or other taxable disposition of the Notes. In general, a sale, exchange, redemption, retirement or other taxable disposition of a Note will result in U.S. source capital gain or loss to a U.S. Holder equal to the difference between the amount realized on the disposition (not including the amount attributable to accrued but unpaid interest on the note, which amount will be treated as ordinary interest income to the extent not previously included in the U.S. Holder's income) and the holder's adjusted tax basis in the note immediately before the disposition. If a U.S. Holder receives Euro on a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of Euro translated at the spot rate of exchange on the date payment is received or the Note is disposed of. In the case of a Note that is considered to be traded on an established securities market, a cash-basis U.S. Holder and, if it so elects, an accrual-basis U.S. Holder, will determine the U.S. dollar value of Euro by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual-basis U.S. Holders in regard to the disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. Holder and cannot be changed without the consent of the IRS. If an accrual-basis U.S. Holder does not make the special settlement date election, such U.S. Holder will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S.-source ordinary income or loss. A holder's adjusted tax basis in a Note will generally be the U.S. dollar value of the Euro paid for the Note, determined at the spot rate of exchange on the date of purchase (which generally should be the closing date), decreased by any principal payments received by such holder, determined at the spot rate of exchange on the date the payment is received.

Certain non-corporate U.S. Holders (including individuals) are eligible for reduced rates of taxation on long-term capital gain under certain circumstances. The ability to deduct capital losses is subject to limitations. U.S. Holders should consult their own tax advisors as to the deductibility of capital losses in their particular circumstances.

Gain or loss realized upon the sale, exchange, redemption, retirement or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss not treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference, if any, between (i) the U.S. dollar value of the purchase price for the Note, determined at the spot rate of exchange on the date the Note is disposed of, and (ii) the U.S. dollar value of the purchase price for the Note, determined at the spot rate of exchange on the date the Note was acquired. Payments received that are attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest described above.

Any foreign currency exchange gain or loss (including with respect to accrued interest) will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the redemption, sale, exchange or other taxable disposition of the Note. Generally, the foreign currency exchange gain or loss will be U.S.-source ordinary income or loss for U.S. foreign tax credit purposes.

Reportable transactions. Treasury regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, exchange, redemption, retirement or other taxable disposition of a Note or Euros received in respect of a Note to the extent that such sale, exchange, redemption, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. U.S. Holders should consult with their tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Net investment income. Certain U.S. Holders that are individuals, estates or trusts may be required to pay an additional 3.8% Medicare contribution tax on certain "net investment income" in excess of certain thresholds. Among other items, "net investment income" generally includes gross income from interest and net gain attributable to the disposition of certain investments (less certain deductions), unless such interest income and net gain is derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). In the case of a U.S. Holder that is an individual, the tax will be imposed on the lesser of (1) such individual's net investment income and (2) the amount by which the individual's modified adjusted gross income exceeds $250,000 (if the individual is married and filing jointly or a surviving spouse), $125,000 (if the individual is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (1) undistributed net investment income and (2) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins. U.S. Holders should consult their tax advisors concerning the implications of this Medicare contribution tax on their ownership and disposition of the Notes, based on their particular circumstances.

Backup withholding and information reporting. Under the backup withholding rules, payments of principal, premium, if any, and interest on a Note and payments of proceeds from the disposition of a Note may be subject to backup withholding at the applicable tax rate (currently 28%) unless the exchanging U.S. Holder timely (i) establishes that it is an exempt recipient, such as a corporation or (ii) provides a correct taxpayer identification number, certifies that it is a U.S. person and that no loss of exemption from backup withholding has occurred, and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Any amounts deducted and withheld should generally be allowed as a credit against the recipient's U.S. federal income tax liability and, if backup withholding tax results in an overpayment of U.S. federal income tax, such U.S. Holder may be entitled to a refund, provided the required information is furnished to the IRS in a timely manner. Certain penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

In addition, such payments to U.S. Holders that are not exempt recipients will generally be subject to information reporting requirements. When required, information will be reported to both U.S. Holders and the IRS regarding the amount of interest and principal paid on the Notes in each calendar year as well as the corresponding amount of tax withheld, if any exists. This obligation, however, does not apply with respect to payments to certain U.S. Holders, including corporations and tax-exempt organizations, provided that they establish entitlement to an exemption.

Tax consequences of ownership of the Notes to non-U.S. holders

Interest on the Notes. Subject to the discussions below regarding backup withholding and FATCA (as defined below), the 30% U.S. federal withholding tax will not apply to any interest on the Notes paid to such Non-U.S. Holder under the "portfolio interest exemption", provided that (i) such interest is not effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Holder (or, if required under an applicable income tax treaty, is not attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder); and (ii) such Non-U.S. Holder does not directly, indirectly or constructively own stock constituting 10% or more of the total combined voting power of us or IEP, within the meaning of the Code and the Treasury regulations; and (iii) such Non-U.S. Holder is not a controlled foreign corporation that is related to us or IEP, actually or constructively through stock ownership; and (iv) (a) such Non-U.S. Holder has timely provided a validly completed IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form) and any relevant attachments establishing that such Non-U.S. Holder is a Non-U.S. Holder (or such Non-U.S. Holder satisfies certain documentary evidence requirements for establishing that it is a Non-U.S. Holder) and we or our paying agent do not have actual knowledge or reason to know that the beneficial owner of the Note is a United States person or (b) a financial institution or other intermediary that holds the applicable Note on behalf of the Non-U.S. Holder has entered into a withholding agreement with the IRS and submits an IRS Form W-8IMY (or suitable successor or substitute form) and certain other required documentation to us or our paying agent.

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest on the Notes made to the Non-U.S. Holder will be subject to a 30% U.S. federal withholding tax, unless such Non-U.S. Holder timely provides us (or our paying agent) with a properly executed (i) IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form) and any relevant attachments claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (ii) IRS Form W-8ECI (or other applicable form) certifying that interest paid on the Notes is not subject to withholding tax because it is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on the Notes is effectively connected with the conduct of that trade or business (and, if required under an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder), then such Non-U.S. Holder may be subject to U.S. federal income tax on a net income basis (although the Non-U.S. Holder will be exempt from the 30% U.S. federal withholding tax, provided the certification requirements discussed above are satisfied) in generally the same manner as if the Non-U.S. Holder were a "United States person" as defined under the Code. See discussion above under "—Tax consequences of ownership of the Notes to U.S. holders". In addition, a corporate Non-U.S. Holder, may be subject to a branch profits tax equal to 30% (or a lower rate under an applicable income tax treaty) of such interest if it is effectively connected with the conduct of a trade or business in the United States, subject to adjustments.

Sale, exchange, redemption, retirement or other taxable disposition of the Notes. Subject to the discussions below regarding backup withholding and FATCA, any gain realized upon the sale, exchange, redemption, retirement or other taxable disposition of a Note by a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder (and, if required under an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by such Non-U.S. Holder), in which case the gain will be subject to tax in the same manner as effectively connected interest income as described above under "—Interest on the Notes"; or
- such Non-U.S. Holder is an individual who is present in the United States for an aggregate of 183 days or more in the taxable year of that sale, exchange, redemption, retirement or other taxable disposition, and certain other conditions are met, in which case the gain will generally be subject to 30% tax (or a lower rate if a treaty applies) subject to the potential reduction of such gain by such Non-U.S. Holder's capital losses from U.S. sources.

Backup withholding and information reporting. Information reporting on IRS Form 1099 and backup withholding will not apply to payments of principal and interest made by us or a paying agent to a Non-U.S. Holder on the Notes if the certification described above under "—Interest on the Notes" is received. However, interest may be required to be reported annually on IRS Form 1042-S.

Payments of the proceeds from a sale, exchange, redemption, retirement or other taxable disposition by a Non-U.S. Holder of a Note made to or through a foreign office of a broker generally will not be subject to backup withholding or information reporting, although information reporting may apply to such payments if the broker is (i) a United States person; (ii) a controlled foreign corporation for U.S. federal income tax purposes; (iii) a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or (iv) a foreign partnership with certain specified connections to the United States provided, in each case, the broker does not have actual knowledge or reason to know the holder is a United States person and the certification requirements described above are met or the holder otherwise establishes an exemption. Information reporting and backup withholding generally will apply to a payment by a U.S. office of a broker, unless the Non-U.S. Holder certifies its nonresident status or otherwise establishes an exemption. Amounts paid as backup withholding do not constitute an additional tax and may be credited against a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is properly submitted to the IRS. Non-U.S. Holders should consult their tax advisors regarding the filing of a U.S. federal income tax return for claiming a refund of such backup withholding.

FATCA

Sections 1471-1474 of the Code together with Treasury regulations and official IRS guidance promulgated thereunder (such provisions, regulations and guidance commonly known as "FATCA") generally impose a 30% withholding tax on interest and (beginning on January 1, 2019) gross proceeds from the disposition of a Note paid to (i) a "foreign financial institution" (as such term is defined under FATCA) unless such institution enters into an agreement with the United States to withhold on certain payments, to collect and disclose information regarding United States account holders of such institution (including certain debt and equity holders of such institution and certain account holders that are foreign entities with United States owners) and satisfies certain other requirements or otherwise qualifies for an exemption from FATCA withholding and (ii) certain other non-financial foreign entities unless such entity provides the payor a certification identifying the direct and indirect "substantial United States owners" (as defined under FATCA) of the entity or alternatively, provides a certification that no such owners exist and in either case, complies with certain other requirements, including in circumstances where such entity is acting as an intermediary, or otherwise qualifies for an exemption from FATCA withholding. The FATCA withholding tax will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from FATCA and properly certifies its exempt status to a withholding agent by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, as applicable. Application of this FATCA tax does not depend on whether the payment otherwise would be exempt from U.S. federal withholding tax under the other exemptions described above. Under certain circumstances, the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Prospective U.S. and Non-U.S. Holders should consult with their tax advisors regarding the implications of FATCA on their investment in the Notes.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE HOLDERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE TAX CONSEQUENCES UNDER U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND TAX TREATIES AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES OR OTHER TAX LAWS.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"); and entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA)) of any such plan, account or arrangement (each, a "Plan").

This discussion is based on current provisions of the Code, treasury regulations promulgated thereunder, ERISA, judicial options, published positions of the Internal Revenue Service and the U.S. Department of Labor, and other applicable authorities, all of which are subject to change (possibly with retroactive effect). This discussion does not address all aspects of U.S. and Similar Laws that may be important to a plan in light of that plan's particular circumstances and does not address any particular aspects of non-U.S. laws.

General fiduciary matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

When considering investing assets of any Plan in the Notes, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving Plan assets with persons or entities who are "parties in interest", within the meaning of ERISA, or "disqualified persons", within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, a fiduciary of an ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of Notes by an ERISA Plan with respect to which the Issuers, the initial purchaser, or the subsidiary guarantors are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, ("PTCEs") that may apply to the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the Notes should not be purchased or held by any person investing "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or the Code or similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a Note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or (ii) the acquisition and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the purchase agreement, the initial purchaser has agreed to purchase from us the entire principal amount of the Notes at the initial offering price set forth on the cover page of this offering memorandum less discounts and commissions. The purchase agreement provides that the obligations of the initial purchaser to purchase the Notes are subject to certain conditions precedent and that the initial purchaser will purchase all of the Notes offered by this offering memorandum if any of the Notes are purchased.

After the initial offering, the initial purchaser may change the offering price and other selling terms.

We have agreed to indemnify the initial purchaser against some specified types of liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchaser may be required to make in respect of any of these liabilities.

The Notes and the related guarantees have not been registered under the Securities Act. The initial purchaser has agreed that it will offer or sell the Notes only (i) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or (ii) in offshore transactions in reliance on Regulation S under the Securities Act. The Notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless an exemption from the registration requirements of the Securities Act is available. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act. See "Notice to Investors."

In addition, with respect to the Notes initially sold outside the United States in compliance with Regulation S, until the expiration of forty (40) days after the commencement of the offering, any offer or sale of Notes within the United States by a broker-dealer may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements thereof.

We have agreed that, for a period commencing on the date of this offering memorandum and ending on the date that is 90 days after the Notes are issued, we will not, without the prior written consent of Deutsche Bank AG, London Branch, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities substantially similar to the Notes being issued or guaranteed by us in connection with this offering.

The Notes are a new issue of securities with no established trading market. We do not intend to list the Notes on any securities exchange or on any automated dealer quotation system, except that application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Luxembourg Stock Exchange's Euro MTF. The Euro MTF is not a regulated market pursuant to the provisions of Directive 2004/39/EC on markets in financial instruments. We can provide no assurance that this application will be accepted. The initial purchaser may make a market in the Notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. In connection with the offering, the initial purchaser may purchase and sell the Notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions.

Short sales involve the sale by the initial purchaser of a greater principal amount of Notes than they are required to purchase in the offering. The initial purchaser may close out any short position by purchasing Notes in the open market. A short position is more likely to be created if initial purchaser is concerned that there may be downward pressure on the price of the Notes in the open market prior to the completion of the offering.

Stabilizing transactions consist of various bids for or purchases of the Notes made by the initial purchaser in the open market prior to the completion of the offering. Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the Notes. Additionally, these purchases, along with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise.

We expect to deliver the Notes on or about the date specified on the cover page of this offering memorandum, which will be the fifth business day following the date of this offering memorandum (T +5). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery date may be required to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Investors who wish to trade the Notes prior to the delivery date should consult their own advisors.

The initial purchaser and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The initial purchaser and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. An affiliate of the initial purchaser is a lender under the ABL Facility, and therefore may receive a portion of the net proceeds from this offering.

In addition, in the ordinary course of business, the initial purchaser and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If the initial purchaser or its affiliates have a lending relationship with us, the initial purchaser or its affiliates routinely hedge, and certain other of the initial purchaser or its affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchaser and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchaser and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

NOTICE TO INVESTORS

The Notes have not been registered under the Securities Act or any securities laws of any jurisdiction, and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and such other securities laws. Accordingly, the Notes are being offered hereby only (1) to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) outside of the United States in reliance upon Regulation S under the Securities Act, to non-U.S. persons who will be required to make certain representations to us and others prior to the investment in the Notes.

Each purchaser of the Notes that is purchasing in a sale made in reliance on Rule 144A or Regulation S will be deemed to have represented and agreed as follows:

(1) The purchaser:

  (a) (i) is a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A and (ii) is acquiring the Notes for its own account or for the account of another qualified institutional buyer; or

  (b) is not a U.S. person, as such term is defined in Rule 902 under the Securities Act, and is purchasing the Notes in accordance with Regulation S.

(2) The purchaser understands that the Notes are being offered in transactions not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been registered under the Securities Act or any securities laws of any jurisdiction and that for so long as the Notes are "restricted securities" for purposes of the Securities Act:

  (a) the Notes may be offered, resold, pledged or otherwise transferred only (i) to a person who is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, in a transaction meeting the requirements of Rule 144, outside the United States to a non-U.S. person in a transaction meeting the requirements of Rule 904 under the Securities Act, or in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel, if the Company so requests), (ii) to us or (iii) pursuant to an effective registration statement and, in each case, in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction; and

  (b) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (a) above.

(3) The purchaser confirms that:

  (a) such purchaser has such knowledge and experience in financial and business matters, that it is capable of evaluating the merits and risks of purchasing the Notes and that such purchaser and any accounts for which it is acting are each able to bear the economic risks of its or their investment;

  (b) such purchaser is not acquiring the Notes with a view towards any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction, provided that the disposition of its property and the property of any accounts for which such purchaser is acting as fiduciary will remain at all times within its control; and

(c) such purchaser has received a copy of the offering circular and acknowledges that such purchaser has had access to such financial and other information and has been afforded an opportunity to ask such questions of our representative and receive answers thereto as it has deemed necessary in connection with its decision to purchase the Notes.

(4) The purchaser understands that the certificates evidencing the Notes will, unless otherwise agreed by us and the holder thereof, for so long as the Notes are "restricted securities" for purposes of the Securities Act, bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A "U.S. PERSON" (WITHIN THE MEANING OF RULE 902 OF REGULATION S UNDER THE SECURITIES ACT), AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, AND

(2) AGREES FOR THE BENEFIT OF THE ISSUERS THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE NEXT PARAGRAPH), EXCEPT:

(A) TO THE ISSUERS OR ANY SUBSIDIARY THEREOF; OR

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT; OR

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT; OR

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE RESALE RESTRICTION TERMINATION DATE WILL BE THE DATE (1) THAT IS AT LEAST ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF AND (2) ON WHICH THE ISSUERS INSTRUCT THE TRUSTEE THAT THIS LEGEND SHALL BE DEEMED REMOVED FROM THIS SECURITY, IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN THE INDENTURE RELATING TO THIS SECURITY.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(E) ABOVE, THE ISSUERS AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO

REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

This legend shall be deemed removed from the face of the note without further action of the Company, the Trustee or the noteholders at such time as the Company instructs the Trustee to remove this legend pursuant to the Indenture.

(5) The purchaser acknowledges that the Company and the initial purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate, it will promptly notify the initial purchaser. If such purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, such purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(6) The purchaser and each subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or (ii) the acquisition and holding of the Notes by such purchaser or transferee would not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law (as defined in "Certain Considerations for Benefit Plan Investors").

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for us by Winston & Strawn LLP, Chicago, Illinois. Certain legal matters in connection with the offering of the Notes will be passed upon for the initial purchaser by Latham & Watkins LLP, New York, New York.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 , included in this offering memorandum, have been audited by Grant Thornton LLP, independent registered public accountants, as stated in their reports appearing herein.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of the Notes from any initial purchaser will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the initial purchaser or any person affiliated with an initial purchaser in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchaser.

This offering memorandum contains summaries of certain of our agreements. We are not currently subject to the period reporting requirements and other informational requirements of the Exchange Act. While any Notes remain outstanding, we will make available, upon request to any beneficial owner and any prospective purchaser of the Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with any resale of Notes. Any such requests should be directed to Federal-Mogul LLC, 27300 West 11 Mile Road, Southfield, Michigan 48034, Attention: Corporate Secretary. Our telephone number at this address is (248) 354-7700. Additionally, we will provide the holders of the Notes with the reports required under "Description of the Notes—Certain Covenants—Reports and Other Information."

We maintain an Internet site at www.federalmogul.com. Our website and the information contained on that site, or connected to that site are not incorporated into and are not part of this offering memorandum.

LISTING AND GENERAL INFORMATION

1. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF in accordance with the rules and regulations of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

2. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF, copies of the following documents may be inspected and obtained at the specified office of the paying agent during normal business hours on any weekday and on the website of the Company:

   - the articles of association and/or bylaws of the Issuers and the Guarantors;
   - the Security Documents;
   - our most recent audited consolidated financial statements, and any interim financial statements published by us on a quarterly basis; and
   - the Indenture (which includes the form of the Notes), as applicable.

   It is expected that the approval in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange and the admission of the Notes to trading on the Euro MTF will be granted by the Luxembourg Stock Exchange after the issuance of the Notes, respectively.

3. We have appointed The Bank of New York Mellon, London Branch, as paying agent and the Bank of New York Mellon (Luxembourg) S.A., as registrar to make payments on, when applicable, and transfers of the Notes for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF. We reserve the right to change this appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the same manner permitted by the rules of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

   So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF, the Notes will be freely transferable and negotiable.

4. Delivery of the Notes has been made to investors in book-entry form through the facilities of Euroclear Bank S.A. / N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream") on March 30, 2017. The ISIN and Common Code numbers for the Notes are as follows:

   Fixed Rate Notes

   ISIN: XS1587905727 (Reg S); XS1587905990 (144A)
   Common Codes: 158790572 (Reg S); 158790599 (144A)

   Floating Rate Notes

   ISIN: XS1587913663 (Reg S); XS1587913234 (144A)
   Common Codes: 158791366 (Reg S); 158791323 (144A)

5. Federal-Mogul Financing Corporation is a Delaware corporation that was formed on March 3, 2017 with its registered office at Corporation Service Company,

2711 Centerville Road, Suite 400, Wilmington Delaware 19808 and its chief executive office at 27300 West 11 Mile Road, Southfield, Michigan 48034.

6. Federal-Mogul LLC was a consolidated subsidiary of Federal-Mogul Holdings LLC prior to the Holdco Merger and, as a result, Federal Mogul LLC's financial information was included in the consolidated financial statements for Federal-Mogul Holdings LLC prior to the Holdco Merger. Federal-Mogul Financing Corporation is a consolidated subsidiary of Federal-Mogul LLC and, as a result, Federal-Mogul Financing Corporation's financial information since its date of incorporation is included in Federal-Mogul LLC's consolidated financial statements. As a consolidated subsidiary of Federal-Mogul LLC, Federal-Mogul Financing Corporation is not required, and will not be required in the future, to publish separate financial statements under applicable law.
7. The share capital of the Issuers is fully paid up.
8. The Guarantors are the following entities:

Legal Name	Jurisdiction of Formation	Registered Office	Amount of Share Capital	Organizational I.D. Number	Federal Tax Payer Number
Federal-Mogul LLC	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	1	142-176	38-0533580
Carter Automotive Company, Inc.	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	1,000 shares no par value	2062618	43-1374271
Federal-Mogul Ignition Company	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	200 shares no par value	367926	34-4203131
Federal-Mogul Piston Rings, LLC	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	1	3397069	38-3605957
Federal-Mogul Powertrain LLC	Michigan	Corporation Service Company, 601 Abbot Road, East Lansing, MI 48623	N/A	318611	38-2719472

Legal Name	Jurisdiction of Formation	Registered Office	Amount of Share Capital	Organizational I.D. Number	Federal Tax Payer Number
Federal-Mogul Powertrain IP LLC	Delaware	2711 Centerville Rd., Suite 400, Wilmington, DE 19808	N/A	9845799	46-1096783
Federal-Mogul Products, Inc.	Missouri	Corporation Service Company, 221 Bolivar Street Jefferson City, MO 65101	120 shares at .10 par value	195550	43-1130207
Federal-Mogul Motorparts Corporation	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	55,700 Series A Preferred .01 par value	9786835	80-0845341
Federal-Mogul World Wide, Inc.	Michigan	Corporation Service Company, 601 Abbot Road, East Lansing, MI 48623	100,000 common stock no par value	525348	38-3010848
Felt Products Mfg. CO. LLC	Delaware	2711 Centerville Rd., Suite 400, Wilmington, DE 19808	1	634114	36-1065910
Muzzy-Lyon Auto Parts, Inc.	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	1,000 at .01 par value	5280571	80-0891666
Federal-Mogul Chassis LLC	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	N/A	5446261	46-4695979

Legal Name	Jurisdiction of Formation	Registered Office	Amount of Share Capital	Organizational I.D. Number	Federal Tax Payer Number
F-M Motorparts TSC, Inc.	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	100 common stock at .01 par value	5551154	47-1114042
F-M TSC Real Estate Holdings LLC	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	N/A	5736998	47-3929774
Federal-Mogul Valve Train International LLC	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	N/A	5614273	35-2517438
Federal-Mogul Sevierville, LLC	Tennessee	Corporation Service Company, 2908 Poston Avenue, Nashville, TN 37203	1	204613	34-1606438
Beck Arnley Holdings LLC	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	N/A	5678233	81-1482097
Federal-Mogul Filtration LLC	Delaware	Corporation Service Company, 2711 Centerville Rd., Suite 400, Wilmington, DE 19808	N/A	6003142	81-2350051

9. The issuance of the Notes in connection with this offer was authorized by the respective boards of directors of the Issuers on March 16, 2017.

10. Except as disclosed in this offering memorandum:

    - there has been no material adverse change in the Company's financial position as set forth in our audited consolidated financial statements as of and for the financial year 2016 and there has been no material adverse change for Federal-Mogul Financing Corporation since its date of incorporation; and

- the Issuers have not been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the Notes, and, so far as we are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

11. The Issuers accept responsibility for the information contained in this offering memorandum.

12. The Fixed Rate Notes and the Floating Rate Notes were issued at a price of 100.000% and the Fixed Rate Notes were issued with a yield to maturity of 4.875%.

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Audited Financial Statements as of December 31, 2016 and 2015
and for the Years Ended December 31, 2016, 2015 and 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Federal-Mogul Holdings LLC

We have audited the internal control over financial reporting of Federal-Mogul Holdings LLC (a Delaware company, fka Federal-Mogul Holdings Corporation) and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2016, and our report dated February 22, 2017 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Southfield, Michigan
February 22, 2017

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk controls may become inadequate because of changes in conditions or because the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of the principal executive and financial officers of the Company, an evaluation of the effectiveness of internal controls over financial reporting was conducted based upon the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (the "COSO 2013 Framework") of the Treadway Commission. Based on the evaluation performed under the COSO 2013 Framework as of December 31, 2016, management has concluded the Company's internal control over financial reporting was effective.

Grant Thornton LLP, an independent registered public accounting firm, has audited the Company's internal control over financial reporting as of December 31, 2016, as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Federal-Mogul Holdings LLC

We have audited the accompanying consolidated balance sheets of Federal-Mogul Holdings LLC (a Delaware company, fka Federal-Mogul Holdings Corporation) and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Federal-Mogul Holdings LLC and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2017 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Southfield, Michigan
February 22, 2017

FEDERAL-MOGUL HOLDINGS LLC

Consolidated Statements of Operations
(In millions, except per share amounts)

	Year Ended December 31		
	2016	2015	2014
Net sales	$ 7,434	$ 7,419	$ 7,317
Cost of products sold	(6,301)	(6,345)	(6,260)
Gross profit	1,133	1,074	1,057
Selling, general and administrative expenses	(815)	(794)	(776)
Goodwill and intangible impairment expense, net (Note 11)	(6)	(94)	(120)
Restructuring charges and asset impairments, net (Note 3)	(44)	(121)	(110)
Amortization expense (Note 11)	(58)	(59)	(49)
Other income (expense), net (Note 4)	21	(5)	(11)
Operating income (loss)	231	1	(9)
Interest expense, net	(145)	(138)	(120)
Loss on debt extinguishment	—	—	(24)
Equity earnings of nonconsolidated affiliates, net of tax (Note 12)	59	56	48
Income (loss) from continuing operations before income taxes	145	(81)	(105)
Income tax (expense) benefit (Note 16)	(55)	(30)	(56)
Income (loss) from continuing operations	90	(111)	(161)
Gain (loss) from discontinued operations, net of tax	—	7	—
Net income (loss)	90	(104)	(161)
Less net income attributable to noncontrolling interests	(8)	(6)	(7)
Net income (loss) attributable to Federal-Mogul	$ 82	$ (110)	$ (168)
Amounts attributable to Federal-Mogul:			
Net income (loss) from continuing operations	$ 82	$ (117)	$ (168)
Gain (loss) from discontinued operations, net of tax	—	7	—
Net income (loss)	$ 82	$ (110)	$ (168)
Net income (loss) per common share attributable to Federal-Mogul Basic and diluted (Note 20):			
Net income (loss) from continuing operations	$ 0.49	$ (0.71)	$ (1.12)
Gain (loss) from discontinued operations, net of tax	—	0.04	—
Net income (loss)	$ 0.49	$ (0.67)	$ (1.12)

See accompanying notes to Consolidated Financial Statements.

FEDERAL-MOGUL HOLDINGS LLC

Consolidated Statements of Comprehensive Income (Loss)
(In millions)

	Year Ended December 31		
	2016	2015	2014
Net income (loss)	$ 90	$(104)	$(161)
Other comprehensive income (loss), net of tax (Note 18)			
Foreign currency translation adjustments	(145)	(237)	(248)
Cash flow hedging income (loss), net	3	—	(1)
Pension and postretirement benefits	30	56	(282)
Other comprehensive loss, net of tax	(112)	(181)	(531)
Comprehensive income (loss)	(22)	(285)	(692)
Comprehensive income (loss) attributable to noncontrolling interests	10	1	(8)
Comprehensive income (loss) attributable to Federal-Mogul	$ (32)	$(286)	$(684)

See accompanying notes to Consolidated Financial Statements.

FEDERAL-MOGUL HOLDINGS LLC

Consolidated Balance Sheets
(In millions, except per share amounts)

	December 31	
	2016	2015
ASSETS		
Current assets:		
Cash and equivalents	$ 300	$ 194
Accounts receivable, net	1,238	1,374
Inventories, net (Note 9)	1,321	1,342
Prepaid expenses and other current assets	186	188
Total current assets	3,045	3,098
Property, plant and equipment, net (Note 10)	2,334	2,353
Goodwill and other indefinite-lived intangible assets (Note 11)	901	903
Definite-lived intangible assets, net (Note 11)	343	404
Investments in nonconsolidated affiliates (Note 12)	270	296
Other noncurrent assets	183	174
TOTAL ASSETS	$ 7,076	$ 7,228
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt, including current portion of long-term debt (Note 13)	$ 142	$ 138
Accounts payable	885	901
Accrued liabilities (Note 14)	554	582
Current portion of pensions and other postretirement benefits liability (Note 15)	37	40
Other current liabilities	156	159
Total current liabilities	1,774	1,820
Long-term debt (Note 13)	2,883	2,914
Pensions and other postretirement benefits liability (Note 15)	1,076	1,123
Long-term portion of deferred income taxes (Note 16)	366	367
Other accrued liabilities	97	102
Shareholders' equity:		
Preferred stock ($0.01 par value; 90,000,000 authorized shares; none issued)	—	—
Common stock ($0.01 par value; 450,100,000 authorized shares; 170,636,151 issued shares and 169,040,651 outstanding shares as of December 31, 2016 and 2015.	2	2
Additional paid-in capital	2,899	2,899
Accumulated deficit	(714)	(796)
Accumulated other comprehensive loss	(1,432)	(1,318)
Treasury stock, at cost	(17)	(17)
Total Federal-Mogul shareholders' equity	738	770
Noncontrolling interests	142	132
Total shareholders' equity	880	902
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 7,076	$ 7,228

See accompanying notes to Consolidated Financial Statements.

FEDERAL-MOGUL HOLDINGS LLC

Consolidated Statements of Cash Flows
(In millions)

	Year Ended December 31		
	2016	2015	2014
Cash Provided From (Used By) Operating Activities			
Net income (loss)	$ 90	$(104)	$ (161)
Adjustments to reconcile net income (loss) to net cash provided from (used by) operating activities:			
Depreciation and amortization	375	341	334
Goodwill and intangible impairment expense, net	6	94	120
Restructuring charges and asset impairments, net	44	121	110
Payments against restructuring liabilities	(50)	(58)	(53)
Change in pension and postretirement benefits, excluding curtailment gains	(31)	(68)	(75)
Equity earnings of nonconsolidated affiliates	(59)	(56)	(48)
Cash dividends received from nonconsolidated affiliates	77	11	25
Loss on sale of equity method investment	—	11	—
Loss on debt extinguishment	—	—	24
Deferred tax expense (benefit)	(28)	(17)	20
Operating cash flows from discontinued operations	—	(7)	—
Gain from sales of property, plant and equipment	(7)	(4)	—
Changes in operating assets and liabilities:			
Accounts receivable, net	111	(10)	(47)
Inventories, net	5	(172)	(84)
Accounts payable	7	18	72
Other assets and liabilities	6	(62)	41
Net cash provided from (used by) Operating Activities	546	38	278
Cash Provided From (Used By) Investing Activities			
Expenditures for property, plant, and equipment	(381)	(440)	(418)
Payments to acquire businesses, net of cash acquired	(31)	(360)	(321)
Capital investment in consolidated subsidiary from noncontrolling interest partner	5	—	—
Transfer of cash balances upon dispositions of operations held for sale	(12)	—	—
Net proceeds associated with business dispositions	—	15	—
Net proceeds from sales of property, plant, and equipment	18	12	4
Net proceeds from sale of shares in consolidated subsidiary	2	—	—
Capital investment in nonconsolidated affiliate	(1)	(14)	—
Net cash provided from (used by) Investing Activities	(400)	(787)	(735)
Cash Provided From (Used By) Financing Activities			
Proceeds from term loans, net of original issue discount	86	—	2,589
Principal payments on term loans	(115)	(28)	(2,544)
Proceeds from draws on revolving lines of credit	430	663	—
Payments on revolving lines of credit	(419)	(306)	—
Debt issuance costs	—	—	(12)
Increase in other long-term debt	—	51	12
Increase (decrease) in short-term debt	(2)	(3)	—
Contingent consideration to acquire business	—	—	(9)
Proceeds from equity rights offering, net of related fees	—	250	—
Net proceeds (remittances) on servicing of factoring arrangements	—	—	(1)
Net cash provided from (used by) Financing Activities	(20)	627	35
Effect of foreign currency exchange rate fluctuations on cash	(31)	(4)	(7)
Increase (decrease) in cash and equivalents	$ 95	$(126)	$ (429)
Cash and equivalents at beginning of year	194	332	761
Plus: Cash and equivalents held for sale at January 1	12	—	—
Increase (decrease) in cash and equivalents	95	(126)	(429)
Less: Cash and equivalents held for sale at December 31	(1)	(12)	—
Cash and equivalents at end of year	$ 300	$ 194	$ 332
Supplementary Disclosures:			
Non-cash financing and investing activities:			
Accrued property and equipment additions	$ 64	$ 61	$ 60
Other cash flow information:			
Cash paid for interest	$ 139	$ 133	$ 111
Cash paid for income taxes, net of refunds of $7 million in 2016, $11 million in 2015, and $7 million in 2014	$ 67	$ 44	$ 42

See accompanying notes to Consolidated Financial Statements.

FEDERAL-MOGUL HOLDINGS LLC

Consolidated Statements of Shareholders' Equity
(In millions)

	Common Stockholders'						
	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at Cost	Noncontrolling Interests	Total
Balance at December 31, 2013	**$ 2**	**$2,649**	**$(518)**	**$ (626)**	**$(17)**	**$111**	**$1,601**
Net income (loss)	—	—	(168)	—	—	7	(161)
Other comprehensive loss, net of tax	—	—	—	(516)	—	(15)	(531)
Balance at December 31, 2014	**2**	**2,649**	**(686)**	**(1,142)**	**(17)**	**103**	**909**
Acquisitions	—	—	—	—	—	28	28
Net income (loss)	—	—	(110)	—	—	6	(104)
Other comprehensive loss, net of tax	—	—	—	(176)	—	(5)	(181)
Equity rights offering	—	250	—	—	—	—	250
Balance at December 31, 2015	**2**	**2,899**	**(796)**	**(1,318)**	**(17)**	**132**	**902**
Net income (loss)	—	—	82	—	—	8	90
Other comprehensive loss, net of tax	—	—	—	(114)	—	2	(112)
Balance at December 31, 2016	**$ 2**	**$2,899**	**$(714)**	**$(1,432)**	**$(17)**	**$142**	**$ 880**

See accompanying notes to Consolidated Financial Statements.

FEDERAL-MOGUL HOLDINGS LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)

1. Description of Business

Federal-Mogul Holdings LLC is a limited liability company formed under the laws of Delaware. On February 14, 2017, Federal-Mogul Holdings Corporation was converted to a single member limited liability company in the U.S. and changed its name to Federal-Mogul Holdings LLC. References herein to the "Company" and "Federal-Mogul" refer to Federal-Mogul Holdings LLC for the period after the effective date of the conversion on February 14, 2017, Federal-Mogul Holdings Corporation for the period after the effective date of the Reorganization (subsequently defined below) on April 15, 2014, and Federal-Mogul Corporation for the period prior to the effective date of the Reorganization on April 15, 2014.

The Company is a leading global supplier of technology and innovation in vehicle and industrial products for fuel economy, emissions reduction, and safety systems. The Company serves the world's foremost original equipment manufacturers ("OEM") and servicers ("OES") (collectively, "OE") of automotive, light, medium and heavy-duty commercial vehicles, off-road, agricultural, marine, rail, aerospace, power generation and industrial equipment, as well as the worldwide aftermarket.

Holding Company Reorganization: On April 15, 2014, Federal-Mogul Corporation completed a holding company reorganization (the "Reorganization"). As a result of the Reorganization, the outstanding shares of Federal-Mogul Corporation common stock were automatically converted on a one-for-one basis into shares of Federal-Mogul Holdings Corporation common stock, and all of the stockholders of Federal-Mogul Corporation immediately prior to the Reorganization automatically became stockholders of Federal-Mogul Holdings Corporation. The rights of stockholders of Federal-Mogul Holdings Corporation were generally governed by Delaware law and Federal-Mogul Holdings Corporation's certificate of incorporation and bylaws, which were the same in all material respects as those of Federal-Mogul Corporation immediately prior to the Reorganization. In addition, the board of directors of Federal-Mogul Holdings Corporation and its Audit Committee and Compensation Committee were composed of the same members as the board of directors, Audit Committee, and Compensation Committee of Federal-Mogul Corporation prior to the Reorganization.

Merger Transaction: On September 6, 2016, the Company, American Entertainment Properties Corp., a Delaware corporation ("AEP"), the Company's parent and a subsidiary of Icahn Enterprises L.P. ("IEP"), and IEH FM Holdings LLC, a Delaware limited liability company ("Merger Sub") entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, and upon the terms and subject to the conditions thereof, Merger Sub commenced a cash tender offer (the "Offer) to acquire, subject to the terms and conditions of the Merger Agreement, all of the issued and outstanding shares of the Company's common stock, par value $0.01 per share, not already owned by IEP affiliates, for a purchase price of $9.25 per share, net to the seller in cash, without interest, less any applicable tax withholding.

On January 3, 2017, the Company announced it had received a revised proposal to purchase shares of the Company's common stock for $10.00 per share, an increase from the previous offer of $9.25 in cash per share. On January 23, 2017, AEP and Merger Sub completed the acquisition of the Company as all terms and conditions of the merger as set forth in the Merger Agreement were satisfied. Shares of the Company's stock are no longer publicly traded as of the close of business January 23, 2017.

Spinoff: On January 15, 2016, the Company announced it terminated the previously announced spin-off of its Motorparts division. The Company will continue to operate with two separate, independent businesses with separate CEOs who will each report directly the Company's board of directors. The separate businesses more effectively serve their unique markets and allow each operating business to pursue its business strategy and more quickly react to its respective market conditions.

Controlling Ownership: As of December 31, 2016, Mr. Carl C. Icahn indirectly controlled approximately 81.99% of the voting power of the Company's capital stock and, by virtue of such stock ownership, is able to control or exert substantial influence over the Company, including the election of directors, business strategy and policies, mergers or other business combinations, acquisition or disposition of assets, future issuances of common stock or other securities, incurrence of debt or obtaining other sources of financing, and the payment of dividends on the Company's common stock. The existence of a controlling stockholder may have the effect of making it difficult for, or may discourage or delay, a third party from seeking to acquire a majority of the Company's outstanding common stock, which may adversely affect the market price of the stock.

Mr. Icahn's interests may not always be consistent with the Company's interests or with the interests of the Company's other stockholders. Mr. Icahn and entities controlled by him may also pursue acquisitions or business opportunities that may or may not be complementary to the Company's business. To the extent that conflicts of interest may arise between the Company and Mr. Icahn and his affiliates, those conflicts may be resolved in a manner adverse to the Company or its other shareholders. As a result of the Merger Transaction and subsequent conversion, the entity indirectly owned and controlled by Mr. Icahn became the sole member of the limited liability company.

Deconsolidations: In 2012, the Company began exiting substantially all its activities in Venezuela with only residual cash and de minimis administrative costs remaining in 2014. In the fourth quarter of 2014, the Company concluded the inability to freely exchange currency between the Venezuelan bolivar currency and the U.S. dollar coupled with the significant government regulations and restrictions then in place severely limited its ability to manage and control its Venezuelan operations. As a result, the Company's Venezuelan subsidiary was deconsolidated as of December 31, 2014. The effect of the deconsolidation was a $2 million charge included in the results of operations for the year ended December 31, 2014. In 2016 and 2015, the Company had no operations in Venezuela.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The audited Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Summary of Significant Accounting Policies

Principles of Consolidation: The Company consolidates into its financial statements the accounts of the Company, all wholly-owned subsidiaries, and any partially-owned subsidiary the Company has the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50% owned are consolidated, investments in affiliates of 50% or less but greater than 20% are accounted for using the equity method, and investments in affiliates of 20% or less are accounted for using the cost method. See Note 12, *Investment in Nonconsolidated Affiliates*, for discussion regarding the Company's subsidiaries that were subject to regulatory control.

The Company does not consolidate any entity for which it has a variable interest based solely on power to direct the activities and significant participation in the entity's expected results that would not otherwise be consolidated based on control through voting interests. Further, the Company's affiliates are businesses established and maintained in connection with the Company's operating strategy and are not special purpose entities. All intercompany transactions and balances have been eliminated.

Reclassifications: Certain reclassifications from the prior year presentation have been made to conform to the current year presentation.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from these estimates.

Cash and Equivalents: The Company considers all highly liquid investments with maturities of 90 days or less from the date of purchase to be cash equivalents.

Concentrations of Credit Risk: Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of accounts receivable, cash investments and derivative instruments. The Company's customer base includes virtually every significant global light and commercial vehicle manufacturer and a large number of distributors, installers and retailers of automotive aftermarket parts. The Company's credit evaluation process and the geographical dispersion of sales transactions help to mitigate credit risk concentration. No individual customer accounted for more than 10% of the Company's net sales for the years ended December 31, 2016, 2015, and 2014 or accounts receivable as of December 31, 2016 and 2015. The Company requires placement of cash in financial institutions evaluated as highly creditworthy. See Note 7, *Derivatives and Hedging Activities* for further discussion related to derivatives.

Divestitures: In connection with its strategic planning process, the Company assesses its operations for market position, product technology and capability, and profitability. Those businesses determined by management not to have a sustainable competitive advantage are considered non-core and may be considered for divestiture or other exit activities.

Trade Accounts Receivable and Allowance for Doubtful Accounts: Trade accounts receivable is stated at net realizable value, which approximates fair value. The Company does not generally require collateral for its trade accounts receivable. Accounts receivable is reduced by an allowance for amounts that may become uncollectible in the future. This estimated allowance is based primarily on management's evaluation of specific balances as the balances become past due, the financial condition of its customers, and the Company's historical experience of write-offs. The Company's general policy for uncollectible accounts, if not reserved through specific examination procedures, is to reserve based upon the aging categories of accounts receivable and whether amounts are due from an OE or aftermarket customer. Past due status is based upon the invoice date of the original amounts outstanding. Included in selling, general, and administrative ("SG&A") expenses are bad debt expenses of $5 million, $13 million, and $5 million for the years ended December 31, 2016, 2015, and 2014. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company's allowance for doubtful accounts was $19 million and $27 million as of December 31, 2016 and 2015.

Factoring of Accounts Receivable: The Company has subsidiaries in Brazil, Canada, France, Germany, Italy and the U.S. which are party to accounts receivable factoring and securitization facilities. Amounts factored under these facilities consist of the following:

	As of December 31	
	2016	2015
Gross accounts receivable factored	$487	$408
Gross accounts receivable factored, qualifying as sales	$485	$401
Undrawn cash on factored accounts receivable	$ —	$ 1

Proceeds from the factoring of accounts receivable qualifying as sales and expenses associated with the factoring of accounts receivable are as follows:

	Year Ended December 31		
	2016	2015	2014
Proceeds from factoring qualifying as sales	$1,616	$1,550	$1,679
Financing charges(a)	$ (12)	$ (9)	$ (6)

(a) Recorded in the consolidated statements of operations within "other income (expense), net."

Accounts receivables factored but not qualifying as a sale, as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 860, *Transfers and Servicing*, were pledged as collateral and accounted for as secured borrowings and recorded in the consolidated balance sheets within "Accounts receivable, net" and "Short-term debt, including the current portion of long-term debt."

Where the Company receives a fee to service and monitor these transferred receivables, such fees are sufficient to offset the costs and as such, a servicing asset or liability is not recorded as a result of such activities.

Inventories: The Company values inventory at the lower of cost or market, with cost determined on a first-in, first-out ("FIFO") basis. Cost of inventory includes direct materials, labor, and applicable manufacturing overhead costs. The value of inventories are reduced for excess and obsolescence based on management's review of on-hand inventories compared to historical and estimated future sales and usage. Inventory held at consignment locations is included in finished goods inventory as the Company retains full title and rights to the product.

Long-Lived Assets: Long-lived assets such as property, plant, and equipment are recorded at fair value established at acquisition or cost unless the expected future use of the assets indicate a lower value is appropriate. Definite-lived intangible assets have been stated at fair value established at acquisition or at cost. Long-lived assets are periodically reviewed for impairment indicators. If impairment indicators exist, the Company performs the required analysis and records an impairment charge, if required, in accordance with the subsequent measurement provisions of ASC 360, *Property, Plant & Equipment*. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Depreciation and amortization are computed principally by the straight-line method for financial reporting purposes.

Goodwill: Goodwill is determined as the excess of fair value over amounts attributable to specific tangible and intangible assets, including developed technology and customer relationships. Goodwill is reviewed for impairment annually as of October 1, or more frequently, if impairment indicators exist, in accordance with the subsequent measurement provisions of ASC Topic 350, *Intangibles—Goodwill and Other*. This impairment analysis compares the fair values of the Company's reporting units to their related carrying values. If a reporting unit's carrying value exceeds its fair value, the Company must then calculate the reporting unit's implied fair value of goodwill and an impairment charge is recorded for any excess of the goodwill carrying value over the implied fair value of goodwill. The reporting units' fair values are based upon consideration of various valuation methodologies, including projected future cash flows discounted at rates commensurate with the risks involved, guideline transaction multiples, and multiples of current and future earnings.

Trademarks and Brand Names: Trademarks and brand names are stated at fair value established at acquisition or cost. These indefinite-lived intangible assets are reviewed for impairment annually as of October 1, or more frequently, if impairment indicators exist, in accordance with the subsequent measurement provisions of ASC Topic 350, *Intangibles—Goodwill and Other*. This impairment analysis compares the fair values of these assets to the related carrying values, and impairment charges are recorded for any excess of carrying values over fair values. These fair values are based upon the prospective stream of hypothetical after-tax royalty cost savings discounted at rates that reflect the rates of return appropriate for these intangible assets.

Pension and Other Postretirement Obligations: The cost of benefits provided by defined benefit pension and postretirement plans is recorded in the period employees provide service. Future pension expense for certain significant funded benefit plans is calculated using an expected return on plan asset methodology. The market-related value of plan assets is fair value. Actuarial gains and losses are accumulated and amortized into net income once they exceed a corridor, which is 10% of the projected benefit obligation, over the expected future working lifetime or life expectancy of the plan participants.

The discount rate assumption is established at the measurement date. In the U.S., the Company uses a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. The benefit obligation for pension plans in Belgium, France, and Germany represents 91% of the non-U.S. pension benefit obligation at December 31, 2016. The discount rates for these plans are determined using a cash flow matching approach similar to the U.S. approach.

Investments with registered investment companies, common and preferred stocks, and certain government debt securities are valued at the closing price reported on the active market on which the securities are traded.

Corporate debt securities are valued by third-party pricing sources using the multi-dimensional relational model using instruments with similar characteristics.

Hedge funds and the collective trusts are valued at net asset value (NAV) per share which are provided by the respective investment sponsors or investment advisers.

Revenue Recognition: The Company records sales when products are shipped and the risks and rewards of ownership have transferred to the customer, the sales price is fixed and determinable, and the collectability of revenue is reasonably assured. Accruals for sales returns and other allowances are provided at point of sale based upon past experience. Adjustments to such returns and allowances are made as new information becomes available.

Rebates: The Company accrues for rebates pursuant to specific arrangements with certain customers, primarily in the aftermarket. Rebates generally provide for price reductions based upon the achievement of specified purchase volumes and are recorded as a reduction of sales as earned by such customers.

Sales and Sales Related Taxes: The Company collects and remits taxes assessed by various governmental authorities that are both imposed on and concurrent with revenue-producing transactions with its customers. These taxes may include, but are not limited to, sales, use, value-added, and some excise taxes. The collection of these taxes is reported on a net basis (excluded from revenues).

Shipping and Handling Costs: The Company recognizes shipping and handling costs as incurred as a component of "Cost of products sold" in the consolidated statements of operations.

Engineering and Tooling Costs: Pre-production tooling and engineering costs the Company will not own and will be used in producing products under long-term supply arrangements are expensed as incurred unless the supply arrangement provides the Company with the noncancelable right to use the tools, or the reimbursement of such costs is agreed to by the customer. Pre-production tooling costs owned by the Company are capitalized as part of machinery and equipment, and are depreciated over the shorter of the tool's expected life or the duration of the related program.

Research and Development: The Company expenses research and development ("R&D") costs as incurred. R&D expense, including product engineering and validation costs, was $192 million, $189 million, and $192 million for the years ended December 31, 2016, 2015, and 2014. R&D expense is recorded in the consolidated statements of operations within "Selling, general and administrative expenses."

Advertising Costs: Advertising and promotion expenses for continuing operations are expensed as incurred and were $57 million, $48 million, and $47 million for the years ended December 31, 2016, 2015, and 2014. Advertising and promotion expenses are recorded in the consolidated statements of operations within "Selling, general and administrative expenses."

Restructuring: Restructuring is comprised of two types of costs: employee costs (principally termination benefits) and facility closure costs. Termination benefits are accounted for in accordance with ASC Topic 712, *Compensation—Nonretirement Postemployment Benefits* and are recorded when it is probable employees will be entitled to benefits and the amounts can be reasonably estimated. Estimates of termination benefits are based on the frequency of past termination benefits, the similarity of benefits under the current plan and prior plans, and the existence of statutory required minimum benefits. Termination benefits are also accounted for in accordance with ASC Topic 420, *Exit or Disposal Cost Obligations* ("ASC 420"), for one-time termination benefits and are recorded dependent upon future service requirements. Facility closure and other costs are accounted for in accordance with ASC 420 and are recorded when the liability is incurred.

Foreign Currency Translation: Exchange adjustments related to foreign currency transactions and translation adjustments for foreign subsidiaries whose functional currency is the U.S. dollar (principally those located in highly inflationary economies) are reflected in the consolidated statements of operations. Translation adjustments of foreign subsidiaries for which the local currency is the functional currency are reflected in the consolidated balance sheets as a component of "Accumulated other comprehensive loss." Deferred taxes are not provided on translation adjustments as the earnings of the subsidiaries are considered to be permanently reinvested.

Environmental Liabilities: The Company recognizes environmental liabilities in accordance with ASC Topic 410, *Asset Retirement and Environmental Obligations* ("ASC 410") when a loss is probable and reasonably estimable. Such liabilities are generally not subject to insurance coverage. Engineering and legal specialists within the Company estimate each environmental obligation based on current law and existing technologies. Such estimates are based primarily upon the estimated cost of investigation and remediation required and the likelihood that other potentially responsible parties will be able to fulfill their commitments at the sites where the Company may be jointly and severally liable with such parties. The Company regularly evaluates and revises its estimates for environmental obligations based on expenditures against established accruals and the availability of additional information.

Asset Retirement Obligations: The Company records asset retirement obligations ("ARO") in accordance with ASC 410. The Company's primary ARO activities relate to the removal of hazardous building materials at its facilities. The Company records AROs when liabilities are probable and amounts can be reasonably estimated.

Derivative Financial Instruments: The Company uses commodity forward contracts to manage volatility of underlying exposures. The Company recognizes all of its derivative instruments as either assets or liabilities at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated, and is effective, as a hedge and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation. Gains and losses related to a hedge are either recognized in income immediately to offset the gain or loss on the hedged item or are deferred and reported as a component of accumulated other comprehensive loss and subsequently recognized in earnings when the hedged item affects earnings. The change in fair value of the ineffective portion of a financial instrument, determined using the hypothetical derivative method, is recognized in earnings immediately. The gain or loss related to financial instruments not designated as hedges are recognized immediately in earnings. Cash flows related to hedging activities are included in the operating section of the consolidated statements of cash flows. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company's objectives for holding derivatives are to minimize risks using the most effective and cost-efficient methods available.

Changes in Accounting Principle

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. The accounting guidance requires debt issuance costs related to a recognized debt liability be reported in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability. The guidance is effective retrospectively and the Company has adopted this guidance in the first quarter of 2016. The adoption of this accounting guidance to the Consolidated Financial Statements is summarized below:

	December 31, 2016		
Consolidated Balance Sheet	**Prior Accounting Principles**	**Effect of Accounting Change**	**As Reported**
Other noncurrent assets	$ 190	(7)	$ 183
Long-term debt	$2,890	(7)	$2,883

	December 31, 2015		
Consolidated Balance Sheet	**Previously Reported**	**Effect of Accounting Change**	**Recast**
Other noncurrent assets	$ 184	(10)	$ 174
Long-term debt	$2,924	(10)	$2,914

Adoption of New Accounting Standards

In 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which requires all deferred tax assets and liabilities, as well as related valuation allowances, to be classified as non-current rather than as current and non-current based on the classification of the related assets and liabilities. The Company adopted the provisions of this update in 2015. Accordingly, $45 million and $16 million of deferred taxes were reclassified from other current assets and other current liabilities, respectively to other long-term assets and other accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2015.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-9, *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. This ASU clarifies the principles for recognizing revenue and provides a common revenue standard for U.S. GAAP and International Financial Reporting Standards and will require revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions. The FASB, through the issuance of ASU No. 2015-14, approved a one year delay of the effective date and the new standard is effective for reporting periods beginning after December 15, 2017 and can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The Company continues to evaluate the effect of these accounting pronouncements on its financial statements and will adopt this new guidance on January 1, 2018 using the modified retrospective application method.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. This ASU requires entities to measure most inventory "at the lower of cost and net realizable value," thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. ASU No. 2015-11 is effective prospectively for annual periods beginning after December 15, 2016, and interim periods therein, with early adoption permitted. The Company's adoption of this guidance will not have a material effect on its financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*. Under this ASU, an acquirer must recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The effect on earnings of changes in depreciation or amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed as of the acquisition date, must be recorded in the reporting period in which the adjustment amounts are determined rather than retrospectively. This standard is effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2016. Early adoption is permitted as of annual reporting periods beginning after December 15, 2015, including interim reporting periods within those annual periods. The Company expects the adoption of this guidance will not have a material effect on its financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The updated guidance enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. The amendments in the ASU are effective prospectively for fiscal years beginning after December 15, 2017, and interim periods therein, with early adoption not permitted. The Company is currently evaluating the potential effects of this pronouncement.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842),* that replaces existing lease guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. The new guidance will continue to classify leases as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. The standard is effective for the Company beginning January 1, 2019, with early application permitted. The new standard is required to be applied with a modified retrospective approach to each prior reporting period presented with various optional practical expedients. The Company is currently evaluating the potential effects of this pronouncement.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU removes the requirement to perform a hypothetical purchase price allocation to measure goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This standard is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairments tests performed on testing dates after January 1, 2017. The Company anticipates early adoption of this ASU for goodwill impairment tests performed after January 1, 2017 and will adjust its goodwill testing procedures accordingly upon adoption.

3. Restructuring Charges and Asset Impairments

The Company's restructuring activities are undertaken as necessary to execute management's strategy and streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve productivity improvements and net cost reductions. Restructuring activities include efforts to integrate and rationalize the Company's businesses and to relocate operations to best cost locations.

The Company's restructuring charges consist primarily of employee costs (principally severance and/or termination benefits), facility closure and other costs, curtailment losses (gains) related to reductions of pension and postretirement medical benefit obligations as a result of headcount reductions, and asset impairments related to restructuring activities.

For the years ended December 31, 2016, 2015, and 2014, restructuring charges and asset impairments,net include the following:

	Year Ended December 31,									
	2016			2015			2014			
	Powertrain	Motorparts	Total	Powertrain	Motorparts	Total	Powertrain	Motorparts	Corporate	Total
Severance and other charges, net	$(21)	$ (6)	$(27)	$(33)	$(56)	$ (89)	$(59)	$(26)	$(1)	$ (86)
Asset impairments related to restructuring activities	—	—	—	(1)	(2)	(3)	(2)	(1)	—	(3)
Total Restructuring charges	(21)	(6)	(27)	(34)	(58)	(92)	(61)	(27)	(1)	(89)
Other asset impairments	—	—	—	(16)	(1)	(17)	(5)	(11)	—	(16)
Impairment of assets held for sale	—	(17)	(17)	(12)	—	(12)	—	—	—	—
Impairment of nonconsolidated affiliate	—	—	—	—	—	—	—	(5)	—	(5)
Total asset impairment charges	—	(17)	(17)	(28)	(1)	(29)	(5)	(16)	—	(21)
Total restructuring charges and asset impairments	$(21)	$(23)	$(44)	$(62)	$(59)	$(121)	$(66)	$(43)	$(1)	$(110)

Restructuring

Estimates of restructuring charges are based on information available at the time such charges are recorded. In certain countries where the Company operates, statutory requirements include involuntary termination benefits that extend several years into the future. Accordingly, severance payments continue well past the date of termination at many international locations. Thus, restructuring programs appear to be ongoing when terminations and other activities have been substantially completed.

Restructuring opportunities include potential plant closures and employee headcount reductions in various countries and require consultation with various parties including, but not limited to, unions/works councils, local governments, and/or customers. The consultation process can take a significant amount of time and affect the final outcome and timing. The Company's policy is to record a provision for qualifying restructuring costs in accordance with the applicable accounting guidance when the outcome of such consultations becomes probable.

Management expects to finance its restructuring programs through cash generated from its ongoing operations or through cash available under its existing credit facilities, subject to the terms of applicable covenants. Management does not expect the execution of these programs will have an adverse effect on its liquidity position.

The following table is a summary of the Company's consolidated restructuring liabilities and related activity as of and for the years ended December 31, 2016, 2015, and 2014 by reporting segment.

	Powertrain	Motorparts	Total Reporting Segment	Corporate	Total Company
Balance at December 31, 2013	$ 8	$ 14	$ 22	$ 2	$ 24
Provisions	59	27	86	1	87
Reversals	—	(1)	(1)	—	(1)
Payments	(27)	(24)	(51)	(2)	(53)
Foreign currency	(4)	—	(4)	—	(4)
Balance at December 31, 2014	36	16	52	1	53
Provisions	38	55	93	—	93
Reversals	(4)	—	(4)	—	(4)
Payments	(35)	(22)	(57)	(1)	(58)
Acquisition	2	—	2	—	2
Foreign currency	(4)	(2)	(6)	—	(6)
Balance at December 31, 2015	33	47	80	—	80
Provisions	21	13	34	—	34
Reversals	—	(7)	(7)	—	(7)
Payments	(26)	(24)	(50)		(50)
Foreign currency	—	(2)	(2)	—	(2)
Balance at December 31, 2016	$ 28	$ 27	$ 55	$—	$ 55

The following table provides a summary of the Company's consolidated restructuring liabilities and related activity for each type of exit cost as of and for the years ended December 31, 2016, 2015, and 2014. As the table indicates, facility closure costs are typically paid within the year of incurrence.

	Employee Costs	Facility Closure and Other Costs	Total
Balance at December 31, 2013	$ 24	$ —	$ 24
Provisions	77	10	87
Reversals	(1)	—	(1)
Payments	(45)	(8)	(53)
Foreign Currency	(4)	—	(4)
Balance at December 31, 2014	51	2	53
Provisions	85	8	93
Reversals	(4)	—	(4)
Payments	(49)	(9)	(58)
Acquisitions	2	—	2
Foreign Currency	(6)	—	(6)
Balance at December 31, 2015	79	1	80
Provisions	30	4	34
Reversals	(7)	—	(7)
Payments	(46)	(4)	(50)
Acquisitions	—	—	—
Foreign Currency	(2)	—	(2)
Balance at December 31, 2016	$ 54	$ 1	$ 55

Restructuring charges and asset impairments for the year ended December 31, 2016 were comprised of $21 million related to the Powertrain segment and $23 million related to the Motorparts segment. The specific components of the restructuring and asset impairment charges by region are as follows:

	December 31, 2016						
	Severance Related Charges		Exit and Other Charges		Impairment Charges		Total Restructuring Charges
	Motorparts(a)	Powertrain	Motorparts	Powertrain	Motorparts	Powertrain	
EMEA	$ 1	$(16)	$(1)	$(2)	$ (4)	$—	$(22)
North America	(3)	(2)	(3)	—	(1)	—	(9)
ROW	—	(1)	—	—	(12)	—	(13)
	$(2)	$(19)	$(4)	$(2)	$(17)	$—	$(44)

(a) The EMEA region in the Motorparts segment recognized $6 million in severance related charges offset by a reduction in previously recorded estimates of $7 million during the year ended December 31, 2016.

Restructuring expenses for the year ended December 31, 2016 are aimed at optimizing the Company's cost structure. The Company expects to complete these programs in 2017 and does not expect to incur additional restructuring charges for these programs. For programs previously initiated in prior years, the Company expects to complete the majority of these programs in 2018 and does not expect to incur additional restructuring charges for these programs

Restructuring charges and asset impairments for the year ended December 31, 2015 were comprised of $62 million related to the Powertrain segment and $59 million related to the Motorparts segment. The specific components of the restructuring and asset impairment charges by region are as follows:

	December 31, 2015						
	Severance Related Charges		Exit and Other Charges		Impairment Charges		Total Restructuring Charges
	Motorparts	Powertrain	Motorparts	Powertrain	Motorparts	Powertrain	
EMEA	$(45)	$(27)	$(1)	$(3)	$(2)	$(20)	$ (98)
North America	(5)	—	(3)	—	—	(1)	(9)
ROW	(2)	(2)	—	(1)	(1)	(8)	(14)
	$(52)	$(29)	$(4)	$(4)	$(3)	$(29)	$(121)

Restructuring charges and asset impairments for the year ended December 31, 2014 were comprised of $66 million related to the Powertrain segment $43 million related to the Motorparts segment and $1 million in corporate charges. The specific components of the restructuring and asset impairment charges by region are as follows:

	December 31, 2014						
	Severance Related Charges		Exit and Other Charges		Impairment Charges		Total Restructuring Charges(a)
	Motorparts	Powertrain	Motorparts	Powertrain	Motorparts	Powertrain	
EMEA	$(15)	$(44)	$(2)	$(5)	$(14)	$(7)	$ (87)
North America	(7)	(3)	(2)	(1)	(1)	—	(14)
ROW	—	(6)	—	—	(2)	—	(8)
	$(22)	$(53)	$(4)	$(6)	$(17)	$(7)	$(109)

(a) Corporate charges of $1 million are excluded from total restructuring charges in above table.

Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially estimated. Accordingly, the Company reduced its liability previously recorded in 2016, 2015, and 2014 by $7 million, $4 million, and $1 million.

See Note 6, *Held for Sale and Discontinued Operations,* for further details related to the $17 million impairment loss on assets held for sale.

See Note 8, *Fair Value Measurements and Financial Instruments*, for further details related to property, plant, and equipment fair value measurements.

4. Other Income (Expense), Net

The specific components of "Other income (expense), net" are as follows:

	Year Ended December 31		
	2016	2015	2014
Loss on sale of equity method investment(a)	$ —	$(11)	$ —
Segmentation costs	—	(4)	(10)
Gain (loss) on sale of assets	7	4	1
Foreign currency transaction gain (loss)	2	(3)	(7)
Financing charges	(12)	(9)	(6)
Third party royalty income	7	6	7
Unrealized gain on hedge instruments	—	—	1
Other	17	12	3
	$ 21	$ (5)	$(11)

(a) See Note 12, Investment in Nonconsolidated Affiliates, for further details.

In the year ended December 31, 2016, the other income (expense), net included the recognition of a $9 million gain related to the sale of real estate made in a prior year. The gain and receipt of the proceeds was contingent upon the property's redevelopment by the buyer.

In the year ended December 31, 2015, the Company recognized an $11 million loss on the disposition of an equity method investment.

5. Acquisitions

Beck Arnley Acquisition

On December 1, 2016, the Company acquired the assets and liabilities of IEH BA LLC ("Beck Arnley"), an entity owned by a subsidiary of IEP. Beck Arnley is a provider of premium OE quality parts and fluids for foreign nameplate vehicles in North America and was acquired for a purchase price of $14 million, which included $7 million paid in cash on the date of acquisition and a $7 million non-interest bearing note maturing on May 1, 2018. This related party note payable is included in "*Other accrued liabilities*" on the balance sheet. Beck Arnley's products complement the foreign nameplate coverage of the Company's current aftermarket offerings, while adding several new product lines, including fluids, engine management, cooling, electrical parts, and electronic components. As this is a transaction of entities under common control, the net book value of assets acquired and liabilities assumed at the acquisition date was $14 million. See Note 23, *Related Party Transactions*.

Filters Business Acquisition

On May 26, 2016, the Company completed the acquisition of the assets of a filter manufacturing business in Mexico, which primarily serves the Mexican market, for a purchase price of $25 million, net of cash acquired. The estimated fair value of assets acquired and liabilities assumed at the acquisition date was approximately $25 million. The Company is in the process of finalizing certain post-closing adjustments which could affect the estimated fair value of assets acquired and liabilities assumed.

TRW's Engine Components Acquisition

On February 6, 2015, the Company completed the acquisition of TRW's valvetrain business. The business was acquired through a combination of asset and stock purchases for a purchase price of approximately $309 million. On July 7, 2015, the Company completed the purchase of certain additional business assets of the TRW's valvetrain business. The business was acquired through stock purchases for a base purchase price of approximately $56 million. The purchase included a $25 million noncontrolling interest related to a 66% stake in a majority owned entity that the Company consolidates in its financial statements. The acquisition was funded primarily from the Company's available revolving line of credit and was subject to certain customary closing and post-closing adjustments. The acquisition of TRW's valvetrain business adds a completely new product line to the Company's portfolio, strengthens the Company's position as a leading developer and supplier of core components for engines, and enhances the Company's ability to support its customers to improve fuel economy and reduce emissions.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

	Estimated Fair Value as of December 31, 2015
Cash	$ 14
Accounts receivable, net	31
Inventory, net	36
Property, plant and equipment, net	234
Goodwill	74
Other identified intangible assets	107
Accounts payable	(22)
Accrued liabilities	(39)
Acquired postretirement benefits	(46)
Other net assets	1
Total identifiable net assets	$390

In addition to the benefits noted above, goodwill is created from the expected synergies through the integration of the engine components business into the existing Powertrain segment which will allow for improved profitability.

As part of the acquisition, the Company recorded $107 million of definite-lived intangible assets, comprising of $22 million of developed technology and $85 million of customer relationships.

Proforma Results

The following proforma results for the year ended December 31, 2015 assumes the purchase of the TRW valvetrain business occurred as of the beginning of 2015 and are inclusive of provisional purchase price adjustments. The proforma results are not necessarily indicative of the results that actually would have been obtained.

	Year Ended December 31, 2015 (unaudited)
Net sales	$7,463
Net income (loss) attributable to Federal-Mogul	$ (110)
Income (loss) per share attributable to Federal-Mogul—basic and diluted	$ (0.67)

During the year ended December 31, 2016, the Company recorded $1 million of acquisition related expenses, primarily legal and other professional fees, associated with the acquisition of the filters manufacturing business in Mexico.

During the year ended December 31, 2015, the Company recorded $4 million in acquisition related expenses, primarily legal and other professional fees, associated with the acquisition of TRW's valvetrain business.

During the year ended December 31, 2014, the Company recorded $7 million in transaction related expenses associated with business acquisitions. All of these transaction related expenses are recorded in "Selling, general, and administrative expenses" within the consolidated statement of operations.

6. Held for Sale and Discontinued Operations

Held for Sale Operations

The Company classifies assets and liabilities as held for sale ("disposal group") when management, having the authority to approve the action, commits to a plan to sell the disposal group, the sale is probable within one year, and the disposal group is available for immediate sale in its present condition. The Company also considers whether an active program to locate a buyer has been initiated, whether the disposal group is marketed actively for sale at a price that is reasonable in relation to its current fair value, and whether actions required to complete the plan indicate it is unlikely significant changes to the plan will be made or the plan will be withdrawn.

The Company aggregates the assets and aggregate liabilities of all held for sale disposal groups on the balance sheet for the period in which the disposal group is held for sale.

The company has classified assets of $13 million and liabilities of $6 million as held for sale, which have been included in "*Prepaid expenses and other current assets*" and "*Other current liabilities*" as of December 31, 2016. As part of the held for sale assessment, the Company determined these assets were in excess of fair market value and a $14 million impairment charge was recorded. In addition, the Company has record and additional $3 million of impairment charges for assets both held for sale and sold during the year ended December 31, 2016. Impairment charges related to held for sale assets have been included in *"Restructuring charges and asset impairments, net"* as of December 31, 2016.

In December 2016, the Company entered into an agreement to sell 80.1% of the shares of one of its subsidiaries in Brazil in the Motorparts segment for a sale price of one Brazilian Real. The related assets and liabilities have been classified as held for sale as of December 31, 2016. The sale is expected to close in the second half of 2017.

In December 2016, the Company entered into stock and asset purchase agreement to sell certain assets and liabilities related to its wipers business in the Motorparts segment for a sale price of $8 million. The related assets and liabilities have been classified as held for sale as of December 31, 2016. The sale is expected to close in the first half of 2017.

During 2015, the Company entered into a share agreement to sell 100% of the shares of one of its subsidiaries in the Powertrain segment and classified the assets and liabilities as held for sale. The sale price for the shares was one euro. Prior to December 31, 2015, the Company contributed $12 million in cash to the subsidiary. The sale closed on January 1, 2016.

The assets and liabilities that were classified as held for sale as of December 31, 2016 and 2015 were as follows:

	December 31,	
	2016	**2015**
Assets		
Cash and cash equivalents	$ 1	$ 12
Receivables	4	1
Inventories	5	3
Other current assets	9	—
Long-lived assets	8	—
Impairment on carrying value	(14)	(12)
Total assets held for sale	$ 13	$ 4
Liabilities		
Trade payables	$ 3	$ 1
Accrued liabilities	1	1
Other liabilities	2	3
Total liabilities held for sale	$ 6	$ 5

During the year ended December 31, 2016, the Company recorded $1 million of transaction related expenses, primarily legal and other professional fees, associated with these assets held for sale.

Discontinued Operations

In connection with its strategic planning process, the Company assesses its operations for market position, product technology and capability, and profitability. Those businesses not core to the Company's long-term portfolio may be considered for divestiture or other exit activities.

During the year ended December 31, 2015, the Company's Motorparts segment recognized a $7 million adjustment (no income tax effect) which is included in "Gain (loss) from discontinued operations, net of tax" within the consolidated statement of operations.

7. Derivatives and Hedging Activities

The Company is exposed to market risk, such as fluctuations in foreign currency exchange rates, commodity prices, and changes in interest rates, which may result in cash flow risks. To manage the volatility relating to these exposures, the Company aggregates the exposures on a consolidated basis to take advantage of natural offsets. For exposures not offset within its operations, the Company enters into various derivative transactions pursuant to its risk management policies, which prohibit holding or issuing derivative financial instruments for speculative purposes, and designation of derivative instruments is performed on a transaction basis to support hedge accounting. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged. The Company assesses the initial and ongoing effectiveness of its hedging relationships in accordance with its documented policy.

Commodity Price Risk

The Company's production processes are dependent upon the supply of certain raw materials exposed to price fluctuations on the open market. The primary purpose of the Company's commodity price forward contract activity is to manage the volatility associated with forecasted purchases. The Company monitors its commodity price risk exposures regularly to maximize the overall effectiveness of its commodity forward contracts. Principal raw materials hedged include, copper, nickel, zinc, tin, high-grade aluminum, and aluminum alloy. Forward contracts are used to mitigate commodity price risk associated with raw materials, generally related to purchases forecasts for up to eighteen months in the future.

Information regarding the Company's outstanding commodity price hedge contracts are as follows:

	December 31,	
	2016	2015
Combined notional value	$16	$28
Combined notional value designated as hedging instruments	$16	$28
Unrealized net gain (loss) recorded in "Accumulated other comprehensive loss"	$ 2	$ (2)
Net asset (liability) position	$ 4	$ (3)

The Company has designated these contracts as cash flow hedging instruments. The Company records unrecognized gains and losses in other comprehensive income and makes regular reclassifying adjustments into "Cost of products sold" within the condensed consolidated statement of operations when amounts are recognized. For amounts recognized in other comprehensive income (loss) and amounts reclassified out of other comprehensive income (loss) at December 31, 2016 and 2015 for these hedging instruments, see Note 18, *Changes in Accumulated Other Comprehensive Loss by Component (Net of Tax)*. Substantially all of the commodity price hedge contracts mature within one year.

Foreign Currency Risk

The Company manufactures and sells its products in North America, South America, Asia, Europe, Australia, and Africa. As a result, the Company's financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets in which the Company manufactures and sells its products. The Company generally tries to use natural hedges within its foreign currency activities, including the matching of revenues and costs, to minimize foreign currency risk. Where natural hedges are not in place, the Company considers managing certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. Principal currencies hedged have historically included the euro, British pound and Polish zloty. Foreign currency forwards are also used in conjunction with the Company's commodity hedging program. In order to obtain critical terms match for commodity exposure, the Company engages in the use of foreign exchange contracts. The Company did not hold any foreign currency price hedge contracts at December 31, 2016 or December 31, 2015.

Concentrations of Credit Risk

Financial instruments including cash equivalents, derivative contracts, and accounts receivable, expose the Company to counterparty credit risk for non-performance. The Company's counterparties for cash equivalents and derivative contracts are banks and financial institutions that meet the Company's requirement of high credit standing. The Company's counterparties for derivative contracts are substantial investment and commercial banks with significant experience using such derivatives. The Company manages its credit risk through policies requiring minimum credit standing and limiting credit exposure to any one counterparty and through monitoring counterparty credit risks. The Company's concentration of credit risk related to derivative contracts at December 31, 2016 and 2015 is not material.

Other

The Company presents its derivative positions and any related material collateral under master netting agreements on a net basis. For derivatives designated as cash flow hedges, changes in the time value are excluded from the assessment of hedge effectiveness. Unrealized gains and losses associated with ineffective hedges, determined using the hypothetical derivative method, are recognized in "Other income (expense), net." Derivative gains and losses included in accumulated other comprehensive loss for effective hedges are reclassified into operations upon recognition of the hedged transaction. Derivative gains and losses associated with undesignated hedges are recognized in "Other income (expense), net" for outstanding hedges and "Cost of products sold" or "Other income (expense), net" upon hedge maturity.

8. Fair Value Measurements and Financial Instruments

ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), clarifies fair value is an exit price, representing the amount to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Company estimates the fair value of its derivative contracts using an income approach based on valuation techniques to convert future amounts to a single, discounted amount. Estimates of the fair value of foreign currency and commodity derivative instruments are determined using exchange traded prices and rates.

Items Measured at Fair Value on a Recurring Basis

Assets and liabilities measured and disclosed at fair value on a recurring basis at December 31, 2016 and 2015 are set forth in the table below:

	Asset (Liability)	Level 2
December 31, 2016:		
Commodity contracts	$ 4	$ 4
December 31, 2015:		
Commodity contracts	$(3)	$(3)

The Company calculates the fair value of its commodity contracts and foreign currency contracts using quoted commodity forward rates and quoted currency forward rates, to calculate forward values, and then discounts the forward values. The discount rates for all derivative contracts are based on quoted bank deposit rates.

Items Measured at Fair Value on a Nonrecurring Basis

In addition to items measured at fair value on a recurring basis, we also have assets that may be measured at fair value on a nonrecurring basis. These assets include, long-lived assets, intangible assets, and investments in affiliates which may be written down to fair value as a result of impairment.

The Company has determined the fair value measurements related to each of these assets rely primarily on Company-specific inputs and the Company's assumptions about the use of the assets, as observable inputs are not available. As such, the Company has determined that each of these fair value measurements reside within Level 3 of the fair value hierarchy. To determine the fair value of long-lived assets, the Company utilizes the projected cash flows expected to be generated by the long-lived assets, then discounts the future cash flows over the useful life of the long-lived assets by using a risk-adjusted rate for the Company.

During the year ended December 31, 2016 the Company did not record an impairment charge related to property, plant, and equipment. During the years ended December 31, 2015 and 2014, the Company recorded impairment charges of $20 million and $19 million related to property, plant, and equipment, which have been recorded within "*Restructuring charges and asset impairments, net*" in the consolidated statement of operations. The Company's impairments related to Goodwill are discussed further in Note 11, *Goodwill and Other Intangible Assets.*

The Company's investment in nonconsolidated affiliates is discussed further in Note 12, *Investment in Nonconsolidated Affiliates*.

Financial Instruments not Carried at Fair Value

Estimated fair values of the Company's term loans under the Credit Agreement were:

	As of December 31,				
	2016		2015		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Measurement Approach
Term Loans (Tranche B and C) . . .	$2,529	$2,512	$2,551	$2,273	Level 2

Fair value approximates carrying value for foreign debt as well as the U.S. revolver.

Fair market values are developed by the use of estimates obtained from brokers and other appropriate valuation techniques based on information available as of December 31, 2016 and 2015. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

9. Inventories

Net inventories consist of the following:

	December 31 2016	December 31 2015
Raw materials	$ 239	$ 243
Work-in-process	170	170
Finished products	912	929
	1,321	1,342

10. Property, Plant and Equipment

The following table summarizes the components of Property, plant, and equipment, net:

	Useful Life	December 31 2016	December 31 2015
Land	—	$ 237	$ 252
Buildings and building improvements	10 - 39 years	563	536
Machinery and equipment	3 - 12 years	3,200	3,054
		4,000	3,842
Accumulated depreciation		(1,666)	(1,489)
		$ 2,334	$ 2,353

Depreciation expense for the years ended December 31, 2016, 2015, and 2014 was $316 million, $280 million, and $285 million.

The Company leases property, plant, and equipment used in its operations. Future minimum payments under non-cancelable operating leases with initial or remaining terms of more than one year are as follows:

2017	$ 65
2018	55
2019	47
2020	41
2021	36
Thereafter	60
	$304

Total rental expense under operating leases for the years ended December 31, 2016, 2015, and 2014 was $84 million, $84 million, and $70 million, exclusive of property taxes, insurance and other occupancy costs generally payable by the Company.

11. Goodwill and Other Intangible Assets

At December 31, 2016 and 2015, goodwill consists of the following:

	December 31, 2016		
	Powertrain	Motorparts	Total
Gross carrying amount, January 1	$ 648	$ 809	$1,457
Acquisitions and purchase accounting adjustments	6	—	6
Foreign exchange	—	—	—
Gross carrying amount, December 31	$ 654	$ 809	$1,463
Accumulated impairment, January 1	$(136)	$(648)	(784)
Impairment	(6)	—	(6)
Accumulated impairment, December 31	$(142)	$(648)	$ (790)
Net carrying value, December 31	$ 512	$ 161	$ 673

	December 31, 2015		
	Powertrain	Motorparts	Total
Gross carrying amount, January 1	$ 582	$ 809	$1,391
Acquisitions and purchase accounting adjustments	74	—	74
Foreign exchange	(8)	—	(8)
Gross carrying amount, December 31	$ 648	$ 809	$1,457
Accumulated impairment, January 1	$ (92)	$(598)	$ (690)
Impairment	(44)	(50)	(94)
Accumulated impairment, December 31	$(136)	$(648)	$ (784)
Net carrying value, December 31	$ 512	$ 161	$ 673

At December 31, 2016 and 2015, intangible assets consist of the following:

	December 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:						
Developed technology	$138	$(100)	$ 38	$140	$ (86)	$ 54
Customer relationships	682	(377)	305	683	(333)	350
	$820	$(477)	$343	$823	$(419)	$404
Indefinite-lived intangible assets:						
Trademarks and brand names			$228			$230

The Company's recorded amortization expense associated with definite-lived intangible assets was:

	Year Ended December 31,		
	2016	2015	2014
Amortization expense	$58	$59	$49

The Company utilizes the straight line method of amortization, recognized over the estimated useful lives of the assets. The Company's developed technology intangible assets have useful lives of between 9 and 15 years. The Company's customer relationships intangible assets have useful lives of between 2 and 24 years.

The Company's estimated future amortization expense for its definite-lived intangible assets is as follows:

	2017	2018	2019	2020	2021	Thereafter	Total
Expected amortization expense	$58	49	49	49	49	89	$343

Goodwill

The Company conducts its assessment for goodwill impairments on October 1 of each year for all reporting units.

Powertrain

Based on completion of a preliminary 2015 annual goodwill impairment test, the Company determined goodwill was impaired for three reporting units within the Powertrain segment, as the fair values decreased below their carrying values. The decreases in fair values during 2015 were driven by decreases in operating results for these reporting units. Based on the results of the preliminary annual goodwill impairment test, an estimate of goodwill impairment charges of $44 million was recorded in the year ended December 31, 2015 in the Powertrain segment. Due to the complexity of the second step goodwill impairment test, the Company did not finalize its assessment prior to filing its 2015 annual report.

As a result of finalizing its 2015 annual impairment assessment during the six-months ended June 30, 2016, the Company recorded an additional impairment charges of $6 million in the year ended December 31, 2016. Based on the results of the 2016 annual impairment assessment, there were no goodwill impairment charges in the year ended December 31, 2016 in the Powertrain segment.

Motorparts

Based on the results of the annual goodwill impairment tests, there were no goodwill impairment charges recorded in the year ended December 31, 2016 in the Motorparts segment.

As part of an interim goodwill impairment test as of September 30, 2015, the Company determined there were impairment indicators for one of its reporting units and conducted an impairment analysis. Decreases in operating results for certain reporting units as a result of the negative effect of exchange rates and negative economic conditions resulted in impairment indicators prior to the annual impairment assessment. Based on the results of the interim goodwill impairment tests, a goodwill impairment charge of $56 million was recorded in the year ended December 31, 2015 in the Motorparts segment.

For the year ended December 31, 2014, the Company noted impairment indicators existed in one reporting unit within the Motorparts segment. Among other factors, this reporting unit experienced lower than expected profits and cash flows resulting from decreases in volumes and pricing pressure from customers towards the end of 2014. As a result of these impairment indicators, the Company concluded there was also a potential impairment of its long-lived assets and definite-lived intangible assets. These impairment tests were performed before the goodwill impairment test, and an impairment loss related to long-lived assets of $7 million was recognized prior to goodwill being tested for impairment.

The Company then tested goodwill for impairment and determined the carrying value of one reporting unit, within the Motorparts segment, exceeded its fair value. Accordingly, as part of a step two goodwill impairment test, the Company made a preliminary conclusion the carrying amount of the reporting unit’s goodwill exceeded the implied fair value of goodwill and an impairment loss of $120 million was recognized for the year ended December 31, 2014.

Due to the complexity of the 2014 second step goodwill impairment test, the Company did not finalize its assessment until the first quarter of 2015. During the three months ended March 31, 2015, the Company concluded its assessment of the step two goodwill impairment analysis as of October 1, 2014 and recorded a reduction of $6 million to its initial estimate of the goodwill impairment charge for the year ended December 31, 2014.

Fair Value Measurements

The fair values of the Company's reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. These fair values require the Company to make significant assumptions and estimates about the extent and timing of future cash flows, growth rates, market share, and discount rates that represent unobservable inputs into our valuation methodologies. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. Assumptions used in the discounted cash flow analysis that have the most significant effect on the estimated fair value of the Company's reporting units are the weighted average cost of capital and revenue growth-rates.

Other Intangible Assets

The Company performs its annual trademarks and brand names impairment analysis as of October 1, or more frequently, if impairment indicators exist. This impairment analysis compares the fair values of these assets to the related carrying values, and impairment charges are recorded for any excess of carrying values over fair values. The fair values are based upon the prospective stream of hypothetical after-tax royalty cost savings discounted at rates that reflect the rates of return appropriate for these intangible assets.

The Company had no trademark and brand name impairments from the October 1, 2016, 2015, and 2014 impairment analyses.

12. Investment in Nonconsolidated Affiliates

The Company maintains investments in several nonconsolidated affiliates, which are primarily located in China, Korea, Turkey, India, and the U.S. With the exception of the deconsolidated business discussed below, the Company generally equates control to ownership percentage whereby investments more than 50% owned are consolidated.

As of December 31, 2016 and 2015, the Company's investment in affiliates was $270 million and $296 million, respectively.

The Company's beneficial ownership in affiliates accounted for under the equity method is as follows:

	As of December 31,		
	2016	2015	2014
Anqing TP Goetze Piston Ring Company Limited (China)	35.7%	35.7%	35.7%
Dongsuh Federal-Mogul Limited (Korea)	50.0%	50.0%	50.0%
Federal-Mogul Piston Segman ve Gomlek Uretim Tesisleri AS. (Turkey)	—%	—%	50.0%
Federal-Mogul Motorparts Otomotiv A.S (Turkey)	—%	50.0%	—%
Federal-Mogul Powertrain Otomotiv A.S (Turkey)	50.0%	50.0%	—%
Federal-Mogul Dis Ticaret A.S. (Turkey)	50.0%	50.0%	50.0%
Federal-Mogul Izmit Piston ve Pim Uretim Tesisleri A.S. (Turkey)	43.0%	43.0%	43.0%
Federal-Mogul TP Liners Inc. (U.S.)	46.0%	46.0%	46.0%
KB Autosys Co, Ltd. (Korea)	33.6%	33.6%	33.6%
Federal-Mogul TP Liner Europe Otomotiv Limited Sirketi (Turkey)	25.0%	25.0%	25.0%
Farloc Argentina S.A.I.C. Y F. (Argentina)	23.9%	23.9%	23.9%
Frenos Hidraulicos Automotrices S.A. de C.V. (Mexico)	49.0%	49.0%	49.0%
VTD Vakuum Technik Dresden (Germany)(a)	100.0%	30.0%	—%
Anqing TP Powder Metallurgy Co., Ltd (China)	20.0%	20.0%	—%
Federal-Mogul CAIEC Automotive Technology (China)	45.0%	—%	—%

(a) On April 1, 2016 the Company acquired the remaining 70% interest in VTD Vakuum Technik Dresden (Germany) for a purchase price of $2 million. The prior affiliate has been accounted for as a consolidated subsidiary since its acquisition.

In January 2015, Federal-Mogul Piston Segman ve Gomlek Uretim Tesisleri A.S was dissolved to form two separate joint ventures, Federal-Mogul Motorparts Otomotiv A.S and Federal-Mogul Powertrain Otomotiv A.S. The Company retained a 50% noncontrolling interest in the new joint ventures. In July of 2016, Federal-Mogul Motorparts Otomotiv A.S merged with Federal-Mogul Powertrain Otomotiv A.S with the surviving entity being Federal-Mogul Powertrain Otomotiv A.S. This entity, along with Federal-Mogul Izmit Piston ve Pim Uretim Tesisleri A.S. and Federal-Mogul Dis Ticaret A.S., are collectively referred to herein as the Turkey JVs.

As part of the regulatory approval related to the 2014 acquisition of the Honeywell brake component business, the Company committed to divest, or procure the divestiture of the commercial and light vehicle brake pads business relating to the OEM market in the European Economic Area. As such, the Company deconsolidated these subsidiaries and accounted for them as equity method investments until disposition, which have not been included in the table above. The disposition was completed in the first quarter of 2015. As a result, the Company recognized an $11 million loss on disposal recorded in the line item "Other income (expense), net" in the consolidated statements of operations.

The following table represents amounts reflected in the Company's financial statements related to nonconsolidated affiliates:

	Year Ended December 31		
	2016	2015	2014
Equity earnings of nonconsolidated affiliates, net of tax	$59	$56	$48
Cash dividends received from nonconsolidated affiliates	$77	$11	$25

At December 31, 2016 and 2015, the carrying amount of our investments in the Turkey JVs exceeded our share of the underlying net assets by $35 million and $37 million. These differences primarily relate to goodwill and other intangible assets.

The following tables present summarized aggregated financial information of the Company's nonconsolidated affiliates as of and for the year ended December 31, 2016:

	Turkey JVs	Anqing TP Goetze	Other	Total
Statements of Operations				
Sales	$354	$156	$459	$969
Gross profit	$ 79	$ 49	$ 98	$226
Income from continuing operations	$ 64	$ 48	$ 60	$172
Net income	$ 55	$ 48	$ 55	$158

	Turkey JVs	Anqing TP Goetze	Other	Total
Balance Sheets				
Current assets	$216	$107	$213	$536
Noncurrent assets	$220	$128	$173	$521
Current liabilities	$114	$ 47	$101	$262
Noncurrent liabilities	$ 80	$ —	$ 38	$118

The following tables present summarized aggregated financial information of the Company's nonconsolidated affiliates as of and for the year ended December 31, 2015:

	Turkey JVs	Anqing TP Goetze	Other	Total
Statements of Operations				
Sales	$327	$164	$396	$887
Gross profit	$ 74	$ 51	$ 53	$178
Income from continuing operations	$ 63	$ 52	$ 29	$144
Net income	$ 52	$ 52	$ 29	$133

	Turkey JVs	Anqing TP Goetze	Other	Total
Balance Sheets				
Current assets	$167	$123	$167	$457
Noncurrent assets	$199	$122	$174	$495
Current liabilities	$ 43	$ 44	$ 84	$171
Noncurrent liabilities	$ 44	$ —	$ 41	$ 85

The following table presents summarized aggregated financial information of the Company's nonconsolidated affiliates as of and for the year ended December 31, 2014:

	Turkey JVs	Anqing TP Goetze	Other	Total
Statements of Operations				
Sales	$357	$167	$382	$906
Gross profit	$ 90	$ 54	$ 48	$192
Income from continuing operations	$ 70	$ 47	$ 11	$128
Net income	$ 56	$ 47	$ 9	$112

	Turkey JVs	Anqing TP Goetze	Other	Total
Balance Sheets				
Current assets	$155	$107	$135	$397
Noncurrent assets	$151	$115	$177	$443
Current liabilities	$ 43	$ 42	$ 96	$181
Noncurrent liabilities	$ 3	$ —	$ 44	$ 47

The Company does not hold a controlling interest in the Turkey JVs. The Turkey JVs were established for the purpose of manufacturing and marketing automotive parts, including pistons, piston rings, piston pins, and cylinder liners to OE and aftermarket customers. Purchases from the Turkey JVs for the years ended December 31, 2016, 2015, and 2014 were $173 million, $144 million, and $180 million. Sales to the Turkey JVs for the years ended December 31, 2016, 2015, and 2014 were $65 million, $56 million, and $45 million. The Company had net accounts receivable balances with the Turkey JVs of $3 million as of December 31, 2016 and 2015.

13. Debt

The Company has a revolving line of credit in the U.S. (“Revolver”), which provides for (i) aggregate commitments available of $600 million (ii) a maturity date of December 6, 2018, subject to certain limited exceptions, and (iii) additional liquidity of the Company’s borrowing base. Advances under the Revolver generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate (as defined in the agreement) plus an adjustable margin of 0.50% to 1.00% based on the average monthly availability or (ii) Adjusted LIBOR Rate (as defined in the agreement) plus a margin of 1.50% to 2.00% based on the average monthly availability. An unused commitment fee of 0.375% is also payable under the terms of the Revolver. As of December 31, 2015, the borrowing capacity under the Revolver was $550 million.

On April 15, 2014, the Company entered into a new tranche B term loan facility (the “New Tranche B Facility”) and a new tranche C term loan facility (the “New Tranche C Facility,” and together with the New Tranche B Facility, the “New Term Facilities”). In connection with the New Term Facilities and Revolver, the Company incurred original issue discount of $11 million and debt issuance costs of $12 million. The discount and debt issuance costs are being amortized to interest expense over 48 to 84 months.

Immediately following the closing of the New Term Facilities, the Company contributed the net proceeds from the New Term Facilities and repaid its existing outstanding indebtedness as a borrower under the tranche B and tranche C term loan facilities. As a result, a $24 million non-cash loss on the extinguishment of debt attributable to the write-off of the unamortized fair value adjustment and unamortized debt issuance costs was recognized as a “Loss on debt extinguishment” in the year ended December 31, 2014.

The New Term Facilities, among other things, (i) provides for aggregate commitments under the New Tranche B Facility of $700 million with a maturity date of April 15, 2018, (ii) provides for aggregate commitments under the New Tranche C Facility of $1.9 billion with a maturity date of April 15, 2021, (iii) increases the interest rates applicable to the New Facilities as described below, (iv) provides that for all outstanding letters of credit there is a corresponding decrease in borrowings available under the Revolver, (v) provides that in the event that as of a particular determination date more than $700 million aggregate principal amount of existing term loans and certain related refinancing indebtedness will become due within 91 days of such determination date, the Revolver will mature on such determination date, (vi) provides for additional incremental indebtedness, secured on a *pari passu* basis, of an unlimited amount of additional indebtedness if the Company meets a financial covenant incurrence test, and (vii) amends certain other restrictive covenants.

Borrowings under the New Tranche B Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.00% or (ii) the Adjusted LIBOR Rate plus a margin of 3.00%, subject, in each case, to a floor of 1.00%. Borrowings under the New Tranche C Facility generally bear interest at a variable rate per annum equal to (i) the Alternate Base Rate plus a margin of 2.75% or (ii) the Adjusted LIBOR Rate plus a margin of 3.75%, subject, in each case, to a minimum rate of 1.00% plus the applicable margin.

The obligations of the Company under the Revolver and New Term Facilities credit agreement are guaranteed by substantially all of the domestic subsidiaries and certain foreign subsidiaries of the Company, and are secured by substantially all personal property and certain real property of the Company and such guarantors, subject to certain limitations. The liens granted to secure these obligations and certain cash management and hedging obligations have first priority. As such, the Company's availability is limited by borrowing base conditions.

The Revolver and New Term Facilities credit agreement also contains certain affirmative and negative covenants and events of default, including, subject to certain exceptions, restrictions on incurring additional indebtedness, mandatory prepayment provisions associated with specified asset sales and dispositions, and limitations on: i) investments; ii) certain acquisitions, mergers or consolidations; iii) sale and leaseback transactions; iv) certain transactions with affiliates; and v) dividends and other payments in respect of capital stock. The Company was in compliance with all debt covenants as of December 31, 2016 and 2015.

The following is a summary of debt outstanding as of December 31, 2016 and 2015:

	December 31	
	2016	2015
Term loans under credit agreement:		
Revolver	$ 345	$ 340
Tranche B term loan	684	691
Tranche C term loan	1,857	1,876
Debt discount	(6)	(8)
Unamortized debt issuance fees	(7)	(10)
Other debt, primarily foreign instruments	152	163
	3,025	3,052
Less:		
Short-term debt, including current maturities of long-term debt	(142)	(138)
Total long-term debt	$2,883	$2,914

The total availability under U.S. credit facilities was $213 million and $170 million as of December 31, 2016 and 2015. The Company had $37 million and $40 million of letters of credit outstanding as of December 31, 2016 and 2015. To the extent letters of credit associated with the Revolver are issued, there is a corresponding decrease in borrowings available under this facility. Availability under the Company's Revolver was limited by borrowing base conditions as of December 31, 2016.

In addition, the Company had additional availability under foreign lines of credit of $60 million and $59 million as of December 31, 2016 and 2015. The Company had $8 million and $3 million of foreign letters of credit outstanding as of December 31, 2016 and 2015. To the extent foreign letters of credit associated with the foreign credit facilities are issued, there is a corresponding decrease in borrowings available under these facilities.

Interest expense associated with the amortization of the debt issuance costs recognized in the Company's condensed consolidated statements of operations, consists of the following:

	Year Ended December 31		
	2016	2015	2014
Amortization of debt discount	$—	$—	$ 7
Amortization of debt issuance fees	3	3	3
Amortization of original issue discount	2	2	1
	$ 5	$ 5	$11

The Company has the following contractual debt obligations outstanding at December 31, 2016:

2017	$ 142
2018	1,050
2019	27
2020	25
2021	1,788
Thereafter	6
Total	$3,038

The weighted average cash interest rates for debt were approximately 4.3% and 4.4% as of December 31, 2016 and 2015. Interest paid on debt for the years ended December 31, 2016, 2015, and 2014 was $139 million, $133 million, and $111 million.

14. Accrued Liabilities

Accrued liabilities consist of the following:

	December 31	
	2016	2015
Accrued compensation	$179	$169
Accrued rebates	159	170
Restructuring liabilities	55	71
Non-income tax payable	42	53
Alleged defective products	18	32
Accrued professional services	27	29
Accrued income taxes	32	27
Accrued product returns	25	20
Accrued warranty	17	11
	$554	$582

15. Pensions and Other Postretirement Benefits

Defined Contribution Pension Plans

The Company maintains certain defined contribution pension plans for eligible employees. Effective January 1, 2013, the Company amended its U.S. defined contribution plan to allow for an enhanced company match and company provided age-based contributions for eligible U.S. salaried and non-union hourly employees. The total expenses attributable to the Company's defined contribution savings plan were $43 million, $45 million, and $45 million for the years ended December 31, 2016, 2015, and 2014.

The amounts contributed to defined contribution pension plans include contributions to multi-employer plans in France, Italy, and the U.S. of $1 million during each of the years ended December 31, 2016, 2015, and 2014. None of the multiemployer plans in which the Company participates are individually significant.

Defined Benefit Plans

The Company sponsors defined benefit pension plans, and health care and life insurance benefits for certain employees and retirees around the world. The Company's defined benefit pension and postretirement benefit plans other than pensions are accounted for in accordance with ASC Topic 715, *Compensation—Retirement Benefits*. There is also an unfunded nonqualified pension plan primarily covering U.S. executives.

The funding policy for qualified defined benefit pension plans is to contribute the minimum required by applicable laws and regulations or to directly pay benefit payments where appropriate. At December 31, 2016, all legal funding requirements had been met. The Company expects to contribute $45 million to its U.S. qualified plans, $1 million to its U.S. non-qualified plans, $29 million to its non-U.S. pension plans, and $23 million to its other postretirement plans in 2017.

Other Benefits

The Company accounts for benefits to former or inactive employees paid after employment but before retirement pursuant to ASC Topic 712, *Compensation—Nonretirement Postemployment Benefits*. The liabilities for such U.S. and European postemployment benefits were $60 million and $59 million at December 31, 2016 and 2015.

The measurement date for all defined benefit plans is December 31. The following provides a reconciliation of the plans' benefit obligations, plan assets, funded status and recognition in the consolidated balance sheets:

	Pension Benefits				Other Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans			
	2016	2015	2016	2015	2016	2015
Change in benefit obligation:						
Benefit obligation, beginning of year	$1,221	$1,291	$ 487	$ 575	$ 323	$ 368
Service cost	3	3	14	16	—	—
Interest cost	49	48	13	10	14	13
Employee contributions	—	—	—	—	—	—
Benefits paid	(98)	(89)	(21)	(24)	(24)	(23)
Medicare subsidies received	—	—	—	—	2	3
Plan amendments	—	—	—	—	—	—
Curtailments	—	—	(1)	(3)	—	—
Settlements	—	—	(4)	—	—	—
Contractual termination benefit	—	—	—	—	—	—
Actuarial losses (gains) and changes in actuarial assumptions	(8)	(32)	39	(75)	(21)	(35)
Net transfers (out) in	—	—	—	45		—
Other	—	—	—	—	—	—
Currency translation	—	—	(17)	(57)	1	(3)
Benefit obligation, end of year	$1,167	$1,221	$ 510	$ 487	$ 295	$ 323
Change in plan assets:						
Fair value of plan assets, beginning of year	$ 870	$ 912	$ 57	$ 54	$ —	$ —
Actual return on plan assets	45	(27)	3	2	—	—
Employee contributions	—	—	—	—	—	—
Settlements	—	—	(4)	—	—	—
Company contributions	39	74	30	30	22	20
Benefits paid	(98)	(89)	(21)	(24)	(24)	(23)
Expenses	—	—	—	—	—	—
Acquisitions / divestitures	—	—	1	—	—	—
Medicare subsidies received	—	—	—	—	2	3
Currency translation	—	—	(3)	(5)	—	—
Fair value of plan assets, end of year	$ 856	$ 870	$ 63	$ 57	$ —	$ —
Funded status of the plan	$ (311)	$ (351)	$(447)	$(430)	$(295)	$(323)

	Pension Benefits				Other Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans			
	2016	2015	2016	2015	2016	2015
Amounts recognized in the consolidated balance sheets:						
Current liabilities	$ (1)	$ (2)	$ (13)	$ (14)	$ (23)	$ (24)
Noncurrent liabilities(a)	(310)	(349)	(434)	(416)	(272)	(299)
Net amount recognized	$ (311)	$ (351)	$(447)	$(430)	$(295)	$(323)
Amounts recognized in accumulated other comprehensive loss, inclusive of tax effects:						
Net actuarial loss (gain)	$ 435	$ 452	$ 93	$ 72	$ 34	$ 56
Prior service cost (credit)	—	—	1	1	(6)	(10)
Total	$ 435	$ 452	$ 94	$ 73	$ 28	$ 46

(a) The "Pension and Other Postretirement Benefits" line in the consolidated balance sheet includes $60 million and $59 million of postemployment benefits which are not included in the table above.

Information for defined benefit plans with projected benefit obligations in excess of plan assets:

	Pension Benefits				Other Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans			
	2016	2015	2016	2015	2016	2015
Projected benefit obligation	$1,167	$1,221	$509	$486	$295	$323
Fair value of plan assets	$ 856	$ 870	$ 62	$ 56	$ —	$ —

Information for pension plans with accumulated benefit obligations in excess of plan assets:

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	2016	2015	2016	2015
Projected benefit obligation	$1,167	$1,221	$494	$482
Accumulated benefit obligation	$1,167	$1,221	$459	$445
Fair value of plan assets	$ 856	$ 870	$ 50	$ 53

The accumulated benefit obligation for all pension plans is $1,636 million and $1,669 million as of December 31, 2016 and 2015.

The following table summarizes the components of net periodic benefit cost (credit) along with the assumptions used to determine the benefit obligations for the years ended December 31:

	Pension Benefits						Other Postretirement Benefits		
	U.S. Plans			Non-U.S. Plans					
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Components of expense									
Service cost	$ 3	$ 3	$ 3	$ 14	$ 16	$ 12	$ —	$ —	$ —
Interest cost	49	48	52	13	10	16	14	13	15
Expected return on plan assets	(48)	(59)	(62)	(2)	(2)	(2)	—	—	—
Amortization of actuarial losses	12	10	4	5	11	5	2	5	3
Amortization of prior service credit	—	—	—	—	—	—	(4)	(4)	(5)
Settlement loss (gain)	—	—	(3)	1	—	1	—	—	—
Curtailment gain	—	—	—	(1)	(2)	—	—	—	—
Net periodic cost (credit)	$ 16	$ 2	$ (6)	$ 30	$ 33	$ 32	$ 12	$ 14	$ 13
Weighted-average assumptions used to determine benefit obligations									
Discount rate	3.90%	4.15%	3.85%	2.03%	2.72%	1.77%	3.98%	4.18%	3.84%
Rate of compensation increase	n/a	n/a	n/a	2.96%	3.19%	3.16%	n/a	n/a	n/a
Weighted-average assumptions used to determine net expense									
Discount rate	4.15%	3.85%	4.55%	2.72%	1.77%	3.49%	4.18%	3.84%	4.45%
Expected rate of return on plan assets	5.65%	6.55%	6.95%	3.22%	3.52%	4.18%	n/a	n/a	n/a
Rate of compensation increase	n/a	n/a	n/a	3.19%	3.16%	3.17%	n/a	n/a	n/a

Estimated amounts to be amortized from accumulated other comprehensive loss into net periodic benefit cost in the year ending December 31, 2017 based on December 31, 2016 plan measurements are $9 million, consisting primarily of amortization of the net actuarial loss in the U.S. pension plans.

Long-term Rate of Return

The Company's expected return on assets is established annually through analysis of anticipated future long-term investment performance for the plan based upon the asset allocation strategy and is primarily a long-term prospective rate.

The study was performed in December 2016 resulting in changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets for the U.S. pension plans decreased from 5.65% at December 31, 2015 to 5.55% at December 31, 2016. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans and decreased from 3.22% at December 31, 2015 to 3.05% at December 31, 2016.

Health Care Trend

The assumed health care and drug cost trend rates used to measure next year's postretirement healthcare benefits are as follows:

	Other Postretirement Benefits	
	2016	2015
Initial health care cost trend rate	6.69%	6.97%
Ultimate health care cost trend rate	5.00%	5.00%
Year ultimate health care cost trend rate reached	2022	2022

The assumed health care cost trend rate has a significant effect on the amounts reported for Other Postretirement Benefits plans. The following table illustrates the sensitivity to a change in the assumed health care cost trend rate:

	Total Service and Interest Cost	APBO
100 basis point ("bp") increase in health care cost trend rate	$ 1	$ 24
100 bp decrease in health care cost trend rate	(1)	(21)

Projected benefit payments from the plans are estimated as follows:

	Pension Benefits		Other Postretirement Benefits
	U.S.	Non-U.S. Plans	
2017	$ 84	$ 22	$ 23
2018	84	22	23
2019	86	24	23
2020	87	24	23
2021	86	24	22
Years 2022-2026	387	131	101

Plan Assets

Certain pension plans sponsored by the Company invest in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. These asset classes include developed market equities, emerging market equities, private equity, global high quality and high yield fixed income, real estate, and absolute return strategies.

U.S. Plan

As of December 31, 2016, plan assets were comprised of 64% equity investments, 24% fixed income investments, and 12% in other investments which include hedge funds. Approximately 63% of the U.S. plan assets were invested in actively managed investment funds. The Company's investment strategy includes a target asset allocation of 50% equity investments, 25% fixed income investments and 25% in other investment types including hedge funds.

The U.S. investment strategy mitigates risk by incorporating diversification across appropriate asset classes to meet the plan's objectives. It is intended to reduce risk, provide long-term financial stability for the plan, and maintain funded levels that meet long-term plan obligations while preserving sufficient liquidity for near-term benefit payments. Risk assumed is considered appropriate for the return anticipated and consistent with the diversification of plan assets.

Non-U.S. Plans

The insurance contracts guarantee a minimum rate of return. The Company has no input into the investment strategy of the assets underlying the contracts, but they are typically heavily invested in active bond markets and are highly regulated by local law.

The majority of the assets of the non-U.S. plans are invested through insurance contracts. The target asset allocation for the non-U.S. pension plans is 65% insurance contracts, 30% debt investments and 5% equity investments.

The following table presents the Company's defined benefit plan assets measured at fair value by asset class:

	December 31, 2016				December 31, 2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
U.S. Plans:								
Cash	$ 30	$ 30	$—	$—	$ 26	$ 26	$—	$—
Investments with registered investment companies:								
Equity securities	346	346	—	—	310	310	—	—
Fixed income securities	154	154	—	—	149	149	—	—
Real estate and other	41	41	—	—	27	27	—	—
Equity securities	204	204	—	—	220	220	—	—
Debt securities:								
Corporate and other	21	—	21	—	22	—	22	—
Government	28	11	17	—	30	17	13	—
Hedge funds	32	—	—	32	86	—	—	86
	$856	$786	$38	$32	$870	$749	$35	$86

	December 31, 2016				December 31, 2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Non-U.S. Plans:								
Insurance contracts	$ 42	$ —	$—	$42	$ 40	$ —	$—	$40
Investments with registered investment companies:								
Fixed income securities	19	19	—	—	13	13	—	—
Equity securities	2	2	—	—	2	2	—	—
Corporate bonds	—	—	—	—	2	—	2	—
	$ 63	$ 21	$—	$42	$ 57	$ 15	$ 2	$40

The following tables summarize the activity for the U.S. plan assets classified in level 3:

	Balance at December 31, 2015	Net Realized/ Unrealized Gains (Loss)	Purchases, and Settlements, Net	Sales, Net	Transfers Into (Out) of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2016
Assets							
Hedge funds and other	$86	$—	$48	$(102)	$—	$—	$32

	Balance at December 31, 2014	Net Realized/ Unrealized Gains (Loss)	Purchases, and Settlements, Net	Sales, Net	Transfers Into (Out) of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2015
Assets							
Hedge funds and other	$91	$(5)	$—	$—	$—	$—	$86

The following tables summarize the activity for the non-U.S. plan assets classified in level 3:

	Balance at December 31, 2015	Net Realized/ Unrealized Gains (Loss)	Purchases, and Settlements, Net	Sales, Net	Transfers Into (Out) of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2016
Assets							
Insurance contracts	$40	$2	$3	$(2)	$—	$(1)	$42

	Balance at December 31, 2014	Net Realized/ Unrealized Gains (Loss)	Purchases, and Settlements, Net	Sales, Net	Transfers Into (Out) of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2015
Assets							
Insurance contracts	$41	$1	$6	$(4)	$—	$(4)	$40

16. Income Taxes

Under the liability method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The components of (loss) income from continuing operations before income taxes consist of the following:

	Year Ended December 31		
	2016	2015	2014
Domestic	$ (51)	$(89)	$ (64)
International	196	8	(41)
Total	$145	$(81)	$(105)

Significant components of the (expense) benefit for income taxes are as follows:

	Year Ended December 31		
	2016	2015	2014
Current:			
Federal, state and local	$ —	$ —	$ (4)
International	(83)	(47)	(32)
Total current	(83)	(47)	(36)
Deferred:			
Federal, state and local	(1)	—	—
International	29	17	(20)
Total deferred	28	17	(20)
	$(55)	$(30)	$(56)

The reconciliation of income taxes computed at the U.S. federal statutory tax rate to income tax (expense) benefit is:

	Year Ended December 31		
	2016	2015	2014
Income tax (expense) benefit at U.S. statutory rate	$(51)	$ 28	$ 37
Tax effect from:			
Goodwill impairment	(1)	(31)	(42)
U.S. income inclusions from foreign subsidiaries	(14)	(6)	(7)
Nonconsolidated foreign affiliates	19	17	15
Foreign exchange (gain) loss on nontaxable dividends	15	—	—
Other permanent differences	(8)	(4)	—
Tax holidays, incentives and minimum tax	8	10	2
Foreign rate variance and enacted rate change	21	9	24
State income taxes	—	—	(4)
Uncertain tax positions and assessments	(8)	5	31
Valuation allowances	(9)	(46)	(105)
Withholding taxes	(11)	(7)	—
Other	(16)	(5)	(7)
Income tax (expense) benefit	$(55)	$(30)	$ (56)

The following table summarizes the Company's total (provision) benefit for income taxes by component:

	Year Ended December 31		
	2016	2015	2014
Income tax (expense) benefit	$(55)	$(30)	$ (56)
Allocated to equity:			
Pension and postretirement benefits	3	(27)	108
Derivatives	(1)	—	—
Foreign currency translation	(5)	(11)	(12)
Valuation allowances	(8)	7	(84)

Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31	
	2016	2015
Deferred tax assets		
Net operating loss carryforwards	$ 1,002	$ 944
Postretirement benefits, including pensions	312	327
Reorganization costs	7	5
Inventory	62	67
Other temporary differences	107	117
Tax credits	94	115
Total deferred tax assets	1,584	1,575
Valuation allowances for deferred tax assets	(1,286)	(1,307)
Net deferred tax assets	298	268
Deferred tax liabilities		
Investment in U.S. subsidiaries	(307)	(307)
Intangible assets	(138)	(142)
Fixed assets	(98)	(92)
Total deferred tax liabilities	(543)	(541)
	$ (245)	$ (273)

Deferred tax assets and liabilities are recorded in the consolidated balance sheets as follows:

	December 31	
	2016	2015
Assets:		
Other noncurrent assets	$ 121	$ 94
Liabilities:		
Deferred income taxes	(366)	(367)
	$(245)	$(273)

The Company continues to maintain a valuation allowance related to its net deferred tax assets in multiple jurisdictions. As of December 31, 2016, the Company had valuation allowances of $994 million related to tax loss and credit carryforwards. The current and future provision for income taxes may be significantly affected by changes to valuation allowances in certain countries. These allowances will be maintained until it is more likely than not the deferred tax assets will be realized. The future provision for income taxes will include no tax benefit with respect to losses incurred and no tax expense with respect to income generated in these countries until the respective valuation allowance is eliminated.

At December 31, 2016, the Company had a deferred tax asset before valuation allowance of $1,096 million for tax loss carryforwards and tax credits, including: $686 million in the U.S. with expiration dates from 2017 through 2035; $124 million in the United Kingdom with no expiration date; and $286 million in other jurisdictions with various expiration dates.

The Company has also concluded there is a more than remote possibility the existing valuation allowances of up to $60 million as of December 31, 2016 could be released within the next 12 months. If releases of such valuation allowances occur, they may have a significant effect on results of operations in the quarter in which it is deemed appropriate to release the reserve. Income taxes paid, net of income tax refunds received, were $67 million, $44 million and $42 million for the years ended December 31, 2016, 2015 and 2014.

The Company did not record taxes on its undistributed earnings of $778 million at December 31, 2016 since these earnings are considered by the Company to be permanently reinvested. If at some future date these earnings cease to be permanently reinvested, the Company may be subject to U.S. income taxes and foreign withholding taxes on such amounts. Determining the unrecognized deferred tax liability on the potential distribution of these earnings is not practicable as such liability, if any, is dependent on circumstances existing when remittance occurs.

As of December 31, 2016, the Company had $300 million of cash and cash equivalents, of which $166 million was held by foreign subsidiaries. The Company asserts these funds are indefinitely reinvested due to operational and investing needs of the foreign locations. Furthermore, the Company will accrue any applicable taxes in the period when the Company no longer intends to indefinitely reinvest these funds. The Company would expect the effect on cash taxes would be immaterial due to: the availability of net operating loss carryforwards and related valuation allowances; earnings considered previously taxed; and applicable tax treaties.

At December 31, 2016, 2015 and 2014, the Company had total unrecognized tax benefits of $42 million, $37 million and $50 million. Of these totals, $33 million, $29 million and $44 million, represent the amounts of unrecognized tax benefits that, if recognized, would affect the effective income tax rates. The total unrecognized tax benefits differ from the amounts which would affect the effective tax rates primarily due to the effect of valuation allowances.

A summary of the changes in the gross amount of unrecognized tax benefits for the years ended December 31, 2016, 2015 and 2014 are shown below:

	Year Ended December 31		
	2016	**2015**	**2014**
Change in unrecognized tax benefits			
Balance at January 1	$37	$ 50	$ 78
Additions based on tax positions related to the current year	2	6	7
Additions for tax positions of prior years	6	6	10
Decreases for tax positions of prior years	(1)	(10)	(14)
Decreases for statute of limitations expiration	(1)	(4)	(1)
Settlements	—	(6)	(25)
Effect of currency translation	(1)	(5)	(5)
Balance at December 31	$42	$ 37	$ 50

The Company classifies tax-related penalties and net interest as income tax expense. As of December 31, 2016, 2015 and 2014, the Company recorded $7 million, $7 million and $12 million in liabilities for tax-related net interest and penalties on its consolidated balance sheet. The Company recorded no income tax (expense) benefit related to a net change in its liability for interest and penalties for the year ended December 31, 2016 and $(5) million and $11 million for the years ended December 31, 2015 and 2014.

The Company operates in multiple jurisdictions throughout the world. The Company is no longer subject to U.S. federal tax examinations for years before 2011 or state and local for years before 2008, with limited exceptions. Furthermore, the Company is no longer subject to income tax examinations in major foreign tax jurisdictions for years prior to 2005. The income tax returns of foreign subsidiaries in various tax jurisdictions are currently under examination.

The Company believes that it is reasonably possible that its unrecognized tax benefits in multiple jurisdictions, which primarily relate to transfer pricing, corporate reorganization and various other matters, may decrease by approximately $3 million in the next 12 months due to audit settlements or statute expirations, which approximately $3 million, if recognized, could affect the effective tax rate.

On July 11, 2013, Federal-Mogul Corporation became part of the IEP affiliated group of corporations as defined in Section 1504 of the Internal Revenue Code of 1986 (“the Code”), as amended, of which AEP is the common parent. The Company subsequently entered into a Tax Allocation Agreement (the “Tax Allocation Agreement”) with AEP. Pursuant to the Tax Allocation Agreement, AEP and the Company have agreed to the allocation of certain income tax items. The Company will join AEP in the filing of AEP’s federal consolidated return and certain state consolidated returns. In those jurisdictions where the Company is filing consolidated returns with AEP, the Company will pay to AEP any tax it would have owed had it continued to file separately. Effective January 23, 2017, AEP will no longer be obligated to the Company for reductions to the consolidated group’s tax liability as a result of including the Company in its consolidated group.

On February 14, 2017, the Company was converted into a limited liability company in the U.S. and changed its name to Federal-Mogul Holdings LLC. As a result of the conversion, the Company is treated as a disregarded entity for U.S. income tax purposes and no U.S. income tax will be allocated to the Company. IEP will succeed to the Company’s U.S. deferred tax assets and liabilities as the sole member of the Company. However, for purposes of preparing its financial statements, the Company will continue to use a separate return methodology in determining income taxes prospectively.

17. Commitments and Contingencies

Environmental Matters

The Company is a defendant in lawsuits filed, or the recipient of administrative orders issued or demand letters received, in various jurisdictions pursuant to the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 (“CERCLA”) or other similar national, provincial or state environmental remedial laws. These laws provide that responsible parties may be liable to pay for remediating contamination resulting from hazardous substances that were discharged into the environment by them, by prior owners or occupants of property they currently own or operate, or by others to whom they sent such substances for treatment or other disposition at third party locations. The Company has been notified by the U.S. Environmental Protection Agency, other national environmental agencies, and various provincial and state agencies that it may be a potentially responsible party ("PRP") under such laws for the cost of remediating hazardous substances pursuant to CERCLA and other national and state or provincial environmental laws. PRP designation typically requires the funding of site investigations and subsequent remedial activities.

Many of the sites that are likely to be the costliest to remediate are often current or former commercial waste disposal facilities to which numerous companies sent wastes. Despite the potential joint and several liability which might be imposed on the Company under CERCLA and some of the other laws pertaining to these sites, the Company's share of the total waste sent to these sites has generally been small. The Company believes its exposure for liability at these sites is limited.

On a global basis, the Company has also identified certain other present and former properties at which it may be responsible for cleaning up or addressing environmental contamination, in some cases as a result of contractual commitments and/or federal or state environmental laws. The Company is actively seeking to resolve these actual and potential statutory, regulatory, and contractual obligations. Although difficult to quantify based on the complexity of the issues, the Company has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information from site investigations and the professional judgment of consultants.

Total environmental liabilities, determined on an undiscounted basis are included in the consolidated balance sheets as follows:

	December 31, 2016	December 31, 2015
Other current liabilities	$ 6	$ 4
Other accrued liabilities (noncurrent)	10	10
	$16	$14

Management believes recorded environmental liabilities will be adequate to cover the Company's estimated liability for its exposure in respect to such matters. In the event such liabilities were to significantly exceed the amounts recorded by the Company, the Company's results of operations and financial condition could be materially affected. At December 31, 2016, management estimates that reasonably possible material additional losses above and beyond management's best estimate of required remediation costs as recorded approximate $41 million.

Asset Retirement Obligations

The Company's primary ARO activities relate to the removal of hazardous building materials at its facilities. The Company records an ARO at fair value upon initial recognition when the amount is probable and can be reasonably estimated. ARO fair values are determined based on the Company's determination of what a third party would charge to perform the remediation activities, generally using a present value technique.

The Company has identified sites with contractual obligations and several sites that are closed or expected to be closed and sold. In connection with these sites, the Company maintains ARO liabilities in the consolidated balance sheets as follows:

	December 31, 2016	December 31, 2015
Other current liabilities	$ 1	$ 2
Other accrued liabilities (noncurrent)	14	14
	$15	$16

The following is a rollforward of the Company's ARO liability for the years ended December 31, 2016 and 2015:

Balance at December 31, 2014	$24
Liabilities incurred	—
Liabilities settled/adjustments	(6)
Foreign Currency	(2)
Balance at December 31, 2015	16
Liabilities incurred	(2)
Liabilities settled/adjustments	1
Foreign Currency	—
Balance at December 31, 2016	$15

Affiliate Pension Obligations

As a result of the more than 80% ownership interest in the Company by Mr. Icahn's affiliates, the Company is subject to the pension liabilities of all entities in which Mr. Icahn has a direct or indirect ownership interest of at least 80%. One such entity, ACF Industries LLC ("ACF"), is the sponsor of several pension plans. All the minimum funding requirements of the Code and the Employee Retirement Income Security Act of 1974 for these plans have been met as of December 31, 2016. If the ACF plans were voluntarily terminated, they would be underfunded by approximately $111 million as of December 31, 2016. These results are based on the most recent information provided by the plans' actuaries. These liabilities could increase or decrease, depending on a number of factors, including future changes in benefits, investment returns, and the assumptions used to calculate the liability. As members of the controlled group, the Company would be liable for any failure of ACF to make ongoing pension contributions or to pay the unfunded liabilities upon a termination of the pension plans of ACF. In addition, other entities now or in the future within the controlled group in which the Company is included may have pension plan obligations that are, or may become, underfunded and the Company would be liable for any failure of such entities to make ongoing pension contributions or to pay the unfunded liabilities upon termination of such plans. Further, the failure to pay these pension obligations when due may result in the creation of liens in favor of the pension plan or the Pension Benefit Guaranty Corporation ("PBGC") against the assets of each member of the controlled group.

The current underfunded status of the pension plans of ACF requires it to notify the PBGC of certain "reportable events," such as if the Company ceases to be a member of the ACF controlled group, or the Company makes certain extraordinary dividends or stock redemptions. The obligation to report could cause the Company to seek to delay or reconsider the occurrence of such reportable events.

Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC have undertaken to indemnify the Company for any and all liability imposed upon the Company pursuant to the Employee Retirement Income Security Act of 1974, as amended, or any regulation thereunder ("ERISA") resulting from the Company being considered a member of a controlled group within the meaning of ERISA § 4001(a)(14) of which American Entertainment Properties Corporation is a member, except with respect to liability in respect to any employee benefit plan, as defined by ERISA § 3(3), maintained by the Company. Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC are not required to maintain any specific net worth and there can be no guarantee Icahn Enterprises Holdings L.P. and IEH FM Holdings LLC will be able to fund its indemnification obligations to the Company.

Other Matters

On April 25, 2014, a group of plaintiffs brought an action against Federal-Mogul Products, Inc. ("F-M Products"), a wholly-owned subsidiary of the Company, alleging injuries and damages associated with the discharge of chlorinated hydrocarbons by the former owner of a facility located in Kentucky. Since 1998, when F-M Products acquired the facility, it has been cooperating with the applicable regulatory agencies on remediating the prior discharges pursuant to an order entered into by the facility's former owner. The Company does not currently believe the outcome of this litigation will have a material effect on its condensed consolidated financial position, results of operations or cash flows.

On September 29, 2016, September 30, 2016, October 12, 2016 and October 19, 2016, respectively, four putative class actions were filed in the Court of Chancery of the State of Delaware against the Board, IEP, and certain of its affiliates, including Parent and the Offeror (the "Icahn Defendants"). The complaints allege that, among other things, the Board breached its fiduciary duties by approving the proposed Merger Agreement, that the Icahn Defendants breached their fiduciary duties to the minority stockholders and/or aided and abetted the Board's breaches of its fiduciary duties, as well as alleging certain material misstatements and omissions in the Schedule 14D-9. The complaints allege that, among other things, the then-Offer Price was inadequate and, together with that the Merger Agreement, was the result of a flawed and unfair sales process and conflicts of interest of the Board and the Special Committee, alleging that the Special Committee and the Company's management lacked independence from the Icahn Defendants. In addition, the complaints allege that the Merger Agreement contains certain allegedly preclusive deal protection provisions, including a no-solicitation provision, an information rights provision and a matching rights provision. Among other things, the complaints sought to enjoin the transactions contemplated by the Merger Agreement, as well as award costs and disbursements, including reasonable attorneys' and experts' fees. On October 28, 2016, all four actions were consolidated (the "Delaware Action"). On February 3, 2017, an order was entered requiring plaintiffs to file their amended complaint by March 6, 2017.

On October 5, 2016, a putative class action was filed in the Circuit Court for Oakland County of the State of Michigan against the Company, the Board and the Icahn Defendants (the

"Michigan Action"). The complaint alleges, among other things, that the Board breached its fiduciary duties and that the Company and the Icahn Defendants aided and abetted the Board's breaches of its fiduciary duties, as well as alleging certain material misstatements and omissions in the Schedule 14D-9. The complaint alleges that, among other things, the then-Offer Price was unfair and the result of an unfair sales process that included conflicts of interest. In addition, the complaint alleges that the Merger Agreement contains certain allegedly preclusive deal protection provisions, including a no-solicitation provision, an information rights provision and a matching rights provision. Among other things, the complaint sought to enjoin the transactions contemplated by the Merger Agreement, or, in the event that the transactions were consummated, rescind the transactions or award rescissory damages, as well as award money damages and costs, including reasonable attorneys' and experts' fees. On February 10, 2017, an order was entered providing that plaintiff shall have through March 6, 2016, to file his First Amended Complaint.

The Company believes the claims in the Delaware and Michigan Actions are without merit and intends to defend against them vigorously.

In addition, the Company is involved in other legal actions and claims, directly, and through its subsidiaries. Management does not believe the outcomes of these other actions or claims are likely to have a material adverse effect on the Company's condensed consolidated financial position, results of operations or cash flows.

18. Changes in Accumulated Other Comprehensive Loss by Component (Net of Tax)

The following represents the Company's changes in accumulated other comprehensive loss ("AOCL") by component:

	Year Ended December 31		
	2016	2015	2014
Foreign currency translation adjustments			
Balance at beginning of period	$(714)	$(482)	$(249)
Other comprehensive income (loss) before reclassification adjustment, net of tax	(146)	(232)	(233)
Reclassification from other comprehensive income (loss)	(1)	—	—
Other comprehensive loss, net of tax	(147)	(232)	(233)
Balance at end of period	$(861)	$(714)	$(482)
Pensions and postretirement benefits			
Balance at beginning of period	$(587)	$(643)	$(361)
Other comprehensive income (loss) before reclassifications	15	34	(314)
Reclassification from other comprehensive income (loss)(a)	15	22	10
Income taxes	—	—	22
Other comprehensive income (loss), net of tax	30	56	(282)
Balance at end of period	$(557)	$(587)	$(643)

	Year Ended December 31		
	2016	2015	2014
Hedge instruments			
Balance at beginning of period	$ (17)	$ (17)	$ (16)
Other comprehensive income (loss) before reclassifications	2	(4)	—
Reclassification from other comprehensive income (loss)(b)	1	4	—
Income taxes	—	—	(1)
Other comprehensive income (loss), net of tax	3	—	(1)
Balance at end of period	$ (14)	$ (17)	$ (17)
Other comprehensive income (loss) attributable to noncontrolling interests, net of tax(c)	$ 2	$ (5)	$ (15)

(a) Includes amortization of prior service costs/credits and actuarial gains/losses which are included in cost of products sold, and selling, general, and administrative.
(b) Includes commodity contacts and foreign currency contracts which are included in cost of products sold.
(c) Consists of foreign currency translation adjustments.

19. Stock-Based Compensation

In February 2012, 2011, and 2010, the Company granted approximately 809,000, 1,043,000, and 437,000 stock appreciation rights (“SARs”), to certain employees. The SARs granted in February 2012 (“2012 SARs”) and in February 2011 (“2011 SARs”) vested 25.0% on grant date and 25.0% on each of the next three anniversaries of the grant date. The SARs granted in February 2010 (“2010 SARs”) vest 33.3% on each of the three anniversaries of the grant date. All SARs have a term of five years from date of grant. The SARs are payable in cash or, at the election of the Company, in stock. As the Company anticipates paying out SARs exercises in the form of cash, the SARs were treated as liability awards for accounting purposes.

The Company has total outstanding awards of approximately 200,331, 603,000 and 796,000 as of December 31, 2016, 2015, and 2014.

The Company recognized $0 million, $1 million, and $4 million of SARS income for the years ended December 31 2016, 2015, and 2014.

20. Income (Loss) Per Common Share

The following is a reconciliation of the numerators and the denominators of the basic and diluted income (loss) per common share:

	Year Ended December 31		
	2016	2015	2014
Amounts attributable to Federal-Mogul:			
Net income (loss) from continuing operations	$ 82	$ (117)	$ (168)
Gain (loss) from discontinued operations, net of tax	—	7	—
Net income (loss)	$ 82	$ (110)	$ (168)
Weighted average shares outstanding, basic and diluted (in millions)	169.0	164.7	150.0
Net (loss) income per share attributable to Federal-Mogul—basic and diluted:			
Net (loss) income from continuing operations	$ 0.49	$ (0.71)	$ (1.12)
Loss from discontinued operations, net of tax	—	0.04	—
Net (loss) income	$ 0.49	$ (0.67)	$ (1.12)

The Company had losses for the year ended December 31, 2015 and 2014. As a result, diluted loss per share is the same as basic in those periods, as any potentially dilutive securities would reduce the loss per share.

Warrants to purchase 6,951,871 common shares, which expired December 27, 2014, were not included in the computation of diluted earnings per share because the exercise price was greater than the average market price of the Company's common shares during the year ended December 31, 2014. In addition, there are 500,000 common shares issued in connection with a deferred compensation agreement excluded from the basic earnings per share calculation for the year ended December 31, 2014.

21. Operations by Reporting Segment and Geographic Area

The Company operates with two end-customer focused business segments. The Powertrain segment focuses on original equipment powertrain products for automotive, heavy duty, and industrial applications. The Motorparts segment sells and distributes a broad portfolio of products in the global aftermarket, while also serving OEMs with products including braking, wipers, and a limited range of chassis components. This organizational model allows for a strong product line focus benefitting both OE and aftermarket customers and enables the Company to be responsive to customers' needs for superior products and to promote greater identification with its premium brands. Additionally, this organizational model enhances management focus to capitalize on opportunities for organic or acquisition growth, profit improvement, resource utilization, and business model optimization in line with the unique requirements of the two different customer bases. Reporting units are components of the Company's reporting segments (which are also its operating segments) and generally align with specific product groups for Powertrain and regions for Motorparts for which segment managers regularly review operating results.

Management utilizes Operational EBITDA as the key performance measure of segment profitability and uses the measure in its financial and operational decision making processes, for internal reporting, and for planning and forecasting purposes to effectively allocate resources. Operational EBITDA is defined as EBITDA (earnings before interest, taxes, depreciation, and amortization), as adjusted for additional amounts. Examples of these adjustments include impairment charges related to goodwill, other long-lived assets, and investments; restructuring charges; certain gains or losses on the settlement/extinguishment of obligations; and receivable financing charges. During 2015, the Company modified its definition of Operational EBITDA to adjust for financing charges related to certain receivable financing programs. Comparable periods have been adjusted to conform to this definition.

Operational EBITDA presents a performance measure exclusive of capital structure and the method by which net assets were acquired, disposed of, or financed. Management believes this measure provides additional transparency into its core operations and is most reflective of the operational profitability or loss of the Company's operating segments and reporting units. The measure also allows management and investors to view operating trends, perform analytical comparisons, and benchmark performance between periods and among operating segments.

Operational EBITDA should not be considered a substitute for results prepared in accordance with U.S. GAAP and should not be considered an alternative to net income, which is the most directly comparable financial measure to Operational EBITDA that is in accordance with U.S. GAAP. Operational EBITDA, as determined and measured by the Company, should not be compared to similarly titled measures reported by other companies.

Net sales:

	Year Ended December 31		
	2016	2015	2014
Powertrain	$4,463	$4,450	$4,430
Motorparts	3,215	3,253	3,192
Inter-segment eliminations	(244)	(284)	(305)
Total	$7,434	$7,419	$7,317
Inter-segment eliminations attributable to sales from Powertrain to Motorparts	$ 211	$ 252	$ 267
Inter-segment eliminations attributable to sales from Motorparts to Powertrain	$ 33	$ 32	$ 38

Cost of products sold:

	Year Ended December 31		
	2016	2015	2014
Powertrain	$(3,929)	$(3,913)	$(3,897)
Motorparts	(2,616)	(2,716)	(2,668)
Inter-segment eliminations	244	284	305
Total	$(6,301)	$(6,345)	$(6,260)

Gross profit:

	Year Ended December 31		
	2016	2015	2014
Powertrain	$ 534	$ 537	$ 533
Motorparts	599	537	524
Total	$1,133	$1,074	$1,057

Operational EBITDA and the reconciliation to net income (loss) is as follows:

	Year Ended December 31		
	2016	2015	2014
Powertrain	$ 473	$ 428	$ 431
Motorparts	271	216	199
Total Operational EBITDA	$ 744	$ 644	$ 630
Items required to reconcile Operational EBITDA to EBITDA:			
Restructuring charges and asset impairments(a)	$ (44)	$(121)	$(110)
Goodwill and intangible impairment expense, net	(6)	(94)	(120)
Loss on debt extinguishment	—	—	(24)
Loss on sale of equity method investment	—	(11)	—
Financing charges	(12)	(9)	(6)
Discontinued operations	—	7	—
Acquisition related costs	(5)	(6)	(16)
Segmentation costs	—	(4)	(10)
Other(b)	(12)	(1)	5
EBITDA	$ 665	$ 405	$ 349
Items required to reconcile EBITDA to net income (loss):			
Depreciation and amortization	$(375)	$(341)	$(334)
Interest expense, net	(145)	(138)	(120)
Income tax (expense) benefit	(55)	(30)	(56)
Net income (loss)	$ 90	$(104)	$(161)

Footnotes:

	Year Ended December 31		
(a) Restructuring charges and asset impairments, net:	2016	2015	2014
Restructuring charges related to severance and other charges, net	$(27)	$ (89)	$ (86)
Asset impairments, including impairments related to restructuring activities	(17)	(32)	(24)
Total Restructuring charges	$(44)	$(121)	$(110)
(b) Other reconciling items:			
Headquarters relocation costs	$ —	$ —	$ (6)
Non-service cost components associated with U.S. based funded pension plans	(13)	1	6
Stock appreciation rights	—	1	4
Other	1	(3)	1
	$(12)	$ (1)	$ 5

Total assets, capital expenditures, and depreciation and amortization information by reporting segment is as set forth in the table below. Goodwill was assigned to reporting segments and reporting units based on individual reporting unit fair values over values attributed to specific intangible and tangible assets.

	Total Assets		Capital Expenditures			Depreciation and Amortization		
	December 31		Year Ended December 31			Year Ended December 31		
	2016	2015	2016	2015	2014	2016	2015	2014
Powertrain	$3,956	$3,997	$262	$301	$268	$233	$208	$196
Motorparts	2,919	3,141	116	131	130	133	119	114
Total Reporting Segment	6,875	7,138	378	432	398	366	327	310
Corporate	201	90	3	8	20	9	14	24
Total Company	$7,076	$7,228	$381	$440	$418	$375	$341	$334

The following table shows geographic information:

	Net Sales			Net PPE	
	Year Ended December 31			December 31	
	2016	2015	2014	2016	2015
U.S.	$2,757	$2,803	$2,667	$ 693	$ 683
Germany	1,444	1,469	1,494	458	464
China	530	467	446	263	277
Mexico	456	422	375	158	155
France	378	399	398	62	67
Italy	275	262	290	57	62
Belgium	254	257	272	22	14
United Kingdom	201	218	242	63	72
India	219	210	203	138	141
Other	920	912	930	420	418
	$7,434	$7,419	$7,317	$2,334	$2,353

The following table shows nonconsolidated affiliates information:

	Equity Earnings of Nonconsolidated Affiliates, Net of Tax			Investments In Nonconsolidated Affiliates	
	Year Ended December 31			Year Ended December 31	
	2016	2015	2014	2016	2015
Powertrain	$47	$43	$35	$232	$248
Motorparts	12	13	13	38	48
Total Company	$59	$56	$48	$270	$296

22. Supplementary Quarterly Financial Information (Unaudited)

The following table presents supplementary quarterly financial information for the year ended December 31, 2016:

	2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$1,897	$1,924	$1,825	$1,788
Gross profit	$ 288	$ 304	$ 275	$ 266
Net income (loss)	$ 36	$ 33	$ 16	$ 5
Net income (loss) attributable to Federal-Mogul	$ 35	$ 31	$ 15	$ 1
Basic and diluted net income (loss) per common share attributable to Federal-Mogul:				
Net income (loss)	$ 0.21	$ 0.18	$ 0.09	$ 0.01

The following table represents items that affect the comparability of the amounts shown above for the interim periods in 2016:

	2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Restructuring charges and asset impairments, net	$(18)	$(6)	$(8)	$(12)
Goodwill and intangible impairment expense, net	$ —	$(6)	$—	$ —
Gain (loss) on sale of assets	$ 9	$—	$(1)	$ —

The following table presents supplementary quarterly financial information for the year ended December 31, 2015:

	2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$1,835	$1,962	$1,824	$1,798
Gross profit	$ 251	$ 290	$ 263	$ 270
Net income (loss) from continuing operations	$ (10)	$ 17	$ (62)	(56)
Discontinued operations	$ —	$ 7	$ —	—
Net income (loss)	$ (10)	$ 24	$ (62)	(56)
Net income (loss) attributable to Federal-Mogul	$ (11)	$ 22	$ (63)	(58)
Basic and diluted net income (loss) per common share attributable to Federal-Mogul:				
Continuing operations	$ (0.07)	$ 0.09	$ (0.37)	$ (0.36)
Discontinued operations	$ —	$ 0.04	$ —	$ —
Net income (loss)	$ (0.07)	$ 0.13	$ (0.37)	$ (0.36)

The following table represents items that affect the comparability of the amounts shown above for the interim periods in 2015:

	2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Loss on equity method investment	$(11)	$ —	$ —	$ —
Restructuring charges and asset impairments, net	$(13)	$(30)	$(23)	$(54)
Goodwill and intangible impairment expense, net	$ 6	$ —	$(56)	$(44)

23. Related Party Transactions

Insight Portfolio Group, LLC ("Insight") is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services, and tangible and intangible property at negotiated rates. The Company acquired a minority equity interest in Insight and agreed to pay a portion of Insight's operating expenses beginning in 2013. In addition to the minority equity interest held by the Company, certain subsidiaries of IEP and other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight and also agreed to pay certain operating expenses.

The Company's payments to Insight were less than $0.5 million for the years ended December 31, 2016, 2015, and 2014.

On June 1, 2015, a subsidiary of IEP completed an acquisition of substantially all of the assets of Uni-Select USA, Inc. and Beck Arnley Worldparts, Inc. comprising the U.S. automotive parts distribution of Uni-Select Inc ("Uni-Select"). Subsequent to the acquisition, Uni-Select changed its name to Auto Plus. Auto Plus is operated independently from the Company and all transactions are approved by the independent directors of the Company. In connection with the acquisition, Mr. Icahn resigned from the Company's board of directors and Daniel A. Ninivaggi, former Co-Chief Executive Officer of the Company resigned from the board of directors of IEP.

The Company had $54 million of sales for the year ended December 31, 2016 and $27 million of sales from the date of acquisition through December 31, 2015 to Auto Plus. The Company had $11 million and $12 million of accounts receivable, net outstanding from Auto Plus as of December 31, 2016 and December 31, 2015.

On February 3, 2016, a subsidiary of IEP acquired a majority of the outstanding shares of Pep Boys—Manny, Moe & Jack ("Pep Boys"), a leading aftermarket provider of automotive service, tires, parts and accessories across the U.S. and Puerto Rico. On February 4, 2016, the acquisition of the remaining outstanding shares of Pep Boys was completed.

The Company had $39 million of sales from the date of acquisition for the year ended December 31, 2016 to Pep Boys and $25 million of accounts receivable, net outstanding from Pep Boys as of December 31, 2016.

On December 1, 2016, the Company acquired the assets and liabilities of Beck Arnley, an entity owned by a subsidiary of IEP. The purchase price was $14 million and included a $7 million non-interest bearing note maturing on May 1, 2018.

PSC Metals, Inc. ("PSC Metals") is a wholly-owned subsidiary of IEP. The Company had scrap sales to PSC Metals of $2 million and less than $1 million for the years ended December 31, 2016 and 2015.

€415,000,000 4.875% Senior Secured Notes due 2022
€300,000,000 Floating Rate Senior Secured Notes due 2024

OFFERING MEMORANDUM

Sole Bookrunner

Deutsche Bank

April 28, 2017