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

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**FORM 8-K**

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

**Date of report (date of earliest event reported): June 28, 2013**

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**COVIDIEN PUBLIC LIMITED COMPANY**  
(Exact name of registrant as specified in its charter)

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

**001-33259**  
(Commission  
File Number)

**98-0624794**  
(I.R.S. Employer  
Identification No.)

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

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

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

On June 28, 2013, in connection with the Distribution (as defined below), Covidien plc (“Covidien”) entered into several agreements with Mallinckrodt plc (“Mallinckrodt”) that govern the relationship of the parties following the Distribution, including the following:

- Separation and Distribution Agreement
- Tax Matters Agreement
- Employee Matters Agreement
- Transition Services Agreement

A summary of the material terms of these agreements can be found in the section entitled “Our Relationship with Covidien Following the Distribution” in the Information Statement, dated June 17, 2013, filed as Exhibit 99.2 to Mallinckrodt’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 1, 2013, which is incorporated herein by reference. The summary is qualified in its entirety by reference to the Separation and Distribution Agreement, the Tax Matters Agreement, the Employee Matters Agreement and the Transition Services Agreement filed as Exhibits 2.1, 10.1, 10.2 and 10.3, respectively, to this Current Report on Form 8-K, each of which is incorporated herein by reference.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On June 28, 2013, Covidien completed the previously announced separation of the Pharmaceuticals business of Covidien from the rest of Covidien by means of a dividend in specie of the Pharmaceuticals business, which was effected by the transfer of the Pharmaceuticals business from Covidien to Mallinckrodt and the issuance by Mallinckrodt of ordinary shares directly to Covidien’s shareholders, as described in the Information Statement (the “Distribution”). Mallinckrodt is now an independent public company trading under the symbol “MNK” on the New York Stock Exchange. In the Distribution, Mallinckrodt issued one ordinary share for every eight ordinary shares of Covidien held as of June 19, 2013 (the “Record Date”). Mallinckrodt issued a total of approximately 57 million ordinary shares in the Distribution. Mallinckrodt did not issue fractional shares in the Distribution. Fractional shares that Covidien shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed ratably to those shareholders who would otherwise have been entitled to receive fractional shares, in accordance with the Separation and Distribution Agreement. A copy of the press release issued by Covidien on July 1, 2013 announcing completion of the Distribution is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

In connection with the Distribution, Mr. Mark C. Trudeau resigned from his position at Covidien as President of Covidien’s Pharmaceuticals business. Mr. Trudeau is Chief Executive Officer, President and a director of Mallinckrodt.

**Item 9.01 Financial Statements and Exhibits.**

(b) *Pro Forma Financial Information.* The Unaudited Pro Forma Consolidated Statements of Income of Covidien for the six months ended March 29, 2013 and the fiscal years ended September 28, 2012, September 30, 2011 and September 24, 2010 and the Unaudited Pro Forma Condensed Consolidated Balance Sheet of Covidien as of March 29, 2013 are filed as Exhibit 99.2 to this Current Report on Form 8-K.

(d) *Exhibits.* See “Exhibit Index” attached to this Current Report on Form 8-K, which is incorporated by reference herein.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 1, 2013

COVIDIEN PUBLIC LIMITED COMPANY

By: /s/ John Kapples

Name: John Kapples

Title: Vice President and Secretary

## **EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
2.1	Separation and Distribution Agreement between Covidien plc and Mallinckrodt plc, dated June 28, 2013.
10.1	Tax Matters Agreement between Covidien plc and Mallinckrodt plc, dated June 28, 2013.
10.2	Employee Matters Agreement between Covidien plc and Mallinckrodt plc, dated June 28, 2013.
10.3	Transition Services Agreement between Covidien plc and Mallinckrodt plc, dated June 28, 2013.
99.1	Press Release, dated July 1, 2013.
99.2	Unaudited Pro Forma Condensed Consolidated Financial Statements.

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

COVIDIEN PLC

AND

MALLINCKRODT PLC

DATED AS OF JUNE 28, 2013

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## SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of June 28, 2013 (this “Agreement”), is by and between Covidien plc, an Irish public limited company (“Covidien”), and Mallinckrodt plc, an Irish public limited company (“Mallinckrodt”). Mallinckrodt and Covidien are referred to together as the “Parties” and individually as a “Party.” Capitalized terms used herein shall have the respective meanings assigned to them in Article I or elsewhere in this Agreement.

### RECITALS

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

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

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

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

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

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

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

WHEREAS, each of Covidien and Mallinckrodt has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the

Separation and the Distribution and to set forth certain other agreements that shall govern certain matters relating to the Separation and the Distribution and the relationship of Covidien, Mallinckrodt and their respective Subsidiaries following the Distribution.

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

#### ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) all Intellectual Property and Technology;

(j) all Software;

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

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

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

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

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

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

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

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

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

“Capital Expenditures” shall have the meaning set forth in Schedule 2.16.

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

“Closing Statement” shall have the meaning set forth in Section 2.16(b).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Dispute Notice” shall have the meaning set forth in Section 2.16(c).

“Dispute Resolution Period” shall have the meaning set forth in Section 2.16(c).

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

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

“Distribution Ratio” shall mean a fraction the numerator of which shall be one (1) and the denominator of which shall be eight (8).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Hazardous Materials” shall mean any chemical, radiological isotope, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental

Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

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

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

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

“Independent Accounting Firm” shall have the meaning set forth in Section 2.16(c).

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

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

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

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

“Insurance Proceeds” shall mean those monies (i) received by an insured from an insurance carrier, including due to premium adjustments, whether or not retrospectively rated, or (ii) paid by an insurance carrier on behalf of an insured, in either case net of any applicable premium deductible or self-insured retention. For the avoidance of doubt, “Insurance Proceeds” shall not include any costs or expenses incurred by a Party in pursuing insurance coverage.

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

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

“Intercompany Agreements” shall mean the agreements listed on Schedule 1.1.

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

“IRS” shall mean the United States Internal Revenue Service.

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

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

“Legacy Indebtedness” shall mean the indebtedness listed on Schedule 1.2.

“Legacy Workers Compensation Policies” shall mean (a) the Policies set forth on Schedule 1.4 and (b) any Mallinckrodt Policies to the extent related to workers compensation.

“Liabilities” shall mean any and all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, Taxes, remediation, deficiencies, reimbursement obligations in respect of letters of credit, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or description, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

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

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

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

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

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

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

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

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

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

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

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

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

(c) any joint venture agreement or, subject to Section 2.14, any license agreement that relates primarily to the Mallinckrodt Business;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Mallinckrodt Policies” shall mean all Policies in the name of Mallinckrodt Inc., a New York corporation, any Subsidiary thereof and any predecessor-in-interest to any of the foregoing, in each case as of October 17, 2000, including the Policies set forth on Schedule 1.5 but excluding the Legacy Workers Compensation Policies.

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

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

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

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

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

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

“NYSE” shall mean the New York Stock Exchange.

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

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

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

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

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

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

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

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

“Record Date” shall mean the close of business on June 19, 2013 or the close of business on another date if determined by the Covidien Board as the record date for determining holders of Covidien Ordinary Shares entitled to receive Mallinckrodt Ordinary Shares pursuant to the Distribution.

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

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

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

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

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

“Sample Closing Statement” shall have the meaning set forth in Section 2.16(a).

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

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

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

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

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

“Shared Policies” shall mean all Policies, current or past, which are owned or maintained by or on behalf of Covidien or any of its Subsidiaries which relate to the Covidien Business or the Mallinckrodt Business, other than the Mallinckrodt Policies and the Legacy Workers Compensation Policies; provided that any products liability Policy shall not be a Shared Policy hereunder (and will be deemed to be an Excluded Asset hereunder), except for the products liability Policies listed on Schedule 1.6, which shall be treated as Shared Policies hereunder.

“Specified Indebtedness” means: (a) the Senior Notes, (b) the Legacy Indebtedness and (c) the Mallinckrodt Lines of Credit (to the extent drawn upon).

“Specified Working Capital” shall have the meaning set forth in Schedule 2.16.

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

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

“Target Accounts Payable” shall mean the product of (a) the cost of goods sold of the Mallinckrodt Business for the fiscal quarter ending on June 28, 2013 (determined in a manner consistent with GAAP), multiplied by (b) 37, divided by (c) 90.

“Target Accounts Receivable” shall mean the product of (a) the sales of the Mallinckrodt Business for the fiscal quarter ending on June 28, 2013 (determined in a manner consistent with GAAP), multiplied by (b) 52.1, divided by (c) 90.

“Target Adjustment Amount” shall mean an amount, which may be positive or negative, equal to (a) Target Accounts Receivable, plus (b) Target OUS Inventory, minus (c) Target Accounts Payable, minus (d) \$253 million.

“Target OUS Inventory” shall mean the product of (a) the cost of goods sold with respect to sales of the Mallinckrodt Business outside the United States for the fiscal quarter ending on June 28, 2013 (determined in a manner consistent with GAAP), multiplied by (b) 50.3, divided by (c) 90.

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

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

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

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

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

“Transaction Accounting Principles” means GAAP applied on a basis consistent with the accounting principles, practices, methodologies and policies used in preparing the Mallinckrodt Balance Sheet, except as otherwise described on Schedule 2.16.

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

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

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

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

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

## ARTICLE II THE SEPARATION

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

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

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

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

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

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

(b) In furtherance of the assignment, transfer, conveyance and delivery of the Mallinckrodt Assets and the assumption of the Mallinckrodt Liabilities in accordance with Sections 2.1(a)(i) and 2.1(a)(ii), on or before the date that such Mallinckrodt Assets are assigned,

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

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

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

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

## 2.2 Mallinckrodt Assets.

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

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

(ii) (A) all the Mallinckrodt Contracts and all rights, interests or claims of either Covidien or Mallinckrodt or any of their respective Subsidiaries thereunder and (B) all issued and outstanding capital stock or other equity

interests held by Covidien or its Subsidiaries in the wholly owned Subsidiaries of Covidien that shall have been contributed to, or otherwise transferred, conveyed, or assigned to, the Mallinckrodt Group pursuant to the Plan of Reorganization on or prior to the Distribution Date, including the wholly owned Subsidiaries listed on Schedule 2.2(a)(ii) (such Subsidiaries, the “Transferred Entities”);

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

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

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

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

(vii) all cash or cash equivalents, including any cash and cash equivalents that are restricted as to withdrawal or usage pursuant to a third party agreement, of Mallinckrodt or any Transferred Entity (the “Mallinckrodt Cash”);

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

(ix) except as contemplated by Section 2.5(b), any and all Assets, other than Intellectual Property, Software and Technology, owned and used or held for use immediately prior to the Effective Time by Covidien or any of its Subsidiaries that are used primarily in the Mallinckrodt Business. The intention of this clause (ix) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the Parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Mallinckrodt Asset. No

Asset shall be deemed to be a Mallinckrodt Asset solely as a result of this clause (ix) if such Asset is within the category or type of Asset expressly covered by the terms of this Agreement or an Ancillary Agreement unless the Party claiming entitlement to such Asset can establish that the omission of the transfer or conveyance of such Asset was inadvertent.

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

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

(i) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Covidien or any other member of the Covidien Group,

(ii) the Assets described on Schedule 2.2(b)(ii);

(iii) any cash or cash equivalents withdrawn from Mallinckrodt Accounts in accordance with Section 2.10(e);

(iv) all rights, interests and claims of either Party or any of its Subsidiaries to any Covidien Intellectual Property, Covidien Software or Covidien Technology;

(v) any and all Assets that are primarily related to the Respiratory Business;

(vi) any and all Shared Contracts (other than Mallinckrodt Assets arising under any Shared Contracts);

(vii) except to the extent provided in Article V, any and all rights of any member of the Covidien Group and/or the Mallinckrodt Group under any Shared Policies or Mallinckrodt Policies, including any rights thereunder arising before or after the Effective Time in respect of such Policies;

(viii) subject to, and to the extent provided in, Article V, any and all rights under any Legacy Workers Compensation Policies with respect to any Excluded Liabilities; and

(ix) subject to Section 2.2(a)(ix), any and all Assets of any members of the Covidien Group that are not Mallinckrodt Assets.

### 2.3 Mallinckrodt Liabilities.

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

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

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

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

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

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

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

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

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

- (vi) all Liabilities relating to, arising out of or resulting from the Actions listed on Schedule 2.3(a)(v);
- (vii) all Liabilities relating to, arising out of or resulting from the Specified Indebtedness; and
- (viii) all Liabilities arising out of claims made by Covidien's or Mallinckrodt's respective directors, officers, shareholders, employees, agents, Subsidiaries or Affiliates against any member of the Covidien Group or the Mallinckrodt Group to the extent relating to, arising out of or resulting from the Mallinckrodt Business or the other businesses, operations, activities or Liabilities referred to in clauses (i) through (vii) above, inclusive.

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

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

- (i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by Covidien or any other member of the Covidien Group, and all agreements and obligations of any member of the Covidien Group under this Agreement or any of the Ancillary Agreements;
- (ii) any and all Liabilities of a member of the Covidien Group to the extent relating to, arising out of or resulting from any Excluded Assets (other than Liabilities arising under any Shared Contracts to the extent such Liabilities relate to the Mallinckrodt Business);
- (iii) the Liabilities described on Schedule 2.3(b)(iii);
- (iv) any and all Liabilities that are primarily related to the Respiratory Business; and
- (v) any and all Liabilities of any members of the Covidien Group that are not Mallinckrodt Liabilities.

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

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

- (i) Mallinckrodt shall, and shall cause its applicable Subsidiaries to, promptly assign, transfer, convey and deliver to Covidien or certain of its Subsidiaries designated by Covidien, and Covidien or such Subsidiaries shall accept from Mallinckrodt and its applicable Subsidiaries, all of Mallinckrodt's and such Subsidiaries' respective right, title and interest in and to such Excluded Assets; and
- (ii) Covidien and certain of its Subsidiaries designated by Covidien shall promptly accept, assume and agree faithfully to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms.

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

#### 2.5 Approvals and Notifications.

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

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

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

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

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

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

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

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

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

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

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

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

#### 2.6 Novation of Mallinckrodt Liabilities.

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

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

## 2.7 Novation of Excluded Liabilities.

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

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

## 2.8 Intercompany Agreements and Arrangements.

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

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

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

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

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

#### 2.9 Treatment of Shared Contracts.

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

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

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

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

## 2.10 Bank Accounts; Cash Balances.

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

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

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

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

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

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

2.12 Certain Litigation Matters. Notwithstanding anything herein to the contrary, from and after the Distribution Date, (a) Covidien shall have the exclusive right to control in its sole discretion all proceedings and negotiations relating to the Actions specified on Schedule 2.12, including the exclusive right to settle such Actions in its sole discretion, and (b) all costs (including legal fees and other out-of-pocket expenses) and other Liabilities incurred by

any of the Parties or their respective Subsidiaries in connection with any Actions specified in Schedule 2.12, and all monies received by any of the Parties or their respective Subsidiaries in connection with such Actions, shall be shared 70% by Covidien and 30% by Mallinckrodt.

2.13 Disclaimer of Representations and Warranties. EACH OF COVIDIEN (ON BEHALF OF ITSELF AND EACH MEMBER OF THE COVIDIEN GROUP) AND MALLINCKRODT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE MALLINCKRODT GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, IN ANY REORGANIZATION AGREEMENT OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT, ANY REORGANIZATION AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT, ANY REORGANIZATION AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS, NOTIFICATIONS OR APPROVALS REQUIRED IN CONNECTION HERewith OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN, IN ANY REORGANIZATION AGREEMENT OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, EXCEPT AS OTHERWISE AGREED BY COVIDIEN, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

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

## 2.15 Mallinckrodt Financing Arrangements.

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

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

## 2.16 Adjustment Amount.

(a) Schedule 2.16 sets forth a sample calculation of the Adjustment Amount and the Target Adjustment Amount as of the Balance Sheet Date (the "Sample Closing Statement"), including the asset, liability and other line items and accounting principles used in such calculation, and assuming that all of such asset and liability line items that constitute Mallinckrodt Assets or Mallinckrodt Liabilities under this Agreement will be transferred to Mallinckrodt as of the Distribution.

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

(c) Within thirty (30) days following receipt by Covidien of the Closing Statement, Covidien shall deliver written notice to Mallinckrodt of any dispute Covidien has with respect to the preparation or content of the Closing Statement (the "Dispute Notice"); provided, however, that if Covidien does not deliver any Dispute Notice to Mallinckrodt within such thirty (30)-day period, the Closing Statement will be final, conclusive and binding on the Parties. Any Dispute Notice shall (i) set forth in reasonable detail the basis for any dispute included therein, the amounts involved and Covidien's determination of the Adjustment Amount and/or the Target Adjustment Amount (as applicable) and (ii) include only disagreements based on the Adjustment Amount and/or the Target Adjustment Amount (as applicable) not being calculated

properly in accordance with this Agreement or containing mathematical errors. Upon receipt by Mallinckrodt of a Dispute Notice, Mallinckrodt and Covidien shall negotiate in good faith to resolve any dispute set forth therein. If Mallinckrodt and Covidien, such good faith effort notwithstanding, fail to resolve any such dispute within fifteen (15) Business Days following receipt by Mallinckrodt of the Dispute Notice (the “Dispute Resolution Period”), then Mallinckrodt and Covidien jointly shall engage, within ten (10) Business Days following the expiration of the Dispute Resolution Period, Ernst & Young LLP or, if Ernst & Young LLP is unavailable or conflicted, another nationally recognized major accounting firm selected jointly by Covidien and Mallinckrodt (the “Independent Accounting Firm”) to resolve any such dispute. If Ernst & Young LLP is unavailable or conflicted and Covidien and Mallinckrodt are unable to agree on the Independent Accounting Firm, then each of Covidien and Mallinckrodt shall select a nationally recognized major accounting firm, and the two (2) firms will mutually select a third nationally recognized major accounting firm to serve as the Independent Accounting Firm. As promptly as practicable, and in any event not more than fifteen (15) days following the engagement of the Independent Accounting Firm, Mallinckrodt and Covidien shall each prepare and submit a presentation detailing each Party’s complete statement of proposed resolution of each issue still in dispute to the Independent Accounting Firm. Mallinckrodt and Covidien shall cause the Independent Accounting Firm to, as soon as practicable after the submission of the presentations described in the immediately preceding sentence and in any event not more than thirty (30) days following such presentations, make a final determination, binding on the Parties, of the appropriate amount of each of the line items that remain in dispute as indicated in the Dispute Notice. With respect to each disputed line item, such determination, if not in accordance with the position of either Covidien or Mallinckrodt, shall not be in excess of the higher, nor less than the lower, of the amounts set forth by Mallinckrodt in the Closing Statement or by Covidien in the Dispute Notice, as applicable. Notwithstanding the foregoing, the scope of the disputes to be resolved by the Independent Accounting Firm shall be limited to whether any determination of the Adjustment Amount and/or the Target Adjustment Amount (as applicable) was properly calculated in accordance with the Transaction Accounting Principles, and the Independent Accounting Firm is not to make any other determination, including any determination as to whether GAAP was followed, to the extent GAAP is inconsistent with the Transaction Accounting Principles. All fees and expenses relating to the work, if any, to be performed by the Independent Accounting Firm shall be borne equally by Covidien and Mallinckrodt. All determinations made by the Independent Accounting Firm, and the Closing Statement, as modified by the Independent Accounting Firm, will be final, conclusive and binding on the Parties, absent fraud or manifest error.

(d) For purposes of complying with the terms set forth in this Section 2.16, Mallinckrodt and Covidien shall cooperate with and make available to each other and their respective Representatives all information, records, data and working papers, in each case, to the extent related to the Mallinckrodt Assets, Mallinckrodt Liabilities or Mallinckrodt Business, and shall permit access to its facilities and personnel, as may be reasonably required in connection with the preparation and analysis of the Closing Statement and the resolution of any disputes thereunder.

(e) If the Adjustment Amount, as finally determined pursuant to Section 2.16(c), is greater than the Target Adjustment Amount, as finally determined pursuant to Section 2.16(c), by at least \$20 million, then Mallinckrodt shall pay or cause to be paid an amount in

cash equal to the difference from the first dollar (i.e., without regard to the \$20 million threshold) to Covidien by wire transfer of immediately available funds to an account or accounts designated in writing by Covidien to Mallinckrodt. If the Adjustment Amount, as finally determined pursuant to Section 2.16(c), is less than the Target Adjustment Amount, as finally determined pursuant to Section 2.16(c), by at least \$20 million, then Covidien shall pay or cause to be paid an amount in cash equal to the difference from the first dollar (i.e., without regard to the \$20 million threshold) to Mallinckrodt by wire transfer of immediately available funds to an account or accounts designated in writing by Mallinckrodt to Covidien. Any such payment pursuant to this Section 2.16(e) is to be made within five (5) Business Days of the date on which the Adjustment Amount and the Target Adjustment Amount have been finally determined pursuant to this Section 2.16.

### ARTICLE III THE DISTRIBUTION

#### 3.1 The Distribution.

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

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

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

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

### 3.2 Actions Prior to the Distribution.

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

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

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

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

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

### 3.3 Conditions to Distribution.

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

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

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

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

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

(v) The financing contemplated to be obtained in connection with the Separation as described in Section 2.15 herein shall have been obtained.

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

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

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

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

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

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

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

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

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

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

#### 3.4 Certain Stockholder Matters.

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

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

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

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

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

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

#### ARTICLE IV MUTUAL RELEASES; INDEMNIFICATION

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

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

(b) Except as provided in (i) Sections 4.1(c) and 4.1(d) and (ii) any Ancillary Agreement, effective as of the Effective Time, Covidien does hereby, for itself and each other member of the Covidien Group, their respective Affiliates (other than any member of the Mallinckrodt Group), successors and assigns, and all Persons who at any time prior to the

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) the failure of Mallinckrodt or any other member of the Mallinckrodt Group or any other Person to pay, perform or otherwise promptly discharge any Mallinckrodt Liabilities or Mallinckrodt Contract in accordance with its respective terms, whether prior to, on or after the Distribution Date;

(b) the Mallinckrodt Business (except to the extent it relates to an Excluded Liability), any Mallinckrodt Liability or any Mallinckrodt Contract;

(c) any breach by Mallinckrodt or any other member of the Mallinckrodt Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to an Excluded Liability, any guarantee, indemnification obligation, letter of credit reimbursement obligation, surety, bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Mallinckrodt Group by any member of the Covidien Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement, the preliminary or final offering memorandum with respect to the Senior Notes or any other Disclosure Document, in each case, as amended or supplemented.

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

(a) the failure of Covidien or any other member of the Covidien Group or any other Person to pay, perform or otherwise promptly discharge any Excluded Liabilities in accordance with their terms, whether prior to, on or after the Distribution Date;

(b) the Excluded Liabilities;

(c) the Covidien Business (except to the extent it relates to a Mallinckrodt Liability and other than the conduct of business, operations or activities for the benefit of the Mallinckrodt Group pursuant to any Ancillary Agreement); and

(d) any breach by Covidien or any other member of the Covidien Group of this Agreement or any of the Ancillary Agreements.

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 4.6 Additional Matters.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V  
INSURANCE

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

5.2 Policies and Rights Included Within Assets.

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

(b) The Excluded Assets shall include any and all rights of an insured party under each of the Shared Policies and Legacy Workers Compensation Policies, subject to the terms of such Shared Policies and Legacy Workers Compensation Policies and any limitations or

obligations of Covidien contemplated by this Article V, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all actual, contingent or alleged wrongful acts, occurrences, events, Actions, proceedings, injuries, Losses, Liabilities, damages and expenses which occurred or are alleged to have occurred, in whole or in part, or were incurred or claimed to have been incurred prior to the Effective Time by any Party in connection with the conduct of the Covidien Business, and which actual or alleged wrongful acts, occurrences, events, Actions, proceedings, injuries, Losses, Liabilities, damages and expenses may arise out of an insured or insurable occurrence or wrongful act under one or more of such Shared Policies or Legacy Workers Compensation Policies; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) an assignment of such Legacy Workers Compensation Policies, or any of them, to Covidien.

### 5.3 Claims Made Tail Policies.

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

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

(c) Subject to prevailing market conditions and underwriting, Covidien shall purchase Fiduciary Liability Insurance Policies having total limits of \$50 million and having a policy period incepting at the Effective Time, or the expiration date of the current Covidien Fiduciary Liability Insurance Policies, whichever date is earlier, and ending on a date that is six years after the Effective Time (“Fiduciary Tail Policies”). The premium for the Fiduciary Tail Policies shall be pre-paid for the full six-year term of the Fiduciary Tail Policies. Such Fiduciary Tail Policies shall cover Covidien and Mallinckrodt and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Covidien Fiduciary Liability Insurance program incepting on October 1, 2012, except for the policy period, premium and provisions excluding coverage for wrongful acts, errors and omissions, post-dating the Effective Time. Covidien (i) shall provide Mallinckrodt with copies of the Fiduciary Tail Policies upon Mallinckrodt’s written request but no sooner than

a reasonable time after such Policies are issued and (ii) shall not amend the terms of, nor cancel or permit cancellation of, any such Policies without ninety (90) days prior written notice to Mallinckrodt.

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

#### 5.4 Occurrence Based Policies.

(a) With respect to Shared Policies of workers' compensation, automobile liability and general liability insurance, for suits or claims that are filed or made either before, on or after the Effective Time, with respect to occurrences which took place, in whole or in part, prior to the Effective Time and for which Old Colony State Insurance Company funds claim payments and claim adjustment expenses, Mallinckrodt shall pay to Old Colony State Insurance Company a one-time separation payment in an amount to be determined by Old Colony State Insurance Company, but in no event greater than \$1,000,000. Payment by Mallinckrodt will be due upon demand by Old Colony State Insurance Company.

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

#### 5.5 Administration; Other Matters.

(a) Administration of Shared Policies and Mallinckrodt Policies. Except as otherwise provided in this Article V, from and after the Effective Time, Covidien shall have responsibility for and shall have the exclusive right to control (i) Insurance Administration of the Shared Policies and the Mallinckrodt Policies and (ii) subject to this Section 5.5, Claims Administration under the Shared Policies and Mallinckrodt Policies; provided, that the retention of such responsibilities by Covidien is in no way intended to limit, inhibit or preclude any right

to insurance coverage for any Insured Claim of an insured under such Policies as contemplated by the terms of this Agreement; provided, further, that Covidien's retention of the administrative responsibilities for the Shared Policies and Mallinckrodt Policies shall not relieve the Party submitting any Insured Claim of the primary responsibility for reporting such Insured Claim accurately, completely and in a timely manner or of such Party's authority to settle any such Insured Claim within any period or amount permitted or required by the relevant Policy; provided, further, that notwithstanding the foregoing, with respect to Mallinckrodt Liabilities, Mallinckrodt shall have responsibility for reporting to excess insurance carriers of any Losses or claims which may cause the per-occurrence, per-claim or aggregate limits of any Shared Policy to be exceeded. Covidien may discharge its administrative responsibilities under this Section 5.5 by contracting for the provision of services by independent parties. Each of the applicable Parties shall pay any costs relating to defending its respective Insured Claims under Shared Policies to the extent such costs (including defense, out-of-pocket expenses, and direct and indirect costs of employees or agents of Covidien related to Claims Administration and Insurance Administration) are not covered under such Policies. Each of the Parties shall be responsible for obtaining or reviewing the appropriateness of releases upon settlement of its respective Insured Claims under Shared Policies. Covidien shall retain the exclusive right to amend, modify or waive any rights under the Shared Policies and Mallinckrodt Policies, notwithstanding whether any such Shared Policies or Mallinckrodt Policies apply to any Mallinckrodt Liabilities and/or claims Mallinckrodt has made or could make in the future, and no member of the Mallinckrodt Group shall, without the prior written consent of Covidien, erode, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with any insurer with respect to any of the Shared Policies or Mallinckrodt Policies, or amend, modify or waive any rights under any such Shared Policies or Mallinckrodt Policies; provided that to the extent any such amendment, modification or waiver adversely affects the rights of any member of the Mallinckrodt Group with respect to coverage for any Mallinckrodt Liabilities and/or claims Mallinckrodt has made, then Covidien shall use its commercially reasonable efforts to provide advance written notice of any such amendment, modification or waiver to Mallinckrodt. Mallinckrodt shall cooperate with Covidien and share such information at Mallinckrodt's cost as is reasonably necessary in order to permit Covidien to manage and conduct its insurance matters as it deems appropriate. Neither Covidien nor any of its Affiliates shall have any obligation to secure extended reporting for any claims under any of Covidien's or its Affiliates' liability Policies for any acts or omissions by any member of the Mallinckrodt Group incurred prior to the Effective Time. To the extent reasonably practicable, Covidien will notify Mallinckrodt at least ten (10) days prior to terminating or finalizing any buy-back of any rights under any Shared Policy or Mallinckrodt Policy with respect to which Mallinckrodt has asserted a claim or given written notice to Covidien that it proposes to submit a claim.

(b) Administration of Legacy Workers Compensation Policies. Except as otherwise provided in this Article V, from and after the Effective Time, Mallinckrodt shall have responsibility for and shall have the exclusive right to control (i) Insurance Administration of the Legacy Workers Compensation Policies and (ii) subject to this Section 5.5, Claims Administration under the Legacy Workers Compensation Policies; provided, that the retention of such responsibilities by Mallinckrodt is in no way intended to limit, inhibit or preclude any right to insurance coverage for any Insured Claim of an insured under such Policies as contemplated by the terms of this Agreement; provided, further, that Mallinckrodt's retention of the administrative responsibilities for the Legacy Workers Compensation Policies shall not relieve

the Party submitting any Insured Claim of the primary responsibility for reporting such Insured Claim accurately, completely and in a timely manner or of such Party's authority to settle any such Insured Claim within any period or amount permitted or required by the relevant Policy; provided, further, that notwithstanding the foregoing, with respect to Excluded Liabilities, Covidien shall have responsibility for reporting to excess insurance carriers of any Losses or claims which may cause the per-occurrence, per-claim or aggregate limits of any Legacy Workers Compensation Policy to be exceeded. Mallinckrodt may discharge its administrative responsibilities under this Section 5.5 by contracting for the provision of services by independent parties. Each of the applicable Parties shall pay any costs relating to defending its respective Insured Claims under Legacy Workers Compensation Policies to the extent such costs (including defense, out-of-pocket expenses, and direct and indirect costs of employees or agents of Mallinckrodt related to Claims Administration and Insurance Administration) are not covered under such Policies. Each of the Parties shall be responsible for obtaining or reviewing the appropriateness of releases upon settlement of its respective Insured Claims under Legacy Workers Compensation Policies. Neither Party shall, without the prior written consent of the other Party, erode, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with any insurer with respect to any of the Legacy Workers Compensation Policies, or amend, modify or waive any rights under any such Legacy Workers Compensation Policies without, in each case, the prior written consent of the other Party.

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

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

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

(f) Mallinckrodt Policies. Notwithstanding anything to the contrary herein, (i) Covidien shall have the exclusive right to assert claims under and control all proceedings relating to the Mallinckrodt Policies, including discussions or negotiations with insurers and any pending or future Actions relating to such claims (including with respect to settlement thereof), (ii) Mallinckrodt shall have no right to any Insurance Proceeds under any Mallinckrodt Policy except any amounts payable to Mallinckrodt pursuant to the cost-sharing agreements listed on Schedule 5.5(f) and (iii) all costs and other Liabilities relating to such Policies and claims (including premiums and Liabilities incurred in connection with any such Actions) and all other Insurance Proceeds received in respect of any such Policies, claims or Actions, shall be shared, after reduction from such recovery of all legal fees and other out-of-pocket expenses incurred by Covidien to date of such recovery, 70% by Covidien and 30% by Mallinckrodt, provided that such allocation of costs and Insurance Proceeds shall not apply to any amounts payable to Mallinckrodt pursuant to the preceding clause (ii).

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

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

## ARTICLE VI CERTAIN OTHER MATTERS

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

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

## ARTICLE VII EXCHANGE OF INFORMATION; CONFIDENTIALITY

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

privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. For the avoidance of doubt, the rights and obligations of any Party described in this Section 7.1 with respect to the sharing of Information related to Taxes are subject to the rights and obligations described in the Tax Matters Agreement.

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

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

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

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

#### 7.6 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action by one Party against another Party, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has

the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. Without limiting any indemnification obligations of the non-requesting Party pursuant to Article IV, the requesting Party shall bear all costs and expenses in connection therewith. For the avoidance of doubt, the rights and obligations of any Party described in this Section 7.6 are subject to the rights and obligations described in the Tax Matters Agreement.

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

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

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

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

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

#### 7.7 Confidentiality.

(a) Subject to Section 7.8, until the five (5)-year anniversary of the Distribution Date, each of Covidien and Mallinckrodt, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict

confidence, with at least the same degree of care that applies to Covidien's confidential and proprietary information pursuant to policies in effect as of the Distribution Date (and in no event less than a reasonable degree of care), all confidential or proprietary Information ("Confidential Information") concerning each such other Group that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by any such other Group or its respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such Confidential Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Confidential Information has been (i) in the public domain through no fault of such Party or any member of such Group or any of their respective Representatives, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation, or (iii) independently generated without reference to any Confidential Information of the other Party. Each Party shall maintain, and shall cause its respective Group members and Representatives to maintain, policies and procedures, and develop such further policies and procedures as will from time to time become necessary or appropriate, to ensure compliance with this Section 7.7.

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

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

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

7.8 Protective Arrangements. In the event that any Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Confidential Information pursuant to applicable Law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of any other Party (or any member of any other Party's Group) that is subject to the confidentiality provisions

hereof, such Party shall notify the other Party (if legally permissible under the circumstances) prior to disclosing or providing such Confidential Information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that received such request may thereafter disclose or provide Confidential Information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority. The disclosing Party shall promptly provide the Party owning such Confidential Information with a copy of the Information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such Information was disclosed, in each case to the extent permitted by law.

## ARTICLE VIII DISPUTE RESOLUTION

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

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

Party reasonable written notice of the intended disclosure and afford the other Party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within sixty (60) days of the appointment of a mediator, or within ninety (90) days after receipt by a Party (or Parties) of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then any Party may file an action on the Dispute in any court having jurisdiction in accordance with Section 11.2.

### 8.3 Litigation.

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

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

## ARTICLE IX FURTHER ASSURANCES AND ADDITIONAL COVENANTS

### 9.1 Further Assurances.

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

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

such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest.

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

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

## ARTICLE X TERMINATION

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

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

## ARTICLE XI MISCELLANEOUS

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

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

(b) This Agreement, the Ancillary Agreements, the Exhibits, the Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect

to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

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

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

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

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

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

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

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

(b) Each of Covidien and Mallinckrodt, on behalf of itself and the members of its Group, hereby irrevocably (i) agrees that any Dispute shall be subject to the exclusive jurisdiction of the state and federal courts located in New York, New York, (ii) waives any claims of forum non conveniens, and agrees to submit to the jurisdiction of such courts, as provided in New York General Obligations Law § 5-1402, (iii) agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth

in Section 11.5 shall be effective service of process for any litigation brought against it in any such court or for the taking of any other acts as may be necessary or appropriate in order to effectuate any judgment of said courts and (iv) UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE.

11.3 Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by either Party without the express written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. A Party may assign its respective rights or delegate its respective obligations under this Agreement to any Affiliate of such Party; provided, however, that in connection with each such assignment or delegation, the assigning Party provides a guarantee to the non-assigning Party for any liability or obligation assigned or delegated pursuant to this Section 11.3; provided, further, that Mallinckrodt shall only be entitled to assign its rights or delegate its obligations under this Agreement with the prior written consent of Covidien.

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

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

If to Covidien, to:

Covidien plc  
1st Floor, 20 on Hatch  
Lower Hatch Street  
Dublin 2  
Ireland  
Attn: General Counsel  
Facsimile: +353-1-438-1798

and

Covidien

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

with a copy to:

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

If to Mallinckrodt to:

Mallinckrodt plc  
Damastown, Mulhuddart  
Dublin 15  
Ireland  
Attn: General Counsel  
Facsimile: +353-1-820-8780

and

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

with a copy to:

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

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

11.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of

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

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

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

11.9 Expenses. Except as expressly set forth in this Agreement (including Sections 2.15, 6.1, 7.6(a), 7.8 and 9.1(b) and Articles IV and V) or in any Ancillary Agreement, all fees, costs and expenses incurred in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, and with the consummation of the transactions contemplated hereby and thereby, will be borne by the Party incurring such fees, costs or expenses.

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

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

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

11.13 Specific Performance. Subject to the provisions of Article VIII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

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

11.15 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) the word “including” and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean “including, without limitation”; (e) the word “or” shall not be exclusive; (f) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to June 28, 2013, regardless of any amendment or restatement hereof; and (g) except where the context otherwise requires, references to Subsidiaries of Mallinckrodt refers to Persons that will be Subsidiaries of Mallinckrodt upon consummation of the Distribution. Covidien and Mallinckrodt have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement.

11.16 Attorney-Client Privilege. Mallinckrodt agrees that, in the event of any Dispute or other litigation, dispute, controversy or claim between Covidien or a member of the Covidien Group, on the one hand, and Mallinckrodt or a member of the Mallinckrodt Group, on

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

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

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

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

COVIDIEN PLC

By: /s/ John W. Kapples

Name: John W. Kapples

Title: Vice President and Secretary

MALLINCKRODT PLC

By: /s/ Matthew K. Harbaugh

Name: Matthew K. Harbaugh

Title: Director

*[Signature Page to Separation and Distribution Agreement]*

TAX MATTERS AGREEMENT

This Tax Matters Agreement (this “**Agreement**”) is entered into as of June 28, 2013 between Covidien plc, a corporation organized under the laws of Ireland (“**Covidien**”), and Mallinckrodt plc, a corporation organized under the laws of Ireland (“**Mallinckrodt**” and, together with Covidien, the “**Parties**”). Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to such terms in the Separation and Distribution Agreement, dated as of the date hereof, between Covidien and Mallinckrodt (the “**Distribution Agreement**”).

RECITALS

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

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

WHEREAS, Covidien will effect the restructuring transactions described in the Plan of Reorganization (as defined in the Distribution Agreement) for the purpose of aggregating the Mallinckrodt Business in the Mallinckrodt Group prior to the Distribution (collectively, the “**Reorganization**”);

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

WHEREAS, the Parties intend that the Distribution will qualify as a non-taxable transaction pursuant to Section 355 of the Code; and

WHEREAS, the Parties desire to set forth their rights and obligations with respect to Taxes due for periods before and after the Distribution Date.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

1.01 GENERAL. As used in this Agreement, the following terms shall have the following meanings:

“**2007 TCE TSA**” shall mean the Tax Sharing Agreement entered into as of June 29<sup>th</sup>, 2007 by and among Tyco International Ltd., Covidien, and Electronics Ltd.

“**2007 TCE TSA Tax Contest**” shall mean any Tax Contest which is subject to the provisions of, or the administration and settlement of which is otherwise governed by or described in, the 2007 TCE TSA.

“**Active Business**” shall mean, with respect to the Distribution, the business conducted by the relevant ATOB Entities as of the Distribution Date, or, with respect to any other relevant transaction described in the Plan of Reorganization, the business conducted by the relevant ATOB Entities as of the date of such transaction.

“**Adjustment Request**” shall mean any formal or informal claim or request filed with any Governmental Entity, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (i) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (ii) any claim for equitable recoupment or other offset, and (iii) any claim for refund or credit of Taxes previously paid.

“**Affiliate**” shall have the meaning set forth in the Distribution Agreement.

“**Agreement**” shall have the meaning set forth in the preamble hereto.

“**Ancillary Agreement**” shall have the meaning set forth in the Distribution Agreement.

“**ATOB Entities**” shall mean the Section 355 ATOB Entities, the Belgium ATOB Entities, the Poland ATOB Entities, and the Spain ATOB Entities.

“**Audit Management Party**” shall have the meaning set forth in the 2007 TCE TSA.

“**Belgium ATOB Entities**” shall mean the entities listed on Schedule A.

“**Belgium Restricted Transfer Entities**” shall mean the entities listed on Schedule B.

“**Business Day**” shall mean any day except a Saturday, Sunday or a day on which a commercial bank in New York, New York or Dublin, Ireland is authorized or required to close.

“**Canada Restricted Transfer Entities**” shall mean the entities listed on Schedule C.

“**Controlling Party**” shall mean, with respect to a Tax Contest, the Party entitled to control such Tax Contest pursuant to Articles 6.02 and 6.03 of this Agreement.

“**Covidien**” shall have the meaning set forth in the preamble hereto.

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

“**Covidien Controlled Tax Contests**” shall have the meaning set forth in Article 6.02.

“**Covidien Group**” shall mean Covidien and its Affiliates, as well as any entity that becomes an Affiliate of Covidien after the date hereof, excluding any entity that is a member of the Mallinckrodt Group.

“**Covidien Ordinary Shares**” shall have the meaning set forth in the Distribution Agreement.

“**Covidien Separation Tax**” shall mean (i) any Separation Tax to the extent that the liability for such Tax does not exceed the amount listed on Schedule I with respect to such Tax and (ii) to the extent that the liability for such Separation Tax exceeds the amount listed on Schedule I with respect to such Tax, the portion of such excess for which neither Mallinckrodt nor any member of the Mallinckrodt Group is obligated under applicable Law to pay; provided, that, for all purposes of this Agreement, the Distribution Agreement and each Ancillary Agreement, Covidien shall be treated as having paid any such Tax to the extent such Tax was paid or otherwise satisfied on or prior to the Distribution Date regardless of which Party or members of its Group paid or otherwise satisfied such Tax.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Current Taxes**” shall mean any and all Specified Taxes, other than Separation Taxes and Unanticipated Separation Taxes, which are imposed on or with respect to a taxable period or portion thereof which (i) includes the Distribution Date, (ii) ended on or before the Distribution Date but with respect to which the date prescribed by law for the filing of the applicable Tax Return is after the Distribution Date (without taking into account any applicable extensions or any Tax Returns attributable to estimated, quarterly, or other similar payments or prepayments of Taxes), or (iii) begins after the Distribution Date.

“**Dispute**” shall have the meaning set forth in Article 9.01.

“**Distribution**” shall have the meaning set forth in the recitals.

“**Distribution Agreement**” shall have the meaning set forth in the preamble hereto.

“**Distribution Date**” shall have the meaning set forth in the Distribution Agreement.

“**Employee Matters Agreement**” shall mean the Employee Matters Agreement dated as of the date hereof by and among Covidien and Mallinckrodt.

“**Employment Tax**” shall mean those Liabilities (as defined in the Distribution Agreement) for Taxes which are allocable pursuant to the provisions of the Employee Matters Agreement.

“**Final Determination**” shall mean the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a taxable period,

(i) by an acceptance on an IRS Form 870 or 870-AD (or any successor forms thereto), or by a comparable form or agreement pursuant to the laws of a state, local, or non-United States taxing jurisdiction, except that acceptance on an IRS Form 870 or 870-AD or comparable form or agreement shall not constitute a Final Determination to the extent that such form or agreement reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for refund or the right of the Taxing Authority to assert a further deficiency in respect of such issue or adjustment or for such taxable period (as the case may be);

(ii) by a decision, judgment, decree, or other order of a court of competent jurisdiction which is or has become final and unappealable;

(iii) by a closing agreement or accepted offer in compromise pursuant to Sections 7121 or 7122 of the Code, or a comparable agreement pursuant to the laws of a state, local, or non-United States jurisdiction;

(iv) by any allowance of a refund or credit in respect of an overpayment of a Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) or, where such periods are undefined or indefinite, in accordance with ordinary course limitation periods, by the jurisdiction imposing such Tax;

(v) by a final settlement resulting from a treaty-based competent authority determination; or

(vi) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the Parties.

“**Germany Restricted Transfer Entities**” shall mean the entities listed on Schedule D.

“**Governmental Entity**” shall mean shall mean any United States federal, state, local or non-United States court, government (or political subdivision thereof), department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

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

“**Identified Tax Return**” shall mean any Tax Return reporting or otherwise relating to, addressing, or describing any Income Tax, Separation Tax, or Unanticipated Separation Tax, whether directly or indirectly.

“**Income Tax**” shall mean any federal, state, local or Non-United States Tax determined by reference to income, gains, net worth, gross receipts, or any Taxes imposed in lieu of such a Tax.

“**Indemnified Party**” shall have the meaning set forth in Article 5.02.

“**Indemnifying Party**” shall have the meaning set forth in Article 5.02.

“**IRS**” shall mean the United States Internal Revenue Service.

“**Law**” shall mean any United States or non-United States federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, administrative pronouncement, order, requirement or rule of law (including common law), or any tax treaty.

“**Local Separation Agreement**” shall mean each of the asset transfer agreements, share transfer agreements, business transfer agreements, certificates of demerger and merger and other agreements and instruments that provide for or effect the separation of the Mallinckrodt Business from the Covidien Business, as contemplated by the Plan of Reorganization.

“**Mallinckrodt**” shall have the meaning set forth in the preamble hereof.

“**Mallinckrodt Assumed Tax Rate**” shall mean the highest marginal income Tax rate, as determined in Mallinckrodt’s reasonable discretion and reasonably satisfactory to Covidien, taking into account all potentially applicable Taxes (federal, state, local, and non-United States), applicable to the applicable member or members of the Mallinckrodt Group.

“**Mallinckrodt Business**” shall have the meaning set forth in the Distribution Agreement.

“**Mallinckrodt Controlled Tax Contests**” shall have the meaning set forth in Article 6.03.

“**Mallinckrodt Group**” shall mean (i) Mallinckrodt and its Affiliates, as determined immediately after the Distribution Date, (ii) any entity which (A) was an Affiliate of Covidien or an Affiliate of a member of the Mallinckrodt Group, (B) conducted solely or predominantly the Mallinckrodt Business, and (C) is no longer an Affiliate of Covidien as of the Distribution Date, as well as (iii) any entity that becomes an Affiliate of Mallinckrodt after the date hereof.

**“Mallinckrodt Historic Tax Liability”** shall mean any liability for Specified Taxes (including, for the avoidance of doubt, a liability imposed pursuant to Section 1.1502-6 of the Treasury Regulations or any other similar provision of state, local, or foreign Law) where Mallinckrodt or any member of the Mallinckrodt Group is obligated under applicable Law to (x) pay such Specified Taxes or (y) file a Tax Return with respect to such Specified Taxes, in each case other than a liability for

(i) Current Taxes;

(ii) Separation Taxes;

(iii) Unanticipated Separation Taxes;

(iv) Income Taxes imposed by the United States federal government if and to the extent

(A) the entity on which such Income Tax is imposed was, during the relevant taxable period or portion thereof, a member of a “consolidated group” (as defined in Section 1.1502-1(h) of the Treasury Regulations) and

(B) neither Mallinckrodt nor any member of the Mallinckrodt Group was the “common parent” of such consolidated group (as such term is used Section 1504 of the Code and the Treasury Regulations promulgated under Section 1502 of the Code) during such relevant taxable period or portion thereof; and

(v) Income Taxes imposed by the government of any state of the United States if and to the extent

(A) the entity on which such Income Tax is imposed was, during the relevant taxable period or portion thereof, a member of a consolidated, unitary, combined, or other similar group (as defined for purposes of such state’s Tax law) and

(B) neither Mallinckrodt nor any member of the Mallinckrodt Group was the “parent,” “common parent,” “principal,” “named,” “key,” or other similar company or entity with respect to such consolidated, unitary, combined, or other similar group (as determined for purpose of such state’s Tax law) during such relevant taxable period or portion thereof.

**“Mallinckrodt Holding Companies”** shall mean Mallinckrodt International Finance S.A. and Mallinckrodt Belgium BVBA.

**“Mallinckrodt Ordinary Shares”** shall have the meaning set forth in the Distribution Agreement.

**“Mallinckrodt Refund Amount”** shall mean a Refund of any Tax listed on Schedule K to the extent that the aggregate amount of such Tax which is Refunded does not exceed the amount listed on Schedule K with respect to such Tax.

**“Mallinckrodt Separation Tax”** shall mean any Separation Tax to the extent that the liability for such Tax is not a Covidien Separation Tax.

**“Mallinckrodt Tax Liability Cap”** shall mean an amount equal to two hundred million United States dollars (US\$200,000,000).

**“Netherlands Restricted Transfer Entities”** shall mean the entities listed on Schedule E.

**“Non-Controlling Party”** shall mean, with respect to a Tax Contest, the Party that is not entitled to control such Tax Contest pursuant to Articles 6.02 and 6.03 of this Agreement.

**“Non-United States Taxes”** shall mean all Taxes imposed by any jurisdiction other than the United States, or any political subdivision thereof.

**“Other Tax”** shall mean any Tax imposed by any Governmental Entity other than any (i) Income Taxes, (ii) Employment Taxes, (iii) Separation Taxes, (iv) Unanticipated Separation Taxes, and (v) any interest, penalties, additions to tax, or additional amounts in respect of (i) through (iv) inclusive.

**“Parties”** shall have the meaning set forth in the preamble hereto.

**“Past Practices”** shall have the meaning set forth in Article 3.05.

**“Person”** shall mean an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for United States federal income Tax purposes.

**“Plan of Reorganization”** shall have the meaning set forth in the Distribution Agreement.

**“Poland ATOB Entities”** shall mean the entities listed on Schedule F.

**“Post-Distribution Period”** shall mean any taxable year or other taxable period beginning after the Distribution Date.

**“Pre-Distribution Period”** shall mean any taxable year or other taxable period that ends on or before the Distribution Date.

**“Preliminary Tax Advisor”** shall have the meaning set forth in Article 8.01.

**“Prime Rate”** shall have the meaning set forth in the Distribution Agreement.

**“Privilege”** shall mean any privilege that may be asserted pursuant to applicable law, including, any privilege arising pursuant to or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

**“Pro Forma Returns”** shall have the meaning set forth in Article 5.03(c).

**“Prohibited Acts”** shall have the meaning set forth in Article 4.02.

**“Proposed Acquisition Transaction”** shall mean a transaction or series of related transactions (or any agreement, understanding, arrangement or substantial negotiations, within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, to enter into a transaction or series of related transactions), whether such transaction is supported by Mallinckrodt management or shareholders, is a hostile acquisition, or otherwise, as a result of which Mallinckrodt (or any successor thereto) would merge or consolidate with any other Person or as a result of which any Person or any group of related Persons would (directly or indirectly) acquire, or have the right to acquire (through an option or otherwise) from Mallinckrodt (or any successor thereto) and/or one or more holders of Mallinckrodt Ordinary Shares, respectively, any amount of stock of Mallinckrodt, that would, when combined with any other changes in ownership of the stock of Mallinckrodt pertinent for purposes of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, comprise more than thirty-five percent (35%) of (i) the value of all outstanding shares of Mallinckrodt as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (ii) the total combined voting power of all shares of voting stock of Mallinckrodt as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by Mallinckrodt of a shareholder rights plan or (ii) issuances by Mallinckrodt that satisfy Safe Harbor VIII (relating to acquisition in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock (including any redemption of Mallinckrodt equity pursuant to the exception in Article 4.02(a)(viii)) shall be treated as an indirect acquisition of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted accordingly.

**“Qualifying Covidien Shareholders”** shall have the meaning set forth in the recitals.

**“Reasonable Basis”** shall mean reasonable basis within the meaning of Section 6662(d)(2)(B)(ii)(II) of the Code and the Treasury Regulations promulgated thereunder (or such other level of confidence required by the Code at that time to avoid the imposition of penalties).

**“Record Date”** shall have the meaning set forth in the Distribution Agreement.

**“Refund”** shall mean any refund, reimbursement, offset, credit, or other similar benefit in respect of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied against future Taxes payable) together with any interest paid on or with respect to such refund of Taxes; provided, however, that the amount of any refund of Taxes shall be net of any Taxes imposed by any Taxing Authority on the receipt of the refund, including any Taxes imposed by way of withholding or offset.

**“Reorganization”** shall have the meaning set forth in the recitals.

**“Responsible Party”** shall mean, with respect to any Tax Return, the Party having responsibility for preparing and filing such Tax Return pursuant to this Agreement.

**“Restricted Period”** shall mean:

(i) with respect to the Section 355 Entities, the Section 355 ATOB Entities, the Canada Restricted Transfer Entities, and the Poland ATOB Entities, the period which begins with the Distribution Date and ends two (2) years thereafter;

(ii) with respect to the Belgium Restricted Transfer Entities, the Belgium ATOB Entities, and the Netherlands Restricted Transfer Entities, the period which begins with the Distribution Date and ends three (3) years thereafter; and

(iii) with respect to the Germany Restricted Transfer Entities and the Spain ATOB Transfer Entities, the period which begins with the Distribution Date and ends five (5) years thereafter.

**“Restricted Transfer Entities”** shall mean the Section 355 Entities, Belgium Restricted Transfer Entities, the Canada Restricted Transfer Entities, the Germany Restricted Transfer Entities, and the Netherlands Restricted Transfer Entities.

**“Ruling”** shall mean (i) the private letter ruling issued by the IRS to Covidien on March 1, 2013, (ii) the Canadian ruling issued by the Canada Revenue Agency to Covidien on April 25, 2013, (iii) the Irish rulings issued by Tom Connor of the Irish Revenue Commissioners to Arthur Cox, acting on behalf of Covidien, on March 15, 2013 and to PricewaterhouseCoopers LLP, acting on behalf of Covidien, on March 12, 2013 and April 18, 2013, or (iv) any other ruling issued by a Taxing Authority, in each case in connection with the Reorganization and/or Distribution.

**“Ruling Request”** shall mean (i) the request for rulings submitted by Covidien to the IRS on August 30, 2012, as supplemented and amended on each of December 12, 2012; January 23, 2013; and February 28, 2013, (ii) the request for rulings submitted by Covidien to the Canada Revenue Agency on August 21, 2012, as supplemented and amended, (iii) the request for rulings submitted by Arthur Cox, acting on behalf of Covidien, to the Irish Revenue Commissioners on November 16, 2012, and by PricewaterhouseCoopers LLP, acting on behalf of Covidien, to the Irish Revenue Commissioners on November 23, 2012, or (iv) any other ruling request submitted to a Taxing Authority, in each case including the exhibits attached thereto, and all related supplements.

**“Section 355 ATOB Entities”** shall mean the entities listed on Schedule G.

**“Section 355 Entities”** shall mean the entities listed on Schedule H.

**“Separation Taxes”** shall mean those Taxes listed on Schedule I, in each case, without regard to (x) the amounts shown on Schedule I and (y) whether such Taxes arose, resulted or were incurred, or were paid or otherwise satisfied, prior to, on, or after the Distribution Date, arising as a result of (A) the Distribution or (B) the Reorganization or any transaction associated therewith as described in any Ruling, the Distribution Agreement, or any Local Separation Agreement, except for (i) any Tax resulting from a breach by any Party of any covenant in this Agreement or any Ancillary Agreement, and (ii) any Tax attributable to a Prohibited Act.

**“Spain ATOB Entities”** shall mean the entities listed on Schedule J.

**“Specified Taxes”** shall mean all Taxes other than Employment Taxes and Other Taxes.

**“Straddle Period”** shall mean any taxable year or other taxable period that begins on or before the Distribution Date and ends after the Distribution Date.

**“Subsidiary”** shall have the meaning set forth in the Distribution Agreement.

**“Tax”** or **“Taxes”** shall mean (i) all taxes, charges, fees, duties, levies, imposts, rates or other assessments or governmental charges of any kind imposed by any federal, state, local or non-United States Governmental Entity, including, without limitation, income, gross receipts, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, custom duties, property, sales, use, license, capital stock, transfer, franchise, registration, payroll, withholding, social security, unemployment, disability, value added, alternative or add-on minimum or other taxes, whether disputed or not, and including any interest, penalties, charges or additions attributable thereto, (ii) liability for the payment of any amount of the type described in clause (i) above arising as a result of being (or having been) a member of any group or being (or having been) included or required to be included in any Tax Return related thereto, and (iii) liability for the payment of any amount of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person.

“**Tax Advisor**” shall have the meaning set forth in Article 9.01.

“**Tax Attribute**” shall mean net operating losses, capital losses, investment tax credit carryovers, earnings and profits, foreign tax credit carryovers, overall foreign losses, previously taxed income, separate limitation losses and any other losses, deductions, credits or other comparable items that could affect a Tax liability for a past or future taxable period.

“**Tax Benefit Amount**” shall mean, with respect to the payment of a liability by a Party or any of its Subsidiaries, an amount equal to the reduction in Taxes due and payable during the Tax Benefit Period resulting from the payment of such liability, as determined at any relevant time (including, for the avoidance of doubt, at any time during the Tax Benefit Period), which for each taxable period during the Tax Benefit Period, shall equal the sum of:

(a) the excess (if any) of (i) the amount of Taxes that the Party and its Subsidiaries would have owed in such taxable period had there been no payment of or event giving rise to such liability (without taking into account any carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period), over (ii) the amount of Taxes that the Party and its Subsidiaries would have owed in such taxable period after taking into account such payment (without taking into account any carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period other than such deductions, credits, losses, or other Tax Attributes, if any, arising as a result of the payment of such liability); and

(b) the excess (if any) of (i) the amount of the Refund that would be realized by the Party and its Subsidiaries with respect to such taxable period as a result of the carryback of deductions, credits, losses or other Tax Attributes attributable to such payment to such taxable period (without taking into account any other carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period), over (ii) the amount of the Refund that the Party and its Subsidiaries would have been entitled to realize with respect to such taxable period (without taking into account any carryforwards or carrybacks of any deductions, credits, losses or other Tax Attributes to such taxable period).

The Tax Benefit Amount shall be computed based on the actual tax rates applicable to the Party and its Subsidiaries during the applicable taxable period.

For the avoidance of doubt, for purposes of this Agreement, the Distribution Agreement and each Ancillary Agreement, the Tax Benefit Amount shall be determined taking into account the application of Article 5.03(d).

“**Tax Benefit Adjusted Amount**” shall mean, with respect to a liability, the amount equal to the amount of such liability reduced by the Tax Benefit Amount, if any, with respect to Mallinckrodt and its Subsidiaries, in respect of the payment of such liability.

**“Tax Benefit Period”** shall mean, with respect to the payment of a liability, the sequential series of taxable periods beginning with the taxable period that includes the date which is one (1) year prior to the date on which such liability is considered to have been paid or satisfied for applicable Tax purposes and ending with the taxable period that includes the date which is five (5) years after the date on which such liability is considered to have been paid or satisfied for applicable Tax purposes.

**“Tax Certificates”** shall mean any certificates of officers of Covidien and Mallinckrodt, provided to Skadden, Arps, Slate, Meagher & Flom LLP, PricewaterhouseCoopers LLP, Arthur Cox, or any other law or accounting firm in connection with any Tax Opinion issued in connection with the Reorganization or Distribution.

**“Tax Contest”** shall have the meaning set forth in Article 6.01.

**“Tax Counsel”** shall mean a tax counsel or accountant of recognized national standing reasonably acceptable to Covidien.

**“Taxing Authority”** shall mean any Governmental Entity having jurisdiction over the assessment, determination, collection or imposition of any Tax.

**“Tax Law”** shall mean the law of any governmental entity or political subdivision thereof relating to any Tax.

**“Tax Materials”** shall have the meaning set forth in Article 4.01(a).

**“Tax Opinion”** shall mean any written opinion of Skadden, Arps, Slate, Meagher & Flom LLP, PricewaterhouseCoopers LLP, Arthur Cox, or any other law or accounting firm, regarding certain tax consequences of certain transactions executed as part of the Reorganization and the Distribution.

**“Tax Records”** shall have the meaning set forth in Article 8.01.

**“Tax-Related Losses”** shall mean (i) all accounting, legal and other professional fees, and court costs incurred in connection with such Taxes, as well as any other out-of-pocket costs incurred in connection with such Taxes; and (ii) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by Covidien (or its Affiliate) or Mallinckrodt (or its Affiliate) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Taxing Authority, in each case, resulting from the failure of the Distribution, the Reorganization or any transaction associated therewith to be tax-free or otherwise have the tax treatment described in any Tax Opinion or Ruling.

**“Tax Return”** shall mean any return, report, certificate, form or similar statement or document (including any related supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or declaration of estimated tax) supplied to or filed with, or required to be supplied to or filed with, a Governmental Entity, or any bill for or notice related to ad valorem or other similar Taxes received from a Governmental Entity, in each case, in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

**“Treasury Regulations”** shall mean the regulations promulgated from time to time under the Code as in effect for the relevant tax period.

**“Unanticipated Separation Taxes”** shall mean Taxes arising as a result of (i) the Distribution, or (ii) the Reorganization or any transaction associated therewith as described in any Ruling, the Distribution Agreement, or any Local Separation Agreement, in each case where such Tax is not a Separation Tax, except for (A) any Tax resulting from a breach by any Party of any covenant in this Agreement or any Ancillary Agreement, and (B) any Tax attributable to a Prohibited Act.

**“Unqualified Tax Opinion”** shall mean an unqualified “will” opinion of Tax Counsel on which Mallinckrodt and Covidien may rely to the effect that the Prohibited Act will not result in Unanticipated Separation Taxes or any incremental liability for Separation Taxes. Any such opinion must assume that the Distribution, Reorganization, and any transaction associated therewith would have been tax-free or had the tax treatment described in any applicable Tax Opinion or Ruling if such transaction did not occur.

**“US GAAP”** means United States generally accepted accounting principles.

1.02 INTERPRETATION. For all purposes of this Agreement: (i) the terms defined in this Agreement include the plural as well as the singular; (ii) all references in this Agreement to “Preamble”, “Recitals”, “Articles”, “Sections” and other subdivisions are to the designated Preamble, Recitals, Articles, Sections and other subdivisions of the body of this Agreement; (iii) pronouns of either gender or neuter include, as appropriate, the other pronoun forms; (iv) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; (v) “or” is not exclusive; (vi) “including” shall be deemed to be followed by “but not limited to”; and (vii) any definition of or reference to any statute shall be construed as referring also to any rules and regulations promulgated thereunder.

## ARTICLE II

### PAYMENTS AND TAX REFUNDS

2.01 COVIDIEN LIABILITY. Covidien shall pay and be responsible for:

- (a) any Specified Taxes not allocated to Mallinckrodt pursuant to Article 2.02; and
- (b) any Covidien Separation Taxes.

2.02 MALLINCKRODT LIABILITY. Mallinckrodt shall pay and be responsible for:

- (a) any Current Taxes where Mallinckrodt or any member of the Mallinckrodt Group is obligated under applicable Law to (i) pay such Taxes or (ii) file a Tax Return with respect to such Taxes;
- (b) any Mallinckrodt Historic Tax Liability;
- (c) 20% of any Unanticipated Separation Taxes; and
- (d) any Mallinckrodt Separation Taxes.

2.03 MALLINCKRODT TAX LIABILITY CAP.

(a) Notwithstanding anything in this Agreement to the contrary, Mallinckrodt shall not be liable for Taxes pursuant to Article 2.02(b), 2.02(c), or 2.02(d) to the extent that the aggregate Tax Benefit Adjusted Amount in respect of liability for Taxes allocated to Mallinckrodt pursuant to Article 2.02(b), together with the aggregate Tax Benefit Adjusted Amount in respect of liability for Taxes allocated to Mallinckrodt pursuant to Article 2.02(c) and 2.02(d), exceeds the Mallinckrodt Tax Liability Cap.

(b) If and to the extent the Tax Benefit Adjusted Amount in respect of any liability for Mallinckrodt Historic Tax Liabilities, Unanticipated Separation Taxes, or Mallinckrodt Separation Taxes changes subsequent to any determination made with respect to Article 2.01 or 2.02 including, without limitation, as a result of a carryforward or a carryback of a deduction, credit, loss or other Tax attribute which affects the Tax Benefit Adjusted Amount in respect of such a liability, then the amount of all Taxes for which each Party is responsible pursuant to Articles 2.01 and 2.02 shall be redetermined taking into account the effect of such modified Tax Benefit Adjusted Amount.

(c) If and to the extent Mallinckrodt or any member of the Mallinckrodt Group receives any Refund of Unanticipated Separation Taxes or Mallinckrodt Separation Taxes pursuant to Article 2.05, then the amount of all Taxes for which each Party is responsible pursuant to Articles 2.01 and 2.02 shall be redetermined taking into account the effect of such Refund.

## 2.04 CERTAIN EMPLOYMENT AND OTHER TAXES.

(a) ALLOCATION OF EMPLOYMENT TAXES. Except as otherwise addressed in Article V hereof, liability for Employment Taxes shall be determined pursuant to the Employee Matters Agreement.

(b) ALLOCATION OF OTHER TAXES. Except as otherwise addressed in Article V hereof, liability for Other Taxes shall be determined pursuant to the Distribution Agreement.

## 2.05 TAX REFUNDS.

(a) Mallinckrodt shall be entitled to

(i) any Refund of Current Taxes received by any member of the Mallinckrodt Group or the Covidien Group, where Mallinckrodt or any member of the Mallinckrodt Group is obligated under applicable Law to (i) pay such Taxes or (ii) file a Tax Return with respect to such Taxes;

(ii) any Mallinckrodt Refund Amounts;

(iii) 20% of any Refund of any Unanticipated Separation Taxes received by any member of the Mallinckrodt Group or the Covidien Group; provided, that, if the proportionate amount of such Tax that was borne by Mallinckrodt was lower than 20%, whether by reason of the application of Article 2.03 or otherwise, Mallinckrodt will be entitled to such lower proportionate amount of such Refund of Unanticipated Separation Taxes; and

(iv) any Refund of Mallinckrodt Separation Taxes received by any member of the Mallinckrodt Group or the Covidien Group to the extent that liability for such Taxes was actually borne by Mallinckrodt; provided, that, solely for purposes of this Article 2.05(a)(iv), any Refund in respect of a Separation Tax shall be treated first as a Refund of a Mallinckrodt Separation Tax if and only to the extent Mallinckrodt bore such Tax, taking into account the application of Article 2.03, and thereafter as a Refund of a Covidien Separation Tax.

(b) Covidien shall be entitled to all Refunds related to Specified Taxes received by any member of the Mallinckrodt Group or the Covidien Group other than those to which Mallinckrodt is entitled pursuant to Article 2.05(a).

(c) Each Party shall pay to the other Party any Refund received by such Party or any member of such Party's Group that is allocable to the other Party

pursuant to this Article 2.05 no later than five (5) Business Days after the receipt of such Refund. For purposes of this Article 2.05(c), any Refund that arises as a result of an offset, credit, or other similar benefit in respect of Taxes other than a receipt of cash shall be deemed to be received on the earlier of (i) the date on which a Tax Return is filed claiming such offset, credit, or other similar benefit and (ii) the date on which payment of the Tax which would have otherwise been paid absent such offset, credit, or other similar benefit is due (determined without taking into account any applicable extensions).

2.06 PRIOR AGREEMENTS. Except as set forth in this Agreement and in consideration of the mutual indemnities and other obligations of this Agreement, any and all prior Tax sharing or allocation agreements or practices between any member of the Covidien Group and any member of the Mallinckrodt Group shall be terminated with respect to the Mallinckrodt Group and the Covidien Group as of the Distribution Date. No member of either the Mallinckrodt Group or the Covidien Group shall have any continuing rights or obligations under any such agreement.

### **ARTICLE III**

#### **PREPARATION AND FILING OF TAX RETURNS**

3.01 COVIDIEN'S RESPONSIBILITY. Covidien shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all Tax Returns Covidien or any member of the Covidien Group is obligated to file pursuant to applicable Tax Law.

3.02 MALLINCKRODT'S RESPONSIBILITY. Mallinckrodt shall prepare and file when due (taking into account any applicable extensions), or shall cause to be prepared and filed, all Tax Returns Mallinckrodt or any member of the Mallinckrodt Group is obligated to file pursuant to applicable Tax Law, other than those which Covidien is responsible to file pursuant to Article 3.01.

3.03 RIGHT TO REVIEW TAX RETURNS. With respect to any Identified Tax Return relating to any Pre-Distribution Period or Straddle Period for which Mallinckrodt is the Responsible Party, Mallinckrodt shall deliver such Identified Tax Return and related workpapers to Covidien for approval twenty (20) Business Days prior to the due date of the relevant Identified Tax Return. Mallinckrodt shall provide Covidien no less than ten (10) Business Days to analyze and comment on such Identified Tax Return and shall modify such Identified Tax Return before filing to include Covidien's reasonable comments. Mallinckrodt shall not, and shall not permit any member of the Mallinckrodt Group to, file any such Identified Tax Return without the prior written consent of Covidien, such consent to be exercised in Covidien's sole discretion.

3.04 COOPERATION. The Parties shall provide, and shall cause their Affiliates to provide, assistance and cooperation to one another in accordance with Article VII with respect to the preparation and filing of Tax Returns, including providing information required to be provided in Article VIII.

3.05 TAX REPORTING PRACTICES. Except as provided in Article 3.06 or pursuant to the prior written consent of Covidien, such consent to be exercised in Covidien's sole discretion, with respect to any Tax Return for any taxable period that begins on or before the second anniversary of the Distribution Date with respect to which Mallinckrodt is the Responsible Party, such Tax Return shall be prepared in a manner (i) consistent with past practices, accounting methods, elections and conventions ("**Past Practices**") used with respect to the Tax Returns in question (unless there is no Reasonable Basis for the use of such Past Practices), and to the extent any items are not covered by Past Practices (or in the event that there is no Reasonable Basis for the use of such Past Practices), in accordance with reasonable Tax accounting practices selected by Mallinckrodt; and (ii) that, to the extent consistent with clause (i), minimizes the overall amount of Taxes due and payable on such Tax Return for all of the Parties by cooperating in making such elections or applications for group or other relief or allowances available in the taxing jurisdiction in which such Tax Return is filed. Mallinckrodt shall not take any action inconsistent with the assumptions (including items of income, gain, deduction, loss and credit) made in determining all estimated or advance payments of Taxes on or prior to the Distribution Date. In addition, Mallinckrodt shall not be permitted, and shall not permit any member of the Mallinckrodt Group, to make a change in any of its methods of accounting for tax purposes until all applicable statutes of limitations for all Pre-Distribution Periods and Straddle Periods have expired.

3.06 REPORTING OF REORGANIZATION. The Tax treatment of any step in or portion of the Reorganization shall be reported on each applicable Tax Return consistently with the treatment thereof in any Ruling Request, Tax Opinion, Ruling, and Local Separation Agreement, taking into account the jurisdiction in which such Tax Returns are filed, unless there is no Reasonable Basis for such Tax treatment. In the event that a Party shall determine that there is no Reasonable Basis for such Tax treatment, such Party shall notify the other Party no later than twenty (20) Business Days prior to filing the relevant Tax Return and the Parties shall attempt in good faith to agree on the manner in which the relevant portion of the Reorganization shall be reported.

### 3.07 PAYMENT OF TAXES.

(a) With respect to any Tax Return required to be filed pursuant to this Agreement, the Responsible Party shall remit or cause to be remitted to the applicable Governmental Entity in a timely manner any Taxes due in respect of any such Tax Return.

(b) In the case of any Tax Return for which the Party that is not the Responsible Party is obligated pursuant to this Agreement to pay all or a portion of the Taxes reported as due on such Tax Return, the Responsible Party shall notify the other Party, in writing, of its obligation to pay such Taxes and, in reasonably sufficient detail, its calculation of the amount due by such other Party and the Party receiving such notice shall pay such amount to the Responsible Party upon the later of five (5) Business Days prior to the date on which such payment is due and fifteen (15) Business Days after the receipt of such notice.

### 3.08 AMENDED RETURNS AND CARRYBACKS.

(a) Mallinckrodt shall not, and shall not permit any member of the Mallinckrodt Group to, file or allow to be filed any Adjustment Request for any Pre-Distribution Period or Straddle Period without the prior written consent of Covidien, such consent to be exercised in Covidien's sole discretion.

(b) Mallinckrodt shall, and shall cause each member of the Mallinckrodt Group to, make any available elections to waive the right to carry back any Tax Attribute from a taxable period or portion thereof ending after the Distribution Date to a taxable period or portion thereof ending on or before the Distribution Date.

(c) Mallinckrodt shall not, and shall cause each member of the Mallinckrodt Group not to, without the prior written consent of Covidien, make any affirmative election to carry back any Tax Attribute from a taxable period or portion thereof ending after the Distribution Date to a taxable period or portion thereof ending on or before the Distribution Date, such consent to be exercised in Covidien's sole discretion.

(d) Receipt of consent by Mallinckrodt or a member of the Mallinckrodt Group from Covidien pursuant to the provisions of this Article 3.08 shall not limit or modify Mallinckrodt's continuing indemnification obligation pursuant to Article V.

### 3.09 TAX ATTRIBUTES.

(a) Mallinckrodt shall make its own determination as to the existence and the amount of the Tax Attributes to which it is entitled after the Distribution Date; provided, however, that such determination shall be made in a manner that is (a) consistent with Past Practices; (b) in accordance with the rules prescribed by applicable Law, including the Code and the Treasury Regulations; (c) consistent with the Rulings, the Tax Certificates, and the Tax Opinions; (d) reasonably determined by Mallinckrodt to minimize the aggregate cash Tax liability of the Parties for all Pre-Distribution Tax Periods and the portion of all Straddle Tax Periods ending on the Distribution Date; and (e) with respect to any determination relating to the existence or availability of net operating losses, consented to in writing by Covidien, such consent to be exercised in Covidien's sole and absolute discretion.

(b) Upon the reasonable request of Mallinckrodt, Covidien shall provide Mallinckrodt with any reasonably available Tax Records relating to the determination of Tax Attributes if and only to the extent such Tax Records exist on the Distribution Date. Nothing in this Agreement, including this Article 3.09(b), shall require Covidien to make any determinations or otherwise create any Tax Records with respect to Tax Attributes or the determination thereof.

## ARTICLE IV

### REPRESENTATIONS AND COVENANTS

#### 4.01 COMPLIANCE WITH THE RULINGS AND TAX OPINIONS.

(a) Covidien, on behalf of itself and all other members of the Covidien Group, hereby represents and warrants that (i) it has examined (A) the Rulings, (B) the Tax Opinions, (C) the Ruling Requests, (D) the Tax Certificates and (E) any other materials delivered or deliverable in connection with the issuance of the Rulings and the rendering of Tax Opinions (collectively, the “**Tax Materials**”) and (ii) the facts presented and representations made therein, to the extent descriptive of or otherwise relating to Covidien or any member of the Covidien Group or the Covidien Businesses, were, at the time presented or represented and from such time until and including the Distribution Date, true, correct, and complete in all material respects. Covidien, on behalf of itself and all other members of the Covidien Group, hereby confirms and agrees to comply with any and all covenants and agreements in the Tax Materials applicable to Covidien or any member of the Covidien Group or the Covidien Businesses.

(b) Mallinckrodt, on behalf of itself and all other members of the Mallinckrodt Group, hereby represents and warrants that (i) it has examined the Tax Materials and (ii) the facts presented and representations made therein, to the extent descriptive of or otherwise relating to Mallinckrodt or any member of the Mallinckrodt Group or the Mallinckrodt Business, were, at the time presented or represented and from such time until and including the Distribution Date, true, correct, and complete in all material respects. Mallinckrodt, on behalf of itself and all other members of the Mallinckrodt Group, hereby confirms and agrees to comply with any and all covenants and agreements in the Tax Materials applicable to Mallinckrodt or any member of the Mallinckrodt Group or the Mallinckrodt Business.

4.02 CONSENT REQUIREMENT FOR MAJOR TRANSACTIONS. Mallinckrodt, on behalf of itself and all other members of the Mallinckrodt Group, hereby covenants and agrees that no member of the Mallinckrodt Group will take or permit to be taken:

(a) within the applicable Restricted Period, any of the following actions:

(i) any Proposed Acquisition Transaction, or approval of any Proposed Acquisition Transaction for any purpose;

(ii) any merger, scheme of arrangement, or consolidation with any other Person or liquidation or partial liquidation; or any approval or allowance of any merger, scheme of arrangement, consolidation, liquidation, or partial liquidation of any of the Restricted Transfer Entities or the ATOB Entities;

(iii) any approval or allowance of the discontinuance, cessation, or sale or other transfer (to an Affiliate or otherwise) of, or a material change in, any Active Business;

(iv) any approval or allowance of the sale, transfer, issuance, or other disposition (to an Affiliate or otherwise), directly or indirectly, of any share of, or other equity interest or an instrument convertible into an equity interest in, any of the ATOB Entities, Belgium Restricted Transfer Entities, Canada Restricted Transfer Entities, German Restricted Transfer Entities, or Netherlands Restricted Transfer Entities;

(v) any sale, transfer, or other disposition of more than 35 percent (35%) of its consolidated gross or net assets, or approval or allowance of the sale, transfer, or other disposition (to an Affiliate or otherwise) of more than 35 percent (35%) of the consolidated gross or net assets of any of the Restricted Transfer Entities (in each case, excluding sales in the ordinary course of business and measured based on fair market values as of the date of the applicable Distribution or other transaction);

(vi) any amendment to its certificate of incorporation (or other organizational documents), or any other action or approval or allowance of the taking of any action, whether through a stockholder vote or otherwise, affecting the voting rights of the stock of Mallinckrodt or any of the Restricted Transfer Entities;

(vii) any issuance of shares of a new class of nonvoting stock or approval or allowance of any of the Restricted Transfer Entities to issue shares of a new class of nonvoting stock;

(viii) any purchase, directly or through any Affiliate, of any of its outstanding stock after the Distributions, other than through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30;

(ix) any approval or allowance of an extraordinary contribution to any of the Restricted Transfer Entities (or any successor thereto) by its shareholder or shareholders (or any successor(s) thereto); or

(x) any sale, transfer or other disposition, or any approval or allowance of the sale, transfer, or other disposition, of ten percent (10%) or more of the fair market value of the property, determined at the time of the Distribution, of any Canada Restricted Transfer Entity, as determined pursuant to Section 55(3)(a) of the Canadian Income Tax Act of 1985, as amended and any regulations promulgated thereunder; or

(b) any action at any time that could jeopardize, directly or indirectly, any of the conclusions contained in any Ruling or any Tax Opinion (collectively, the “**Prohibited Acts**”).

Notwithstanding the foregoing, Mallinckrodt or a member of the Mallinckrodt Group may take any of the Prohibited Acts if Mallinckrodt either (i) obtains an Unqualified Tax Opinion in form and substance reasonably satisfactory to Covidien or (ii) obtains the prior written consent of Covidien waiving the requirement that Mallinckrodt obtain an Unqualified Tax Opinion, such waiver to be provided in Covidien’s sole and absolute discretion. Covidien’s evaluation of an Unqualified Tax Opinion may consider, among other factors, the appropriateness of any underlying assumptions, representations, and covenants made in connection with such opinion. Mallinckrodt shall bear all costs and expenses of securing any such Unqualified Tax Opinion and shall reimburse Covidien for all reasonable out-of-pocket expenses that Covidien or its Subsidiaries may incur in good faith in seeking to obtain or evaluate any such Unqualified Tax Opinion. Neither the delivery of an Unqualified Tax Opinion nor Covidien’s waiver of Mallinckrodt’s obligation to deliver an Unqualified Tax Opinion shall limit or modify Mallinckrodt’s continuing indemnification obligation pursuant to Article V.

4.03 COVIDIEN COVENANTS. Notwithstanding anything else to the contrary contained in this Agreement or any other agreement, Covidien, on behalf of itself and all other members of the Covidien Group, hereby confirms and agrees that neither Covidien nor any member of the Covidien Group will take or permit to be taken any action at any time that would likely jeopardize, directly or indirectly, any of the conclusions contained in any Ruling or Tax Opinion.

## **ARTICLE V**

### **INDEMNITY OBLIGATIONS**

#### 5.01 INDEMNITY OBLIGATIONS.

(a) Covidien shall indemnify and hold harmless Mallinckrodt from and against, and will reimburse Mallinckrodt for, (i) all liability for Taxes allocated to Covidien pursuant to Article II, (ii) all Taxes and Tax-Related Losses arising out of, based upon, or relating or attributable to any breach of or inaccuracy in any representation, covenant, or obligation of any member of the Covidien Group pursuant to this Agreement, and (iii) the amount of any Refund received by any member of the Covidien Group which is allocated to Mallinckrodt pursuant to Article 2.05(a).

(b) Without regard to whether any action is permitted or consented to hereunder and notwithstanding anything else to the contrary contained herein, Mallinckrodt shall indemnify and hold harmless Covidien from and against, and will reimburse Covidien for, (i) all liability for Taxes allocated to Mallinckrodt pursuant to Article II, (ii) all Taxes and Tax-Related Losses arising out of, based upon, or relating or attributable to any breach of or inaccuracy in any representation, covenant, or obligation of any member of the Mallinckrodt Group pursuant to this Agreement, (iii) all

Taxes and Tax-Related Losses arising out of, based upon, or relating or attributable to any Prohibited Act by Mallinckrodt or any member of the Mallinckrodt Group, regardless of whether (A) Covidien consented to such Prohibited Act, or (B) Mallinckrodt obtained an Unqualified Tax Opinion, and (iv) the amount of any Refund received by any member of the Mallinckrodt Group which is allocated to Covidien pursuant to Article 2.05(b).

(c) To the extent that any Tax or Tax-Related Loss is subject to indemnity pursuant to both Articles 5.01(a) and 5.01(b), responsibility for such Tax or Tax-Related Loss shall be shared by Covidien and Mallinckrodt according to relative fault.

#### 5.02 INDEMNIFICATION PAYMENTS.

(a) Except as otherwise provided in this Agreement, if either Party (the “**Indemnified Party**”) is required to pay to a Taxing Authority a Tax or to another Party an indemnification payment in respect of a Tax that another Party (the “**Indemnifying Party**”) is liable for under this Agreement, including as the result of a Final Determination, the Indemnified Party shall notify the Indemnifying Party, in writing, of its obligation to pay such Taxes and, in reasonably sufficient detail, its calculation of the amount due by such Indemnifying Party to the Indemnified Party, including any Tax-Related Losses attributable thereto. The Indemnifying Party shall pay such amount, including any Tax-Related Losses attributable thereto, to the Indemnified Party no later than the later of (i) five (5) Business Days prior to the date on which such payment is due to the applicable Taxing Authority or (ii) fifteen (15) Business Days after the receipt of notice from the other Party.

(b) If, as a result of any change or redetermination made with respect to Article 2.01 or 2.02, including, without limitation, pursuant to Article 2.03(b), any amount previously allocated to and borne by one Party pursuant to the provisions of Article II is thereafter allocated to the other Party, then, no later than five (5) Business Days after such change or redetermination, such other Party shall pay to such Party the amount previously borne by such Party which is allocated to such other Party as a result of such change or redetermination.

#### 5.03 PAYMENTS NET OF TAX BENEFITS.

(a) All amounts required to be paid by one Party to another pursuant to this Agreement, the Distribution Agreement or any Ancillary Agreement shall be reduced by the Tax Benefit Amount, if any, with respect to the Indemnified Party or its Subsidiaries in respect of the indemnified liability.

(b) If and to the extent any Tax Benefit Amount arises in respect of an indemnified liability which has not already reduced any payment made to the Indemnified Party or its Subsidiaries pursuant to this Agreement or otherwise been paid to the Indemnifying Party then, no later than five (5) Business Days after the filing of a Tax Return with respect to the applicable taxable period in which such Tax Benefit

Amount arose, such Indemnified Party shall pay to the Indemnifying Party the amount of any such Tax Benefit Amount not previously taken into account. For the avoidance of doubt, in the event that a deduction, credit, loss or other Tax attribute, or any portion thereof, arising as a result of such payment results in a Tax Benefit Amount in a taxable period or portion thereof prior to or later than the taxable period during which such payment is considered to have been made for applicable Tax purposes, then this Article 5.03 shall continue to apply for all taxable periods included in the applicable Tax Benefit Period.

(c) With respect to each taxable period that is included in a Tax Benefit Period in respect of

(i) any liability for which Mallinckrodt or any member of the Mallinckrodt Group is required to indemnify Covidien or any member of the Covidien Group pursuant to this Agreement, the Distribution Agreement, or any Ancillary Agreement, or

(ii) any liability for a Tax for which Mallinckrodt or any member of the Mallinckrodt Group is liable pursuant to Articles 2.02(b), 2.02(c), or 2.02(d) of this Agreement (in each case, without regard to Article 2.03),

Mallinckrodt and each member of the Mallinckrodt Group shall, with respect to each Tax Return required to be filed, or actually filed, with respect to each such taxable period, provide to Covidien pro forma copies (the “**Pro Forma Returns**”) of each such Tax Return prepared in accordance with the principles set forth in the definition of Tax Benefit Amount. Such pro forma Tax Return shall determine the Tax Benefit Amount, if any, realized by Mallinckrodt or any member of the Mallinckrodt Group in respect of such liability or Tax. Mallinckrodt shall deliver such pro forma Tax Returns to Covidien no later than forty-five (45) calendar days following the earlier of the date on which such Tax Return was filed or required to be filed.

(d) If Mallinckrodt fails to provide to Covidien any Pro Forma Return with respect to a liability for which it is required to provide such a return pursuant to Article 5.03(c), then, notwithstanding anything else to the contrary in this Agreement, including the definition of Tax Benefit Amount, the Tax Benefit Amount in respect of such liability shall, if and to the extent such liability is or may potentially be deductible, creditable, or otherwise potentially available to offset or reduce any amount of Taxes in any jurisdiction (as determined in Covidien’s reasonable discretion), for all purposes of this Agreement and each Ancillary Agreement be equal to the product of (a) the absolute value of the amount of such liability and (b) the Mallinckrodt Assumed Tax Rate.

#### 5.04 PAYMENT MECHANICS.

(a) Subject to Article 10.02, all payments under this Agreement shall be made by Covidien directly to Mallinckrodt and by Mallinckrodt directly to Covidien; provided, however, that if the Parties mutually agree with respect to any such

indemnification payment, any member of the Covidien Group, on the one hand, may make such indemnification payment to any member of the Mallinckrodt Group, on the other hand, and vice versa. All indemnification payments shall be treated in the manner described in Article 5.05.

(b) Any late payment made by one Party to another Party pursuant to this Agreement shall be subject to interest at a rate per annum equal to the then effective Prime Rate plus 5% (or the maximum legal rate, whichever is lower), calculated for the actual number of days elapsed, and accrued from the date on which such payment was due up to the date of the actual receipt of payment.

(c) In the case of any payment of Taxes made by a Responsible Party or Indemnified Party pursuant to this Agreement for which such Responsible Party or Indemnified Party, as the case may be, has received a payment from the other Party, such Responsible Party or Indemnified Party shall provide to the other Party a copy of any official government receipt received with respect to the payment of such Taxes to the applicable Taxing Authority (or, if no such official governmental receipts are available, executed bank payment forms or other reasonable evidence of payment).

5.05 TREATMENT OF PAYMENTS. The Parties agree that any payment made among the Parties pursuant to this Agreement shall be treated, to the extent permitted by law, for all United States federal income Tax purposes as either (i) a non-taxable contribution by Covidien to Mallinckrodt, or (ii) a distribution by Mallinckrodt to Covidien, in each case, made immediately prior to the Distribution.

## ARTICLE VI

### TAX CONTESTS

6.01 NOTICE. Each Party shall promptly notify the other Party in writing upon receipt by such Party or any member of its Group of a written communication from any Governmental Entity with respect to any pending or threatened audit, claim, dispute, suit, action, proposed assessment or other proceeding (a “**Tax Contest**”) concerning any Taxes for which the other Party may be liable pursuant to this Agreement.

6.02 CONTROL OF CONTESTS BY COVIDIEN. Covidien shall have the sole responsibility and right to control the prosecution of any Tax Contest, including the exclusive right to communicate with agents of the applicable Governmental Entity and to control, resolve, settle, or agree to any deficiency, claim, or adjustment proposed, asserted, or assessed in connection with or as a result of any such Tax Contest, other than Mallinckrodt Controlled Tax Contests (collectively, “**Covidien Controlled Tax Contests**”).

6.03 CONTROL OF CONTESTS BY MALLINCKRODT. Mallinckrodt shall have the full responsibility and right to control the prosecution of any Tax Contest, including the exclusive right to communicate with agents of the applicable

Governmental Entity and to control, resolve, settle, or agree to any deficiency, claim, or adjustment proposed, asserted, or assessed in connection with or as a result of any such Tax Contest, involving any Tax Return filed by Mallinckrodt or any member of the Mallinckrodt Group for any Post-Distribution Period, and any Pre-Distribution or Straddle Period Tax Return filed by Mallinckrodt or any member of the Mallinckrodt Group relating exclusively to Non-United States Taxes for any taxable year or taxable period beginning after June 29, 2007 (collectively, “**Mallinckrodt Controlled Tax Contests**”); provided, that in no event shall any 2007 TCE TSA Tax Contest constitute a Mallinckrodt Controlled Tax Contest; provided, further, that Mallinckrodt shall not resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of any Mallinckrodt Controlled Tax Contest for any Pre-Distribution Period or Straddle Period without the prior written consent of Covidien, such consent to be exercised in Covidien’s sole discretion.

6.04 2007 TCE TSA CONTEST INFORMATION UPDATE. Notwithstanding anything to the contrary in this Agreement, Covidien shall (i) provide to Mallinckrodt any factual information Covidien receives from the Audit Management Party regarding any 2007 TCE TSA Tax Contest relating to Taxes for which Mallinckrodt may be liable pursuant to Article 2.02, and (ii) provide notice to Mallinckrodt of any pending or threatened 2007 TCE TSA Tax Contest of which it becomes aware relating to Taxes for which Mallinckrodt may be liable pursuant to Article 2.02 reasonably promptly after receipt of notice pursuant to the 2007 TCE TSA. Such notice shall contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Taxing Authority in respect of any such matters. Mallinckrodt shall not have any right to any amount paid to Covidien or any member of the Covidien Group pursuant to the 2007 TCE TSA regardless of whether such payment relates to an amount for which Mallinckrodt is liable pursuant to the terms of this Agreement or any Ancillary Agreement. Mallinckrodt shall take or refrain from taking, and shall cause each member of the Mallinckrodt Group to take or refrain from taking, any and all actions reasonably requested by Covidien that would preserve, exercise, or contravene, as the case may be, Covidien’s rights and obligations under the 2007 TCE TSA.

6.05 OBLIGATION OF CONTINUED NOTICE. During the pendency of any Tax Contest or threatened Tax Contest, other than a 2007 TCE TSA Tax Contest, each of the Parties shall provide prompt notice to the other Party of any written communication received by it or a member of its respective Group from a Taxing Authority regarding any Tax Contest for which it is indemnified by the other Party hereunder or for which it may be required to indemnify the other Party hereunder. Such notice shall attach copies of the pertinent portion of any written communication from a Taxing Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Taxing Authority in respect of any such matters. Such notice shall be provided in a reasonably timely fashion; provided, however, that in the event that timely notice is not provided, a Party shall be relieved of its obligation to indemnify the other Party only to the extent that such delay results in actual increased costs or actual prejudice to such other Party.

6.06 SETTLEMENT RIGHTS. Unless waived by the Parties in writing, in connection with any potential adjustment in a Tax Contest, other than a 2007 TCE TSA Tax Contest, as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (i) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (ii) the Controlling Party shall timely provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (iii) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; and (iv) the Controlling Party shall defend such Tax Contest diligently and in good faith; provided, however, that nothing in this Article 6.06 shall affect Covidien's right to control, resolve, settle, or agree to any deficiency, claim, or adjustment proposed, asserted, or assessed in connection with or as a result of any Covidien Controlled Tax Contest, or consent to the resolution, settlement or agreement of any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of any such Mallinckrodt Controlled Tax Contest, in Covidien's sole and absolute discretion. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party.

## **ARTICLE VII**

### **COOPERATION**

7.01 GENERAL. Each Party shall fully cooperate, and shall cause all members of such Party's Group to fully cooperate, with the other Party in connection with the preparation and filing of any Tax Return or the conduct of any Tax Contest (including, where appropriate or necessary, providing a power of attorney) concerning any issues or any other matter contemplated pursuant to this Agreement. Each Party shall make its employees and facilities available on a mutually convenient basis to facilitate such cooperation.

7.02 CONSISTENT TREATMENT. Unless and until there has been a Final Determination to the contrary, each Party agrees not to take any position on any Tax Return, in connection with any Tax Contest or otherwise that is inconsistent with (a) the treatment of payments between the Covidien Group and the Mallinckrodt Group as set forth in Article 5.05, (b) the Rulings, (c) the Tax Opinions, or (d) the Tax treatment of any transaction included in the Reorganization.

## **ARTICLE VIII**

### **RETENTION OF RECORDS; ACCESS**

8.01 **RETENTION OF RECORDS.** For so long as the contents thereof may become material in the administration of any matter under applicable Tax law, but in any event until the later of (i) the expiration of any applicable statutes of limitation and (ii) seven years after the Distribution Date, the Parties shall retain records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns (collectively, "**Tax Records**") in respect of Taxes of any member of either the Covidien Group or the Mallinckrodt Group for any Pre-Distribution Period, Straddle Period, or Post-Distribution Period or for any Tax Contests relating to such Tax Returns. At any time after the Distribution Date that the Covidien Group proposes to destroy such material or information, it shall first notify the Mallinckrodt Group in writing and the Mallinckrodt Group shall be entitled to receive such materials or information proposed to be destroyed. At any time after the Distribution Date that the Mallinckrodt Group proposes to destroy such material or information, it shall first notify the Covidien Group in writing and the Covidien Group shall be entitled to receive such materials or information proposed to be destroyed.

#### 8.02 **ACCESS TO TAX RECORDS.**

(a) **GENERAL RULE.** The Parties and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and shall permit the other Party and its Affiliates, authorized agents and representatives and any representative of a Taxing Authority or other Tax auditor direct access, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Party in connection with the preparation of Tax Returns or financial accounting statements, audits, litigation, or the resolution of items pursuant to this Agreement. The Party seeking access to the records of the other Party shall bear all costs and expenses associated with such access, including any professional fees.

8.03 **PRESERVATION OF PRIVILEGE.** No member of the Mallinckrodt Group shall provide access to, copies of, or otherwise disclose to any Person any documentation relating to Taxes existing as of the date hereof to which Privilege may reasonably be asserted without the prior written consent of Covidien, such consent not to be unreasonably withheld.

## ARTICLE IX

### DISPUTE RESOLUTION

9.01 The Parties mutually desire that friendly collaboration will continue between them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in an amicable manner all disagreements and misunderstandings connected with their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (a “**Dispute**”) between any member of the Covidien Group and any member of the Mallinckrodt Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Parties shall negotiate in good faith to resolve the Dispute. If such good faith negotiations do not resolve the Dispute, then the matter, upon written request of either Party, will be referred to the persons at each Party holding the title of General Counsel (or such other chief legal officer at such Party) for resolution. If such Dispute is not resolved within ninety (90) Business Days following the date on which the senior managers receive notification, the Parties to such Dispute shall each separately retain an independent, nationally recognized law or accounting firm (each, a “**Preliminary Tax Advisor**” and, together, the “**Preliminary Tax Advisors**”), which Preliminary Tax Advisors shall jointly retain a third independent, nationally recognized law or accounting firm which must be located in New York, New York (the “**Tax Advisor**”) on behalf of the Parties to the Dispute to act as an arbitrator in order to resolve the Dispute. The Tax Advisor’s determination as to any Dispute shall be made in accordance with the terms of this Agreement and shall be final and binding on the Parties and not subject to collateral attack for any reason (other than manifest error). All fees and expenses of the Preliminary Tax Advisor shall be borne by the Party that engaged such advisor and all of the fees and expenses of the Tax Advisor shall be shared equally by each of the Parties to the Dispute.

## ARTICLE X

### MISCELLANEOUS PROVISIONS

10.01 CONFLICTING AGREEMENTS. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Distribution Agreement or any Ancillary Agreement, this Agreement shall control with respect to the subject matter thereof.

10.02 ASSIGNABILITY. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by either Party without the express written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. A Party hereto may assign its respective rights or delegate its respective obligations under this Agreement to any Affiliate of such Party; provided, however, that in connection with each such

assignment or delegation, the assigning Party provides a guarantee to the non-assigning Party for any liability or obligation assigned or delegated pursuant to this Section 10.02; provided, further, that Mallinckrodt shall only be entitled to assign its rights or delegate its obligations under this Agreement with the prior written consent of Covidien.

10.03 NO FIDUCIARY RELATIONSHIP. The duties and obligations of the Parties, and their respective successors and permitted assigns, contained herein are the extent of the duties and obligations contemplated by this Agreement; nothing in this Agreement is intended to create a fiduciary relationship between the Parties hereto, or any of their successors and permitted assigns, or create any relationship or obligations other than those explicitly described.

10.04 APPLICATION TO PRESENT AND FUTURE SUBSIDIARIES. This Agreement is being entered into by Covidien and Mallinckrodt on behalf of themselves and the members of their respective Group. This Agreement shall constitute a direct obligation of each such Party and shall be deemed to have been readopted and affirmed on behalf of any entity that becomes a Subsidiary of Covidien or Mallinckrodt in the future.

10.05 FURTHER ASSURANCES. Subject to the provisions hereof, the Parties hereto shall make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as may be reasonably required in order to effectuate the purposes of this Agreement and to consummate the transactions contemplated hereby.

10.06 SURVIVAL. Notwithstanding any other provision of this Agreement to the contrary, all representations, covenants and obligations contained in this Agreement shall survive until the expiration of the applicable statute of limitations with respect to any such matter (including extensions thereof).

10.07 NOTICES. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Article 10.07):

If to Covidien, to:

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

and

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

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York, NY 10036  
Attn: Sally Thurston  
Facsimile: (917) 777-4140

If to Mallinckrodt, to:

Mallinckrodt plc  
Damastown, Mulhuddart  
Dublin 15  
Ireland  
Attn: General Counsel  
Facsimile: +353-1-438-1798

and

Mallinckrodt  
675 James S. McDonnell Blvd.  
Hazelwood, MO 63042  
Attn: Vice President of Taxation  
Facsimile: +353-1-438-1798

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

10.08 NO CIRCUMVENTION. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause

or allow any member of any such Party's Group to take any actions (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement, the Distribution Agreement or any other Ancillary Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to the provisions of this Agreement).

10.09 NO DUPLICATION; NO DOUBLE RECOVERY. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances.

10.10 DISTRIBUTION AGREEMENT. To the extent not inconsistent with any specific term of this Agreement, the provisions of the Distribution Agreement shall apply in relevant part to this Agreement, including Article IX Termination; 10.1 Counterparts; Entire Agreement; Corporate Power; 10.2 Governing Law; Submissions to Jurisdiction; Waiver of Jury Trial; 10.4 Third-Party Beneficiaries; 10.6 Severability; 10.7 Force Majeure; 10.9 Expenses; 10.10 Headings; 10.12 Waivers; 10.13 Specific Performance; 10.14 Amendments; and 10.15 Interpretation.

\* \* \*

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the day and year first above written.

COVIDIEN PLC

By: /s/ John W. Kapples

Name: John W. Kapples

Title: Vice President and Secretary

MALLINCKRODT PLC

By: /s/ Matthew K. Harbaugh

Name: Matthew K. Harbaugh

Title: Director

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

COVIDIEN PLC

AND

MALLINCKRODT PLC

DATED AS OF JUNE 28, 2013

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## EMPLOYEE MATTERS AGREEMENT

THIS EMPLOYEE MATTERS AGREEMENT, made and entered into effective as of June 28, 2013 (this "Agreement"), is by and between Covidien plc, an Irish public limited company ("Covidien"), and Mallinckrodt plc, an Irish public limited company ("Mallinckrodt"). Covidien and Mallinckrodt are also referred to in this Agreement individually as, a "Party" and collectively, as the "Parties." Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Article II.

### RECITALS

WHEREAS, Covidien has determined that it would be appropriate, desirable and in the best interests of Covidien and its shareholders to separate the Mallinckrodt Business from Covidien;

WHEREAS, Covidien and Mallinckrodt have entered into the Separation and Distribution Agreement, dated June 28, 2013 (the "Separation Agreement"), in connection with the separation of the Mallinckrodt Business from Covidien and the Distribution of Mallinckrodt Ordinary Shares to shareholders of Covidien;

WHEREAS, the Separation Agreement also provides for the execution and delivery of certain other agreements, including this Agreement, in order to facilitate and provide for the separation of Mallinckrodt and its Subsidiaries from Covidien; and

WHEREAS, in order to ensure an orderly transition under the Separation Agreement, it will be necessary for the Parties to allocate between them certain Assets and Liabilities with respect to certain employee compensation and benefit plans and programs, and to address certain other employment matters.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

### ARTICLE I GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 1.1 General Principles. (a) Except as otherwise provided in this Agreement, the Separation Agreement or any Ancillary Agreement, effective as of the Distribution Date or earlier, one or more members of the Mallinckrodt Group (as determined by Mallinckrodt) shall assume or continue the sponsorship of, and shall pay, perform and discharge, and no Covidien Entity shall have any Liability with respect to or under, the following agreements, obligations and Liabilities, and Mallinckrodt shall indemnify each Covidien Entity, and the officers, directors, and employees of each Covidien Entity, and hold them harmless with respect to such agreements, obligations and Liabilities:

- (i) any and all wages, salaries, incentive compensation (as the same may be modified by this Agreement), commissions, bonuses, and any other employee

compensation or benefits payable to or on behalf of any Mallinckrodt Group Employees after the Distribution Date, without regard to when such wages, salaries, incentive compensation, commissions, bonuses, or other employee compensation or benefits are or may have been earned;

(ii) any and all immigration-related, visa, work application or similar rights, obligations and Liabilities related to any Mallinckrodt Group Employees; and

(iii) any and all Liabilities and obligations whatsoever with respect to claims made by or with respect to any Mallinckrodt Group Employees in connection with any employee benefit plan, program or policy not retained or assumed by any Covidien Entity pursuant to this Agreement, the Separation Agreement or any Ancillary Agreement, including any such Liabilities relating to actions or omissions of or by any Mallinckrodt Entity or any officer, director, employee or agent thereof prior to, on or after the Distribution Date.

(b) Except as otherwise provided in this Agreement, effective as of the Effective Time, no Mallinckrodt Entity shall have any Liability for, and Covidien shall indemnify each Mallinckrodt Entity, and the officers, directors, and employees of each Mallinckrodt Entity, and hold them harmless with respect to any and all Liabilities and obligations whatsoever with respect to, claims made by or with respect to any Covidien Group Employees or Former Covidien Group Employees in connection with any employee benefit plan, program or policy not retained or assumed by any Mallinckrodt Entity pursuant to this Agreement, including such Liabilities relating to actions or omissions of or by any Covidien Entity or any officer, director, employee or agent thereof on, prior to or after the Distribution Date.

#### Section 1.2 Service Credit.

(a) Service for Eligibility, Vesting, and Benefit Purposes. Except as otherwise provided in any other provision of this Agreement, the Mallinckrodt Benefit Plans shall, and Mallinckrodt shall cause each Mallinckrodt Entity to, recognize each Mallinckrodt Group Employee's and each Former Mallinckrodt Group Employee's full service with any Covidien Entity on or prior to the Effective Time, to the same extent such service would be credited if it had been performed for a Mallinckrodt Entity, for purposes of eligibility, vesting and determination of level of benefits under any such Mallinckrodt Benefit Plan.

(b) Evidence of Prior Service. Notwithstanding anything to the contrary, but subject to applicable Law, upon reasonable request by either Party (the "Requesting Party"), the other Party (the "Providing Party") will provide to the Requesting Party copies of any records available to the Providing Party to document the service, plan participation and membership of former Employees of the Providing Party who are then Employees of the Requesting Party, and will cooperate with the Requesting Party to resolve any discrepancies or obtain any missing data for purposes of determining benefit eligibility, participation, vesting and calculation of benefits with respect to any such Employee.

(c) Accrued Time Off. Mallinckrodt shall recognize and assume all Liability for all unused vacation, holiday, sick leave, flex days, personal days and paid-time off and other time-off benefits with respect to Mallinckrodt Group Employees which accrued on or prior to the Effective Time, and Mallinckrodt shall credit each Mallinckrodt Group Employee with such accrual.

(d) Leaves of Absence. Mallinckrodt will continue to apply the appropriate leave of absence policies applicable to inactive Mallinckrodt Group Employees who are on an approved leave of absence as of the Effective Time. Leaves of absence taken by Mallinckrodt Group Employees prior to the Effective Time shall be deemed to have been taken as employees of a Mallinckrodt Entity.

Section 1.3 Transition Services. The Parties acknowledge that the Covidien Group or the Mallinckrodt Group may provide administrative services for certain of the other Party's benefit plans, programs or arrangements for a transitional period under the terms of a Transition Services Agreement. The Parties hereby agree to enter into any agreement necessary to implement a Transition Services Agreement, including but not limited to a business associate agreement (if required by HIPAA or other applicable health information privacy Laws).

Section 1.4 No Duplication or Acceleration of Benefits. Notwithstanding anything to the contrary in this Agreement, the Separation Agreement or any Ancillary Agreement, no participant in the Mallinckrodt 401(k) Plan, Mallinckrodt Health Plans or any other Mallinckrodt Benefit Plan shall receive benefits to the extent that receipt of such benefits would result in duplication of benefits provided by the corresponding Covidien Benefit Plan or any other plan, program or arrangement sponsored or maintained by a Covidien Entity. Furthermore, unless expressly provided for in this Agreement, the Separation Agreement or in any Ancillary Agreement or required by applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting or entitlements under any compensation or Benefit Plan, program or arrangement sponsored or maintained by a Covidien Entity or Mallinckrodt Entity on the part of any Employee.

Section 1.5 No Expansion of Participation. Unless otherwise expressly provided in this Agreement, as otherwise determined or agreed to by Covidien and Mallinckrodt, as required by applicable Law, or as explicitly set forth in a Mallinckrodt Benefit Plan, a Mallinckrodt Group Employee shall be entitled to participate in the Mallinckrodt Benefit Plans on the Distribution Date only to the extent that such Mallinckrodt Group Employee was entitled to participate in the corresponding Covidien Benefit Plan as in effect immediately prior to the Distribution Date (to the extent such Mallinckrodt Group Employee is not currently participating in the respective Mallinckrodt Benefit Plan immediately prior to the Distribution Date), it being understood that this Agreement does not expand (a) the number of Mallinckrodt Group Employees entitled to participate in any Mallinckrodt Benefit Plan or (b) the participation rights of Mallinckrodt Group Employees in any Mallinckrodt Benefit Plans beyond the rights of such Mallinckrodt Group Employees under the corresponding Covidien Benefit Plans, in each case, following the Effective Time.

Section 1.6 Non-U.S. Regulatory Compliance. Covidien shall have the authority to adjust the treatment described in this Agreement with respect to Mallinckrodt Group

Employees who are located outside of the U.S. in order to ensure compliance with the applicable laws or regulations of countries outside the U.S. or to preserve the tax benefits provided under local tax law or regulation prior to the Distribution.

## ARTICLE II DEFINITIONS

Section 2.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth in this Section 2.1:

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

“Adjusted Covidien PSU” shall have the meaning set forth in Section 4.4.

“Adjusted Covidien RSU” shall have the meaning set forth in Section 4.3.

“Affiliate” shall have the meaning set forth in the Separation Agreement.

“Agreement” shall mean this Employee Matters Agreement, together with all Schedules hereto and all amendments, modifications, and changes hereto entered into pursuant to Section 9.5.

“Ancillary Agreements” shall have the meaning set forth in the Separation Agreement.

“Assets” shall have the meaning set forth in the Separation Agreement.

“Benefit Management Records” shall have the meaning set forth in Section 3.2(b).

“Benefit Plan” shall mean any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee, or to any family member, dependent, or beneficiary of any such Employee, including pension plans, thrift plans, supplemental pension plans and welfare plans, and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, the term “Benefit Plan” does not include any government sponsored benefits, such as workers’ compensation, unemployment or any similar plans, programs or policies.

“COBRA” shall mean the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 *et seq.* of ERISA and at Section 4980B of the Code.

“Code” shall have the meaning set forth in the Separation Agreement.

“Covidien” shall have the meaning set forth in the preamble to this Agreement.

“Covidien Adjusted Exercise Price” shall have the meaning set forth in Section 4.2(a)(i).

“Covidien Benefit Plan” shall mean any Benefit Plan sponsored or maintained by a Covidien Entity immediately prior to the Effective Time.

“Covidien Entity” shall mean any member of the Covidien Group.

“Covidien Equity Plan” shall mean any equity compensation plan sponsored or maintained by Covidien immediately prior to the Distribution Date, including the Covidien Stock and Incentive Plan, the Covidien Employee Stock Purchase Plan, and the Covidien Savings Related Share Plan.

“Covidien 401(k) Plan” shall mean the Covidien Retirement Savings and Investment Plan.

“Covidien Group” shall have the meaning set forth in the Separation Agreement.

“Covidien Group Employee” shall have the meaning set forth in Section 3.1(b).

“Covidien Health Plan” shall mean the Covidien Health & Welfare Benefits Plan.

“Covidien Non-qualified Plans” shall mean the Covidien Supplemental Savings and Retirement Plan, the Covidien Supplemental Executive Retirement Plan, The Kendall Company Senior Executive Supplemental Retirement Plan, the Batts Inc. Supplemental Retirement and Death Benefit Agreement and the Batts Inc. Non-qualified Deferred Compensation Plan.

“Covidien Options” shall mean exercisable and non-exercisable stock options to purchase Covidien Ordinary Shares granted pursuant to the Covidien Stock and Incentive Plan or a predecessor plan.

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

“Covidien Pension Plan” shall mean the Kendall Pension Plan.

“Covidien Post-Distribution Stock Value” shall mean the volume weighted average per share price of Covidien Ordinary Shares trading on an ex-dividend basis on the NYSE during Regular Trading Hours on the Distribution Date.

“Covidien Pre-Distribution Stock Value” shall mean the volume weighted average per share price of Covidien Ordinary Shares trading “regular way with due bills” on the NYSE during Regular Trading Hours on the Distribution Date.

“Covidien Price Ratio” shall mean the quotient obtained by dividing the Covidien Post-Distribution Stock Value by the Covidien Pre-Distribution Stock Value, rounded to the nearest one ten-thousandth.

“Covidien PSUs” shall mean performance units granted under the Covidien Stock and Incentive Plan or a predecessor plan.

“Covidien Retained Savings Plans” shall have the meaning set forth in Section 5.2(b).

“Covidien RSUs” shall mean restricted units granted under the Covidien Stock and Incentive Plan or a predecessor plan.

“Covidien Share Ratio” shall mean the quotient obtained by dividing the Covidien Pre-Distribution Stock Value by the Covidien Post-Distribution Stock Value, rounded to the nearest one-ten-thousandth.

“Distribution” shall have the meaning set forth in the Separation Agreement.

“Distribution Date” shall have the meaning set forth in the Separation Agreement.

“Effective Time” shall have the meaning set forth in the Separation Agreement.

“Employee” shall mean any Covidien Group Employee, Former Covidien Group Employee, Mallinckrodt Group Employee or Former Mallinckrodt Group Employee.

“ERISA” shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Former Covidien Group Employee” shall mean a former employee of the Covidien Group whose employment with the Covidien Group was terminated before the Effective Time (and who is not actively employed by the Covidien Group as of the Effective Time).

“Former Employees” shall mean Former Covidien Group Employees and Former Mallinckrodt Group Employees.

“Former Mallinckrodt Group Employee” shall mean a former employee of the Mallinckrodt Business whose employment was terminated before the Effective Time (and who is not actively employed by the Mallinckrodt Group immediately following the Effective Time).

“Government Entity” shall mean any instrumentality, subdivision, court, administrative agency, commission, official or other authority of any country, state, province, prefect, municipality, locality or other government or political subdivision thereof, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

“HIPAA” shall mean the U.S. Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder.

“IRS” shall mean the U.S. Internal Revenue Service.

“Law” shall have the meaning set forth in the Separation Agreement.

“Liabilities” shall have the meaning set forth in the Separation Agreement.

“Mallinckrodt” shall have the meaning set forth in the preamble to this Agreement.

“Mallinckrodt Annual Incentive Plan” shall have the meaning set forth in Section 4.6.

“Mallinckrodt Benefit Plan” shall mean any Benefit Plan sponsored or maintained by a Mallinckrodt Entity.

“Mallinckrodt Business” shall have the meaning set forth in the Separation Agreement.

“Mallinckrodt Deferred Compensation Plans” shall have the meaning set forth in Section 6.1(a).

“Mallinckrodt Entity” shall mean any member of the Mallinckrodt Group.

“Mallinckrodt Exercise Price” shall have the meaning set forth in Section 4.2(b).

“Mallinckrodt 401(k) Plan” shall mean the Mallinckrodt Pharmaceuticals Retirement Savings and Investment Plan.

“Mallinckrodt Group” shall have the meaning set forth in the Separation Agreement.

“Mallinckrodt Group Employee” shall have the meaning set forth in Section 3.1(a).

“Mallinckrodt Health Plan” shall mean the Mallinckrodt Pharmaceuticals Health & Welfare Benefits Plan.

“Mallinckrodt New Equity Plan” shall mean the Mallinckrodt Pharmaceuticals Stock and Incentive Plan adopted by Mallinckrodt prior to the Effective Time and approved by Mallinckrodt’s shareholders, under which the Mallinckrodt equity-based awards described in Article IV shall be issued.

“Mallinckrodt Non-qualified Plan” shall mean the Mallinckrodt Pharmaceuticals Supplemental Savings and Retirement Plan.

“Mallinckrodt Options” shall have the meaning set forth in Section 4.2.

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

“Mallinckrodt Pension Plans” shall have the meaning set forth in Section 5.1(a).

“Mallinckrodt Price Ratio” shall mean the quotient obtained by dividing the Mallinckrodt Stock Value by the Covidien Pre-Distribution Stock Value rounded to the nearest one ten-thousandth.

“Mallinckrodt PRC Nationals” shall have the meaning set forth in Section 4.1(d).

“Mallinckrodt PSUs” shall have the meaning set forth in Section 4.4.

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

“Mallinckrodt Savings Plans” shall have the meaning set forth in Section 5.2(a).

“Mallinckrodt Share Ratio” shall mean the quotient obtained by dividing the Covidien Pre-Distribution Stock Value by the Mallinckrodt Stock Value, rounded to the nearest one ten-thousandth.

“Mallinckrodt Stock Value” shall mean the volume weighted average per share price of Mallinckrodt Ordinary Shares trading on the “when issued” market on the NYSE during Regular Trading Hours on the Distribution Date.

“Non-Covidien Option Holders” shall mean individuals who hold Covidien Options as of the Effective Time who are not Employees.

“NYSE” shall mean the New York Stock Exchange.

“Party” or “Parties” shall have the meaning set forth in the preamble to this Agreement.

“Person” shall have the meaning set forth in the Separation Agreement.

“Providing Party” shall have the meaning set forth in Section 1.2(b).

“Regular Trading Hours” shall mean the period beginning at 9:30 A.M., New York City time and ending at 4:00 P.M., New York City time.

“SAYE” shall have the meaning set forth in Section 4.1(d).

“Separation Agreement” shall have the meaning set forth in the recitals to this Agreement.

“Subsidiary” shall have the meaning set forth in the Separation Agreement.

“Transition Services Agreement” shall have the meaning set forth in the Separation Agreement.

“U.S.” means the United States of America.

Section 2.2 Interpretation. The provisions of Section 11.15 of the Separation Agreement are hereby incorporated by reference.

### ARTICLE III ASSIGNMENT OF EMPLOYEES

#### Section 3.1 Active Employees.

(a) Mallinckrodt Group Employees. Effective no later than immediately prior to the Effective Time, the applicable Covidien Entity shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Mallinckrodt Group immediately following the Effective Time (collectively, the “Mallinckrodt Group Employees”) is employed by a Mallinckrodt Entity. Each of the Parties agrees to execute, and to seek to have the applicable employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) Covidien Group Employees. Effective no later than immediately prior to the Effective Time, the applicable Covidien Entity shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Covidien Group immediately following the Effective Time (collectively, the “Covidien Group Employees”) is employed by a Covidien Entity. Each of the Parties agrees to execute, and to seek to have the applicable employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(c) At-Will Status. Notwithstanding the above or any other provision of this Agreement, nothing in this Agreement shall create any obligation on the part of any Covidien Entity or any Mallinckrodt Entity to (i) continue the employment of any Employee or permit the return from a leave of absence for any period following the date of this Agreement or the Distribution Date (except as required by applicable Law) or (ii) change the employment status of any Employee from “at-will,” to the extent such Employee is an “at-will” employee under applicable Law.

(d) Severance. The Parties acknowledge and agree that the Distribution and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.1 shall not be deemed an involuntary termination of employment entitling any Mallinckrodt Group Employee or Covidien Group Employee to severance payments or benefits.

(e) Not a Change of Control/Change in Control. The Parties acknowledge and agree that neither the consummation of the Distribution nor any transaction in connection with the Distribution shall be deemed a “change of control,” “change in control,” or term of similar import for purposes of any Benefit Plan sponsored or maintained by any Covidien Entity or Mallinckrodt Entity.

(f) Confidentiality. The provisions of this Section 3.1 shall be in addition to, and not in derogation of, the provisions of Article IV and Article VII of the Separation Agreement. Except as otherwise set forth in this Agreement, all records and data relating to Employees shall, in each case, be subject to the confidentiality provisions of the Separation Agreement and any other applicable agreement and applicable Law.

### Section 3.2 Employee Records.

(a) Sharing of Information. Subject to any limitations imposed by applicable Law, Covidien and Mallinckrodt (acting directly or through members of the Covidien Group or the Mallinckrodt Group, respectively) shall provide to the other and their respective authorized agents and vendors all information necessary for the Parties to perform their respective duties under this Agreement. The Parties also hereby agree to enter into any business associate arrangement that may be required for the sharing of any Information pursuant to this Agreement to comply with the requirements of HIPAA.

(b) Transfer of Personnel Records and Authorization. Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Distribution Date, on the Distribution Date, Covidien shall transfer and assign to Mallinckrodt all personnel records, all immigration documents, including I-9 forms and work authorizations, all payroll deduction authorizations and elections, whether voluntary or mandated by Law, including but not limited to W-4 forms, W-8BEN forms and deductions for benefits under the applicable Mallinckrodt Benefit Plan and all absence management records, Family and Medical Leave Act records, insurance beneficiary designations, flexible spending account enrollment confirmations, attendance, and return to work information ("Benefit Management Records") relating to participants in Mallinckrodt Benefit Plans. Subject to any limitations imposed by applicable Law, Covidien, however, may retain originals of, copies of, or access to, personnel records, immigration records, payroll forms and Benefit Management Records as long as necessary to comply with its obligations under applicable Law or to provide services to Mallinckrodt (acting on its behalf pursuant to any Transition Services Agreement entered into by and between the Parties). Immigration records will, if and as appropriate, become a part of Mallinckrodt's public access file. Mallinckrodt will use personnel records, payroll forms and Benefit Management Records for lawful purposes only, including calculation of withholdings from wages and personnel management. It is understood that following the Distribution Date, Covidien records so transferred and assigned may be maintained by Mallinckrodt (acting directly or through one of its Subsidiaries) pursuant to Mallinckrodt's applicable records retention policy.

(c) Access to Records. To the extent not inconsistent with this Agreement, the Separation Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related records after the Distribution Date will be provided to members of the Covidien Group and members of the Mallinckrodt Group pursuant to the terms and conditions of Section 7.6 of the Separation Agreement.

(d) Maintenance of Records. With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, Covidien and Mallinckrodt shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, claims, actions, and damages that arise from a failure (by the indemnifying party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) Cooperation. Each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection laws) all relevant documents, Board resolutions, government filings, data, payroll, employment and benefit plan Information on regular timetables, make certain that each applicable entity's data and records are correct and updated on a timely basis, and cooperate as needed with respect to (i) any litigation with respect to any employee benefit plan, policy or arrangement contemplated by this Agreement, (ii) an audit of any employee benefit plan, policy or arrangement contemplated by this Agreement by the IRS, U.S. Department of Labor or any other Government Entity, (iii) seeking a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor on behalf of any employee benefit plan, policy or arrangement contemplated by this Agreement, and (iv) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Government Entity; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations.

Section 3.3 Non-Solicitation. Each Party agrees that, for a period of two years from the Distribution Date, such party will not solicit for employment any employee of the other Party; provided, however, that this Section 3.3 shall not prohibit: (a) generalized solicitations which are not directed to specific individuals or employees of the other party (for the avoidance of doubt, including solicitations resulting from actions initiated by employees through the Covidien or Mallinckrodt internal posting system); (b) solicitations of persons whose employment was involuntarily terminated by the other Party; or (c) solicitations expressly permitted in writing by the Senior Vice President, Human Resources of the Party which employs the person who is to be solicited.

#### ARTICLE IV INCENTIVE COMPENSATION PLANS

##### Section 4.1 General Principles.

(a) Covidien and Mallinckrodt shall take any and all reasonable actions as shall be necessary and appropriate to further the provisions of this Article IV, including, to the extent practicable, providing written notice or similar communication to each Employee who holds one or more equity awards granted under any of the Covidien Equity Plans informing such Employee of (i) the actions contemplated by this Article IV with respect to such awards and (ii) whether (and during what time period) any "blackout" period shall be imposed upon holders of awards granted under any of the Covidien Equity Plans during which time awards may not be exercised or settled, as the case may be.

(b) Following the Distribution, a grantee who has outstanding awards under one or more of the Covidien Equity Plans or replacement awards pursuant to this Agreement shall be considered to have been employed by Covidien or Mallinckrodt, as applicable, before and after the Distribution for purposes of vesting. For purposes of the equity awards and except as otherwise provided in Section 4.1(d) below, the Distribution shall not result in a termination of employment or service for any Employee, rather the date of termination of employment or service with the applicable plan sponsor following the Distribution shall be the termination date for the purposes of any outstanding equity awards.

(c) No award described in this Article IV, whether outstanding or to be issued, adjusted, substituted or cancelled by reason of or in connection with the Distribution, shall be adjusted, settled, cancelled, or exercisable, until in the judgment of the administrator of the applicable plan or program such action is consistent with all applicable Laws, including U.S. securities Laws. Neither the period of exercisability nor the term of any award will be extended on account of a period during which such an award is not exercisable pursuant to the preceding sentence.

(d) Notwithstanding anything to the contrary in this Agreement, Covidien Options which are intended to be “approved options” and that were issued pursuant to the Covidien Stock and Incentive Plan HMRC Approved Sub-Plan for the United Kingdom and options to purchase Covidien Ordinary Shares which were offered by invitation pursuant to the Covidien Savings Related Share Plan (“SAYE”) will not be adjusted as described below and any Covidien Options, Covidien PSUs or Covidien RSUs held by a Mallinckrodt Group Employee who is a resident of the People’s Republic of China (“Mallinckrodt PRC Nationals”) will not be adjusted as described below. Notwithstanding the provisions of Section 4.1(b), the Distribution shall be treated as a termination of employment from a Covidien Entity for Mallinckrodt PRC Nationals and any Mallinckrodt Group Employee in the United Kingdom who hold options to purchase Covidien Ordinary Shares through the SAYE. The applicable terms and conditions of equity awards held by Mallinckrodt PRC Nationals and the terms of the SAYE shall govern the vesting and exercisability of the applicable awards upon the Distribution.

(e) The adjustment or conversion of Covidien Options, Covidien PSUs, Covidien RSUs, Mallinckrodt Options, Mallinckrodt RSUs and Mallinckrodt PSUs shall be effectuated in a manner that is intended to avoid the imposition of any penalty or other taxes on the holders thereof pursuant to Code Section 409A.

#### Section 4.2 Treatment of Stock Options.

(a) Covidien Options Held by Covidien Group Employees; Former Employees; Non-Covidien Option Holders. Except as otherwise provided in Section 4.1(d), each Covidien Option that is outstanding as of the Effective Time that is held by a Covidien Group Employee, a Former Employee or a Non-Covidien Option Holder shall remain an option to purchase Covidien Ordinary Shares and shall be adjusted as described below to reflect the Distribution (each such option, an “Adjusted Covidien Option”). Each Adjusted Covidien Option shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Covidien Option immediately prior to the Effective Time; provided, however, that from and after the Effective Time:

(i) the per-share exercise price of each such Adjusted Covidien Option shall be equal to the product of (i) the per-share exercise price of the corresponding Covidien Option immediately prior to the Effective Time multiplied by (ii) the Covidien Price Ratio, rounded up to the nearest whole cent (the “Covidien Adjusted Exercise Price”); and

(ii) the number of Covidien Ordinary Shares subject to each such Adjusted Covidien Option shall be equal to the product of (i) the number of Covidien Ordinary Shares subject to the corresponding Covidien Option immediately prior to the Effective Time multiplied by (ii) the Covidien Share Ratio, with any fractional shares rounded down to the nearest whole share.

(b) Covidien Options Held by Mallinckrodt Group Employees. Except as otherwise provided in Section 4.1(d), each Covidien Option that is outstanding as of the Effective Time that is held by a Mallinckrodt Group Employee who continues to be employed by the Mallinckrodt Group immediately after the Distribution shall be converted into an option to purchase Mallinckrodt Ordinary Shares pursuant to the terms of the Mallinckrodt New Equity Plan and shall be adjusted as described below to reflect the Distribution (each such option, a "Mallinckrodt Option"). Each Mallinckrodt Option shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Covidien Option immediately prior to the Effective Time; provided, however, that from and after the Effective Time:

(i) the per-share exercise price of each such Mallinckrodt Option shall be equal to the product of (A) the per-share exercise price of the corresponding Covidien Option immediately prior to the Effective Time multiplied by (B) the Mallinckrodt Price Ratio, rounded up to the nearest whole cent (the "Mallinckrodt Exercise Price"); and

(ii) the number of Mallinckrodt Ordinary Shares subject to each such Mallinckrodt Option shall be equal to the product of (A) the number of Covidien Ordinary Shares subject to the corresponding Covidien Option immediately prior to the Effective Time multiplied by (B) the Mallinckrodt Share Ratio, with any fractional share rounded down to the nearest whole share.

#### Section 4.3 Restricted Units.

(a) Each award of Covidien RSUs held by a Covidien Group Employee or Former Employee immediately prior to the Effective Time shall be adjusted, effective as of the Effective Time, by multiplying the number of Covidien Ordinary Shares subject to such Covidien RSU award by the Covidien Share Ratio, which product shall be rounded down to the nearest whole number of units with a cash payment for any fractional units to be made as soon as administratively practicable after the Effective Time but in any event no later than September 1, 2013 (each such adjusted Covidien RSU, an "Adjusted Covidien RSU"); provided, however, that for any Covidien Group Employee who has satisfied the requirements for Normal Retirement (as defined in the applicable terms and conditions) as of the Effective Time, such product shall be subject to regular rounding in lieu of a cash payment for fractional units. Each Adjusted Covidien RSU shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Covidien RSU immediately prior to the Effective Time.

(b) Except as otherwise provided in Section 4.1(d), each award of Covidien RSUs held by a Mallinckrodt Group Employee immediately prior to the Effective Time who continues to be employed by the Mallinckrodt Group immediately after the Distribution shall be converted to a restricted unit award relating to a number of Mallinckrodt Ordinary Shares (the “Mallinckrodt RSUs”) determined by multiplying the number of Covidien Ordinary Shares subject to each Covidien RSU award by the Mallinckrodt Share Ratio, which product shall be rounded down to the nearest whole number of Mallinckrodt RSUs with a cash payment for any fractional units to be made as soon as administratively practicable after the Effective Time but in any event no later than September 1, 2013; provided, however, that for any Mallinckrodt Group Employee who has satisfied the requirements for Normal Retirement (as defined in the applicable terms and conditions) as of the Effective Time, such product shall be subject to regular rounding in lieu of a cash payment for fractional units. Except as otherwise provided herein, each Mallinckrodt RSU shall be subject to the same terms and conditions after the Distribution as the terms and conditions applicable to the corresponding Covidien RSUs immediately prior to the Distribution.

#### Section 4.4 Performance Units.

(a) Each award of Covidien PSUs held by a Covidien Group Employee or Former Employee shall be adjusted, effective as of the Effective Time, by multiplying the number of Covidien Ordinary Shares subject to such Covidien PSU award by the Covidien Share Ratio which product shall be rounded down to the nearest whole number of units with a cash payment for any fractional units to be made as soon as administratively practicable after the Effective Time but in any event no later than September 1, 2013 (each such adjusted Covidien PSU, an “Adjusted Covidien PSU”); provided, however, that for any Covidien Group Employee who has satisfied the requirements for Normal Retirement (as defined in the applicable terms and conditions) as of the Effective Time, such product shall be subject to regular rounding in lieu of a cash payment for fractional units. Each Adjusted Covidien PSU shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Covidien PSU immediately prior to the Effective Time, taking into account the adjustments to the performance measures relating to Covidien PSUs granted in fiscal years 2011 and 2012 that were approved by the Compensation Committee of the Covidien board of directors prior to the date hereof and that will be effective as of the Effective Time, as described below. The Covidien PSUs granted in fiscal year 2011 will be adjusted at the Effective Time to provide for the early conclusion of the performance cycle, resulting in such Covidien PSUs being subject to vesting based solely upon continued service through September 27, 2013. The 2012 Covidien PSUs granted in fiscal year 2012 will be adjusted at the Effective Time to provide for an updated Healthcare Industry Index (an index used for calculating total shareholder return or TSR) in order to reflect the changes in Covidien’s peer group following the distribution of the pharmaceuticals business.

(b) Except as otherwise provided in Section 4.1(d), each award of Covidien PSUs held by a Mallinckrodt Group Employee immediately prior to the Effective Time who continues to be employed by the Mallinckrodt Group immediately after the Effective Time shall be converted to a performance unit award relating to a number of Mallinckrodt Ordinary Shares determined by multiplying the number of Covidien Ordinary Shares with respect to the Covidien PSU award by the Mallinckrodt Share Ratio, which product shall be rounded down to the nearest

whole number of units with a cash payment for any fractional units to be made as soon as administratively practicable after the Effective Time but in any event no later than September 1, 2013 (the “Mallinckrodt PSUs”); provided, however, that for any Covidien Group Employee who has satisfied the requirements for Normal Retirement (as defined in the applicable terms and conditions) as of the Effective Time, such product shall be subject to regular rounding in lieu of a cash payment for fractional units. The respective performance period for each award of Mallinckrodt PSUs shall cease as of the Effective Time and the performance multiplier for such award shall be determined by Covidien’s total shareholder return throughout the performance period, as determined pursuant to the amended terms and conditions of the applicable award. To the extent that there is any vesting of performance units under the applicable amended terms and conditions for Mallinckrodt PSUs, such vesting shall be subject to the Mallinckrodt Group Employee’s continued employment through the last day of the initial three-year performance period as in effect immediately prior to the Effective Time. Other than with respect to the foregoing, Mallinckrodt PSUs shall be subject to the same terms and conditions after the Distribution as the terms and conditions applicable to the corresponding Covidien PSUs immediately prior to the Distribution.

#### Section 4.5 Liabilities for Settlement of Awards.

(a) Settlement of Covidien Options. Covidien shall be responsible for all Liabilities associated with Covidien Options (regardless of the holder of such awards) including any option exercise, share delivery, registration or other obligations related to the exercise of the Covidien Options. Covidien shall be responsible for all Liabilities associated with amounts payable to Covidien Group Employees or Mallinckrodt Group Employees who hold UK approved options or options through the SAYE; provided, however, that Mallinckrodt shall be responsible for paying to each Mallinckrodt Group Employee, through the payroll of the applicable Mallinckrodt Entity, all compensatory payments attributable to the non-conversion of UK approved options and SAYE options in connection with the Distribution upon receipt from Covidien of a list of Mallinckrodt Group Employees eligible to receive such compensatory payment and the amount payable to such Mallinckrodt Group Employee, listed individually, with such amount to be paid no later than the second regularly scheduled pay period that occurs after Covidien provides such list and amounts. Covidien (or any Covidien Entity) shall reimburse to Mallinckrodt (or the applicable Mallinckrodt Entity) the total amount payable to Mallinckrodt Group Employees pursuant to the previous sentence within sixty (60) days after receipt of an invoice from Mallinckrodt requesting reimbursement for such payment.

(b) Settlement of Outstanding Covidien RSUs. Covidien shall be responsible for all Liabilities associated with Covidien RSUs including any share delivery, registration or other obligations related to the settlement of the Covidien RSUs.

(c) Settlement of Outstanding Covidien PSUs. Covidien shall be responsible for all Liabilities associated with Covidien PSUs, including any share delivery, registration or other obligations related to the settlement of Covidien PSUs.

(d) Settlement of Mallinckrodt Options. Mallinckrodt shall be responsible for all Liabilities associated with Mallinckrodt Options (regardless of the holder of such awards) including any option exercise, share delivery, registration or other obligations related to the exercise of the Mallinckrodt Options.

(e) Settlement of Outstanding Mallinckrodt RSUs. Mallinckrodt shall be responsible for all Liabilities associated with Mallinckrodt RSUs including any share delivery, registration or other obligations related to the settlement of the Mallinckrodt RSUs.

(f) Settlement of Outstanding Mallinckrodt PSUs. Mallinckrodt shall be responsible for all Liabilities associated with Mallinckrodt PSUs, including any share delivery, registration or other obligations related to the settlement of Mallinckrodt PSUs.

#### Section 4.6 Annual Incentive Plan Payments.

(a) Not later than the Effective Time, Mallinckrodt shall, or shall cause another Mallinckrodt Entity to, assume or adopt a plan (the "Mallinckrodt Annual Incentive Plan") for the fiscal year in which the Distribution occurs that will contain terms that are identical to the terms provided to Mallinckrodt Group Employees under the Covidien Annual Incentive Plan immediately prior to the Effective Time, subject to Mallinckrodt's right to amend such plan after the Effective Time in accordance with the terms thereof.

(b) For the avoidance of doubt, (i) the Covidien Group shall be solely responsible for funding, paying, and discharging all obligations relating to any annual incentive bonus awards that any Covidien Group Employee is eligible to receive under any Covidien annual incentive plan with respect to payments made beginning at or after the Effective Time, and no Mallinckrodt Entity shall have any obligations with respect thereto; and (ii) the Mallinckrodt Group shall be solely responsible for funding, paying, and discharging all obligations relating to any annual incentive bonus awards that any Mallinckrodt Group Employee is eligible to receive under any Mallinckrodt Group annual incentive plan or other short-term incentive compensation plan with respect to payments made at or after the Effective Time, including, but not limited to, the Mallinckrodt Annual Incentive Plan, and no Covidien Entity shall have any obligations with respect thereto.

Section 4.7 Equity Plan Approval. Covidien and Mallinckrodt shall take all actions as may be necessary or advisable to adopt and obtain shareholder approval of any stock-based employee benefit plans of Mallinckrodt (and the grants of adjusted awards over Covidien shares by Covidien and of awards over Mallinckrodt shares by Mallinckrodt) in order to satisfy the requirement of Rule 16b-3 under the Exchange Act, and the applicable rules and regulations of the NYSE.

## ARTICLE V U.S. QUALIFIED RETIREMENT PLANS

#### Section 5.1 Pension Plans.

(a) Mallinckrodt Pension Plans.

(i) To the extent not completed before the Effective Time, effective as of the Distribution Date, a Mallinckrodt Entity shall assume sponsorship of and be solely

responsible for the management and administration of, and except as otherwise provided below, be responsible for all Assets and Liabilities under the pension plans listed in Schedule 5.1(a) (the “Mallinckrodt Pension Plans”). Mallinckrodt and Covidien shall reasonably cooperate with each other in order to facilitate all actions contemplated by this Section 5.1(a). Nothing contained in this Agreement shall alter in any way the right of Mallinckrodt, subsequent to the Distribution Date, to amend or terminate any of the Mallinckrodt Pension Plans in accordance with its terms and applicable Law.

(ii) Effective as of the Distribution Date, a Mallinckrodt Entity shall be solely responsible for the adjudication of any claims filed by Mallinckrodt Group Employees or Former Mallinckrodt Group Employees under a Mallinckrodt Pension Plan including, but not limited to, claims filed before the Distribution Date under such plans as in effect as of the date such claim was filed, provided that (A) the claim relates to Assets or Liabilities assumed by Mallinckrodt under Section 5.1(a) (i); (B) the claim has not been finally adjudicated by Covidien on the day immediately preceding the Distribution Date; and (C) under the applicable claims procedure, the applicable Mallinckrodt Entity’s plan administrator or other authorized person or committee will have at least a sixty (60)-day period after the Distribution Date to respond to such claim. Covidien shall be solely responsible for the adjudication of any claim that satisfies subsections (A) and (B) but not (C); provided, however, that if Covidien’s response to such claim does not finally adjudicate the claim, Covidien shall immediately transfer administration of such claim to Mallinckrodt for final adjudication upon sending its response to the claimant.

(b) Covidien Pension Plan. Following the Distribution Date, a Covidien Entity shall retain sole responsibility for all benefits accrued prior to the Distribution Date, Assets and Liabilities for the Covidien Pension Plan and Mallinckrodt shall have no obligation with respect thereto. Nothing contained in this Agreement shall alter in any way the right of Covidien, subsequent to the Distribution Date, to amend or terminate the Covidien Pension Plan in accordance with its terms and applicable Law.

(c) To the extent it is determined by mutual agreement of the Parties following the Distribution Date that any assets relating to the Mallinckrodt Pension Plans or the Covidien Pension Plan either (1) were not transferred to the master trust established on behalf of the Mallinckrodt Pension Plans or Covidien Pension Plan, respectively, by the Distribution Date or (2) were acquired after the Distribution Date by a Party’s master trust and such assets should have been or should be allocated to the other Party’s master trust, the Parties shall cooperate to ensure that such assets are allocated to the appropriate Party’s master trust as soon as practicable following such determination. The determination of which Party’s trust shall be the appropriate trust for assets shall be governed by ERISA and shall be made by the named fiduciaries for the respective plans.

#### Section 5.2 Defined Contribution Plans.

##### (a) Mallinckrodt Savings Plans.

(i) To the extent not completed before the Effective Time, effective as of the Distribution Date, a Mallinckrodt Entity shall assume sponsorship of and be solely

responsible for the management and administration of all Assets and Liabilities under the Mallinckrodt 401(k) Plan and any other defined contribution plan in the U.S. covering Mallinckrodt Group Employees or Former Mallinckrodt Group Employees as of the Distribution Date and listed in Schedule 5.2(a) (the “Mallinckrodt Savings Plans”). Nothing contained in this Agreement shall alter in any way the right of Mallinckrodt, subsequent to the Distribution Date, to amend or terminate the Mallinckrodt Savings Plans in accordance with its terms and applicable Law.

(ii) Effective as of the Distribution Date, a Mallinckrodt Entity shall be solely responsible for the adjudication of claims filed by Mallinckrodt Group Employees or Former Mallinckrodt Group Employees under a Mallinckrodt Savings Plan, including, but not limited to, claims filed before the Distribution Date under such plans as in effect on the date such claim was filed provided that (A) the claim relates to Assets or Liabilities assumed by Mallinckrodt under this Section 5.2(a); (B) the claim has not been finally adjudicated by Covidien on the day immediately preceding the Distribution Date; and (C) under the applicable claims procedure, the applicable Mallinckrodt Entity’s plan administrator or other authorized person or committee will have at least a sixty (60)-day period after the Distribution Date to respond to such claim. Covidien shall be solely responsible for the adjudication of any claim that satisfies subsections (A) and (B) but not (C); provided, however, that if Covidien’s response to such claim does not finally adjudicate the claim, Covidien shall immediately transfer administration of such claim to Mallinckrodt for final adjudication upon sending its response to the claimant.

(b) Covidien Retained Savings Plans. Following the Distribution Date, a Covidien Entity shall retain sole responsibility for all benefit obligations incurred prior to the Distribution Date and Liabilities under the Covidien 401(k) Plan and the Covidien Retirement Savings and Investment Plan for Puerto Rico Employees and any other defined contribution plan in the U.S. covering Covidien Group Employees (the “Covidien Retained Savings Plans”). Nothing contained in this Agreement shall alter in any way the right of Covidien, subsequent to the Distribution Date, to amend or terminate a Covidien Retained Savings Plan in accordance with its terms and applicable Law.

Section 5.3 Employee Benefit Plan Governance Structure. To the extent not completed before the Effective Time, effective as of the Distribution Date, a Mallinckrodt Entity shall take all such actions as are necessary to (a) establish an employee benefit plan governance structure that includes, at a minimum, an investment committee and administrative committee authorized to serve as named fiduciaries of any Benefit Plan sponsored or maintained by a Mallinckrodt Entity that is governed by ERISA; (b) appoint members of such investment and administrative committees; and (c) establish a new trust or trusts to hold tax-qualified retirement plan assets as required by ERISA and applicable Law. Effective as of the Effective Time, Mallinckrodt shall assume and shall be solely responsible for all fiduciary responsibilities pursuant to ERISA and applicable Law that are associated with the Mallinckrodt Savings Plans and Mallinckrodt Pension Plans.

ARTICLE VI  
U.S. NON-QUALIFIED DEFERRED COMPENSATION PLANS

Section 6.1 Mallinckrodt Non-Qualified Deferred Compensation Plans.

(a) To the extent not completed before the Effective Time, effective as of the Distribution Date, a Mallinckrodt Entity shall assume sponsorship of and be solely responsible for the management, administration and satisfaction of all Assets and Liabilities under any non-qualified deferred compensation plan in the U.S. maintained by Covidien or any Subsidiary of Covidien and each other Person that is controlled directly or indirectly by Covidien (including, to the extent applicable, any member of the Mallinckrodt Group) as of the day prior to the Distribution Date, other than the Covidien Non-qualified Plans (the “Mallinckrodt Deferred Compensation Plans”). This Agreement hereby authorizes the transfer of sponsorship of any Mallinckrodt Deferred Compensation Plan that has not been transferred to a Mallinckrodt Entity by the Distribution Date, with Covidien authorizing the transfer of sponsorship on behalf of the applicable Covidien Entity and Mallinckrodt authorizing the acceptance of plan sponsorship on behalf of the applicable Mallinckrodt Entity. Nothing contained in this Agreement shall alter in any way the right of Mallinckrodt, subsequent to the Distribution Date, to amend or terminate a Mallinckrodt Deferred Compensation Plan in accordance with its terms and applicable Law.

(b) All elections by Mallinckrodt Group Employees, and Former Mallinckrodt Group Employees that were in effect immediately prior to the Distribution Date shall continue in effect from and after the Distribution Date until a new election that by its terms supersedes the prior election is made by such Mallinckrodt Group Employee or Former Mallinckrodt Group Employee in accordance with the terms of the applicable Mallinckrodt Deferred Compensation Plan and consistent with the provisions of Code Section 409A, to the extent applicable.

(c) As of the Distribution Date, a Mallinckrodt Entity shall be solely responsible for the adjudication of claims filed by Mallinckrodt Group Employees or Former Mallinckrodt Group Employees under a Mallinckrodt Deferred Compensation Plan before the Distribution Date, provided that (A) the claim relates to Assets or Liabilities assumed by Mallinckrodt under this Section 6.1; (B) the claim has not been finally adjudicated by Covidien as of the day immediately preceding the Distribution Date; and (C) under the applicable claims procedure Mallinckrodt’s plan administrator or other authorized person or committee will have at least a sixty (60)-day period after the Distribution Date to respond to such claim. Covidien shall be solely responsible for the adjudication of any claim that satisfies subsections (A) and (B) but not (C); provided, however, that if Covidien’s response to such claim does not finally adjudicate the claim, Covidien shall immediately transfer administration of such claim to Mallinckrodt for final adjudication upon sending its response to the claimant.

(d) Payments to Mallinckrodt Group Employees and Former Mallinckrodt Group Employees under a Mallinckrodt Deferred Compensation Plan shall be made by a Mallinckrodt Entity as determined in the sole discretion of Mallinckrodt.

Section 6.2 Covidien Non-Qualified Deferred Compensation Plan. Following the Distribution Date, Covidien shall retain sole responsibility for the satisfaction of all Liabilities under Covidien Non-qualified Plans and all

Liabilities with respect to non-qualified deferred compensation plan benefits for Covidien Group Employees and Former Covidien Group Employees.

Section 6.3 Participation; Distributions. Covidien and Mallinckrodt acknowledge that none of the transactions contemplated by the Separation Agreement or any Ancillary Agreement will trigger a payment or distribution of compensation under any of the Covidien Non-qualified Plans or Mallinckrodt Deferred Compensation Plans for any participant and, consequently, that the payment or distribution of any compensation to which such participant is entitled under any of the Covidien Non-qualified Plans or Mallinckrodt Deferred Compensation Plans will occur upon such participant's separation from service from the Mallinckrodt Group or at such other time as provided in the applicable Mallinckrodt Deferred Compensation Plan or participant's deferral election.

## ARTICLE VII U.S. HEALTH, WELFARE AND FRINGE BENEFIT PLANS

### Section 7.1 Health Plans.

(a) Effective as of January 1, 2013, a Mallinckrodt Entity established or caused to be established the Mallinckrodt Health Plan. After the Distribution Date, a Mallinckrodt Entity shall be solely responsible for the management and administration of the Mallinckrodt Health Plan, including compliance with COBRA continuation coverage requirements, and solely responsible for the payment of all employer-related costs associated with establishing, administering and maintaining the Mallinckrodt Health Plan, and for the collection and remittance of participant contributions and premium payments.

Except as provided below, a Mallinckrodt Entity shall be solely responsible for the adjudication of any claims filed by a Mallinckrodt Group Employee or Former Mallinckrodt Group Employee before the Distribution Date under the Mallinckrodt Health Plan. Notwithstanding the previous sentence, a Covidien Entity shall be solely responsible for the adjudication of any claims filed by a Mallinckrodt Group Employee or Former Mallinckrodt Group Employee under the Mallinckrodt Health Plan before the Distribution Date that (A) has not been finally adjudicated by a Covidien Entity on the day immediately preceding the Distribution Date; and (B) under the applicable claims procedure, the applicable Covidien Entity's plan administrator or other authorized person or committee will have a less than sixty (60)-day period after the Distribution Date to respond to such claim. Notwithstanding the previous sentence, if Covidien's response to such claim does not finally adjudicate the claim, Covidien shall immediately upon sending its response to the claimant transfer administration of such claim to Mallinckrodt for final adjudication. Any determination made or settlements entered into by a Covidien Entity prior to the Distribution Date with respect to claims incurred under the Mallinckrodt Health Plan by Mallinckrodt Group Employees or Former Mallinckrodt Group Employees shall be final and binding.

Section 7.2 Section 125 Plans. Effective as of January 1, 2013, a Mallinckrodt Entity established or caused to be established a Mallinckrodt Section 125 Plan. After the Distribution Date, a Mallinckrodt Entity shall be solely responsible for the management and administration of the Mallinckrodt Section 125 Plan.

Section 7.3 Fringe Benefits. Effective as of the Distribution Date and to the extent it is not part of the Mallinckrodt Health Plan, Mallinckrodt shall be responsible for establishing (as necessary) and maintaining its own U.S. fringe benefit plans, policies and arrangements, including any employee assistance program, educational assistance program, adoption assistance program and any other fringe benefit plans, programs and arrangements. Mallinckrodt shall be solely responsible for the management and administration of and assume financial and administrative Liability and all related obligations and responsibilities with respect to claims for such fringe benefits incurred by Mallinckrodt Group Employees and Former Mallinckrodt Group Employees (but not paid by Covidien) prior to the Distribution Date.

Section 7.4 Workers' Compensation. With respect to claims for workers' compensation in the U.S., (a) the Covidien Group shall be responsible for claims in respect of Covidien Group Employees and Former Covidien Group Employees, whether occurring prior to, on or following the Distribution Date and (b) the Mallinckrodt Group shall be responsible for all claims in respect of Mallinckrodt Group Employees and Former Mallinckrodt Group Employees occurring on or following the Distribution Date. For purposes of this Section 7.4, claims shall be deemed to be incurred upon the occurrence of the injury giving rise to such claim.

Section 7.5 Indemnification. Mallinckrodt agrees to hold Covidien harmless with respect to any Liabilities related to actions taken to establish any Benefit Plans and related third party administrative agreements prior to the Distribution Date.

Section 7.6 Termination of Participation. Except as otherwise provided under this Agreement or in any Transition Services Agreements and to the extent that Mallinckrodt Group Employees have not previously ceased participating in a Covidien Benefit Plan, effective as of the Effective Time, Mallinckrodt Group Employees shall cease participating in any Covidien Benefit Plan and shall, thereafter, be ineligible for benefits under any Covidien Benefit Plan.

#### ARTICLE VIII NON-U.S. EMPLOYEES

To the extent not completed before the Effective Time, as of the Distribution Date, a Mallinckrodt Entity shall take such steps as are necessary or appropriate to adopt and provide benefit plan coverage to Mallinckrodt Group Employees working in Non-U.S. jurisdictions that is similar to the benefit plan coverage provided by a Covidien Entity immediately prior to the date that such Mallinckrodt Entity provides such benefit plan coverage; provided, however, that given the limited number of Mallinckrodt Group Employees in certain jurisdictions and the practical limitations of establishing similar benefit plan coverage in such jurisdictions, such arrangements may be different than benefit plan coverage provided by a Covidien Entity and may be determined by Mallinckrodt in its sole discretion. Mallinckrodt shall indemnify Covidien for any and all claims made by any Mallinckrodt Group Employee that relates to the transition of employment in Non-U.S. jurisdictions in connection with the Distribution and resulting changes to benefit plan coverage.

ARTICLE IX  
GENERAL PROVISIONS

Section 9.1 Preservation of Rights to Amend. The rights of each Covidien Entity and each Mallinckrodt Entity to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 9.2 Fiduciary Matters. Covidien and Mallinckrodt each acknowledges that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 9.3 Entire Agreement. This Agreement, together with the documents referenced herein (including the Separation Agreement, the Ancillary Agreements and the plans and agreements referenced herein), constitutes the entire agreement and understanding among the Parties with respect to the subject matter hereof and supersedes all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof. To the extent any provision of this Agreement conflicts with the provisions of the Separation Agreement, the provisions of this Agreement shall be deemed to control with respect to the subject matter hereof.

Section 9.4 Binding Effect; No Third-Party Beneficiaries; Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Except as otherwise expressly provided in this Agreement, this Agreement is solely for the benefit of the Parties and should not be deemed to confer upon any third parties any remedy, claim, Liability, reimbursement, cause of action, or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor's right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement. This Agreement may not be assigned by any Party, except with the prior written consent of the other Parties.

Section 9.5 Amendment. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.6 Remedies Cumulative. All rights and remedies existing under this Agreement or the Schedules attached hereto are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Section 9.7 Notices. Unless otherwise expressly provided herein, all notices, claims, certificates, requests, demands and other communications hereunder shall be made or given in accordance with the provisions of Section 11.5 of the Separation Agreement.

Section 9.8 Counterparts. This Agreement, including the Schedules hereto and the other documents referred to herein, may be executed in multiple counterparts, each of which when executed shall be deemed to be an original but all of which together shall constitute one and the same agreement.

Section 9.9 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

Section 9.10 Governing Law. The construction, interpretation and performance of this Agreement shall be governed and construed according to the laws of the State of New York, without regard to conflicts of laws principles (other than Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York).

Section 9.11 Dispute Resolution. The dispute resolution procedures set forth in Article VIII of the Separation Agreement shall apply to any dispute, controversy or claim (whether sounding in contract, tort or otherwise) that arises out of or relates to this Agreement, any breach or alleged breach hereof, the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby on or prior to the date hereof), or the construction, interpretation, enforceability, or validity hereof.

Section 9.12 Performance. Covidien will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the Covidien Group. Mallinckrodt will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the Mallinckrodt Group. Each party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Section 9.12 to all of the other members of its Group, and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such party's obligations under this Agreement or the transactions contemplated hereby.

Section 9.13 Construction. This Agreement shall be construed as if jointly drafted by the Parties and no rule of construction or strict interpretation shall be applied against any Party.

Section 9.14 Effect if Distribution Does Not Occur. Notwithstanding anything in this Agreement to the contrary, if the Separation Agreement is terminated prior to the Effective Time, this Agreement shall be of no further force and effect.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in their names by a duly authorized officer as of the date first written above.

COVIDIEN PLC

By: /s/ John W. Kapples

Name: John W. Kapples

Title: Vice President and Secretary

MALLINCKRODT PLC

By: /s/ Matthew K. Harbaugh

Name: Matthew K. Harbaugh

Title: Director

*[Signature Page to Employee Matters Agreement]*

Schedule 5.1(a)

LIST OF MALLINCKRODT PENSION PLANS

Mallinckrodt Inc. Retirement Plan  
Mallinckrodt Inc. Cash Balance Pension Plan  
Mallinckrodt St. Louis Union Pension Plan  
Mallinckrodt Greenville Union Pension Plan  
Libel-Flarsheim Salaried Pension Plan  
Libel-Flarsheim Union Pension Plan

Schedule 5.2(a)

LIST OF MALLINCKRODT SAVINGS PLANS

Mallinckrodt Pharmaceuticals Savings and Investment Plan  
CNS Therapeutics 401(k) Savings Plan

TRANSITION SERVICES AGREEMENT

BY AND BETWEEN

COVIDIEN PLC

AND

MALLINCKRODT PLC

DATED AS OF JUNE 28, 2013

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## TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of June 28, 2013 (this “Agreement”), is by and between Covidien plc, an Irish public limited company (“Covidien”), and Mallinckrodt plc, an Irish public limited company (“Mallinckrodt”). Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement, dated as of the date hereof, by and between Covidien and Mallinckrodt (as amended, modified or supplemented from time to time in accordance with its terms, the “Separation Agreement”).

### RECITALS

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

WHEREAS, Covidien and Mallinckrodt have entered into the Separation Agreement;

WHEREAS, in order to facilitate and provide for an orderly transition under the Separation Agreement, the Parties (as defined herein) desire to enter into this Agreement to set forth the terms and conditions pursuant to which each of the Parties shall provide to the other the Services (as defined herein) for a transitional period; and

WHEREAS, the Separation Agreement requires execution and delivery of this Agreement by Covidien and Mallinckrodt on or prior to the Distribution Date.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

### **ARTICLE I DEFINITIONS**

The following capitalized terms used in this Agreement shall have the meanings set forth below:

“Additional Services” shall have the meaning set forth in Section 2.03(a).

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

“Confidential Information” shall have the meaning set forth in Section 9.03(a).

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

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

“Covidien Local Service Manager” shall have the meaning set forth in Section 2.06(a).

“Covidien Materials” shall have the meaning set forth in Section 3.01(a).

“Covidien Services” shall have the meaning set forth in Section 2.01.

“Covidien Services Manager” shall have the meaning set forth in Section 2.06(a).

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

“Interest Payment” shall have the meaning set forth in Section 5.01(d).

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

“Mallinckrodt Local Service Manager” shall have the meaning set forth in Section 2.06(b).

“Mallinckrodt Services” shall have the meaning set forth in Section 2.01.

“Mallinckrodt Services Manager” shall have the meaning set forth in Section 2.06(b)

“New Services” shall have the meaning set forth in Section 2.04(a).

“Party” shall mean Covidien and Mallinckrodt individually, and “Parties” means Covidien and Mallinckrodt collectively, and, in each case, their permitted successors and assigns.

“Provider” shall mean the Party or its Subsidiary or Affiliate providing a Service under this Agreement.

“Provider Indemnified Party” shall have the meaning set forth in Section 7.04.

“Recipient” shall mean the Party or its Subsidiary or Affiliate to whom a Service under this Agreement is being provided.

“Recipient Indemnified Party” shall have the meaning set forth in Section 7.05.

“Reimbursement Charges” shall have the meaning set forth in Section 5.01(c).

“Schedule(s)” shall have the meaning set forth in Section 2.02.

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

“Service Baseline Period” shall have the meaning set forth in Section 2.03(c).

“Service Charges” shall have the meaning set forth in Section 5.01(a).

“Service Extension” shall have the meaning set forth in Section 8.01(c).

“Service Increases” shall have the meaning set forth in Section 2.03(b).

“Services” shall have the meaning set forth in Section 2.01.

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

“Transfer Taxes” shall have the meaning set forth in Section 5.02(a).

“VAT” shall have the meaning set forth in Section 5.02(a).

## ARTICLE II SERVICES, DURATION AND SERVICES MANAGERS

Section 2.01. Services. Subject to the terms and conditions of this Agreement, (a) Covidien shall provide or cause to be provided to the Mallinckrodt Group the services listed on Schedule A to this Agreement (the “Covidien Services”) and (b) Mallinckrodt shall provide or cause to be provided to the Covidien Group the services listed on Schedule B to this Agreement (the “Mallinckrodt Services,” and, collectively with the Covidien Services, any Additional Services, any Service Increases and any New Services, the “Services”). For the avoidance of doubt, Services provided in different regions or countries (as indicated by such Services being listed on different subparts of the Schedules hereto) shall be considered separate Services hereunder, notwithstanding that such Services may be similar in nature. All of the Services shall be for the sole use and benefit of the respective Recipient and its respective Party.

Section 2.02. Duration of Services. Subject to the terms of this Agreement, each of Covidien and Mallinckrodt shall provide or cause to be provided to the respective Recipients each Service until the earlier to occur of, with respect to each such Service, (i) the expiration of the term for such Service (or, subject to the terms of Section 8.01(c), the expiration of any Service Extension) as set forth on Schedule A or Schedule B (each a “Schedule”, and collectively, the “Schedules”) or (ii) the date on which such Service is terminated under Section 8.01(b).

Section 2.03. Additional Unspecified Services. (a) After the date of this Agreement, if Mallinckrodt or Covidien (i) identifies a service that (x) the Covidien Group provided to the Mallinckrodt Group prior to the Distribution Date that Mallinckrodt reasonably needs in order for the Mallinckrodt Business to continue to operate in substantially the same manner in which the Mallinckrodt Business operated prior to the Distribution Date, and such service was not included on Schedule A (other than because the Parties agreed such service shall not be provided), or (y) the Mallinckrodt Group provided to the Covidien Group prior to the Distribution Date that Covidien reasonably needs in order for the Covidien Business to continue to operate in substantially the same manner in which the Covidien Business operated prior to the Distribution Date, and such service was not included on Schedule B (other than because the Parties agreed such service shall not be provided), and (ii) provides written notice to the other Party within ten (10) days following the date of the filing by Mallinckrodt of its first Annual Report on Form 10-K with the U.S. Securities and Exchange Commission requesting such additional services, then such other Party shall use its commercially reasonable efforts to provide such requested additional services (such requested additional services, the “Additional Services”); provided, however, that no Party shall be obligated to provide any Additional Service if it does not, in its reasonable judgment, have adequate resources to provide such Additional Service or if the provision of such Additional Service would significantly disrupt the operation of its businesses; and provided, further, that the Provider shall not be required to provide any Additional Services if the Parties are unable to reach agreement on the terms thereof (including with respect to Service Charges

therefor). In connection with any request for Additional Services in accordance with this Section 2.03(a), the Covidien Services Manager and the Mallinckrodt Services Manager shall in good faith negotiate the terms of a supplement to the applicable Schedule, which terms shall be consistent with the terms of, and the pricing methodology used for, similar Services provided under this Agreement. Upon the mutual written agreement of the Parties, the supplement to the applicable Schedule shall describe in reasonable detail the nature, scope, service period(s), termination provisions and other terms applicable to such Additional Services in a manner similar to that in which the Services are described in the existing Schedules. Each supplement to the applicable Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Additional Services set forth therein shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(b) After the date of this Agreement, if (i) a Recipient requests to increase, relative to historical levels prior to the Distribution Date, the volume, amount, level or frequency, as applicable, of any Service provided by such Provider and (ii) such increase is reasonably determined by the Recipient as necessary for the Recipient to operate its businesses (such increases, the "Service Increases"), then such Provider shall consider such request in good faith; provided, however, that no Party shall be obligated to provide any Service Increase, including because, after good-faith negotiations between the Parties, the Parties fail to reach an agreement with respect to the terms thereof (including with respect to Service Charges therefor). In connection with any request for Service Increases in accordance with this Section 2.03(b), the Covidien Services Manager and the Mallinckrodt Services Manager shall in good faith negotiate the terms of an amendment to the applicable Schedule, which amendment shall be consistent with the terms of, and the pricing methodology used for, the applicable Service. Each amended Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Service Increases set forth therein shall be deemed a part of the "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(c) Notwithstanding the foregoing clauses (a) and (b), and without limiting the remainder of this clause (c), the Provider shall not be obligated to perform or to cause to be performed any Service in a volume or quantity in any fiscal year that exceeds the highest volumes or quantities of analogous services provided to Covidien's applicable functional group or Subsidiary during fiscal year 2012 (without reference to the transactions contemplated by the Separation Agreement) (the "Service Baseline Period"). If the Recipient requests that the Provider perform or cause to be performed any Service in a volume or quantity that exceeds the highest volumes or quantities of analogous services that were provided to Covidien or its applicable functional group or Subsidiary during the Service Baseline Period, then: (i) if such higher volume or quantity results from fluctuations occurring in the ordinary course of business of the Recipient, the Provider shall use commercially reasonable efforts to provide such requested higher volume or quantity; and (ii) if such higher volume or quantity results from any other source, including an acquisition, merger, purchase or other business combination by the Recipient, the Parties shall cooperate and act in good faith to determine whether the Provider shall provide such requested higher volume or quantity. If the Parties agree that the Provider shall provide the requested higher volume or quantity, then Covidien and Mallinckrodt shall document such terms in an amendment to the applicable Schedule, which amendment shall be consistent with the terms of,

and the pricing methodology used for, the applicable Service. Each amended subsection of Schedule A hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the volume or quantity increases set forth therein shall be deemed a part of the “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.04. New Services. (a) From time to time during the term of this Agreement, either Party may request the other Party to provide additional or different services which such other Party is not expressly obligated to provide under this Agreement (excluding, for the avoidance of doubt, any Additional Services or Service Increases, the “New Services”). The Party receiving such request shall consider such request in good faith; provided, however, that no Party shall be obligated to provide any New Services, including because, after negotiations between the Parties pursuant to Section 2.04(b), the Parties fail to reach an agreement with respect to the terms (including the Service Charges) applicable to the provision of such New Services.

(b) In connection with any request for New Services in accordance with Section 2.04(a), the Covidien Services Manager and the Mallinckrodt Services Manager shall in good faith (i) negotiate the applicable Service Charge and the terms of a supplement to the applicable Schedule, which supplement shall describe in reasonable detail the nature, scope, service period(s), termination provisions and other terms applicable to such New Services, and (ii) determine any costs and expenses, including any start-up costs and expenses, that would be incurred by the Provider in connection with the provision of such New Services, which costs and expenses shall be borne solely by the Recipient. Each supplement to the applicable Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the New Services set forth therein shall be deemed “Services” provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.05. Services Not Included. It is not the intent of the Provider to render, nor of the Recipient to receive from the Provider, professional advice or opinions, whether with regard to Tax, legal, treasury, finance, employment or other business and financial matters, technical advice, whether with regard to information technology or other matters, or the handling of or addressing environmental matters; the Recipient shall not rely on, or construe, any Service rendered by or on behalf of the Provider as such professional advice or opinions or technical advice; and the Recipient shall seek all third-party professional advice and opinions or technical advice as it may desire or need.

Section 2.06. Transition Services Managers. (a) Covidien hereby appoints and designates the individual holding the Covidien position set forth on Exhibit I to act as its initial services manager (the “Covidien Services Manager”), who will be directly responsible for coordinating and managing the delivery of the Covidien Services and have authority to act on Covidien’s behalf with respect to matters relating to the provision of Services under this Agreement. The Covidien Services Manager will work with the personnel of the Covidien Group to periodically address issues and matters raised by Mallinckrodt relating to the provision of Services under this Agreement. Notwithstanding the requirements of Section 9.06, all communications from Mallinckrodt to Covidien pursuant to this Agreement regarding routine matters involving a Service shall be made through the individual specified as the local service manager (the “Covidien Local Service Manager”) with respect to such Service on the applicable Schedule or such other individual

as may be specified by the Covidien Services Manager in writing and delivered to Mallinckrodt by email or facsimile transmission with receipt confirmed. Covidien shall notify Mallinckrodt of the appointment of a different Covidien Services Manager or Covidien Local Service Manager(s), if necessary, in accordance with Section 9.06.

(b) Mallinckrodt hereby appoints and designates the individual holding the Mallinckrodt position set forth on Exhibit I to act as its initial services manager (the "Mallinckrodt Services Manager"), who will be directly responsible for coordinating and managing the delivery of Mallinckrodt Services and have authority to act on Mallinckrodt's behalf with respect to matters relating to this Agreement. The Mallinckrodt Services Manager will work with the personnel of the Mallinckrodt Group to periodically address issues and matters raised by Covidien relating to this Agreement. Notwithstanding the requirements of Section 9.06, all communications from Covidien to Mallinckrodt pursuant to this Agreement regarding routine matters involving a Service shall be made through the individual specified as the local service manager (the "Mallinckrodt Local Service Manager") with respect to such Service on the applicable Schedule or as specified by the Mallinckrodt Services Manager in writing and delivered to Covidien by email or facsimile transmission with receipt confirmed. Mallinckrodt shall notify Covidien of the appointment of a different Mallinckrodt Services Manager or Mallinckrodt Local Service Manager(s), if necessary, in accordance with Section 9.06.

Section 2.07. Personnel. (a) The Provider of any Service will make available to the Recipient of such Service such personnel as may be necessary to provide such Service on the understanding that such personnel shall remain employed and/or engaged by the Provider. The Provider will have the right, in its reasonable discretion, to (i) designate which personnel it will assign to perform such Service, and (ii) remove and replace such personnel at any time; provided, however, that any such removal or replacement shall not be the basis for any increase in any Service Charge or Reimbursement Charge payable hereunder or relieve the Provider of its obligation to provide any Service hereunder; and provided, further, that the Provider will use its commercially reasonable efforts to limit the disruption to the Recipient in the transition of the Services to different personnel.

(b) In the event that the provision of any Service by the Provider requires the cooperation and services of the personnel of the Recipient, the Recipient will make available to the Provider such personnel (who shall be appropriately qualified for purposes of so supporting the provision of such Service by the Provider) as may be necessary for the Provider to provide such Service on the understanding that such personnel shall remain employed and/or engaged by the Recipient. The Recipient will have the right, in its reasonable discretion, to (i) designate which personnel it will make available to the Provider in connection with the provision of such Service, and (ii) remove and replace such personnel at any time; provided, however, that any resulting increase in costs to the Provider shall be borne by the Recipient and any adverse effect to the provision of such Service by the Provider shall not be deemed a breach of this Agreement; and provided, further, that the Recipient will use its commercially reasonable efforts to limit the disruption to the Provider in the transition of such personnel. If the Provider, in its reasonable discretion and following discussions with the Recipient, requests the Recipient to remove and/or replace any such personnel from their roles in respect of the Services being provided by the Provider, the Recipient shall comply with such request.

(c) No Provider shall be liable under this Agreement for any Liabilities incurred by the Recipient Indemnified Parties that are primarily attributable to, or that are a consequence of, any actions or inactions of the personnel of the Recipient, except for any such actions or inactions undertaken pursuant to the direction of the Provider.

(d) Nothing in this Agreement shall grant the Provider, or its employees, agents and third-party providers that are performing the Services, the right directly or indirectly to control or direct the operations of the Recipient or any member of its Group. Such employees, agents and third-party providers shall not be required to report to the management of the Recipient nor be deemed to be under the management or direction of the Recipient. The Recipient acknowledges and agrees that, except as may be expressly set forth herein as a Service (including any Additional Services, Service Increases or New Services) or otherwise expressly set forth in the Separation Agreement, another Ancillary Agreement or any other applicable agreement, no Provider or any member of its Group shall be obligated to provide, or cause to be provided, any service or goods to any Recipient or any member of its Group.

### **ARTICLE III COVIDIEN MATERIALS**

Section 3.01. Corporate Policies. (a) Subject to the terms and conditions of this Agreement, Covidien grants to Mallinckrodt a non-exclusive, royalty-free, fully paid-up, worldwide license to create or have created materials based on Covidien's corporate policies and manuals (the "Covidien Materials") for distribution to employees of Mallinckrodt and use such materials in the operation of the Mallinckrodt Business in substantially the same manner as the Covidien Materials were used by Covidien prior to the Distribution. It is understood and agreed that, to the maximum extent permitted by applicable Law, Covidien makes no representation or warranty, express or implied, as to the accuracy or completeness of any of the Covidien Materials, as to whether the Covidien Materials comply with Law, as to the non-infringement of any of the Covidien Materials or as to the suitability of any of the Covidien Materials for use by Mallinckrodt in respect of its business, or otherwise.

(b) Notwithstanding the foregoing, the text of any materials created by or for Mallinckrodt, and related to, or based upon, any of the Covidien Materials, may not contain any references to Covidien (or any of Covidien's marks, names, trade dress, logos or other source or business identifiers, including the Covidien Name and Covidien Marks), Covidien's publications, Covidien's personnel (including senior management), Covidien's management structures or any other indication (other than the verbatim or paraphrased reproduction of the content) that such materials are based upon any of the Covidien Materials.

Section 3.02. Limitation on Rights and Obligations with Respect to the Covidien Materials. (a) Covidien shall have no obligation to (i) notify Mallinckrodt of any changes or proposed changes to any of the Covidien Materials, (ii) include Mallinckrodt in any consideration of proposed changes to any of the Covidien Materials, (iii) provide draft changes of any of the Covidien Materials to Mallinckrodt for review and/or comment or (iv) provide Mallinckrodt with any updated materials relating to any of the Covidien Materials. Mallinckrodt acknowledges and agrees that, except as expressly set forth above, Covidien reserves all rights (including all Intellectual Property rights) in, to and under the Covidien Materials and no rights with respect to

ownership or use, except as otherwise expressly provided in this Agreement, shall vest in Mallinckrodt. The Parties acknowledge and agree that, subject to the exceptions specified in Section 9.03, the Covidien Materials are the Confidential Information of Covidien. Mallinckrodt shall use at least the same degree of care to prevent and restrain the unauthorized use or disclosure of any confidential materials created by or for Mallinckrodt that are based upon any of the Covidien Materials as it uses for its other confidential information of a like nature, but in no event less than a reasonable degree of care. Mallinckrodt will allow Covidien reasonable access to personnel and information as reasonably necessary to determine Mallinckrodt's compliance with the provisions set forth above; provided, however, such access shall not unreasonably interfere with any of the business or operations of Mallinckrodt. Subject to Section 9.05, in the event that Covidien determines that Mallinckrodt has not materially complied with some or all of its obligations with respect to any or all of the Covidien Materials, Covidien may terminate Mallinckrodt's rights with respect to such Covidien Materials upon written notice to Mallinckrodt and, in such case, Covidien shall be entitled to require such Covidien Materials to be returned to Covidien or destroyed and any materials created by or for Mallinckrodt that are based upon such Covidien Materials to be destroyed (with such destruction certified by Mallinckrodt in writing to Covidien promptly after such termination).

(b) If Mallinckrodt determines to cease to avail itself of any of the Covidien Materials, Covidien and Mallinckrodt shall cooperate in good faith to take reasonable and appropriate actions to arrange for the return to Covidien or destruction of such Covidien Materials and to protect Covidien's rights and interests in such Covidien Materials.

#### **ARTICLE IV ADDITIONAL ARRANGEMENTS**

Section 4.01. Software and Software Licenses. (a) If and to the extent requested by Mallinckrodt, Covidien shall use commercially reasonable efforts to assist Mallinckrodt in its efforts to obtain licenses (or other appropriate rights) to use, duplicate and distribute, as necessary and applicable, certain computer software necessary for Covidien to provide, and Mallinckrodt to receive, Covidien Services; provided, however, that Covidien shall not be required to pay any fees or other payments or incur any obligations or liabilities to enable Mallinckrodt to obtain any such license or rights (except and to the extent that Mallinckrodt advances such fees or payments to Covidien); provided, further, that Covidien shall not be required to seek broader rights or more favorable terms for Mallinckrodt than those applicable to Covidien or Mallinckrodt, as the case may be, prior to the date of this Agreement or as may be applicable to Covidien from time to time hereafter; and, provided, further, that Mallinckrodt shall bear only those costs that relate solely and directly to obtaining such licenses (or other appropriate rights) in the ordinary course. The Parties acknowledge and agree that there can be no assurance that Covidien's efforts will be successful or that Mallinckrodt will be able to obtain such licenses or rights on acceptable terms or at all and, where Covidien enjoys rights under any enterprise or site license or similar license, the Parties acknowledge that such license typically precludes partial transfers or assignments or operation of a service bureau on behalf of unaffiliated entities. In the event that Mallinckrodt is unable to obtain such software licenses, the Parties shall work together using commercially reasonable efforts to obtain an alternative software license to allow Covidien to provide, and Mallinckrodt to receive, such Covidien Services, and the Parties shall negotiate in good faith an amendment to the applicable Schedule to reflect any such new arrangement.

(b) If and to the extent requested by Covidien, Mallinckrodt shall use commercially reasonable efforts to assist Covidien in its efforts to obtain licenses (or other appropriate rights) to use, duplicate and distribute, as necessary and applicable, certain computer software necessary for Mallinckrodt to provide, and Covidien to receive, Mallinckrodt Services; provided, however, that Mallinckrodt shall not be required to pay any fees or other payments or incur any obligations or liabilities to enable Covidien to obtain any such license or rights (except and to the extent that Covidien advances such fees or payments to Mallinckrodt); provided, further, that Mallinckrodt shall not be required to seek broader rights or more favorable terms for Covidien than those applicable to Covidien or Mallinckrodt, as the case may be, prior to the date of this Agreement or as may be applicable to Mallinckrodt from time to time hereafter; and, provided, further, that Covidien shall bear only those costs that relate solely and directly to obtaining such licenses (or other appropriate rights) in the ordinary course. The Parties acknowledge and agree that there can be no assurance that Mallinckrodt's efforts will be successful or that Covidien will be able to obtain such licenses or rights on acceptable terms or at all and, where Mallinckrodt enjoys rights under any enterprise or site license or similar license, the Parties acknowledge that such license typically precludes partial transfers or assignments or operation of a service bureau on behalf of unaffiliated entities. In the event that Covidien is unable to obtain such software licenses, the Parties shall work together using commercially reasonable efforts to obtain an alternative software license to allow Mallinckrodt to provide, and Covidien to receive, such Mallinckrodt Services, and the Parties shall negotiate in good faith an amendment to the applicable Schedule to reflect any such new arrangement, which amended Schedule shall not require Covidien to pay for any fees, expenses or costs relating to the software license that Covidien was unable to obtain pursuant to the provisions of this Section 4.01(b).

(c) In the event that there are any costs associated with obtaining software licenses in accordance with Section 4.01 that (i) would not be payable in the ordinary course, including in the form of a "transfer fee" or other similar fees or expenses payable by the Recipient or the Provider, and (ii) would not have been payable by the Recipient or the Provider absent the need for a consent or waiver in connection with the license that the Recipient is seeking to obtain, such costs shall be borne by the Recipient.

Section 4.02. Covidien Computer-Based and Other Resources. (a) From and after the date of this Agreement, Mallinckrodt and its Affiliates shall cause all of their personnel having access to the Covidien Intranet or such other computer software, networks, hardware, technology or computer based resources pursuant to the Separation Agreement, or any Ancillary Agreement, or in connection with performance, receipt or delivery of a Service, to comply with all security guidelines (including physical security, network access, internet security, confidentiality and personal data security guidelines) of Covidien and its Affiliates (of which Covidien provides Mallinckrodt written notice). Mallinckrodt shall ensure that the access contemplated by this Section 4.02 shall be used by such personnel only for the purposes contemplated by, and subject to the terms of, this Agreement. Except as expressly provided in the Separation Agreement, any other Ancillary Agreement or any other applicable agreement or as required in connection with the performance or delivery of any Services, each of the Parties and its Affiliates shall cease using (and shall cause their employees to cease using) the services made available by the other Party and its Affiliates prior to the date of this Agreement.

Section 4.03. Access to Facilities. (a) Mallinckrodt shall, and shall cause its Subsidiaries to, allow Covidien and its Representatives reasonable access to the facilities of Mallinckrodt necessary for Covidien to fulfill its obligations under this Agreement.

(b) Covidien shall, and shall cause its Subsidiaries to, allow Mallinckrodt and its Representatives reasonable access to the facilities of Covidien necessary for Mallinckrodt to fulfill its obligations under this Agreement.

(c) Notwithstanding the other rights of access of the Parties under this Agreement, each Party shall, and shall cause its Subsidiaries to, afford the other Party, its Subsidiaries and Representatives, following not less than five (5) business days' prior written notice from the other Party, reasonable access during normal business hours to the facilities, information, systems, infrastructure, and personnel of the relevant Providers as reasonably necessary for the other Party to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided, however, such access shall not unreasonably interfere with any of the business or operations of such Party or its Subsidiaries.

(d) Except as otherwise permitted by the other Party in writing, each Party shall permit only its authorized Representatives, contractors, invitees or licensees to access the other Party's facilities.

Section 4.04. Cooperation. It is understood that it will require the significant efforts of both Parties to implement this Agreement and to ensure performance of this Agreement by the Parties at the agreed-upon levels in accordance with all of the terms and conditions of this Agreement. The Parties will cooperate, acting in good faith and using commercially reasonable efforts, to effect a smooth and orderly transition of the Services provided under this Agreement from the Provider to the Recipient (including repairs and maintenance Services and the assignment or transfer of the rights and obligations under any third-party contracts relating to the Services); provided, however, that this Section 4.04 shall not require either Party to incur any out-of-pocket costs or expenses.

Section 4.05. Data Protection. The Provider shall only process personal data which it may receive from the Recipient, while carrying out its duties under this Agreement: (a) in such a manner as is necessary to carry out those duties; (b) in accordance with the instructions of the Recipient; and (c) using appropriate technical and organizational measures to prevent the unauthorized or unlawful processing of such personal data and/or the accidental loss or destruction of, or damage to, such personal data.

## **ARTICLE V COSTS AND DISBURSEMENTS**

Section 5.01. Costs and Disbursements. (a) Except as otherwise provided in this Agreement, a Recipient of Services shall pay to the Provider of such Services a monthly fee for the Services (or category of Services, as applicable) (each fee constituting a "Service Charge" and, collectively, "Service Charges") as listed on the Schedules hereto.

(b) The amount of the Service Charge for each Service shall increase three percent (3%) annually on each anniversary of this Agreement (including during the term of any Service Extension). In addition, during the term of this Agreement, the amount of a Service Charge for any Services (or category of Services, as applicable) may increase to the extent of: (i) any increases mutually agreed to by the Parties, (ii) any Service Charges applicable to any Additional Services, Service Increases or New Services, and (iii) any increase in the rates or charges imposed by any unaffiliated third-party provider that is providing Services. Together with any monthly invoice for Service Charges and Reimbursement Charges, the Provider shall provide the Recipient with documentation to support the calculation of such Service Charges or any Reimbursement Charges.

(c) The Recipient shall reimburse the Provider for reasonable out-of-pocket costs and expenses incurred by the Provider or its Affiliates in connection with providing the Services (including necessary travel-related expenses) (each such cost or expense, a “Reimbursement Charge” and, collectively, “Reimbursement Charges”); provided, however, that any such cost or expense that is materially inconsistent with historical practice between the Parties for any Service (including business travel and related expenses) shall require advance approval of the Recipient. Any authorized travel-related expenses incurred in performing the Services shall be incurred and charged to the Recipient in accordance with the Provider’s then-applicable business travel policies made known to the Recipient.

(d) The Service Charges and Reimbursement Charges due and payable hereunder shall be invoiced and paid in the currency indicated in the column entitled “Fees (Local)” in the relevant Schedule hereto. The Recipient shall pay the amount of each monthly invoice by wire transfer (or such other method of payment as may be agreed between the Parties) to the Provider within sixty (60) days of the receipt of each such invoice, including appropriate documentation as described herein. In the absence of a timely notice of billing dispute in accordance with the provisions of Article VIII of the Separation Agreement, if the Recipient fails to pay such amount by the due date, the Recipient shall be obligated to pay to the Provider, in addition to the amount due, interest at an annual default interest rate of three percent (3%), or the maximum legal rate, whichever is lower (the “Interest Payment”), accruing from the date the payment was due through the date of actual payment. In the event of any billing dispute, the Recipient shall promptly pay any undisputed amount.

(e) Subject to the confidentiality provisions set forth in Section 9.03, each Party shall, and shall cause their respective Affiliates to, provide, upon ten (10) days’ prior written notice from the other Party, any information within such Party’s or its Affiliates’ possession that the requesting Party reasonably requests in connection with any Services being provided to such requesting Party by an unaffiliated third-party provider, including any applicable invoices, agreements documenting the arrangements between such third-party provider and the Provider and other supporting documentation; provided, however, that each Party shall make no more than one such request during any calendar month.

Section 5.02. Tax Matters. (a) Without limiting any provisions of this Agreement, the Recipient shall be responsible for (i) all excise, sales, use, transfer, stamp, documentary, filing, recordation and other similar Taxes, (ii) any value added, goods and services or similar recoverable indirect Taxes (“VAT”) and (iii) any related interest and penalties (collectively, “Transfer

Taxes”), in each case imposed or assessed as a result of the provision of Services by the Provider. In particular, but without prejudice to the generality of the foregoing, all amounts payable pursuant to this Agreement are exclusive of amounts in respect of VAT. Where any taxable supply for VAT purposes is made pursuant to this Agreement by the Provider to the Recipient, the Recipient shall either (i) on receipt of a valid VAT invoice from the Provider, pay to the Provider such additional amounts in respect of VAT as are chargeable on the supply of the services at the same time as payment is due for the supply of the services; or (ii) where required by legislation to do so, account directly to the relevant Governmental Authority for any such VAT amounts. The Party required to account for Transfer Tax shall provide to the other Party evidence of the remittance of the amount of such Transfer Tax to the relevant Governmental Authority, including, without limitation, copies of any Tax returns remitting such amount. The Provider agrees that it shall take commercially reasonable actions to cooperate with the Recipient in obtaining any refund, return, rebate, or the like of any Transfer Tax, including by filing any necessary exemption or other similar forms, certificates, or other similar documents. The Recipient shall promptly reimburse the Provider for any costs incurred by the Provider or its Affiliates in connection with the Recipient obtaining a refund or overpayment of refund, return, rebate, or the like of any Transfer Tax. For the avoidance of doubt, any applicable gross receipts-based or net income-based Taxes shall be borne by the Provider unless the Provider is required by law to obtain, or allowed to separately invoice for and obtain, reimbursement of such Taxes from the Recipient.

(b) The Recipient shall be entitled to deduct and withhold Taxes required by any Governmental Requirements to be withheld on payments made pursuant to this Agreement. To the extent any amounts are so withheld, the Recipient shall (i) pay, in addition to the amount otherwise due to the Provider under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by the Provider will equal the full amount the Provider would have received had no such deduction or withholding been required, (ii) pay such deducted and withheld amount to the proper Governmental Authority, and (iii) promptly provide to the Provider evidence of such payment to such Governmental Authority. The Provider shall, prior to the date of any payment to be made pursuant to this Agreement, at the request of the Recipient, make commercially reasonable efforts to provide the Recipient any certificate or other documentary evidence (x) required by Governmental Requirements or (y) which the Provider is entitled by Governmental Requirements to provide in order to reduce the amount of any Taxes that may be deducted or withheld from such payment and the Recipient agrees to accept and act in reliance on any such duly and properly executed certificate or other applicable documentary evidence.

(c) If the Provider (i) receives any refund (whether by payment, offset, credit or otherwise) or (ii) utilizes any overpayment of Taxes that are borne by Recipient pursuant to this Agreement, then the Provider shall promptly pay, or cause to be paid, to the Recipient an amount equal to the deficiency or excess, as the case may be, with respect to the amount that the Recipient has borne if the amount of such refund or overpayment (including, for the avoidance of doubt, any interest or other amounts received with respect to such refund or overpayment) had been included originally in the determination of the amounts to be borne by Recipient pursuant to this Agreement, net of any additional Taxes the Provider incurs or will incur as a result of the receipt of such refund or such overpayment.

Section 5.03. No Right to Set-Off. The Recipient shall timely pay the full amount of Service Charges and Reimbursement Charges and shall not set-off, counterclaim or otherwise withhold any amount owed to the Provider under this Agreement on account of any obligation owed by the Provider to the Recipient.

## ARTICLE VI STANDARD FOR SERVICE

### Section 6.01. Standard for Service.

(a) The Provider agrees (i) to perform the Services with substantially the same nature, quality, standard of care and service levels at which the same or similar services were performed by or on behalf of the Provider prior to the Distribution Date or, if not so previously provided, then substantially similar to that which are applicable to similar services provided to the Provider's Affiliates or other business components; and (ii) upon receipt of written notice from the Recipient identifying any outage, interruption or other failure of any Service, to respond to such outage, interruption or other failure of such Service in a manner that is substantially similar to the manner in which such Provider or its Affiliates responded to any outage, interruption or other failure of the same or similar services prior to the Distribution Date. The Parties acknowledge that an outage, interruption or other failure of any Service shall not be deemed to be a breach of the provisions of this Section 6.01 so long as the applicable Provider complies with the foregoing clause (ii).

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent the manner of such performance would constitute a violation of applicable Law or any existing contract or agreement with a third party. If the Provider is or becomes aware of any potential violation on the part of the Provider, the Provider shall promptly send a written notice to the Recipient of any such potential violation. The Parties each agree to cooperate and use commercially reasonable efforts to obtain any necessary third-party consents required under any existing contract or agreement with a third party to allow the Provider to perform or cause to be performed any Service in accordance with the standards set forth in this Section 6.01. Any costs and expenses incurred by either Party in connection with obtaining any such third-party consent that is required to allow the Provider to perform or cause to be performed any Service shall be solely the responsibility of the Recipient. If, with respect to a Service, the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required third-party consent or the performance of such Service by the Provider would continue to constitute a violation of applicable Laws, the Provider shall use commercially reasonable efforts in good faith to provide such Services in a manner as closely as possible to the standards described in this Section 6.01 that would apply absent the exception provided for in the first sentence of this Section 6.01(b).

Section 6.02. Disclaimer of Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PARTIES ACKNOWLEDGE AND AGREE THAT THE SERVICES ARE PROVIDED AS-IS, THAT EACH RECIPIENT ASSUMES ALL RISKS AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES AND EACH PROVIDER, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, MAKES NO REPRESENTATION OR WARRANTY

WITH RESPECT THERETO. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PROVIDER HEREBY EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES REGARDING THE SERVICES, WHETHER EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY IN REGARD TO QUALITY, PERFORMANCE, NONINFRINGEMENT, COMMERCIAL UTILITY, MERCHANTABILITY OR FITNESS OF ANY SERVICE FOR A PARTICULAR PURPOSE.

Section 6.03. Compliance with Laws and Regulations. Each Party shall be responsible for its own compliance and its subcontractors' compliance with any and all Laws applicable to its performance under this Agreement. No Party will knowingly take any action in violation of any such applicable Law that results in liability being imposed on the other Party.

## **ARTICLE VII LIMITED LIABILITY AND INDEMNIFICATION**

Section 7.01. Consequential and Other Damages. Notwithstanding anything to the contrary contained in the Separation Agreement or this Agreement, the Provider shall not be liable to the Recipient or any of its Affiliates or Representatives, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, for any special, indirect, incidental, punitive or consequential damages whatsoever (including lost profits or damages calculated on multiples of earnings approaches), which in any way arise out of, relate to or are a consequence of, the performance or nonperformance by the Provider (including any Affiliates and Representatives of the Provider and any unaffiliated third-party providers, in each case, providing the applicable Services) under this Agreement or the provision of, or failure to provide, any Services under this Agreement, including with respect to loss of profits, business interruptions or claims of customers.

Section 7.02. Limitation of Liability. The Liabilities of each Provider and its Affiliates and Representatives, collectively, under this Agreement for any act or failure to act in connection herewith (including the performance or breach of this Agreement), or from the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, shall not exceed the total aggregate Service Charges (excluding any Reimbursement Charges) actually paid to such Provider by the Recipient pursuant to this Agreement. The foregoing limitations on Liability in this Section 7.02 shall not apply to any breach of Section 9.03.

Section 7.03. Obligation To Reperform; Liabilities. In the event of any breach of this Agreement by any Provider with respect to the provision of any Services (with respect to which the Provider can reasonably be expected to re-perform in a commercially reasonable manner), the Provider shall (a) promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of the Recipient and at the sole cost and expense of the Provider and (b) subject to the limitations set forth in Sections 7.01 and 7.02, reimburse the Recipient and its Affiliates and Representatives for Liabilities attributable to such breach by the Provider. The remedy set forth in this Section 7.03 shall be the sole and exclusive remedy of the Recipient for any such breach of this Agreement. Any request for re-performance

in accordance with this Section 7.03 by the Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than one (1) month from the date such error, defect or breach becomes apparent or should have reasonably become apparent to the Recipient.

Section 7.04. Release and Recipient Indemnity. Subject to Section 7.01, each Recipient hereby releases the applicable Provider and its Affiliates and Representatives (each, a “Provider Indemnified Party”), and each Recipient hereby agrees to indemnify, defend and hold harmless each such Provider Indemnified Party from and against any and all Liabilities arising from, relating to or in connection with: (a) the use of any Services by such Recipient or any of its Affiliates, Representatives or other Persons using such Services; or (b) the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, in the case of each of clause (a) and (b), except to the extent that such Liabilities arise out of, relate to or are a consequence of the applicable Provider Indemnified Party’s bad faith, gross negligence or willful misconduct.

Section 7.05. Provider Indemnity. Subject to Section 7.01, each Provider hereby agrees to indemnify, defend and hold harmless the applicable Recipient and its Affiliates and Representatives (each a “Recipient Indemnified Party”), from and against any and all Liabilities arising from, relating to or in connection with: (a) the use of any Services by such Recipient or any of its Affiliates, Representatives or other Persons using such Services; or (b) the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, in the case of each of clause (a) and (b), to the extent that such Liabilities arise out of, relate to or are a consequence of the applicable Provider’s bad faith, gross negligence or willful misconduct.

Section 7.06. Indemnification Procedures. The provisions of Sections 4.5 and 4.6 of the Separation Agreement shall govern claims for indemnification under this Agreement.

Section 7.07. Liability for Payment Obligations. Nothing in this Article VII shall be deemed to eliminate or limit, in any respect, Covidien’s or Mallinckrodt’s express obligation in this Agreement to pay Service Charges and Reimbursement Charges for Services rendered in accordance with this Agreement.

Section 7.08. Exclusion of Other Remedies. The provisions of Sections 7.03, 7.04 and 7.05 of this Agreement shall, to the maximum extent permitted by applicable Law, be the sole and exclusive remedies of the Provider Indemnified Parties and the Recipient Indemnified Parties, as applicable, for any claim, loss, damage, expense or liability, whether arising from statute, principle of common or civil law, principles of strict liability, tort, contract or otherwise under this Agreement.

Section 7.09. Confirmation. Neither Party excludes responsibility for any liability which cannot be excluded pursuant to applicable Law.

## **ARTICLE VIII TERM AND TERMINATION**

Section 8.01. Term and Termination. (a) This Agreement shall commence immediately upon the Distribution Date and shall terminate upon the earlier to occur of: (i) the last date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement or (ii) the mutual written agreement of the Parties to terminate this Agreement in its entirety.

(b) Without prejudice to a Recipient's rights with respect to a Force Majeure, a Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service but not a portion thereof:

(i) for any reason or no reason, upon providing at least sixty (60) days' prior written notice to the Provider; provided, however, that the Recipient shall pay to the Provider the necessary and reasonable documented out-of-pocket costs incurred in connection with the wind down of such Service other than any employee severance and relocation expenses, but including unamortized license fees and costs for equipment used to provide such Service, contractual obligations under agreements used to provide such Service, any breakage or termination fees and any other termination costs payable by the Provider with respect to any resources or pursuant to any other third-party agreements that were used by the Provider to provide such Service (or an equitably allocated portion thereof, in the case of any such equipment, resources or agreements that also were used for purposes other than providing Services); or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to exist thirty (30) days after receipt by the Provider of written notice of such failure from the Recipient.

In the event that any Service is terminated other than at the end of a month, the Service Charge associated with such Service shall be pro-rated appropriately. The Parties acknowledge that there may be interdependencies among the Services being provided under this Agreement that may not be identified on the applicable Schedules and agree that, if the Provider's ability to provide a particular Service in accordance with this Agreement is materially and adversely affected by the termination of another Service in accordance with Section 8.01(b)(i), then the Parties shall negotiate in good faith to amend the Schedule relating to such affected continuing Service, which amendment shall be consistent with the terms of, and the pricing methodology used for, comparable Services.

(c) In connection with the termination of any Service, if the Recipient reasonably determines that it will require such Service to continue beyond the date on which such Service is scheduled to terminate, the Recipient may request that the Provider extend such Service (any such extension, a "Service Extension") for a specified period beyond the scheduled termination of such Service (which period shall in no event be longer than one hundred and eighty (180) days) by written notice to the Provider no less than sixty (60) days prior to the date of such scheduled termination, and Provider shall consider any such request in good faith; provided, however, that no Party shall be obligated to agree to any Service Extension, including because, after good-faith negotiations between the Parties, the Parties fail to reach an agreement with respect to the terms thereof; provided, further, however, that (i) there shall be no more than one (1) Service Extension with respect to each Service and (ii) the Provider shall not be obligated to provide such Service Extension if a third-party consent is required and cannot be obtained by the Provider. Unless otherwise agreed by Provider and Recipient, the Service Charge applicable to any such Service

Extension shall be one hundred and twenty percent (120%) of the Service Charge applicable to such Service immediately prior to the Service Extension. In connection with any request for Service Extensions in accordance with this Section 8.01(c), the Covidien Services Manager and the Mallinckrodt Services Manager shall in good faith (x) negotiate the terms of an amendment to the applicable Schedule, which amendment shall be consistent with the terms of the applicable Service, and (y) determine the costs and expenses (other than Service Charges), if any, that would be incurred by the Provider or the Recipient, as the case may be, in connection with the provision of such Service Extension, which costs and expenses shall be borne solely by the Party requesting the Service Extension. Each amended Schedule to implement a Service Extension, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and any Services provided pursuant to such Service Extensions shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 8.02. Effect of Termination. Upon termination of any Service pursuant to this Agreement, the Provider of the terminated Service will have no further obligation to provide the terminated Service, and the relevant Recipient will have no obligation to pay any future Service Charges relating to any such Service; provided, however, that the Recipient shall remain obligated to the relevant Provider for the (i) Service Charges and Reimbursement Charges owed and payable in respect of Services provided prior to the effective date of termination and (ii) any applicable charges described in Section 8.01(b)(i), which charges shall be payable only in the event that the Recipient terminates any Service pursuant to Section 8.01(b)(i). In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, Article I, Article VII (including liability in respect of any indemnifiable Liabilities under this Agreement arising or occurring on or prior to the date of termination), Article VIII, Article IX, all confidentiality obligations under this Agreement and liability for all due and unpaid Service Charges and Reimbursement Charges and any applicable charges payable pursuant to Section 8.01(b)(i), shall continue to survive indefinitely.

Section 8.03. Force Majeure. (a) Neither Party (nor any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of a Force Majeure; provided, however, that (i) such Party (or such Person) shall have exercised commercially reasonable efforts to minimize the effect of such Force Majeure on its obligations; and (ii) the nature, quality and standard of care that the Provider shall provide in delivering a Service after a Force Majeure shall be substantially the same as the nature, quality and standard of care that the Provider provides to its Affiliates with respect to such Service. In the event of an occurrence of a Force Majeure, the Party whose performance is affected thereby shall give notice of suspension as soon as reasonably practicable to the other stating the date and extent of such suspension and the cause thereof, and such Party shall resume the performance of such obligations as soon as reasonably practicable after the removal of such cause.

(b) During the period of a Force Majeure, the Recipient shall be entitled to permanently terminate such Service(s) (and shall be relieved of the obligation to pay Service Charges

for such Services(s) throughout the duration of such Force Majeure) if a Force Majeure shall continue to exist for more than fifteen (15) consecutive days, it being understood that Recipient shall not be required to provide any advance notice of such termination to Provider or pay any charges in connection therewith.

## **ARTICLE IX GENERAL PROVISIONS**

Section 9.01. No Agency. Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any Party an agent of an unaffiliated party in the conduct of such other party's business. A Provider of any Service under this Agreement shall act as an independent contractor and not as the agent of the Recipient in performing such Service, maintaining control over its employees, its subcontractors and their employees and complying with all withholding of income at source requirements, whether federal, national, state, local or foreign.

Section 9.02. Subcontractors. A Provider may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement; provided, however, that (i) such Provider shall use the same degree of care in selecting any such subcontractor as it would if such contractor was being retained to provide similar services to the Provider and (ii) such Provider shall in all cases remain primarily responsible for all of its obligations under this Agreement with respect to the scope of the Services, the standard for services as set forth in Article VI and the content of the Services provided to the Recipient.

### Section 9.03. Treatment of Confidential Information.

(a) The Parties shall not, and shall cause all other persons providing Services or having access to information of the other Party that is confidential or proprietary ("Confidential Information") not to, disclose to any other person or use, except for purposes of this Agreement, any Confidential Information of the other Party; provided, however, that the Confidential Information may be used by such Party to the extent that such Confidential Information has been (i) in the public domain through no fault of such Party or any member of such Group or any of their respective Representatives, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation, or (iii) independently generated without reference to any Confidential Information of the other Party; provided, further, that each Party may disclose Confidential Information of the other Party, to the extent not prohibited by applicable Law: (i) to its Representatives on a need-to-know basis in connection with the performance of such Party's obligations under this Agreement; (ii) in any report, statement, testimony or other submission required to be made to any Governmental Authority having jurisdiction over the disclosing Party; or (iii) in order to comply with applicable Law, or in response to any summons, subpoena or other legal process or formal or informal investigative demand issued to the disclosing Party in the course of any litigation, investigation or administrative proceeding. In the event that a Party becomes legally compelled (based on advice of counsel) by deposition, interrogatory, request for documents subpoena, civil investigative demand or similar judicial or administrative process to disclose any Confidential Information of the other Party, such disclosing Party shall provide the other Party with prompt prior written notice of such requirement, and, to the extent reasonably practicable, cooperate with the other Party (at such other Party's expense) to obtain a protective order or similar remedy to

cause such Confidential Information not to be disclosed, including interposing all available objections thereto, such as objections based on settlement privilege. In the event that such protective order or other similar remedy is not obtained, the disclosing Party shall furnish only that portion of the Confidential Information that has been legally compelled, and shall exercise its commercially reasonable efforts (at such other Party's expense) to obtain assurance that confidential treatment will be accorded such Confidential Information.

(b) Each Party shall, and shall cause its Representatives to, protect the Confidential Information of the other Party by using the same degree of care to prevent the unauthorized disclosure of such as the Party uses to protect its own confidential information of a like nature, but in any event no less than a reasonable degree of care.

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

(d) Each Party shall comply with all applicable local, state, national, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of Services under this Agreement.

Section 9.04. Further Assurances. Each Party covenants and agrees that, without any additional consideration, it shall execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate this Agreement.

Section 9.05. Dispute Resolution. Any Dispute shall be resolved in accordance with the procedures set forth in Article VIII of the Separation Agreement, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified herein or in Article VIII of the Separation Agreement.

Section 9.06. Notices. Except with respect to routine communications by the Covidien Services Manager, Mallinckrodt Services Manager, Covidien Local Services Manager and Mallinckrodt Local Services Manager under Section 2.06, all notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.06):

(i) if to Covidien:

Covidien plc  
1st Floor, 20 on Hatch  
Lower Hatch Street  
Dublin 2  
Ireland  
Attn: Chief Financial Officer  
Facsimile: +353-1-438-1798

with copies to:

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

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

(ii) if to Mallinckrodt:

Mallinckrodt plc  
Damastown, Mulhuddart  
Dublin 15  
Ireland  
Attn: Chief Financial Officer  
Facsimile: +353-1-820-8780

with copies to:

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

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

Section 9.07. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 9.08. Entire Agreement. This Agreement, together with the documents referenced herein (including the Separation Agreement and any other Ancillary Agreements) constitutes the entire agreement between the parties with respect to the subject matter hereof, supersedes all prior written and oral and all contemporaneous oral agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties other than those set forth or referred to herein or therein.

Section 9.09. No Third-Party Beneficiaries. Except as provided in Article VII with respect to Provider Indemnified Parties and Recipient Indemnified Parties, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person, including any union or any employee or former employee of Covidien or Mallinckrodt, any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

Section 9.10. Governing Law. This Agreement (and any claims or disputes arising out of or related to this Agreement or to the transactions contemplated by this Agreement or to the inducement of any Party to enter into this Agreement or the transactions contemplated by this Agreement, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall in all respects be governed by, and construed in accordance with, the Laws of the State of New York, including all matters of construction, validity and performance, in each case without reference to any conflict of Law rules that might lead to the application of the Laws of any other jurisdiction (other than Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York).

Section 9.11. Amendment. No provision of this Agreement, including any Schedules to this Agreement, may be amended, supplemented or modified except by a written instrument making specific reference to this Agreement or any such Schedules to this Agreement, as applicable, signed by all the Parties.

Section 9.12. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph and Schedule are references to the Articles, Sections, paragraphs and Schedules of this Agreement unless otherwise specified; (c) references to “\$” shall mean U.S. dollars; (d) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (e) the word “or” shall not be exclusive; (f) references to “written” or “in writing” include in electronic form; (g) provisions shall apply, when appropriate, to successive events and transactions; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) Covidien and Mallinckrodt have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; (j) a reference to any Person includes such Person’s successors and permitted assigns; (k) any reference to “days” means calendar days unless business days are expressly specified; and (l) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a business day, the period shall end on the next succeeding business day.

Section 9.13. Counterparts. This Agreement may be executed in one or more counterparts, and by each Party in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format (PDF) shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 9.14. Assignability. This Agreement shall not be assigned by operation of Law or otherwise without the prior written consent of Covidien and Mallinckrodt, except that each Party may:

(a) assign all of its rights and obligations under this Agreement to any of its Subsidiaries; provided, that in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement;

(b) in connection with the divestiture of any Subsidiary or business of such Party that is a Recipient to an acquiror that is not a competitor of the Provider, assign to the acquiror of such Subsidiary or business its rights and obligations as a Recipient with respect to the Services provided to such divested Subsidiary or business under this Agreement; provided, that (i) in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement, (ii) any and all costs and expenses incurred by either Party in connection with such assignment (including in connection with clause (iii) of this proviso) shall be borne solely by the assigning Party, and (iii) the Parties shall in good faith negotiate any amendments to this Agreement, including the Schedules hereto, that may be necessary or appropriate in order to assign such Services; and

(c) in connection with the divestiture of any Subsidiary or business of such Party that is a Recipient to an acquiror that is a competitor of the Provider, assign to the acquiror of such Subsidiary or business its rights and obligations as a Recipient with respect to the Services provided to such divested Subsidiary or business under this Agreement; provided, that (i) in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement, (ii) any and all costs and expenses incurred by either Party in connection with such assignment (including in connection with clause (iii) of this proviso) shall be borne solely by the assigning Party, (iii) the Parties shall in good faith negotiate any amendments to this Agreement, including the Schedules hereto, that may be necessary or appropriate in order to ensure that such assignment will not (x) materially and adversely affect the businesses and operations of each of the Parties and their respective Affiliates or (y) create a competitive disadvantage for the Provider with respect to an acquiror that is a competitor, and (iv) no Party shall be obligated to provide any such assigned Services to an acquiror that is a competitor if the provision of such assigned Services to such acquiror would disrupt the operation of such Party's businesses or create a competitive disadvantage for such Party with respect to such acquirer.

Section 9.15. Public Announcements. From and after the Distribution Date, the Parties shall consult with each other before issuing, and give each other the opportunity to review and comment upon, that portion of any press release or other public statements that relates to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system; or (b) as otherwise set forth in the Separation Agreement.

Section 9.16. Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, shareholder, Affiliate, agent, attorney or representative of either Covidien or Mallinckrodt or their Affiliates shall have any liability for any obligations or liabilities of Covidien or Mallinckrodt, respectively, under this Agreement or for any claims based on, in respect of, or by reason of, the transactions contemplated by this Agreement.

*[The remainder of this page is intentionally left blank.]*

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

**COVIDIEN PLC**

By: /s/ John W. Kapples

Name: John W. Kapples

Title: Vice President and Secretary

**MALLINCKRODT PLC**

By: /s/ Matthew K. Harbaugh

Name: Matthew K. Harbaugh

Title: Director

*[Signature Page to Transition Services Agreement]*

### **Covidien Completes Separation of Pharmaceuticals Business**

DUBLIN, Ireland – July 1, 2013 – Covidien (NYSE: COV), a leading global provider of healthcare products, today announced it has completed the separation of its Pharmaceuticals business, which is now held by Mallinckrodt plc, a new independent company. Mallinckrodt will begin “regular way” trading on the New York Stock Exchange today under the symbol “MNK.”

The distribution of Mallinckrodt ordinary shares occurred on June 28, 2013. In the distribution, Mallinckrodt issued one ordinary share for every eight Covidien ordinary shares held as of the close of business on June 19, 2013, the record date for the distribution.

Covidien announced in December 2011 that it planned to spin-off the Pharmaceuticals business. While both businesses hold industry-leading positions, they have distinctly different business models, sales channels, customers and capital requirements. In addition, their respective innovation pipelines differ substantially in length, regulatory approval requirements, possible risks and potential returns. The spin-off will enable both businesses to pursue their own strategic and operational plans, including setting optimal levels of investment in research and development and creating business-appropriate capital structures.

“We wish our colleagues at Mallinckrodt continued success as they launch a new, independent specialty pharmaceuticals company focused on pain management and medical imaging diagnostics,” said José E. Almeida, Covidien Chairman, President and CEO. “Mallinckrodt has strong market positions based on its core strengths in manufacturing and pharmaceutical formulation.”

“Covidien is well positioned to deliver on its strategic initiatives, including broadening innovation focus, aggressively managing its portfolio, capitalizing on emerging markets opportunities and optimizing spending to provide for investments in innovation and growth,” said Mr. Almeida. “We are maintaining our long-term financial goals and continue to target top-line growth at or above the markets in which we compete.”

In fiscal 2012 excluding the Pharmaceuticals business, Covidien had annual sales of \$9.9 billion, about evenly split between the U.S. and non-U.S markets. The Medical Devices business segment represented about 80% of the Company’s sales, with Medical Supplies comprising the remainder. The Company holds the number one or number two market position in categories representing approximately 90% of its sales.

Covidien looks to grow sales at or above the rate of the underlying markets and maintains its previously communicated long-term financial goals of mid-single digit sales growth and double-digit adjusted EPS growth over time. The Company plans to leverage its strong cash flow for long-term profitable growth and remains committed to returning at least 50% of its free cash flow to shareholders annually through dividends and share repurchases.

## **ABOUT COVIDIEN**

Covidien is a leading global healthcare products company that creates innovative medical solutions for better patient outcomes and delivers value through clinical leadership and excellence. Covidien manufactures, distributes and services a diverse range of industry-leading products in medical devices and supplies. With 2012 revenue of \$9.9 billion, Covidien has 38,000 employees worldwide in 70 countries, and its products are sold in over 140 countries. Please visit [www.covidien.com](http://www.covidien.com) to learn more about our business.

## **CONTACTS**

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## **NON-GAAP FINANCIAL MEASURES**

This press release contains financial measures, including adjusted earnings per share and free cash flow, which are considered “non-GAAP” financial measures under applicable Securities & Exchange Commission rules and regulations.

These non-GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with generally accepted accounting principles. The Company’s definition of these non-GAAP measures may differ from similarly titled measures used by others. The Company defines free cash flow as net cash provided by continuing operating activities less capital expenditures.

The non-GAAP financial measures used in this press release adjust for specified items that can be highly variable or difficult to predict. The Company generally uses these non-GAAP financial measures to facilitate management’s financial and operational

decision-making, including evaluation of Covidien's historical operating results, comparison to competitors' operating results and determination of management incentive compensation. These non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting Covidien's business.

Because non-GAAP financial measures exclude the effect of items that will increase or decrease the Company's reported results of operations, management strongly encourages investors to review the Company's consolidated financial statements and publicly filed reports in their entirety. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the tables accompanying this release.

#### **FORWARD-LOOKING STATEMENTS**

*Any statements contained in this communication that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements about the effect of the spin-off of the Company's Pharmaceuticals business. Any forward-looking statements contained herein are based on our management's current beliefs and expectations, but are subject to a number of risks, uncertainties and changes in circumstances, which may cause actual results or Company actions to differ materially from what is expressed or implied by these statements. The factors that could cause actual future results to differ materially from current expectations include, but are not limited to, our ability to effectively introduce and market new products or keep pace with advances in technology, the reimbursement practices of a small number of large public and private insurers, cost-containment efforts of customers, purchasing groups, third-party payors and governmental organizations, intellectual property rights disputes, complex and costly regulation, including healthcare fraud and abuse regulations and the Foreign Corrupt Practices Act, manufacturing or supply chain problems or disruptions, rising commodity costs, recalls or safety alerts and negative publicity relating to Covidien or its products, product liability losses and other litigation liability, divestitures of some of our businesses or product lines, our ability to execute strategic acquisitions of, investments in or alliances with other companies and businesses, competition, risks associated with doing business outside of the United States, foreign currency exchange rates and environmental remediation costs. These and other factors are identified and described in more detail in our Annual Report on Form 10-K for the fiscal year ended September 28, 2012, and in subsequent filings with the SEC. We disclaim any obligation to update these forward-looking statements other than as required by law.*

### Unaudited Pro Forma Condensed Consolidated Financial Statements

On June 28, 2013, Covidien completed the distribution of 100% of the outstanding ordinary shares of Mallinckrodt plc to Covidien shareholders. Each Covidien shareholder received one ordinary share of Mallinckrodt for every eight ordinary shares of Covidien held at the close of business on June 19, 2013 (the distribution).

The unaudited pro forma condensed consolidated financial statements were derived from Covidien's historical consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America and give effect to the distribution of Mallinckrodt. The unaudited pro forma consolidated statements of income for the six months ended March 29, 2013 and for the fiscal years ended September 28, 2012, September 30, 2011 and September 24, 2010 assume that the distribution of Mallinckrodt occurred September 26, 2009, the first day of fiscal 2010. The unaudited pro forma condensed consolidated balance sheet as of March 29, 2013 assumes that the distribution occurred on that date.

The unaudited pro forma consolidated combined financial statements are presented based on currently available information and are intended for informational purposes only. These unaudited pro forma condensed consolidated financial statements are not necessarily indicative of what Covidien's results of operations or financial condition would have been had the distribution been completed on the dates assumed. In addition, they are not necessarily indicative of Covidien's future results of operations or financial condition. Beginning in the third quarter of fiscal 2013, Mallinckrodt's historical financial results for periods prior to the distribution will be reflected in Covidien's consolidated financial statements as discontinued operations.

The separation and distribution agreement provides for an adjustment payment to potentially be made following the distribution from Mallinckrodt to us, or from us to Mallinckrodt. The purpose of the adjustment payment is to compensate Covidien or Mallinckrodt, as applicable, to the extent that the aggregate of Mallinckrodt's cash, indebtedness and specified working capital accounts as of the distribution date, as well as the capital expenditures made with respect to Mallinckrodt's business during fiscal 2013 through the distribution date, deviates from a target. The target will be calculated pursuant to a formula that is set forth in the separation and distribution agreement. An adjustment payment will only be payable if the amount of the adjustment payment exceeds \$20 million, in which case the entire amount will be paid. The unaudited pro forma condensed consolidated balance sheet does not reflect any impact of the adjustment payment to potentially be made, as the amount of such adjustment payment is not currently determinable and would represent a financial projection.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with (i) the audited consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Covidien's Form 10-K for the year ended September 28, 2012 and (ii) the unaudited condensed consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Covidien's Form 10-Q for the six months ended March 29, 2013.

**Covidien plc**  
**Unaudited Pro Forma Consolidated Statement of Income**  
**Six Months Ended March 29, 2013**  
(in millions, except per share data)

	<u>Historical</u>	<u>Separation of Mallinckrodt</u>	<u>Pro Forma for the Separation</u>
<b>Net sales</b>	\$ 6,159	\$ (1,062)	\$ 5,097
Cost of goods sold	2,616	(584)	2,032
<b>Gross profit</b>	3,543	(478)	3,065
Selling, general and administrative expenses	1,909	(257)	1,652
Research and development expenses	311	(78)	233
Restructuring charges, net	69	(7)	62
<b>Operating income</b>	1,254	(136)	1,118
Interest expense	(101)	(1)	(102)
Interest income	5	—	5
Other income, net	17	1	18
<b>Income from continuing operations before income taxes</b>	1,175	(136)	1,039
Income tax expense	241	(38)	203
<b>Income from continuing operations</b>	<u>\$ 934</u>	<u>\$ (98)</u>	<u>\$ 836</u>
<b>Basic earnings per share from continuing operations</b>	\$ 1.98		\$ 1.77
<b>Diluted earnings per share from continuing operations</b>	\$ 1.96		\$ 1.75
<b>Weighted-average number of shares outstanding:</b>			
Basic	472		472
Diluted	476		476

**Covidien plc**  
**Unaudited Pro Forma Consolidated Statement of Income**  
**Fiscal Year Ended September 28, 2012**  
(in millions, except per share data)

	<u>Historical</u>	<u>Separation of Mallinckrodt</u>	<u>Pro Forma for the Separation</u>
<b>Net sales</b>	\$11,852	\$ (2,001)	\$ 9,851
Cost of goods sold	5,038	(1,094)	3,944
<b>Gross profit</b>	6,814	(907)	5,907
Selling, general and administrative expenses	3,686	(425)	3,261
Research and development expenses	623	(144)	479
Restructuring charges, net	91	(9)	82
<b>Operating income</b>	2,414	(329)	2,085
Interest expense	(206)	—	(206)
Interest income	16	(1)	15
Other income, net	25	—	25
<b>Income from continuing operations before income taxes</b>	2,249	(330)	1,919
Income tax expense	347	(65)	282
<b>Income from continuing operations</b>	<u>\$ 1,902</u>	<u>\$ (265)</u>	<u>\$ 1,637</u>
<b>Basic earnings per share from continuing operations</b>	\$ 3.96		\$ 3.40
<b>Diluted earnings per share from continuing operations</b>	\$ 3.92		\$ 3.37
<b>Weighted-average number of shares outstanding:</b>			
Basic	481		481
Diluted	486		486

**Covidien plc**  
**Unaudited Pro Forma Consolidated Statement of Income**  
**Fiscal Year Ended September 30, 2011**  
(in millions, except per share data)

	<u>Historical</u>	<u>Separation of Mallinckrodt</u>	<u>Pro Forma for the Separation</u>
<b>Net sales</b>	\$11,574	\$ (1,967)	\$ 9,607
Cost of goods sold	4,996	(1,110)	3,886
<b>Gross profit</b>	6,578	(857)	5,721
Selling, general and administrative expenses	3,538	(374)	3,164
Research and development expenses	554	(142)	412
Restructuring charges, net	122	(8)	114
Shareholder settlement income	(11)	—	(11)
<b>Operating income</b>	2,375	(333)	2,042
Interest expense	(203)	—	(203)
Interest income	22	(3)	19
Other income, net	22	—	22
<b>Income from continuing operations before income taxes</b>	2,216	(336)	1,880
Income tax expense	333	(34)	299
<b>Income from continuing operations</b>	<u>\$ 1,883</u>	<u>\$ (302)</u>	<u>\$ 1,581</u>
<b>Basic earnings per share from continuing operations</b>	\$ 3.82		\$ 3.21
<b>Diluted earnings per share from continuing operations</b>	\$ 3.79		\$ 3.18
<b>Weighted-average number of shares outstanding:</b>			
Basic	493		493
Diluted	497		497

**Covidien plc**  
**Unaudited Pro Forma Consolidated Statement of Income**  
**Fiscal Year Ended September 24, 2010**  
(in millions, except per share data)

	<u>Historical</u>	<u>Separation of Mallinckrodt</u>	<u>Pro Forma for the Separation</u>
<b>Net sales</b>	\$10,429	\$ (1,991)	\$ 8,438
Cost of goods sold	4,624	(1,131)	3,493
<b>Gross profit</b>	5,805	(860)	4,945
Selling, general and administrative expenses	3,219	(394)	2,825
Research and development expenses	447	(114)	333
Restructuring charges, net	76	(10)	66
<b>Operating income</b>	2,063	(342)	1,721
Interest expense	(199)	—	(199)
Interest income	22	(2)	20
Other income, net	40	—	40
<b>Income from continuing operations before income taxes</b>	1,926	(344)	1,582
Income tax expense	363	(57)	306
<b>Income from continuing operations</b>	<u>\$ 1,563</u>	<u>\$ (287)</u>	<u>\$ 1,276</u>
<b>Basic earnings per share from continuing operations</b>	\$ 3.13		\$ 2.55
<b>Diluted earnings per share from continuing operations</b>	\$ 3.10		\$ 2.53
<b>Weighted-average number of shares outstanding:</b>			
Basic	500		500
Diluted	504		504

**Covidien plc**  
**Unaudited Pro Forma Condensed Consolidated Balance Sheet**  
**At March 29, 2013**  
**(dollars in millions)**

	<u>Historical</u>	<u>Separation of Mallinckrodt</u>	<u>Pro Forma for the Separation</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,683	\$ 715 (a)	\$ 2,398
Accounts receivable trade, less allowance for doubtful accounts	1,830	(323)	1,507
Inventories	1,820	(453)	1,367
Prepaid expenses and other current assets	1,001	(166)	835
<b>Total current assets</b>	<u>6,334</u>	<u>(227)</u>	<u>6,107</u>
Property, plant and equipment, net	2,916	(968)	1,948
Goodwill	8,694	(532)	8,162
Intangible assets, net	3,204	(440)	2,764
Due from former parent and affiliate	597	—	597
Other assets	865	(206)	659
<b>Total Assets</b>	<u>\$22,610</u>	<u>\$ (2,373)</u>	<u>\$ 20,237</u>
<b>Liabilities and Shareholders' Equity</b>			
Current Liabilities:			
Current maturities of long-term debt	\$ 515	\$ (2)	\$ 513
Accounts payable	582	(99)	483
Accrued and other current liabilities	1,778	(264)	1,514
<b>Total current liabilities</b>	<u>2,875</u>	<u>(365)</u>	<u>2,510</u>
Long-term debt	4,562	(21)	4,541
Income taxes payable	1,685	(135)	1,550
Guaranteed contingent tax liabilities	582	—	582
Other liabilities	1,930	(645)	1,285
<b>Total Liabilities</b>	<u>11,634</u>	<u>(1,166)</u>	<u>10,468</u>
Commitments and contingencies			
Shareholders' Equity:			
Preference shares, \$0.20 par value, 125,000,000 authorized; none issued	—	—	—
Ordinary shares, \$0.20 par value, 1,000,000,000 authorized; 486,713,300 issued	97	—	97
Ordinary shares held in treasury at cost; 16,465,236	(960)	—	(960)
Additional paid-in capital	7,431	—	7,431
Retained earnings	4,192	(1,251)	2,941
Accumulated other comprehensive income	216	44	260
<b>Total Shareholders' Equity</b>	<u>10,976</u>	<u>(1,207)</u>	<u>9,769</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$22,610</u>	<u>\$ (2,373)</u>	<u>\$ 20,237</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet.

**COVIDIEN PLC**  
**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

- (a) In connection with the separation, on April 11, 2013, Mallinckrodt International Finance S.A. (MIFSA), previously a wholly-owned subsidiary of Covidien, issued \$900 million aggregate principal amount of senior notes. Upon completion of the separation on June 28, 2013, MIFSA became a wholly-owned subsidiary of Mallinckrodt plc. While MIFSA retained the debt, Covidien retained most of the net proceeds from the debt offering. Upon separation, Mallinckrodt received only an amount of the net proceeds that, together with cash held by its subsidiaries approximated \$168 million.