



**CEVA Group Plc**  
(the "Issuer")

**U.S.\$ 325,000,000 8<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2017 (the "New First Lien Senior Secured Notes") (to be consolidated with the Existing First Lien Senior Secured Notes (as defined below)) and**  
**U.S.\$ 619,716,000 12<sup>3</sup>/<sub>4</sub>% Senior Notes due 2020 (the "New Senior Unsecured Notes" and together with the New First Lien Senior Secured Notes, the "Notes")**

This supplement (the "**Supplement**"), together with the offering circular dated 27 January 2012, which was prepared in connection with the offer of the Notes which is attached as the Annex hereto (the "**Offering Circular**"), including any documents incorporated by reference in the Offering Circular, constitutes the listing particulars (the "**Listing Particulars**") in respect of the Notes, to be approved by the Irish Stock Exchange for the purposes of the application to admit the Notes to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange. Notwithstanding any statements to the contrary in the Offering Circular, the Listing Particulars is a public document.

The New First Lien Senior Secured Notes are to be consolidated and form a single series with the U.S.\$ 450,000,000 8<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2017 issued under the indenture dated 14 December 2010 (the "**Existing First Lien Senior Secured Notes**") subject as provided on the front page of the Offering Circular.

Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made for the Notes to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

In the event that there is any inconsistency between (a) a statement in the Offering Circular and (b) a statement in the Supplement, the statement in (b) shall prevail.

Save as disclosed in these Listing Particulars, there has been no material adverse change in the prospects of the Issuer since 31 December 2010 and there has been no significant change in the financial or trading position of the Issuer since 30 September 2011.

Save as disclosed in these Listing Particulars and in particular in the section entitled "Business – Litigation and Legal Proceedings" on pages 82 to 84 of the Offering Circular, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months, which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

Investors can access in physical form and during the life of the Notes the Indenture, the Memorandum and Articles of Association of the Issuer, the historical audited financial statements of the Issuer for the years ending 31 December 2010 and 31 December 2009 and any other documents referred to within these Listing Particulars at the offices of the Trustee, located at One Canada Square, London E14 5AL, United Kingdom.

The Issuer accepts responsibility for the information contained in these Listing Particulars and confirms that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission to trading of the Notes to the Global Exchange Market of the Irish Stock Exchange for the purposes of the Global Exchange Market Rules.

In respect of the New First Lien Senior Secured Notes: (i) issued pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") the ISIN is US125182AC92 and the CUSIP is 125182AC9; and (ii) issued pursuant to Regulation S under the Securities Act, the ISIN is USG2028CAL49 and the CUSIP is G2028CAL4, subject as provided on the front page of the Offering Circular. In respect of the New Senior Unsecured Notes, (i) issued pursuant to Rule 144A under the Securities Act, the ISIN is US125182AE58 and the CUSIP is 125182AE5; and (ii) issued pursuant to Regulation S under the Securities Act, the ISIN is USG2028CAM22 and the CUSIP is G2028CAM2.

**INVESTING IN THE NOTES INVOLVES SUBSTANTIAL RISKS.  
SEE RISK FACTORS ON PAGES 28 TO 54 OF THE OFFERING CIRCULAR.**

**ANNEX**  
**OFFERING CIRCULAR**

## CONFIDENTIAL OFFERING CIRCULAR



### **\$325,000,000 8¾% Senior Secured Notes due 2017** **\$475,000,000 12¾% Senior Notes due 2020**

CEVA Group Plc (the “Issuer”) is offering \$325,000,000 in aggregate principal amount of 8¾% Senior Secured Notes due 2017 (the “New First Lien Senior Secured Notes”) and \$475,000,000 in aggregate principal amount of 12¾% Senior Notes due 2020 (the “New Senior Unsecured Notes”) and together with the New First Lien Senior Secured Notes, the “notes”). We intend to use the net proceeds of the offering, together with cash on hand, to repay certain indebtedness, with the balance (if any) to be used for general corporate purposes. In addition to the New Senior Unsecured Notes offered hereby, the Issuer is issuing approximately \$145 million in aggregate principal amount of New Senior Unsecured Notes to investment funds affiliated with Apollo Global Management LLC in exchange for existing debt of the Issuer held by them as part of the Concurrent Transactions (as defined herein), subject to adjustments. The New Senior Unsecured Notes offered hereby and the New Senior Unsecured Notes issued in the Concurrent Transactions will be issued under the same indenture, will be treated as a single class for all purposes under the indenture relating to the New Senior Unsecured Notes and will be fungible.

#### **The New First Lien Senior Secured Notes**

The New First Lien Senior Secured Notes offered hereby are being issued as additional 8¾% Senior Secured Notes due 2017 under the indenture dated as of December 14, 2010. There are \$450,000,000 aggregate principal amount of 8¾% Senior Secured Notes due 2017 already outstanding under that indenture (the “Existing First Lien Senior Secured Notes”). The New First Lien Senior Secured Notes offered hereby will be issued under the indenture governing the Existing First Lien Senior Secured Notes, will be treated as a single class together with the Existing First Lien Senior Secured Notes for all purposes under such indenture, including, without limitation, waivers, amendments, redemptions, offers to purchase and collateral matters, and will be fungible with the Existing First Lien Senior Secured Notes (except that the New First Lien Senior Secured Notes to be issued pursuant to Regulation S will trade separately under different CUSIP/ISIN numbers until 40 days after the issue date, but thereafter any such holders may transfer their then existing New First Lien Senior Secured Notes issued pursuant to Regulation S into the same CUSIP/ISIN numbers as the Existing First Lien Senior Secured Notes issued pursuant to Regulation S).

The New First Lien Senior Secured Notes will mature on December 1, 2017. The Issuer will pay interest on the New First Lien Senior Secured Notes on each March 1 and September 1, and at maturity. The first interest payment shall be March 1, 2012 and interest will accrue from September 1, 2011.

The New First Lien Senior Secured Notes will be guaranteed by each of the Issuer’s subsidiaries that guarantees the Issuer’s Existing First Lien Senior Secured Notes and Senior Secured Facilities (as defined herein). The New First Lien Senior Secured Notes will be senior obligations of the Issuer and will be senior obligations of the guarantors secured by a lien that is *pari passu* with the liens granted to secure our Existing First Lien Senior Secured Notes and Senior Secured Facilities, subject to certain exceptions and permitted liens, on certain of our and the guarantors’ existing and future assets as described in this offering circular. The New First Lien Senior Secured Notes will be effectively senior to all junior secured debt and to all unsecured debt to the extent of the collateral securing the New First Lien Senior Secured Notes.

The Issuer may redeem some or all of the New First Lien Senior Secured Notes at any time on or after December 1, 2013, at the redemption prices set forth in this offering circular. In addition, the Issuer may redeem up to 40% of the aggregate principal amount of the New First Lien Senior Secured Notes on or prior to December 1, 2013, with the net proceeds from certain equity offerings at a redemption price of 108.375% of their principal amount, plus accrued and unpaid interest, if any. Prior to December 1, 2013, the Issuer may redeem some or all of the New First Lien Senior Secured Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the “make-whole” premium set forth in this offering circular. In addition, during any twelve-month period prior to December 1, 2013, we may redeem in the aggregate up to 10% of the aggregate principal amount of the New First Lien Senior Secured Notes at a price equal to 105% of the aggregate principal amount of the New First Lien Senior Secured Notes redeemed, plus accrued and unpaid interest, if any.

#### **The New Senior Unsecured Notes**

The New Senior Unsecured Notes will mature on March 31, 2020. The Issuer will pay interest on the New Senior Unsecured Notes on each March 31 and September 30, commencing on September 30, 2012.

The New Senior Unsecured Notes will be guaranteed by each of the Issuer’s subsidiaries that guarantees the Issuer’s New First Lien Senior Secured Notes and Senior Secured Facilities. The New Senior Unsecured Notes will be senior obligations of the Issuer and will be senior obligations of the guarantors, ranking equal in right of payment to all of the senior indebtedness of the Issuer and such guarantors, respectively. The New Senior Unsecured Notes will be effectively subordinated to all of the Issuer’s and the guarantors’ existing and future secured debt to the extent of the value of the assets securing such debt, including the Senior Secured Facilities, Existing First Lien Senior Secured Notes, New First Lien Senior Secured Notes, First-and-a-Half Priority Lien Notes (as defined herein) and Junior Lien Notes (as defined herein).

The Issuer may redeem some or all of the New Senior Unsecured Notes at any time on or after March 31, 2015, at the redemption prices set forth in this offering circular. In addition, the Issuer may redeem up to 40% of the aggregate principal amount of the New Senior Unsecured Notes on or prior to March 31, 2015, with the net proceeds from certain equity offerings at the redemption prices set forth in this offering circular. Prior to March 31, 2015, the Issuer may redeem some or all of the New Senior Unsecured Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the “make-whole” premium set forth in this offering circular.

Currently there is no public market for the notes. Application will be made to the Irish Stock Exchange for the notes to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange-regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

**Investing in the notes involves a high degree of risk. See “Risk Factors” beginning on page 28.**

**New First Lien Senior Secured Notes Price: 98.874% plus accrued interest from September 1, 2011.**

**New Senior Unsecured Notes Price: 98.681% plus accrued interest, if any, from February 1, 2012.**

Delivery of the notes in book-entry form will be made on or about February 1, 2012.

The notes and the related guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, the offering is being made only to “qualified institutional buyers” in compliance with Rule 144A under the Securities Act. You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act.

<b>Credit Suisse</b> Joint Book-Running Manager	<b>Deutsche Bank Securities</b> Joint Book-Running Manager	<b>Goldman, Sachs &amp; Co.</b> Joint Book-Running Manager	<b>J.P. Morgan</b> Joint Book-Running Manager	<b>Morgan Stanley</b> Joint Book-Running Manager	<b>UBS Investment Bank</b> Joint Book-Running Manager
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**Apollo Global Securities**  
Co-Manager

The date of this confidential offering circular is January 27, 2012.

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**You should rely only on the information contained or incorporated by reference in this offering circular or to which we have referred you. We have not authorized anyone to provide you with information that is different. This offering circular may be used only where it is legal to sell these securities. The information in this offering circular may be accurate only on the date of this offering circular.**

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (“RSA 421-B”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## NOTICE TO INVESTORS

This offering circular does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the notes may not be offered or sold, directly or indirectly, and this offering circular may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the notes or possess or distribute this offering circular, and you must obtain all applicable consents and approvals; neither we nor the initial purchasers shall have any responsibility for any of the foregoing legal requirements. See “Transfer Restrictions.”

We accept responsibility for the information contained in this offering circular. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this offering circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Any foreign language included in the document is for convenience purposes only and will not form part of the Listing Particulars of the Irish Stock Exchange.

Neither we nor the initial purchasers nor any of our or their representatives are making any representation to you regarding the legality of an investment in the notes, and you should not construe anything in this offering circular as legal, business, financial, tax or other advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the notes. In making an investment decision regarding the notes, you must rely on your own examination of the Issuer and the terms of the offering, including the merits and risks involved.

By accepting delivery of this offering circular, you agree to the foregoing restrictions, to make no photocopies of this offering circular or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the notes.

This offering circular is based on information provided by us and other sources that we believe are reliable. The initial purchasers are not making any representation or warranty that this information is accurate or complete and are not responsible for this information. In this offering circular, we have summarized certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of our discussions. In making an investment decision, you must rely on your own examination of our business and the terms of the offering and the notes, including the merits and risks involved.

The information set out in relation to sections of this offering circular describing clearing and settlement arrangements, including the sections entitled “Description of the New First Lien Senior Secured Notes—Book-Entry, Delivery and Form” and “Description of the New Senior Unsecured Notes—Book-Entry, Delivery and Form” is subject to any change in or reinterpretation of the rules, regulations and procedures of The Depository Trust

Company (“DTC”) currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, we accept no further responsibility in respect of such information. In addition, this offering circular contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us.

By purchasing the notes, you will be deemed to have acknowledged that you have reviewed this offering circular and have had an opportunity to request, and have received, all additional information (including the indenture governing the notes and the intercreditor agreements) that you need from us. No person is authorized in connection with any offering made by this offering circular to give any information or to make any representation not contained in this offering circular and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the initial purchasers.

The information contained in this offering circular is as of the date hereof. Neither the delivery of this offering circular at any time after the date of publication nor any subsequent commitment to purchase the notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering circular or in our business since the date of this offering circular.

The notes will be available initially only in book-entry form. We expect that the notes offered hereby will be issued in the form of one or more global notes, which will be deposited with a custodian for DTC. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by DTC and its participants, as applicable. See “Description of the New First Lien Senior Secured Notes—Book-Entry, Delivery and Form” and “Description of the New Senior Unsecured Notes—Book-Entry, Delivery and Form.”

This offering circular sets out the procedures of DTC in order to facilitate the original issue and subsequent transfers of interests in the notes among participants of DTC. However, DTC is not under any obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued by either of them at any time. We will not, nor will any of our agents, have responsibility for the performance of the obligations of DTC or its participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use DTC are advised to confirm the continued applicability of its rules, regulations and procedures.

The notes and guarantees of the notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In the United States, the offering of the notes is being made only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act). Prospective purchasers are hereby notified that the initial purchasers of the notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

Neither the United States Securities and Exchange Commission (the “SEC”), any state securities commission nor any non-United States securities authority has approved or disapproved of these securities or determined that this offering circular is accurate or complete. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on transferability and resale, which are described under the caption “Transfer Restrictions.” By possessing this offering circular or purchasing any note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering circular. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

We reserve the right to withdraw this offering of the notes at any time. We and the initial purchasers also reserve the right to reject any offer to purchase the notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the notes sought by it. The initial purchasers and certain of their related entities may acquire, for their own accounts, a portion of the notes.

Application will be made to the Irish Stock Exchange for the notes to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange-regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. We cannot guarantee that our application to the Irish Stock Exchange for the notes to be admitted to the Official List and to trading on the Global Exchange Market will be approved as of the settlement date for the notes or at any time thereafter, and settlement of the notes is not conditioned on obtaining this admission to trading. Our application for listing on the Irish Stock Exchange will be reviewed by the staff of the exchange and may be reviewed by certain regulatory authorities in Ireland. As part of the listing process, we may provide additional listing information to the Irish Stock Exchange that is not included in this offering circular. If we do not list the notes on the Irish Stock Exchange, we may list the notes on another European stock exchange, such as the London Stock Exchange. We cannot assure you, however, that we will be successful in listing the notes on any European exchange. In addition, if we do not list the notes offered hereby on the Irish Stock Exchange prior to the first interest payment date, interest on the notes offered hereby will be paid subject to U.K. withholding tax (currently 20%), which will, subject to certain exceptions, require us to pay additional amounts as set forth in the indentures governing the notes.

The initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the initial purchasers may over-allot in connection with this offering and may bid for and purchase notes in the open market. For a description of these activities, see “Plan of Distribution.”

This offering circular has been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for the offers of notes. Accordingly, any person making or intending to make an offer in the Relevant Member State of notes which are the subject of the offering contemplated in this offering circular may only do so in circumstances in which no obligation arises for the Issuer or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the initial purchasers have authorized, nor does either authorize, the making of any offer of notes in circumstances in which an obligation arises for the Issuer or the initial purchasers to publish a prospectus for such offer.

**THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING CIRCULAR, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.**

#### **NOTICE TO U.S. INVESTORS**

Each purchaser of the notes will be deemed to have made the representations, warranties and acknowledgements that are described in this offering circular under “Transfer Restrictions.”

The notes offered hereby have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the offers are being made in reliance on Regulation S under the Securities Act. For a description of certain further restrictions on resale or transfer of the notes, see “Transfer Restrictions.”

#### **NOTICE TO CERTAIN EUROPEAN INVESTORS**

**Austria.** No prospectus has been or will be filed with or approved by the Austrian Financial Market Authority (*Finanzmarktaufsicht*) and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as

amended. Neither this document nor any other document or information connected therewith constitutes a prospectus according to the Austrian Capital Markets Act, and neither this document nor any other document or information connected therewith may be distributed, passed on or disclosed to any other person in Austria, save as specifically agreed with the initial purchasers. No steps have been (or will be) taken that would constitute a public offering of the notes in Austria, and the notes may not be advertised in Austria. If the initial purchasers offer or sell notes in Austria they shall solely be responsible that any offer and sale takes place in compliance with the provisions of the Austrian Capital Markets Act, the Austrian Securities Supervision Act (*Wertpapieraufsichtsgesetz*) and all other laws and regulations in Austria applicable to the offer and sale of such securities in Austria.

**Belgium.** No action has been (or will be) taken to permit a public offering of the notes in Belgium. In particular, this offering has not been notified to and the offering circular or any other offering material has not been and will not be approved by, the Belgian Financial Services and Markets Authority (*Autoriteit voor financiële diensten en markten / Autorité des services et marchés financiers*) (the “Belgian FSMA”). The Belgian FSMA has not reviewed or commented on this offering circular or any related documentation, and they have not been (and will not be) submitted to the Belgian FSMA for comment on their accuracy or adequacy. Accordingly, neither this offering circular nor any other offering material relating to the notes may be available to the public or used in connection with any public offering for subscription of the notes in Belgium, and the notes may not be publicly issued, offered or sold in Belgium.

In accordance with Article 3 of the Belgian law of 16 June 2006 on the public offering of investment instruments and the admission to trading of investment instruments on a regulated market, as supplemented by the Royal Decree of 26 September 2006, certain types of offerings are not considered public offerings. This includes, among others, offerings whereby securities are only offered or sold, and/or this offering circular or any other information circular, brochure or similar document is only distributed, directly or indirectly, (a) to less than 100 persons other than certain qualified investors in Belgium, (b) to certain qualified investors only or (c) to investors that acquire securities for a total consideration of €50,000 or more (or its equivalent in foreign currencies) per investor and per separate offer.

Prospective purchasers shall only acquire notes for their own account. In addition, the notes cannot be offered or sold to any person qualifying as a consumer within the meaning of the Belgian law of 6 April 2010 on trade practices and consumer protection unless such offer or sale is made in compliance with this law, its implementing regulation and the Belgian law of 16 June 2006 on the public offering of investment instruments and the admission to trading of investment instruments on a regulated market, as supplemented by the Royal Decree of 26 September 2006. Belgian investors should seek advice from their own advisers about the consequences of the investment in the notes, including the tax consequences.

**Denmark.** This offering circular will not be registered with and has not been approved by or otherwise published by the Danish Financial Supervisory Authority, the Danish Securities Council or the Danish Commerce and Companies Agency under the relevant Danish acts and regulations. The offered notes have not been offered or sold and may not be offered or sold or delivered directly or indirectly in Denmark by way of a public offering, unless in compliance with Chapter 6 or 12 of the Danish Securities Trading Act and executive orders, including Executive Order No. 223 of 10 March 2010 or Executive Order No. 222 of 10 March 2010 issued pursuant thereto and amended from time to time.

**France.** This offering circular (including any amendment or supplement thereto or replacement thereof) has not been prepared in connection with a public offering of financial instruments in France and no prospectus nor any other document relating to the notes has been submitted for approval (*visa*) to the *Autorité des marchés financiers*; no notes have been offered or sold nor will any notes be offered or sold, directly or indirectly, to the public in France; neither a prospectus, the offering circular nor any other offering material relating to the notes has been distributed or caused to be distributed to the public in France, and a prospectus, the offering circular and any other offering material relating to the notes will not be distributed or caused to be distributed to the public in France; and such offers, sales and distributions have been and shall only be made in France to (i) persons licensed to provide the investment service relating to portfolio management for the account of third parties (*gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account other than individuals, all as defined in, and in accordance with, Articles L.411-2 and D.411-1 to D.411-3, D.744-1, 754-1 and D.764-1 of the French *Code monétaire et financier*. The direct or indirect resale of the notes to the public in France

may be made only as provided by and in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*.

**Germany.** Any offer, sale, public promotion, advertisement or solicitation of securities in Germany must be in full compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz* (the “WpPG”)), which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the “Prospectus Directive”) into German law and any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. The offer, sale, public promotion, advertisement and solicitation of securities to the public in Germany requires the prior publication (with specific requirements for a publication being set out in the WpPG) of a prospectus drawn up in accordance with the Prospectus Directive, Commission Regulation (EC) No. 809/2004 and the WpPG (a “PD-compliant Prospectus”) approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* (the “BaFin”)) or the notification of a PD-compliant Prospectus approved by another competent authority in the EEA in accordance with Art. 17 and Art. 18 of the Prospectus Directive. This offering circular does not constitute a PD-compliant Prospectus and has not been and will not be submitted for approval to the BaFin. It may not be supplied to the public in Germany or used in connection with any offer for subscription of new securities to the public, any public marketing of new securities or any public solicitation for offers to subscribe for or otherwise acquire new securities in Germany. This offering circular is personally addressed only to a limited number of persons in Germany who are qualified investors (*qualifizierte Anleger*) as defined in the WpPG, is strictly confidential and may not be distributed to any person or entity other than the designated recipients hereof.

**Guernsey.** The offering circular and any other offering material relating to the notes will not be distributed or caused to be distributed to the public in Guernsey. Neither the Company nor this offering circular has been submitted to or approved or authorized by the Guernsey Financial Services Commission. The Company will not be regulated by the Guernsey Financial Services Commission. The Guernsey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company and has no ongoing responsibility to monitor the performance of the Company or to protect the interests of investors. To the extent to which any promotion of the notes is deemed to take place in Guernsey, the notes are only being promoted in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection of the Investors (Bailiwick of Guernsey) Law, 1987 (as amended) or (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000. Promotion is not being made in any other way.

**Ireland.** This offering circular has been prepared on the basis that any offer of notes in Ireland will be made pursuant to the exemptions in Regulation 9(1)(a), (b) or (d) of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Irish Prospectus Regulations”) from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in Ireland of notes which are the subject of the offering contemplated in this offering circular may only do so in circumstances in which no obligation arises for CEVA Group Plc or the initial purchasers to publish a prospectus pursuant to Regulation 12 of the Irish Prospectus Regulations or supplement a prospectus pursuant to Regulation 51 of the Irish Prospectus Regulations, in each case, in relation to such offer. Neither CEVA Group Plc nor the initial purchasers have authorized, nor does either authorize, the making of any offer of notes in circumstances in which an obligation arises for CEVA Group Plc or the initial purchasers to publish or supplement a prospectus for such offer.

**Italy.** This offering of the notes is not being made, directly or indirectly, in or into Italy and this offering circular, and any and all materials related thereto, should not be sent in or into Italy, and the offering of the notes cannot be accepted in or from within Italy. Accordingly, copies of this offering circular and any related materials are not being, and must not be, mailed or otherwise distributed or sent in or into or from Italy and persons receiving any such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from Italy and doing so will render invalid any relevant purported acceptance of the offering of the notes. Furthermore, this offering of the notes and this offering circular have not been submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian laws and regulations.

**The Grand Duchy of Luxembourg.** In addition to the provisions set out under the heading “Notice to Investors,” notes may be offered to certain natural persons or small and medium-sized enterprises (as defined in the law of July 10, 2005 *relative aux prospectus pour valeurs mobilières* (the “Prospectus Law”)) recorded in the register of natural persons and small and medium-sized enterprises considered as qualified investors as held by the *Commission de Surveillance du Secteur Financier* (the “CSSF”), pursuant to the Statutory Instrument of August 2, 2006 (*règlement grand-ducal du 2 août 2006 déterminant les modalités de mise en place d’un registre de personnes considérées comme investisseurs qualifiés au sens de la directive 2003/71/CE*), and in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 5 of the Prospectus Law.

**The Netherlands.** The Notes may not be offered in the Netherlands other than to qualified investors as defined in the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*).

**Portugal.** Neither the offer of the notes nor this offering circular has been approved by the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários*—the “CMVM”) or by any other competent authority of another Member State of the European Union and notified to the CMVM. Neither CEVA Group Plc nor the initial purchasers have, directly or indirectly, offered or sold any notes or distributed or published any offering circular, prospectus, form of application, advertisement or other document or information in Portugal and will not take any such actions in the future, except under circumstances that will not be considered as a public offering under article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*—the “Cód.VM”) approved by Decree-Law 486/99 of 13 November 1999, as last amended by Decree-Law no. 85/2011, of 29 June 2011. As a result, the offer of the notes, and any material relating to the offer, is addressed solely to, and may only be accepted by, any persons or legal entities that are resident in Portugal or that will hold the notes through a permanent establishment in Portugal (each a “Portuguese Investor”) to the extent that the Portuguese Investors are deemed qualified investors (*investidores qualificados*) (each a “Portuguese Qualified Investor”) under paragraphs 1 and 2 of article 30 Cód.VM. Subject to approval, publication and entry into force of new regulation by the CMVM (the “New Regulation”), the entities and individuals set out in article 110-A Cód.VM may also be deemed a Portuguese Qualified Investor for the purposes of the offer, provided that they are properly registered as qualified investors (*investidores qualificados*) in accordance with the New Regulation. Each Portuguese Investor in the notes shall represent, acknowledge and agree that it is a Qualified Portuguese Investor and that it will not underwrite the issue of, place, distribute or publish any offering circular or other offering material relating to, the notes, otherwise than in conformity with Portuguese laws and regulations and in such circumstances that do not require the publication of a prospectus by CEVA Group Plc or the initial purchasers.

**Spain.** The notes may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law (*Ley 24/1988, de 28 de julio, del Mercado de Valores*), as amended and restated, and Royal Decree 1310/2005, of 4 November, on admission to trading of securities in official secondary markets, public offerings and prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*). The offering or sale of the notes shall not constitute a public offering of securities in Spain, pursuant to article 30 bis 1 of the Spanish Securities Market Law, as amended and restated. As a consequence, this offering circular has not been, and it is not envisaged to be, approved by, registered or filed with, or notified to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*), it is not intended for the public offering or sale of the notes in Spain and does not constitute a prospectus (registration document and/or securities note) for the public offering of securities in Spain. Investors in the notes may not sell or offer the securities in Spain other than in compliance with the requirements set out by article 30 bis 1 of the Spanish Securities Market Law, as amended and restated and article 38 of Royal Decree 1310/2005 so that any sale or offering of the notes in Spain is not classified as a public offering of securities in Spain.

**Switzerland.** The notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this offering circular nor any other offering or marketing material relating to CEVA or the notes constitutes a prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations, and neither this offering circular nor any other offering material relating to CEVA or the notes may be publicly distributed or otherwise made publicly available in Switzerland. CEVA has not applied nor will apply for a listing of the notes on the SIX Swiss Exchange or any other exchange or regulated securities market in Switzerland, and consequently, the information presented in this offering circular or in any other offering material

relating to the notes does not necessarily comply with the information standards set out in the applicable Swiss Listing Rules. The notes may only be offered, sold or advertised and the offering circular and other offering material relating to the notes may only be distributed by way of private placement to a limited number of individually selected and approached investors which do not subscribe to the notes with a view to distribution.

**United Kingdom.** This offering circular has not been and will not be filed with or approved by the United Kingdom Financial Services Authority or any other regulatory authority in the United Kingdom. This offering circular is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the United Kingdom, as amended, (the “Financial Promotion Order”), (ii) are high net-worth entities and other persons falling within Article 49(1) of the Financial Promotion Order, (iii) are persons falling within Article 43 of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom, as amended) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This offering circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

#### **NOTICE TO CERTAIN INVESTORS IN HONG KONG**

The Issuer and each of the initial purchasers have represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, and, notwithstanding the foregoing, in all cases it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes which are regarded as a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

#### **NOTICE TO SINGAPORE INVESTORS**

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

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust (as the case may be) has acquired the notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust (as the case may be) are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law;

provided that the above shall not apply if the notes so acquired are of the same class as other securities of the corporation issuing the notes, (i) an offer of which has previously been made in or accompanied by a prospectus; and (ii) which are listed for quotation on a securities exchange (as defined in the SFA).

## PRESENTATION OF FINANCIAL INFORMATION

CEVA's financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the International Accounting Standards Board ("IASB"). However, CEVA does not believe that its financial statements would be materially different had they been prepared in accordance with IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. CEVA has not reconciled its financial statements to U.S. GAAP and does not intend to do so in the future.

We present certain financial measures in this offering circular, including EBITDA, Adjusted EBITDA, Adjusted EBITDA before management fees, gross margin and net capital expenditure, in each case that are not specifically defined under IFRS or U.S. GAAP. These measures are presented because we believe that they and similar measures are widely used in the supply chain logistics services industry as a means of evaluating a company's operating performance and financing structure, and in the case of Adjusted EBITDA and Adjusted EBITDA before management fees because we believe they present helpful comparisons of financial performance between periods by excluding the distorting effect of non-recurring items and management fees. Gross margin is based on direct costs, which are incurred to perform operational and customer related commitments. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, and they should not be considered as substitutes for the information contained in CEVA's financial statements.

We also present Pro Forma Adjusted EBITDA, which is not specifically defined under IFRS or U.S. GAAP. This measure is presented as it is defined under the loan agreements governing our Senior Secured Facilities and Senior Unsecured Facility and the indentures governing, or that will govern, the Existing Notes and the notes. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles. They should not be considered as substitutes for the information contained in CEVA's financial statements.

As we operate in over 170 countries, our financial performance is impacted by foreign currency fluctuations, particularly the U.S. dollar and British pound. Therefore, for comparison purposes, we also report our results on a constant exchange rates basis using prior period exchange rates. From time to time in this offering circular, we group the countries in which we operate into North America, North Europe, South Europe, and what we refer to as "high-growth geographies," which consist of Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa. Given we only generate a *de minimis* amount of revenue in Japan, we exclude it from our calculations when presenting revenue splits on the basis of these groupings.

We implemented the following changes in accounting policy as of January 1, 2011 and will give effect retrospectively to such changes in our audited consolidated financial statements for the year ended December 31, 2011 and the comparative information for the year ended December 31, 2010; however, the audited consolidated financial information of the Company for the year ended December 31, 2010 and the comparative information for the year ended December 31, 2009, and for the year ended December 31, 2009 with the comparative information for the year ended December 31, 2008, each of which is included in the Company's Annual Report as of and for the year ended December 31, 2010 and 2009 respectively, which financial statements are incorporated by reference herein, have not been restated to give effect to such accounting standards and therefore are not directly comparable with the unaudited consolidated interim financial statements of the Company that are incorporated by reference herein from the Company's interim financial statements as and for the nine-months ended September 30, 2011:

- International Financial Reporting Standard 8 ("IFRS 8") "Operating Segments": For the nine-months ended September 30, 2011, we changed our reporting segments to Freight Management and Contract Logistics businesses because this presentation has become the main focus of the Company's chief operating decision maker ("CODM"), which is the Executive Board of CEVA Group Plc (the "Executive Board"), and is now the primary way in which the CODM is provided with financial information. Our internal organization and management structure is also aligned to the two businesses. From a practical perspective, we also manage our operations on a regional basis; however, this is no longer the primary focus of the CODM. All reporting to the CODM analyzes performance by Freight Management and Contract Logistics business activity, and resources are now allocated on this basis. In addition, the corporate head office costs are now

allocated to the respective segments. The Annual Reports for 2010 and 2009 incorporated by reference herein have not been restated, although the business segmentation is provided as additional information.

See “Independent Auditor” for a description of the independent auditors’ reports to the members of CEVA Group Plc dated March 2, 2010 and March 4, 2011. In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, the independent auditors’ report states that: the report, including the opinion, has been prepared for and only for CEVA Group Plc’s members as a body in accordance with Section 235 of the Companies Act 1985 and Companies Act 2006 and for no other purpose; and the independent auditors do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person to whom the report is shown or into whose hands it may come save where expressly agreed by their prior consent in writing. The independent auditors’ reports of March 2, 2010 and March 4, 2011 are included in CEVA Group Plc’s Annual Report for the year ended December 31, 2009 and December 31, 2010, respectively, each incorporated in part by reference into this offering circular.

In making these statements, the independent auditors assert that they do not accept or assume any liability to parties such as holders of notes with respect to the report and to the independent auditors’ audit work and opinions. The U.S. Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Exchange Act of 1934, as amended (the “Exchange Act”). If a U.S. court (or any other court) were to give effect to such limiting language, holders of notes may not have any recourse against the independent auditors based on their report or the consolidated financial statements to which it relates.

#### **MARKET AND INDUSTRY DATA AND FORECASTS**

This offering circular and portions of the documents incorporated by reference include estimates of market share and industry data and forecasts that we have obtained from industry publications, surveys and forecasts, as well as from internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Neither we nor the initial purchasers have independently verified any of the data from third-party sources, nor have we or the initial purchasers ascertained the underlying economic assumptions relied upon therein. In addition, this offering circular includes market share and industry data that we have prepared primarily based on our knowledge of the industry in which we operate. All information regarding our market and industry is based on the latest data currently available to us, which in some cases may be several years old or provided in foreign currencies. When necessary, we have converted historical data using our financial statement methodology. Statements as to our market position relative to our competitors are approximated based on 2010 revenues, unless otherwise noted, and such internal analysis and estimates may not have been verified by independent sources. Our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed in the section entitled “Risk Factors.”

#### **CERTAIN TERMS**

Unless otherwise indicated, or as the context otherwise requires, in this offering circular:

- “8½% Senior Notes” means CEVA’s 8½% Senior Unsecured Notes due 2014 (other than the Extended Senior Notes);
- “10% Second-Priority Notes” means CEVA’s 10% Second-Priority Senior Secured Notes due 2014 that were prepaid by CEVA on March 24, 2010 in connection with the March 2010 Transactions and are no longer outstanding;
- “12% Second-Priority Notes” and “12% Senior Notes” means CEVA’s 12% Second-Priority Senior Secured Notes due 2014, the majority of which were prepaid by CEVA on March 24, 2010 and the remainder of which became unsecured in connection with the March 2010 Transactions (in their capacity as unsecured notes, the 12% Second-Priority Notes are now referred to as the 12% Senior Notes);

- “ABL Facility” means the asset-based revolving credit facility entered into by the SPE on November 19, 2010, as increased on November 30, 2010, that is secured by U.S. trade accounts receivable originated by the Originators that have been transferred to the SPE;
- “Apollo” means Apollo Global Management, LLC, together with its affiliates (including investment funds affiliated with, or co-investment vehicles managed indirectly by Apollo Global Management, LLC);
- “Apollo Equity Investment” has the meaning set forth under “Summary—The Concurrent Transactions;”
- “Apollo Exchange” has the meaning set forth under “Summary—The Concurrent Transactions;”
- “CEVA,” “we,” “us,” “our” and the “Company” mean CEVA Group Plc, and its predecessors and consolidated subsidiaries, as applicable;
- “CIL” means our parent company, CEVA Investments Limited;
- “CIL Contribution” has the meaning set forth under “Summary—The Concurrent Transactions;”
- “Concurrent Transactions” means the Apollo Equity Investment, the Apollo Exchange, the CIL Contribution and the Senior Unsecured Facility Waiver;
- “EBITDA” means net income plus depreciation, amortization, impairments, taxes and interest;
- “Existing First Lien Senior Secured Notes” means CEVA’s 8<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2017 issued December 14, 2010;
- “Existing Notes” means the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Lien Notes, the Junior Lien Notes, the 12% Senior Notes and the Existing Unsecured Notes;
- “Existing Secured Notes” means the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Lien Notes and the Junior Lien Notes;
- “Existing Unsecured Notes” means the Senior Notes, the Senior Subordinated Notes, the Extended Senior Notes and the Extended Senior Subordinated Notes;
- “Extended Debt” means the Extended Senior Notes, the Extended Senior Unsecured Loans and the Extended Senior Subordinated Notes;
- “Extended Senior Notes” means CEVA’s 8<sup>1</sup>/<sub>2</sub>% Senior Notes maturing on June 30, 2018 issued to Apollo by CEVA in connection with the March 2010 Transactions;
- “Extended Senior Subordinated Notes” means CEVA’s 10% Senior Subordinated Notes maturing on June 30, 2018 issued to Apollo by CEVA in connection with the March 2010 Transactions;
- “Extended Senior Unsecured Loans” means CEVA’s senior unsecured loans maturing on June 30, 2018 provided by Apollo to CEVA under the Senior Unsecured Facility which were made in connection with the March 2010 Transactions;
- “First-and-a-Half Priority Lien Notes” means CEVA’s 11<sup>5</sup>/<sub>8</sub>% Senior Secured Notes due 2016;
- “First/First-and-a-Half Lien Intercreditor Agreement” means the lien subordination and intercreditor agreement, dated as of October 6, 2009, among the Company, the subsidiary guarantors party thereto, Credit Suisse, as intercreditor agent, the administrative agent under the Senior Secured Facilities and as representative for the secured parties under the Senior Secured Facilities, and the trustee and collateral

agent for the First-and-a-Half Priority Lien Notes, and as acceded to by the trustee and collateral agent for the Existing First Lien Senior Secured Notes on December 14, 2010;

- “First/Junior Lien Intercreditor Agreement” means the lien subordination and intercreditor agreement, dated as of August 13, 2007, among the Company, the subsidiary guarantors party thereto, Credit Suisse, as intercreditor agent, the administrative agent under the Senior Secured Facilities and as representative for the secured parties under the Senior Secured Facilities, and the trustee and collateral agent for the 10% Second-Priority Notes, as acceded to by the trustee and collateral agent for the 12% Second-Priority Notes on July 22, 2009, as acceded to by the trustee and collateral agent for the First-and-a-Half Priority Lien Notes on October 6, 2009, as acceded to by the trustee and collateral agent for the Junior Lien Notes on March 24, 2010, and as acceded to by the trustee and collateral agent for the Existing First Lien Senior Secured Notes on December 14, 2010;
- “First Lien Intercreditor Agreement” means the first lien intercreditor agreement, dated as of December 14, 2010, among the Company, the subsidiary guarantors party thereto, the administrative agent under the Senior Secured Facilities, as representative for the secured parties under the Senior Secured Facilities, and the collateral agent for the Existing First Lien Senior Secured Notes;
- “Incremental Revolver” has the meaning set forth under “Summary—Incremental Revolver;”
- “Issuer” means CEVA Group Plc, excluding its subsidiaries;
- “July 2009 Exchange Offers” means the issuance on July 22, 2009 of (1) €120 million principal amount of 12% Second-Priority Notes in exchange for €153 million principal amount of 8½% Senior Notes and €50 million principal amount of Senior Subordinated Notes and (2) \$127 million principal amount of 12% Second-Priority Notes in exchange for \$205 million of loans under the Senior Unsecured Facility;
- “Junior Lien Notes” means CEVA’s 11½% Junior Priority Senior Secured Notes due 2018;
- “March 2010 Transactions” means (1) the offering of Junior Lien Notes; (2) the Company’s offer to purchase 10% Second-Priority Notes and 12% Second-Priority Notes, and related consent solicitation, pursuant to the Offer to Purchase and Consent Solicitation Statement dated February 24, 2010, as supplemented on March 2, 2010, as further supplemented on March 9, 2010; (3) the private exchange by Apollo with CEVA of its 10% Second-Priority Notes and 12% Second-Priority Notes for Junior Lien Notes; and (4) the private exchange with CEVA by funds affiliated with Apollo of their (i) Senior Notes for a like principal amount of Extended Senior Notes, (ii) Senior Subordinated Notes for a like principal amount of Extended Senior Subordinated Notes and (iii) Senior Unsecured Loans for a like principal amount of Extended Senior Unsecured Loans;
- “New Debt Subsidiary” has the meaning set forth under “Summary—The Concurrent Transactions;”
- “Originators” means, in relation to the ABL Facility, CEVA Freight, LLC, CEVA International Inc. and CEVA Logistics U.S., Inc.;
- “PIK Loan Facility” means the debt instrument agreement entered into by our parent, CIL, on February 15, 2007 (as amended and restated on June 2, 2008);
- “Senior Notes” means the 8½% Senior Notes and the 12% Senior Notes;
- “Senior Secured Facilities” means the facilities we entered into on November 4, 2006, as amended and restated on January 4, 2007, as further amended and restated on August 2, 2007, and as further amended and restated on December 14, 2010;

- “Senior/Subordinated Intercreditor Agreement” means the amended and restated intercreditor agreement, dated as of December 6, 2006, among the Company, the subsidiary guarantors party thereto, the administrative agent of the Senior Secured Facilities, the creditors under certain hedging agreements, the administrative agent under the Senior Unsecured Facility, and Credit Suisse, as intercreditor agent, as acceded to by the trustee for the 8½% Senior Notes on December 6, 2006, as acceded to by the trustee for the Senior Subordinated Notes on December 6, 2006, as acceded to by the trustee and collateral agent for the 10% Second-Priority Notes on August 13, 2007, as acceded to by the trustee and collateral agent for the 12% Second-Priority Notes on July 22, 2009, as acceded to by the trustee and collateral agent for the First-and-a-Half Priority Lien Notes on October 6, 2009, as acceded to by the trustee and collateral agent for the Junior Lien Notes on March 24, 2010, and as acceded to by the trustee and collateral agent for the Existing First Lien Senior Secured Notes on December 14, 2010;
- “Senior Subordinated Notes” means CEVA’s 10% Senior Subordinated Notes due 2016 (other than the Extended Senior Subordinated Notes);
- “Senior Unsecured Facility” means the senior unsecured loan facility we entered into on August 2, 2007 (as amended on April 1, 2008 and as amended on March 24, 2010);
- “Senior Unsecured Facility Waiver” has the meaning set forth under “Summary—The Concurrent Transactions;”
- “Senior Unsecured Loans” means the loans under the Senior Unsecured Facility (other than the Extended Senior Unsecured Loans);
- “SPE” means CEVA US Receivables, LLC, a bankruptcy remote special purpose entity formed in connection with the establishment of the ABL Facility; and
- “Transactions” means the Concurrent Transactions, the Incremental Revolver, this offering of the notes and the use of proceeds therefrom.

#### **WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE**

Rather than include in this offering circular some of the information included in our annual reports, we are incorporating this information by reference, which means that we are disclosing important information to you by referring you to another document posted on our website and/or filed with the Irish Stock Exchange (the “ISE”). The following documents contain important information about us and we incorporate them herein by reference:

- Pages 4 through 20 of the CEVA Group Plc Quarter Three and Nine Months, 2011 Interim Financial Statements, posted on our website and filed by us with the ISE;
- Pages 30 through 86 of the CEVA Group Plc Annual Report as of and for the year ended December 31, 2010, posted on our website and filed by us with the ISE; and
- Pages 33 through 90 of the CEVA Group Plc Annual Report as of and for the year ended December 31, 2009, posted on our website and filed by us with the ISE.

Any statement contained in a document incorporated by reference in this offering circular shall be considered to be modified or superseded for purposes of this offering circular to the extent that a statement contained in this offering circular or in any subsequently posted or filed document that is incorporated by reference modifies or supersedes such statement. Any statement that is modified or superseded shall not, except as so modified or superseded, constitute a part of this offering circular.

You can obtain the documents incorporated by reference in this offering circular from our website (<http://www.cevalogistics.com/en-US/aboutus/investors/Pages/FinancialInformation.aspx>).

**Except for the specific pages of the documents expressly incorporated herein by reference, our website and the information contained therein or connected thereto will not be deemed to be incorporated into this offering circular, and you should not rely on any such information in deciding whether to invest in the notes.**

#### **DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

This offering circular, and the information incorporated herein by reference, contains “forward-looking statements” with respect to our business, results of operations and financial condition, and our expectations or beliefs concerning future events and conditions. You can identify certain forward-looking statements because they contain words such as, but not limited to, “believes,” “expects,” “may,” “should,” “approximately,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “likely,” “will,” “would,” “could” and similar expressions (or the negative of these terminologies or expressions). All forward-looking statements involve risks and uncertainties. Many risks and uncertainties are inherent in our industry and markets. Others are more specific to our business and operations. The occurrence of the events described and the achievement of the expected results depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from the forward-looking statements contained or incorporated by reference in this offering circular.

Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements are disclosed under the heading “Risk Factors,” in the documents incorporated herein by reference and elsewhere in this offering circular, including, without limitation, in conjunction with the forward-looking statements included in this offering circular. All forward-looking statements in this offering circular and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could materially affect our results include:

- negative changes in economic conditions, and our inability to reduce costs in the event of economic downturns;
- increased costs or decreased availability of third-party providers of certain transportation services;
- risks that we may be required to bear increases in operating costs under our long-term contracts with customers, or certain fixed costs in the event of early termination of contracts;
- our history of losses and uncertainty regarding our profitability in the future;
- changes in the trend toward outsourcing of logistics activities;
- competition and consolidation in the industries in which we operate;
- our substantial indebtedness, including our Senior Secured Facilities, and our ability to comply with the terms of our existing and future indebtedness, including limitations on our flexibility in operating our business;
- our ability to maintain and continuously improve our information technology and operational systems and financial reporting and internal controls;
- risks relating to our customers and the industries in which we operate;
- our ability, or inability, to generate sufficient cash to service all of our indebtedness, and the possibility that we will have to take disadvantageous actions in order to meet our obligations;
- our ability to manage our labor costs and labor relations and attract and retain qualified employees;

- the risks that regulation and litigation pose to our business, including our ability to maintain required licenses and regulatory approvals and comply with applicable laws and regulations, and the effects of potential changes in governmental regulations;
- risks associated with our global operations, including natural disasters and currency fluctuations;
- changes in our effective income tax rate or accounting standards;
- costs or liabilities associated with environmental, health and safety matters;
- increases in interest rates;
- the control of our company by Apollo and conflicts of their interests, including as a holder of certain of our outstanding debt, with our interests or with your interests as a holder of the notes; and
- the other factors presented under the heading “Risk Factors.”

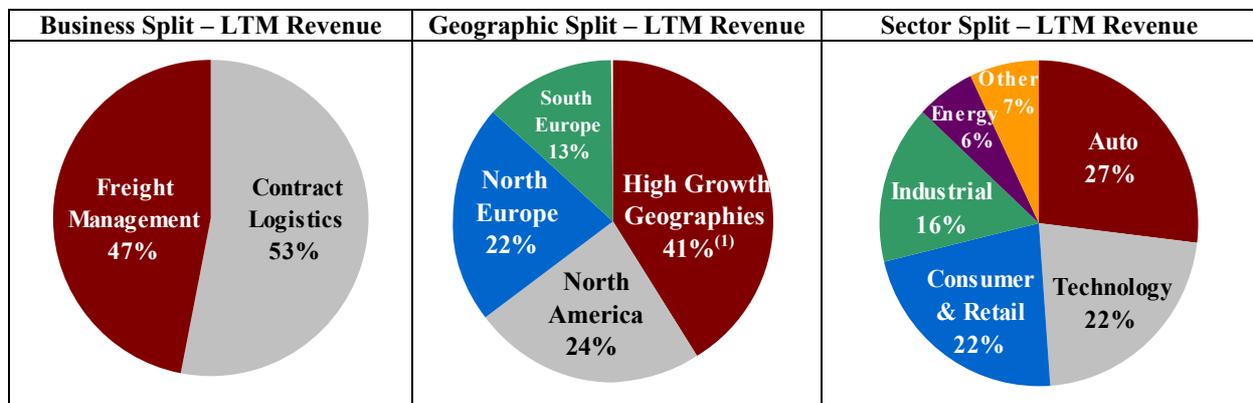
We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained or incorporated by reference in this offering circular may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.

## SUMMARY

*The following summary highlights certain information contained elsewhere or incorporated by reference in this offering circular and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere or incorporated herein by reference. Because this is a summary, it is not complete and may not contain all of the information that may be important to you in making a decision to invest in the notes. Before making an investment decision, you should carefully read the entire offering circular, including the “Risk Factors” and “Disclosure Regarding Forward-Looking Statements” sections, as well as all information incorporated herein by reference, including our audited and unaudited consolidated financial statements and the notes to those statements.*

### Company Overview

CEVA Group Plc, a public limited company existing under the laws of England and Wales, is the world’s second largest non-asset based supply chain management company, as measured by 2010 revenues. We design, implement and operate end-to-end supply chain solutions using a combination of international air, ocean and domestic freight forwarding, contract logistics and other value-added services. We operate globally in over 170 countries through more than 1,200 locations. In the twelve months ended September 30, 2011 (“LTM”) we generated approximately 41% of our revenues from high-growth geographies, which consist of Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa, with nearly a third of this revenue generated in China. We also have leading positions in mature markets such as North America and Western Europe. This global presence allows us to fulfill the increasingly international supply chain needs of our broad portfolio of over 15,000 customers. Our services enable our clients to focus on their core competencies while we leverage our international network, technology systems, scale and operating expertise to reduce our clients’ costs and inventory needs, shorten their lead time to market, and enhance their supply chain visibility. Our non-asset based strategy enables us to quickly scale our operations in order to grow our business and adapt to changing industry conditions and environments. In the twelve months ended September 30, 2011, we generated €7.0 billion of revenue, €333 million of Adjusted EBITDA before management fees and €385 million of Pro Forma Adjusted EBITDA (each as defined in “Summary Financial Data”) across a balanced and diversified business, geographic and sector mix.



(1) High-growth geographies include Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa.

We offer a wide range of services that are classified into two business segments: “Freight Management” and “Contract Logistics.” In Freight Management, we are one of the five largest air freight forwarders globally and have been the fastest growing ocean freight forwarder among our peers in recent years. Our Contract Logistics business is the second largest in the world, as measured by 2010 revenue. We utilize our full suite of services and leverage the significant synergies between our two segments to deliver integrated end-to-end solutions to our customers. As a result of our balanced revenues and global scale, we are able to serve both international and regional customers as well as benefit from the overall globalization of trade and manufacturing.

We have a strong and diversified presence in targeted industry sectors where we believe our services are highly valued as our customers benefit from our leading edge sector knowledge, resource sharing and efficient transfer of best practices. Our expertise in these sectors has been developed through long-term partnerships with our customers, and we have an average relationship of approximately 18 years (as of September 30, 2011) with our top 20 clients. Our customer base includes blue chip clients such as General Motors, Johnson & Johnson, Lenovo, Miele, Petrobras, Procter & Gamble, Samsung and Total. Our customer portfolio is also well balanced, with our top 10 customers representing 23% of our LTM revenues and no single customer representing more than 5%. We serve 23 of the top 25 supply chains in the world, based on operational and financial performance and peer surveys, according to Gartner.

## **Our Business**

We operate our Freight Management and Contract Logistics business segments on an integrated basis, which allows us to offer in-depth segment expertise, while also acting as a “one-stop” provider for all of our customers’ supply chain needs and leveraging our global scale.

Our Freight Management segment provides non-asset based transport solutions that coordinate the movements of products and materials for our customers in order to lower their total transportation costs and improve visibility along their supply chain. Key services include international air, ocean and domestic freight forwarding, customs brokerage and other value-added services. Our freight forwarding services are non-asset based, as we do not own aircraft or vessels and instead outsource transportation to third-party carriers. We leverage our scale and capabilities to provide our customers with attractive transportation options in terms of cost, speed, reliability and security. We operate through a network of over 260 stations across six continents where our employees organize the consolidation of freight and work with transportation suppliers to arrange for the delivery of our customers’ shipments. Our Freight Management segment has continued to gain market share with revenue growth outperforming the global market by 7.7% in 2010, based on information from Transportation Intelligence (“TI”), a leading independent source of research and analysis for the global logistics market.

Our Contract Logistics segment operates in a large, under-penetrated and fast-growing global market, providing solutions to our clients by assuming control of all or a portion of their supply chain operations, typically under multi-year contracts with favorable renewal characteristics (such as high customer switching costs). Key services include inbound logistics, manufacturing support, outbound/distribution logistics and aftermarket/reverse logistics. We use our proprietary information systems, deep expertise in our customers’ industries, and culture of operational excellence to optimize the performance, cost and cash flow of our clients’ supply chain activities. Our contracts have a weighted average duration approaching three years, and are typically renewed for a longer period (our LTM renewal rate is over 90%). We have a non-asset based business model, as we operate almost exclusively using leased or customer-owned facilities and with minimal net working capital. We manage over 900 locations across six continents, with over 100 million square feet of manufacturing and warehouse space, the majority of which is leased on a back-to-back basis with our customer contracts. According to data reported by TI, we are one of only two companies in the world with top 10 market positions in contract logistics in each of the Americas, Asia Pacific and Europe, which provides us with a competitive advantage for globally expanding customers. We continue to focus on growing our Contract Logistics business in attractive end markets, such as the technology sector where our revenue growth was 21.1% from 2009 to 2010. Our Contract Logistics segment has continued to gain market share, with revenue growth outperforming the global market by 1.0% in 2010, based on information from TI.

## **Our Strengths**

Our company has the following competitive strengths:

***Global scale and capabilities.*** We have the fourth largest supply chain management business in the world and we operate in over 170 countries through more than 1,200 locations. We are the second largest with a non-asset based business model and are one of only two non-asset based providers with top 10 global market positions in both freight forwarding and contract logistics. We benefit from significant local market positions across North America, South America, Asia Pacific and Europe. We offer services in six continents with a network of over 260 Freight Management stations and oversight of over 100 million square feet of managed Contract Logistics manufacturing and warehouse space. Our scale and geographic footprint make us a key partner for transportation providers, as

highlighted by our receipt of awards such as Lufthansa Cargo's "2010 Planet of Excellence" award, which recognized our outstanding performance and tonnage growth in partnership with Lufthansa Cargo. Our size also allows us to attract highly talented and motivated employees who, in partnership with our transportation providers, deliver world-class quality services at competitive prices. Our capabilities, relationships and local market knowledge in the countries in which we operate are key competitive advantages in selling our services to our customers, whose operations and supply chains are ever more global in scope. For example, based on year-to-date revenues to September 30, 2011, our top 10 global customers used us on average in 21 countries each, and approximately 70% of our top 100 customers used our services in 10 countries or more.

***Substantial presence in high-growth geographies.*** Our revenues from high-growth geographies, which consist of Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa, grew from 32% of total revenues in 2009 to 41% in the twelve months ended September 30, 2011 and we hold leading market positions by revenue in many of these areas. In particular, some of our fastest growing geographies include Southeast Asia (leading positions including #1 in Thailand freight forwarding; €486 million LTM revenue versus €319 million in 2009), Brazil (top 5 position; €339 million LTM versus €221 million in 2009) and Turkey (#1 position; €273 million LTM versus €115 million in 2009). Nearly a third of our revenue from high-growth geographies was generated in China (€906 million LTM revenue versus €596 million in 2009) where we are one of the five largest international providers by revenue. We continue to receive recognition as a top service provider in China, including most recently being awarded the "Best 3PL Supply Chain Provider" title at the 2011 CHaINA awards. The gross domestic product ("GDP") CAGR for high-growth geographies from 2009 to 2014 is projected to be over 5.8% based on the weighted-average of country by country GDP projections from Global Insight, compared to a weighted-average CAGR of 2.0% for the rest of the world. Our local operating experience, market expertise and strategic relationships with suppliers make us an important partner to global corporations as they increase their local operations in, and distribution of products to, these markets. Examples of our activity in high-growth geographies include our operations with General Motors in Brazil, Total and Edcon in Africa, Maruti-Suzuki in India and Western Digital in Thailand. In addition, these positions enable us to serve leading local companies such as Petrobras in Brazil and ZTE and Lenovo in China.

***"One-stop" provider of integrated end-to-end solutions.*** Our global and integrated business model presents us with unique cross-selling opportunities and is a key driver behind our new business wins and our ability to expand our share of our customers' logistics spend. There are few truly integrated players of size able to offer combined freight forwarding and contract logistics solutions. We are one of only four companies who achieved a top ten rank in 2010 among both freight forwarding and contract logistics providers, according to TI. The increasing scale and complexity of our customers' supply chain operations have driven demand for suppliers that can offer a full spectrum of supply chain management services across multiple geographies. Our best-in-class ability to manage the complete supply chain allows our customers to reduce the number of service providers they engage, thus saving them time and money and ultimately simplifying their operations, while also providing enhanced supply chain visibility. In addition, by providing multiple services to our clients we are able to strengthen our customer relationships and thus our competitive position. We set cross-selling targets after developing our integrated business model in 2007, and achieved €542 million of cumulative cross-selling revenues through 2009, exceeding our three-year target of €500 million in only two years. During the twelve months ended September 30, 2011, almost 75% of our top 100 customers used both our Freight Management and Contract Logistics services.

***Scalable non-asset based business model.*** We operate a scalable business model, delivering our services principally through the provision of people, technology and systems with minimal net working capital and an attractive cash flow profile. Our services are non-asset based, as our Freight Management segment does not own aircraft or vessels and instead outsources transportation to third-party carriers, and our Contract Logistics segment operates almost exclusively using leased or customer-owned facilities. As a result, as of September 30, 2011, our total PP&E and net working capital represented only 4.3% and (0.7)% of revenues, respectively. This model allows us to rapidly source transport capacity and scale our operations, and thereby grow our revenues, while maintaining an efficient cost structure with low fixed costs that we believe provides downside protection.

***Industry-leading technology capabilities and infrastructure.*** Information technology is a critical differentiator in the supply chain management industry, providing the crucial ability to track the locations of large numbers of products along the supply chain. We have developed our proprietary Matrix™ technology platform, which leverages a range of third-party products to provide best-in-class visibility and execution. Matrix™ automatically shares

operating data between our operations, our customers and our service providers in order to facilitate warehouse management, route optimization, freight consolidation, back office functions and other services. We believe our technology platforms enable us to enhance profitability, optimize decision-making, and create more streamlined and cost-effective processes for our customers. The quality of our information technology capabilities has garnered us industry awards for technology innovation and excellence, as well as ISO 20000 and ISO 27001 accreditations.

***Long-term blue chip contracts and relationships, founded on deep sector expertise.*** We have developed deep expertise and long-term blue chip customer portfolios in targeted industry sectors such as automotive, technology, consumer & retail, industrial and energy. For example, we work with fourteen of the top fifteen consumer electronics companies in the technology sector, eight of the top ten manufacturers in the automotive sector, seven of the top ten retailers, and four of the top five independent off-shore drillers in the energy sector. In total, approximately 100 such blue chip customers generate 53% of our LTM revenues. We have focused our resources on sectors where we believe the supply chain is most complex, global in scale and critical to the customer's core business, which creates opportunities to become an integral part of our customers' operations. Our sector expertise and resulting operational excellence is consistently recognized by our clients, who reward us with a high contract renewal rate (over 90% in the LTM period). As a result, we have long-term contracts and partnerships with many of our clients, with an average 18-year relationship with our top 20 customers. We have also received numerous recently-presented awards including Lenovo's "Global Supplier of the Year" (2011; Asia), Ford's "World of Excellence Award" (2010; global), Verizon's "Supplier Recognition Award" (2010; U.S.) and Autodata's "Best Logistics Provider" for our work with GM (2010; South America).

***Highly diversified global customer portfolio and revenue base.*** We serve over 15,000 customers globally with no individual customer representing more than 5% of our LTM revenue. Our top ten customers represent 23% of our LTM revenue and as of September 30, 2011 we serve them in an average of 21 countries around the world. Our top twenty and Century account customers represent 32% and 53%, respectively, of our LTM revenue, highlighting the breadth of our customer portfolio. We serve our customers globally across a range of industry sectors and have taken a balanced, diversified approach to our business mix to reduce volatility and limit our reliance on any particular customer, sector or geography.

***World-class, experienced and incentivized management team.*** Our management team has substantial experience and is committed to further enhancing our reputation for excellence in the global supply chain management market. Our management team includes individuals who have held leadership roles at other logistics companies, such as DHL and Exel, as well as industry leaders from other sectors such as Dell, Flextronics, Procter & Gamble, Whirlpool and LG. Over 260 senior managers have significant equity investments in the business, and all members of our management group of over 900 employees have compensation packages tied to our performance, creating an alignment of interests between our employees and investors.

## **Our Strategy**

Our strategy is based on the following guiding principles:

***Expand our leading positions in high-growth geographies and sectors.*** We believe we are positioned to consistently exceed market growth rates as a result of our focus on attractive industry sectors and high-growth geographies. Our revenues from high-growth geographies, which consist of Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa, have already increased to 41% of LTM revenues. According to data reported by TI, these high-growth geographies have a projected market revenue CAGR of 16.6% from 2009 to 2014, versus 8.0% for the rest of the world, and we expect our local expertise and focus on these geographies to enable us to take advantage of this considerable growth.

In addition, we have specifically targeted our operations toward industries that we believe will benefit from global trends, such as accelerated consumer spending in high-growth regions and the continuing globalization of manufacturing and distribution. We expect that the logistics requirements of the core industry sectors we serve, including automotive, technology, consumer & retail, industrial, and energy, will grow significantly in the coming years in our target geographies as a result of these trends.

***Increase share of our existing customers' logistics spend.*** Our customers include blue chip international companies and emerging local companies that are gaining share in their respective markets. As these customers continue to grow and their supply chains increase in size and complexity, we are focused on expanding the range of services that they rely on us to provide and increasing our share of their overall freight forwarding and contract logistics spend. One way we do this is through our Century Program, which we introduced in 2008 to provide global account management for approximately 100 of our existing customers who we believe present our largest growth opportunities. In 2010, we grew revenues from Century Accounts by approximately 31%, compared to approximately 19% for our other accounts, driven by increasing our share of their logistics spend and cross-selling our range of services, as well as growth in our existing business. Examples of recent new business wins with existing customers in new geographies include contracts with Samsung in Italy and Korea, Kone in China, General Motors in Brazil and Johnson & Johnson in the Czech Republic.

***Win new outsourcings and new clients.*** With approximately 84% of contract logistics and approximately half of freight forwarding still managed in-house globally, we believe there is a significant opportunity to expand our client base by capturing new outsourcings as businesses continue the trend of focusing on their core operations. Opportunities to increase market penetration exist not just in emerging markets like China (where 97% of contract logistics is still in-house, according to TI), but also in developed markets like the U.S. (79% still in-house) and Germany (66% still in-house), as these markets trend toward market leaders in outsourcing such as the U.K. (51% still in-house). Examples of our recent wins of newly outsourced business include Maruti-Suzuki in India, JVC in Belgium and Migros in Turkey. Additionally, we believe we will continue to capture market share from competitors as we target attractive clients who can benefit from our strong competitive advantages. In the first nine months of 2011, we have achieved new business wins of approximately €1.4 billion of revenue on an annualized basis.

***Continually develop and expand our service offering.*** We continually seek to strengthen our service offering by enhancing our existing services, developing new products and creating integrated end-to-end solutions for our customers. One approach is industry-focused innovation. For example, we developed an "Energy Hub" solution, which spans the global energy supply chain from supplier to end user. This solution has contributed to high growth in our Energy sector revenues, which have increased significantly each year from €193 million in 2008 to €440 million in the LTM period.

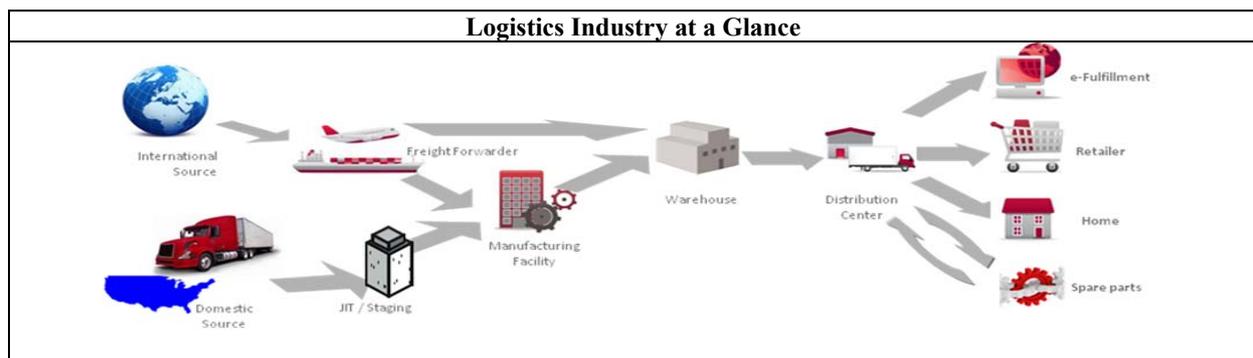
Another approach involves enhancing our product range with new complementary service offerings and expanding our existing capabilities. Examples include adding charter and courier capabilities to our freight forwarding offering, as well as investing significantly in our sales force, solutions and systems in order to accelerate growth in our ocean freight forwarding business. In 2008, we recruited an industry leading team of end-to-end ocean specialists from our competitors. As a result, our total ocean freight forwarding volume growth from 2008 to 2010 exceeded the market rate by almost 1,300 basis points, which we believe is indicative of the success of our strategy. In the first nine months of 2011 we grew our total ocean freight forwarding volume by 13%, which was nearly double the market growth rate according to Seabury, an international shipping consulting firm.

***Leverage our investments in systems and processes.*** We continually work to make our operations more cost efficient and effective in order to improve our profitability. For example, we are currently in the process of completing two projects to upgrade our systems and processes: (i) Program UNO, the streamlining of our Freight Management systems, which is expected to enable a productivity improvement equivalent to approximately 600 full-time equivalent employees ("FTEs") and (ii) Project ACE, the outsourcing and optimization of our financial processes, which is expected to enable the off-shoring of over 450 FTEs. Upon completion of the programs, UNO is expected to generate cost savings through a combination of station consolidation (57%), costing and billing automation (19%), process standardization (17%) and tenders and onboarding improvements (7%), and has already facilitated the closure of 17 sites (14 in Americas, 2 in North Europe and 1 in SEMEA). ACE is expected to generate cost savings through a combination of headcount reduction (42%), off-shoring of labor (41%), collections and procurement (10%) and audit and other savings (7%), and has already driven the off-shoring of over 385 FTEs. We have invested approximately €60 million in those projects as of September 30, 2011 and both are far advanced, with eight of the ten core components of UNO deployed already and ACE over 80% complete. In addition, we expect to achieve further cost efficiencies through a large number of smaller existing projects, as well as our continuous LEAN cost savings practices (which achieved over 10,000 documented operating and cost improvements in the LTM period).

***Strong expected improvements over time in free cash flow will support significant deleveraging.*** We intend to continue our focus on reducing our financial leverage as we grow our business and generate free cash flow. This strategy will be driven by increasing our revenue from expanding our share of existing customers' logistics spend, winning new business and clients, and growing market share. In addition, we intend to continue to reduce costs through our continuous focus on productivity improvement and profitability. Specifically, free cash flow is expected to improve as not only will the costs of implementing ACE and UNO roll-off but we will begin to realize the savings from these programs. We will also continue to focus on maximizing our free cash flow through prudent working capital management and our continuous LEAN improvements.

## Industry

Over and above any improvements in GDP, we believe our industry benefits from incremental growth from long-term secular tailwinds, principally: (i) increasing levels of international trade, which increases the size of the total market; and (ii) the ongoing trend of increasing outsourcing to third-party logistics providers, which results in our addressable market growing at an even higher rate. For example, based on the International Monetary Fund World Economic Outlook Database of September 2011, from 2004 to 2008, nominal global GDP CAGR in Euros was 5.4% per year, while global trade grew faster at 6.9% CAGR. According to data reported by TI, the supply chain management market, which we define as outsourced freight forwarding and contract logistics, grew even faster at a 9.4% CAGR over the same period (nearly double the GDP growth rate) and is expected to grow at an 11.1% CAGR from 2009-2014.



Historically, most companies maintained their supply chain management internally. However, an increased focus on outsourcing to reduce cost and increase efficiency has driven many companies to concentrate on their core operations and to procure supply chain related services from specialist third-party providers. In addition, the increasingly globalized footprint of large corporations and their supply chains, combined with overall international trade growth, has further increased the demand for faster and more reliable third-party supply chain management providers able to leverage global scale and relationships to drive down supply chain and transportation costs, and increase efficiency and accuracy.

To be effective, a supply chain management provider needs not only the information technology, skills and tools to plan and coordinate efficient movement of goods, but also the people and physical presence in key transport nodes to manage the many stages of the supply chain. Given their specialist expertise, information systems and economies of scale, third-party providers are able to increase the efficiency and visibility of their customers' supply chains while reducing costs. In an increasingly complex environment, supply chain management companies are able to add significant value to customers as opposed to simply meeting their transportation needs.

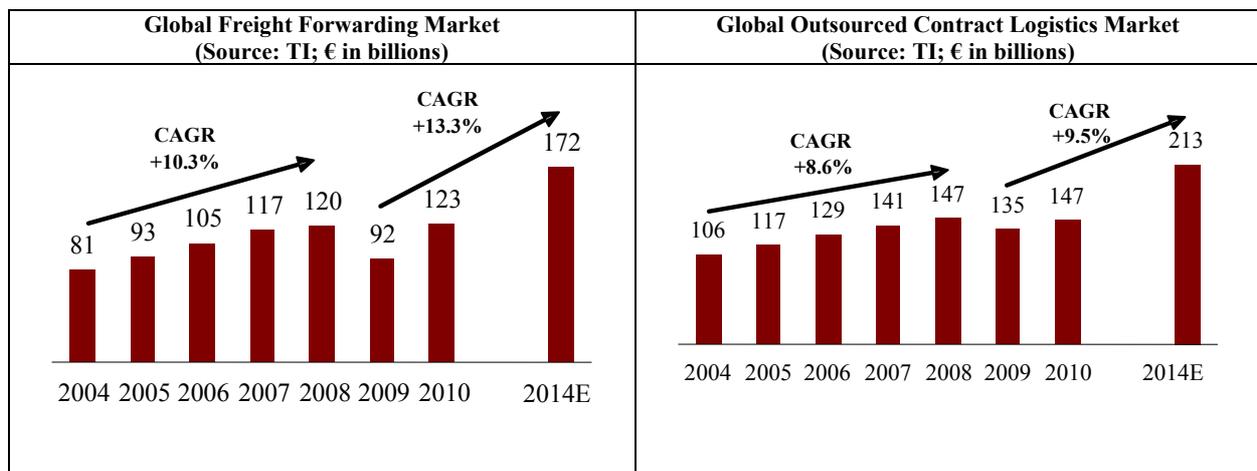
Companies in our industry provide outsourced supply chain management and transportation solutions to local, regional and international manufacturers, distributors and retailers. The industry is divided into two broad sub-sectors—freight forwarding and contract logistics—which are highly complementary services and can be provided together as integrated supply chain solutions. There are few truly integrated players of size able to offer combined freight forwarding and contract logistics solutions. We are one of only four companies who achieved a top ten rank in 2010 among both freight forwarding and contract logistics providers, according to TI. Within these sub-sectors

the market is highly fragmented, with the ten largest companies holding combined market shares of approximately only 44% for freight forwarding and 22% for contract logistics, according to TI.

Asset intensity can vary across the industry. Some companies operate a non-asset based model, similar to ours, and do not own aircraft or vessels and instead outsource transportation to third-party carriers when they offer freight forwarding services, and operate using customer owned or leased facilities when they offer contract logistics services. Other companies choose to make the additional investment to own equipment and facilities. Only two asset-based and two non-asset based (including ourselves) providers achieved a top ten rank in 2010 among both freight forwarding and contract logistics providers, according to TI. In either case, the service offerings are underpinned by the provision of appropriate people, technology and systems required by customers.

**Freight Forwarding.** Freight forwarders serve their customers by arranging and overseeing the transportation of goods from origin to destination. Key services include domestic and international air freight forwarding, international ocean freight forwarding, ground-based freight forwarding and customs brokerage. The ability of a freight forwarder to provide these services efficiently and cost-effectively depends on the size and scope of its network, its understanding and ability to fulfill the specific needs of different industry sectors, and its technology systems, which enable the freight forwarder to organize, consolidate and track shipments. In addition to procuring and tracking transportation, freight forwarders provide ancillary value-added services such as preparation and submission of documentation, oversight of customs and other clearance processes, and warehousing and auditing of shipments. The total global freight forwarding market was €123 billion in 2010, based on estimates by TI. We estimate that approximately half of the global air and ocean freight market was managed by third-party service providers such as CEVA. Driven by increased global trade and outsourcing of freight forwarding operations, the global freight forwarding market grew at a CAGR of 10.3% from 2004 to 2008, and is projected to grow at a CAGR of 13.3% from 2009 to 2014, according to data reported by TI.

**Contract Logistics.** Contract logistics providers generally take responsibility for some or all of their clients' supply chains, often becoming fundamentally integrated into critical logistics functions. Key services include inbound logistics, manufacturing support, outbound/distribution and aftermarket/reverse logistics. These services are typically delivered under multi-year contracts, under which the contract logistics provider will supply people, technology, systems and sometimes property and equipment. According to TI, the total global contract logistics market was €893 billion in 2010, of which €147 billion, or 16%, was outsourced to third-party contract logistics providers. The share of logistics operations that is outsourced has been continuously increasing and, as the outsourcing trend continues, the remaining 84% that is currently managed in-house provides a significant growth opportunity. Opportunities to increase market penetration exist not just in emerging markets like China (where 97% of contract logistics is in-house, according to TI), but also in developed markets like the U.S. (79% still in-house) and Germany (66% still in-house), as they trend toward market leaders in outsourcing such as the U.K. (51% still in-house). Other key drivers of growth for our Contract Logistics segment include the increasing complexity of supply chains due to globalization, increased need for time-definite delivery, and growth in underlying economic activity. According to data reported by TI, from 2004 to 2008, the outsourced contract logistics market grew at a CAGR of 8.6% and is expected to grow at a CAGR of 9.5% from 2009 to 2014.



## The Concurrent Transactions

Funds affiliated with Apollo have committed with the Company and our parent company, CIL, to privately release or transfer certain of the indebtedness of the Issuer and CIL held by them in exchange for newly-issued Class B ordinary shares of CIL (the “Apollo Equity Investment”) concurrently with, and conditioned upon, the consummation of the offering of the notes. Approximately €877 million of the Company’s and CIL’s debt held by Apollo will be exchanged in the Apollo Equity Investment, based on the exchange rate in effect on January 26, 2012 of \$1.316 = €1.00. The debt exchanged in the Apollo Equity Investment will consist of all of Apollo’s holdings of the Extended Senior Notes, the Extended Senior Subordinated Notes and the PIK Loan Facility, as well as \$516 million of Extended Senior Unsecured Loans.

The debt exchanged in the Apollo Equity Investment will be retired so it is no longer outstanding following the consummation of the Offering. First, the indebtedness relating to the PIK Loan Facility to be exchanged in the Apollo Equity Investment will be released in exchange for the issuance of Class B ordinary shares, and the remaining indebtedness to be exchanged in the Apollo Equity Investment will be transferred to CIL in exchange for the issuance of Class B ordinary shares, in each case in accordance with certain terms and conditions specified in an exchange agreement. Thereafter, CIL will immediately contribute the indebtedness of the Issuer that it received from Apollo to a newly-formed subsidiary (the “New Debt Subsidiary”), which will have no independent business operations, assets or liabilities other than holding the Issuer’s indebtedness. Next, the Issuer will receive a capital contribution from CIL consisting of 100% of the capital stock of the New Debt Subsidiary (the “CIL Contribution”). Finally, the indebtedness held by the New Debt Subsidiary will be retired so it is no longer outstanding. To the extent required, the New Debt Subsidiary will become a guarantor under the Senior Secured Facilities, the Existing Secured Notes and the notes offered hereby as soon as practicable following the closing of the offering.

The CIL Class B ordinary shares to be issued in the Apollo Equity Investment will only be redeemable with ordinary shares, will only be entitled to dividends if and when declared on the ordinary shares, and will have certain other rights, including voting rights.

In addition, funds affiliated with Apollo have committed to privately exchange €109 million of our debt held by them into New Senior Unsecured Notes concurrently with, and conditioned upon, the consummation of the Apollo Equity Investment and the offering of the notes (the “Apollo Exchange”). In the Apollo Exchange, Apollo will (1) exchange the €109 million principal amount of the 8½% Senior Notes and Senior Subordinated Notes for New Senior Unsecured Notes at an exchange ratio equal to 100% divided by the issue price (expressed as a percentage) appearing on the cover page of this offering circular and using the exchange rate in effect on the day prior to the closing of this offering and (2) receive accrued and unpaid interest in cash payable to the date of the Apollo Exchange with respect to the debt that is exchanged. The New Senior Unsecured Notes offered hereby and the New Senior Unsecured Notes issued in the Apollo Exchange will be issued under the same indenture, will be treated as a single class for all purposes under the indenture relating to the New Senior Unsecured Notes and will be fungible.

As a result of the Concurrent Transactions, approximately €877 million principal amount of the Company’s and CIL’s indebtedness currently held by Apollo will be extinguished in exchange for CIL Class B ordinary shares and approximately €109 million principal amount of our indebtedness currently held by Apollo will be exchanged for New Senior Unsecured Notes, without using any of the net proceeds of the Offering. For a description of Apollo’s existing holdings of CEVA and CIL indebtedness, see “Certain Relationships and Related Party Transactions—Concurrent Transactions.”

Following the Concurrent Transactions, Apollo will own none of our outstanding indebtedness other than the New Senior Unsecured Notes it will receive in such transactions, €57 million of Junior Lien Notes, and \$113 million of Extended Senior Unsecured Loans. Apollo, as the holder of the Extended Senior Unsecured Loans, has agreed to waive certain provisions of the Senior Unsecured Facility to permit the offering of the notes offered hereby and the Apollo Exchange (the “Senior Unsecured Facility Waiver”).

We refer to the Apollo Equity Investment, the Apollo Exchange, the CIL Contribution and the Senior Unsecured Facility Waiver as the “Concurrent Transactions.”

**Incremental Revolver**

In connection with this offering, we intend to increase the size of the total commitment under our revolving credit facility under our Senior Secured Facilities from €79 million to €179 million by obtaining certain incremental revolving facility commitments (the “Incremental Revolver”). The Incremental Revolver is conditioned upon the consummation of this offering and the Concurrent Transactions, but the Incremental Revolver is not a condition precedent to this offering.

**Offering and Use of Proceeds**

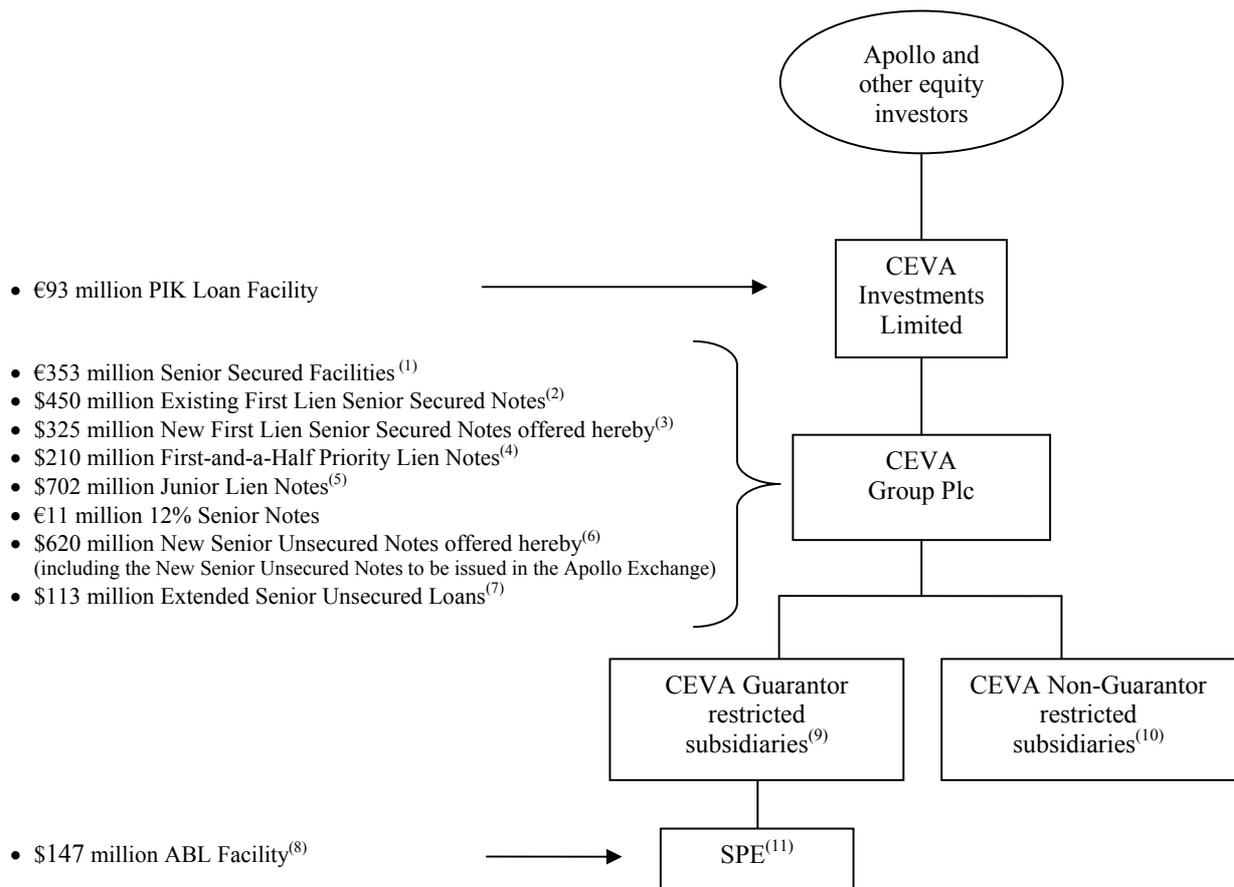
We intend to use the net proceeds of the offering, together with cash on hand, to repay or redeem the following indebtedness: (i) all of the borrowings under our term loans maturing on November 4, 2013 and certain outstanding borrowings under our revolving credit facility, both of which are part of our Senior Secured Facilities, (ii) all of the outstanding 8½% Senior Notes not held by Apollo at a redemption price of 102.125% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, (iii) all of the outstanding Senior Subordinated Notes not held by Apollo at a redemption price of 105.000% of the principal amount thereof, plus accrued and unpaid interest to the redemption date and (iv) all of the outstanding Senior Unsecured Loans. The balance of the net proceeds of the offering (if any) will be used for general corporate purposes, which may include repaying outstanding borrowings under the ABL Facility. See “Use of Proceeds.”

The closing of this offering is conditioned upon the consummation of the Concurrent Transactions, but not on the closing of the Incremental Revolver.

## Organizational Structure

The following diagram summarizes our corporate structure and principal outstanding financing (excluding debt issuance costs) arrangements as of September 30, 2011 after giving pro forma effect to the Transactions as if they had been completed as of September 30, 2011.

Certain of our borrowings are denominated in U.S. dollars. We have provided the approximate euro equivalent of such amounts below or in the footnotes to this diagram. For a summary of certain debt obligations referenced in this diagram, see “Description of Other Indebtedness,” “Description of the New First Lien Senior Secured Notes” and “Description of the New Senior Unsecured Notes.”



(1) As of September 30, 2011, consisted of (a) €160 million under the term loan facility maturing on November 4, 2013 (being repaid with the proceeds hereof), (b) €353 million under the term loan facility maturing on August 31, 2016 and (c) €49 million under the €79 million revolving credit facility. After giving pro forma effect to the Transactions, as of September 30, 2011, would have consisted of €353 million under the term loan facility maturing on August 31, 2016. The Senior Secured Facilities also include a €186 million synthetic letter of credit facility, under which €177 million letters of credit were issued but undrawn as of September 30, 2011. The Senior Secured Facilities are secured on a *pari passu* basis with the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby and senior to the First-and-a-Half Priority Lien Notes and the Junior Lien Notes, in each case, by substantially all of our assets and the assets of certain of our subsidiaries, other than the trade accounts receivables originated by the Originators that have been transferred to the SPE, and are guaranteed by us and certain of our subsidiaries. Certain guarantor restricted subsidiaries of CEVA are also borrowers under the term loan facility, the revolving credit facility and/or the synthetic letter of credit facility.

- (2) Equivalent to €335 million using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. The exchange rate in effect on January 26, 2012 was \$1.316 = €1.00.
- (3) Equivalent to €242 million using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. The exchange rate in effect on January 26, 2012 was \$1.316 = €1.00.
- (4) Equivalent to €156 million using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. The exchange rate in effect on January 26, 2012 was \$1.316 = €1.00.
- (5) Equivalent to €522 million using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. The exchange rate in effect on January 26, 2012 was \$1.316 = €1.00.
- (6) Equivalent to €461 million using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. The exchange rate in effect on January 26, 2012 was \$1.316 = €1.00 (assuming for purposes of the Apollo Exchange that the exchange rate in effect on the day prior to the closing of this offering is equal to the exchange rate in effect on January 26, 2012).
- (7) Equivalent to €84 million using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. The exchange rate in effect on January 26, 2012 was \$1.316 = €1.00.
- (8) As of September 30, 2011, the total outstanding borrowings under the ABL Facility was \$147 million, and the committed amount was \$250 million, equivalent to €109 million and €186 million, respectively, using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. The exchange rate in effect on January 26, 2012 was \$1.316 = €1.00.
- (9) CEVA and certain of CEVA's operating subsidiaries located in Australia, Belgium, Brazil, the Cayman Islands, Canada, England and Wales, Germany, Luxembourg, Hong Kong, The Netherlands and California, Delaware and Texas in the U.S. will guarantee the notes. As of and for the year ended December 31, 2010, CEVA's subsidiaries that will guarantee the notes accounted for, in accordance with IFRS, (a) €7,314 million, or 73%, of CEVA's total assets before intercompany eliminations, (b) €196 million, or 59%, of CEVA's property, plant and equipment, (c) €32 million, or 91%, of CEVA's inventory, (d) €623 million, or 36%, of CEVA's accounts receivable before intercompany eliminations, (e) €2,571 million, or 89%, of CEVA's total long-term debt before intercompany eliminations, (f) €4,081 million, or 59%, of CEVA's total revenue before intercompany eliminations and (g) €154 million, or 53%, of CEVA's total Adjusted EBITDA, and €94 million, or 43%, of CEVA's total EBITDA. The guarantors of the notes also guarantee our Senior Secured Facilities and Existing First Lien Senior Secured Notes on a senior secured basis (secured on a basis *pari passu* with the guarantees of the New First Lien Senior Secured Notes), the First-and-a-Half Priority Lien Notes on a senior secured basis (secured on a basis junior to the guarantee of the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes and the Senior Secured Facilities), the Junior Lien Notes on a senior secured basis (secured on a basis junior to the guarantees of the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Lien Notes and the Senior Secured Facilities). Not all of the guarantors are borrowers under each of the term loan facility, the revolving credit facility and the synthetic letter of credit facility.
- (10) As of and for the year ended December 31, 2010, CEVA's subsidiaries that will not guarantee the notes accounted for, in accordance with IFRS, (a) €2,747 million, or 27%, of CEVA's total assets before intercompany eliminations, (b) €138 million, or 41%, of CEVA's property, plant and equipment, (c) €3 million, or 9%, of CEVA's inventory, (d) €1,103 million, or 64%, of CEVA's accounts receivable before intercompany eliminations, (e) €323 million, or 11%, of CEVA's total long-term debt before intercompany eliminations, (f) €2,827 million, or 41%, of CEVA's total revenue before intercompany eliminations and (g) €138 million, or 47%, of CEVA's total Adjusted EBITDA, and €124 million, or 57%, of CEVA's total EBITDA.
- (11) The SPE does not guarantee the notes offered hereby or any other indebtedness of us or our subsidiaries, is an unrestricted subsidiary under the indentures governing the notes offered hereby and the Existing Notes and

under the Senior Secured Facilities and is a receivables subsidiary under the indentures governing the notes offered hereby and the Existing Notes. See footnote (8) above for the amounts outstanding under the ABL Facility.

### **Apollo**

Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Singapore, Hong Kong, Frankfurt, Luxembourg and Mumbai. As of September 30, 2011, Apollo had assets under management of approximately \$65 billion in its private equity, capital markets and real estate businesses.

### **Risk Factors**

Despite our competitive advantages discussed elsewhere in this offering circular, investing in the notes involves substantial risk. The risks described under the heading “Risk Factors” immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. You should carefully consider all of the information included or incorporated by reference in this offering circular, including matters set forth under the heading “Risk Factors.”

## Summary of the Offering

*The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see “Description of the New First Lien Senior Secured Notes” and “Description of the New Senior Unsecured Notes.”*

<b>Issuer</b>	CEVA Group Plc
<b>Notes offered</b>	<p>\$325 million aggregate principal amount of 8<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2017, which we refer to in this offering circular as the New First Lien Senior Secured Notes. The New First Lien Senior Secured Notes offered hereby are being issued as additional 8<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2017 under the indenture dated as of December 14, 2010. There are \$450,000,000 aggregate principal amount of Existing First Lien Senior Secured Notes already outstanding under that indenture. The New First Lien Senior Secured Notes offered hereby constitute “Additional Securities” under such indenture, will be treated as a single class together with the Existing First Lien Senior Secured Notes for all purposes under such indenture, including, without limitation, waivers, amendments, redemptions, offers to purchase and collateral matters, and will be fungible with the Existing First Lien Senior Secured Notes (except that the New First Lien Senior Secured Notes to be issued pursuant to Regulation S will trade separately under different CUSIP/ISIN numbers until 40 days after the issue date, but thereafter any such holders may transfer their then existing New First Lien Senior Secured Notes issued pursuant to Regulation S into the same CUSIP/ISIN numbers as the Existing First Lien Senior Secured Notes issued pursuant to Regulation S).</p> <p>\$475 million aggregate principal amount of 12<sup>3</sup>/<sub>4</sub>% Senior Notes due 2020, which we refer to in this offering circular as the New Senior Unsecured Notes. The New Senior Unsecured Notes offered hereby and the New Senior Unsecured Notes issued to Apollo in the Concurrent Transactions will be issued under the same indenture, will be treated as a single class for all purposes under the indenture relating to the New Senior Unsecured Notes and will be fungible. Unless the context requires otherwise, all references to New Senior Unsecured Notes in this offering circular are to the New Senior Unsecured Notes offered hereby and the New Senior Unsecured Notes issued to Apollo in the Concurrent Transactions.</p>
<b>Issue date of the notes</b>	Delivery of the notes in book-entry form will occur on or about February 1, 2012.
<b>Maturity</b>	<p>The New First Lien Senior Secured Notes will mature on December 1, 2017.</p> <p>The New Senior Unsecured Notes will mature on March 31, 2020.</p>
<b>Interest payment dates</b>	<p>The Issuer will pay interest on the New First Lien Senior Secured Notes on March 1 and September 1. The first interest payment for the New First Lien Senior Secured Notes shall be March 1, 2012 and interest will accrue from September 1, 2011.</p> <p>The Issuer will pay interest on the New Senior Unsecured Notes on March 31 and September 30, beginning on September 30, 2012. Interest on the New Senior Unsecured Notes will accrue from the issue date of the notes.</p>
<b>Guarantees</b>	The notes will be jointly and severally guaranteed on a senior basis by the same existing and future wholly owned subsidiaries that guarantee our Existing First Lien Senior Secured Notes and Senior Secured Facilities. If we fail to make payments on the notes, our guarantors must make them instead. As of and for the year ended December 31, 2010, CEVA’s subsidiaries that will guarantee the notes accounted for, in accordance with IFRS, (a) €7,314 million, or 73%, of CEVA’s total assets before intercompany eliminations, (b) €196 million, or 59%, of CEVA’s property, plant and equipment,

(c) €32 million, or 91%, of CEVA's inventory, (d) €623 million, or 36%, of CEVA's accounts receivable before intercompany eliminations, (e) €2,571 million, or 89%, of CEVA's total long-term debt before intercompany eliminations, (f) €4,081 million, or 59%, of CEVA's total revenue before intercompany eliminations and (g) €154 million, or 53%, of CEVA's total Adjusted EBITDA and €94 million, or 43%, of CEVA's total EBITDA. The laws of certain jurisdictions may limit the enforceability of certain guarantees. See "Risk Factors." Each guarantee will be released in accordance with the provisions of the indenture governing the notes described under "Description of the New First Lien Senior Secured Notes—Note Guarantees" and "Description of the New Senior Unsecured Notes—Note Guarantees" and the Intercreditor Agreements described under "Description of Other Indebtedness—Intercreditor Agreements."

## Ranking

The New First Lien Senior Secured Notes will be the Issuer's senior secured obligations, are intended, as of the issue date, to be secured by security interests senior in priority to the security interests securing our Existing Notes (other than the Existing First Lien Senior Secured Notes), including the Junior Priority Notes and First-and-a-Half Priority Notes, and security interests equal in priority to the security interests securing our Existing First Lien Senior Secured Notes and Senior Secured Facilities, and will:

- rank senior in right of payment to our future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the New First Lien Senior Secured Notes;
- rank equally in right of payment to all of our existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the New First Lien Senior Secured Notes, including the Existing First Lien Senior Secured Notes, the Senior Secured Facilities, the First-and-a-Half Priority Lien Notes, the Junior Lien Notes, the Senior Unsecured Facility, the 12% Senior Notes and the New Senior Unsecured Notes;
- be structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the New First Lien Senior Secured Notes, including obligations of the SPE under the ABL Facility;
- be effectively equal in priority to all of our existing and future debt secured by a *pari passu* lien, including the Existing First Lien Senior Secured Notes and the Senior Secured Facilities, in each case, to the extent of the value of the assets securing the New First Lien Senior Secured Notes; and
- be effectively senior to all of our existing and future debt secured by a junior priority lien and unsecured senior debt and other unsecured obligations (including the First-and-a-Half Priority Lien Notes, the Junior Lien Notes, the Senior Unsecured Facility, the 12% Senior Notes and the New Senior Unsecured Notes), in each case, to the extent of the value of the assets securing the New First Lien Senior Secured Notes.

Similarly, the guarantees of the New First Lien Senior Secured Notes will be senior secured obligations of the guarantors and will:

- rank senior in right of payment to all of the applicable guarantors' future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the guarantees;
- rank equally in right of payment to all of the applicable guarantors' existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the guarantees, including such guarantors'

guarantee under the Existing First Lien Senior Secured Notes, the Senior Secured Facilities, the First-and-a-Half Priority Lien Notes, the Junior Lien Notes, the Senior Unsecured Facility, the 12% Senior Notes and the New Senior Unsecured Notes;

- be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the New First Lien Senior Secured Notes, including obligations of the SPE under the ABL Facility;
- be effectively equal in priority to all of the applicable guarantors' existing and future debt secured by a *pari passu* lien, including such guarantors' guarantee under the Existing First Lien Senior Secured Notes and the Senior Secured Facilities, in each case, to the extent of the value of the assets securing the New First Lien Senior Secured Notes; and
- be effectively senior to all of the applicable guarantors' existing and future debt secured by a junior priority lien and unsecured senior debt and other unsecured obligations (including such guarantors' guarantee under the First-and-a-Half Priority Lien Notes, the Junior Lien Notes, the Senior Unsecured Facility, the 12% Senior Notes and the New Senior Unsecured Notes), in each case, to the extent of the value of the assets securing the New First Lien Senior Secured Notes.

The New Senior Unsecured Notes will be the Issuer's senior unsecured obligations, and will:

- rank senior in right of payment to our future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the New Senior Unsecured Notes;
- rank equally in right of payment to all of our existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the New Senior Unsecured Notes, including the Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes, the Senior Secured Facilities, the First-and-a-Half Priority Lien Notes, the Junior Lien Notes, the Senior Unsecured Facility and the 12% Senior Notes;
- be structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the New Senior Unsecured Notes, including obligations of the SPE under the ABL Facility; and
- be effectively junior in priority to all of our existing and future secured debt, including the Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes, the Senior Secured Facilities, the First-and-a-Half Priority Lien Notes and the Junior Lien Notes, in each case, to the extent of the value of the assets securing such debt.

Similarly, the guarantees of the New Senior Unsecured Notes will be senior unsecured obligations of the guarantors and will:

- rank senior in right of payment to all of the applicable guarantors' future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the guarantees;
- rank equally in right of payment to all of the applicable guarantors' existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the guarantees, including such guarantors' guarantee under the Existing First Lien Senior Secured Notes, the New First Lien

Senior Secured Notes, the Senior Secured Facilities, the First-and-a-Half Priority Lien Notes, the Junior Lien Notes, the Senior Unsecured Facility and the 12% Senior Notes;

- be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the New Senior Unsecured Notes, including obligations of the SPE under the ABL Facility; and
- be effectively junior in priority to all of the applicable guarantors' existing and future secured debt, including such guarantors' guarantee under the Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes, the Senior Secured Facilities, the First-and-a-Half Priority Lien Notes and the Junior Lien Notes, in each case, to the extent of the value of the assets securing such debt.

**Optional Redemption**

We may redeem some or all of the New First Lien Senior Secured Notes prior to December 1, 2013 by paying 100% of the principal amount of such New First Lien Senior Secured Notes, plus accrued and unpaid interest, if any, plus a make-whole premium. At any time on or after December 1, 2013, we may redeem some or all of the New First Lien Senior Secured Notes at the redemption prices set forth in this offering circular. Additionally, at any time on or prior to December 1, 2013 we may redeem up to 40% of the aggregate principal amount of the New First Lien Senior Secured Notes with the net cash proceeds of certain public equity offerings at a price equal to 108.375%, plus accrued interest, if at least 60% of the originally issued aggregate principal amount of the New First Lien Senior Secured Notes remains outstanding. In addition, during any twelve-month period prior to December 1, 2013, we may redeem in the aggregate up to 10% of the aggregate principal amount of the New First Lien Senior Secured Notes at a price equal to 105% of the aggregate principal amount of the New First Lien Senior Secured Notes redeemed, plus accrued and unpaid interest, if any. See "Description of the New First Lien Senior Secured Notes—Optional Redemption."

We may redeem some or all of the New Senior Unsecured Notes prior to March 31, 2015 by paying 100% of the principal amount of such New Senior Unsecured Notes, plus accrued and unpaid interest, if any, plus a make-whole premium. At any time on or after March 31, 2015, we may redeem some or all of the New Senior Unsecured Notes at the redemption prices set forth in this offering circular. Additionally, at any time on or prior to March 31, 2015, we may redeem up to 40% of the aggregate principal amount of the New Senior Unsecured Notes with the net cash proceeds of certain public equity offerings at a price equal to 112.750%, plus accrued interest, if at least 60% of the originally issued aggregate principal amount of the New Senior Unsecured Notes remains outstanding. See "Description of the New Senior Unsecured Notes—Optional Redemption."

**Change of Control**

Upon the occurrence of certain change of control events, each holder of notes may require us to repurchase all or a portion of its notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest.

**Asset Sales**

If we sell assets, under certain circumstances we will be required to make an offer to purchase the notes with excess proceeds from the sale of the assets. See "Description of the New First Lien Senior Secured Notes—Certain Covenants—Asset Sales" and "Description of the New Senior Unsecured Notes—Certain Covenants—Asset Sales."

**Collateral Securing the New First Lien Senior Secured Notes**

The New First Lien Senior Secured Notes and the related guarantees will be secured by security interests in:

- 100% of the capital stock or other equity interests of certain existing and certain future subsidiaries of the Issuer that are owned directly by the Issuer or any

guarantors, subject to certain exceptions (including the exception of the SPE); and

- substantially all of the other property and assets, in each case, that are held by the Issuer or any of the guarantors, other than the U.S. trade accounts receivables originated by the Originators that have been transferred to the SPE, to the extent that such assets secure obligations under our Senior Secured Facilities and Existing First Lien Senior Secured Notes.

See “Risk Factors—Risks Specifically Related to the New First Lien Senior Secured Notes.”

As of September 30, 2011, we had property, plant and equipment with a book value of €301 million and intangible assets (excluding goodwill) with a book value of €467 million. In addition, as of September 30, 2011, our current assets consisted mainly of accounts receivable, which accounts receivable had a book value of €1,033 million, only some of which accounts receivable will secure the New First Lien Senior Secured Notes. See “Description of the New First Lien Senior Secured Notes—Security,” “Risk Factors—Risks Specifically Related to the New First Lien Senior Secured Notes—There may not be sufficient collateral to satisfy our obligations under all or any of the New First Lien Senior Secured Notes” and “Risk Factors—Risks Related to the Notes—Indebtedness under the new ABL Facility will be structurally senior to the notes, and any future accounts receivable sold or contributed to the SPE will not constitute collateral for the New First Lien Senior Secured Notes.”

As of the issue date, we will be required to provide the holders of the New First Lien Senior Secured Notes with the benefit of security interests in all but an immaterial amount of the aggregate value of the same collateral that secures the Existing First Lien Senior Secured Notes and the Senior Secured Facilities. Accordingly, at the issue date, the holders of the New First Lien Senior Secured Notes may not have the benefit of security interests in an immaterial amount of the aggregate value of such collateral. However, we are required to use commercially reasonable efforts to secure enforceable security interests in any remaining portion of the collateral securing the Existing First Lien Senior Secured Notes and the Senior Secured Facilities as promptly as practicable following the issue date. See “Risk Factors—Risks Specifically Related to the New First Lien Senior Secured Notes—As of the closing date holders of the New First Lien Senior Secured Notes may not have the benefit of security interests in certain of the collateral, which may adversely affect the rights of the holders of the New First Lien Senior Secured Notes.”

**Intercreditor Agreements**

The collateral agent and/or the trustee under the indenture governing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes are parties to (i) an intercreditor agreement that establishes the relative priority of the liens securing the obligations under the indenture governing the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes and the Senior Secured Facilities, (ii) an intercreditor agreement that establishes the relative rights of certain of the Issuer's creditors under its existing and future financing arrangements, (iii) a lien subordination and intercreditor agreement that establishes the relative rights of the lenders under the Senior Secured Facilities, the holders of the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes, the First-and-a-Half Priority Lien Notes, on one hand, and the Junior Lien Notes, on the other hand, in the collateral securing the obligations under the indenture governing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes and (iv) a lien subordination and intercreditor agreement that establishes the relative rights of the lenders under the Senior Secured Facilities, the holders of the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes, on one hand, and the holders of the First-and-a-Half Priority Notes, on the other hand, in the collateral securing the obligations under the indenture governing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes.

See "Description of Other Indebtedness—Intercreditor Agreements" and "Description of the New First Lien Senior Secured Notes—Security Documents and Intercreditor Agreements."

The trustee for the New Senior Unsecured Notes will accede to an intercreditor agreement that establishes the relative priority of certain of the Issuer's creditors under its existing and future financing arrangements.

See "Description of Other Indebtedness—Intercreditor Agreements" and "Description of the New Senior Unsecured Notes—Intercreditor Agreement."

**Certain Covenants**

The indentures governing the notes will contain covenants that, among other things, will limit our ability and the ability of our subsidiaries to:

- incur additional indebtedness;
- make restricted payments, including dividends or other distributions;
- create certain liens;
- sell assets;
- in the case of our restricted subsidiaries, enter into arrangements that restrict dividends or other payments to us;
- guarantee or secure debt;
- engage in transactions with affiliates;
- create unrestricted subsidiaries; and
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

When the notes are issued, all of our subsidiaries (other than the SPE) will be restricted subsidiaries, as defined in the indentures governing the notes. These covenants are

subject to important exceptions and qualifications.

These covenants are subject to a number of important limitations and exceptions as described under “Description of the New First Lien Senior Secured Notes—Certain Covenants” and “Description of the New Senior Unsecured Notes—Certain Covenants.” Certain covenants will cease to apply to the notes at all times after (and the covenant described under “—Change of Control” may be suspended as long as) such notes have investment grade ratings from both Moody’s Investors Service, Inc., or “Moody’s,” and Standard & Poor’s Ratings Group, or “S&P;” provided that no event of default has occurred and is continuing.

**Additional Amounts**

Any payments made by us with respect to the notes will be made without withholding or deduction for taxes imposed by any relevant taxing jurisdiction unless required by law.

If we are required by law to withhold or deduct for such taxes with respect to a payment to the holders of notes, we will pay, subject to certain exceptions, the additional amounts necessary so that the net amount received by the holders of notes after the withholding is not less than the amount that they would have received in the absence of the withholding. See “Description of the New First Lien Senior Secured Notes—Withholding Taxes” and “Description of the New Senior Unsecured Notes—Withholding Taxes.”

**Redemption for Taxation Reasons**

In the event that we become obligated to pay additional amounts (as described above) to holders of the notes as a result of changes affecting withholding taxes applicable to payments on the notes, we may redeem the notes in whole, but not in part, at any time at 100% of the principal amount of the notes plus accrued interest to the date of redemption. See “Description of the New First Lien Senior Secured Notes—Redemption for Taxation Reasons” and “Description of the New Senior Unsecured Notes—Redemption for Taxation Reasons.”

**Use of Proceeds**

We intend to use the net proceeds of the offering, together with cash on hand, to repay the following indebtedness that will be outstanding after giving effect to the Concurrent Transactions: (i) all of the borrowings under our term loans maturing on November 4, 2013 and certain outstanding borrowings under our revolving credit facility, both of which are part of our Senior Secured Facilities, (ii) all of the outstanding 8½% Senior Notes not held by Apollo at a redemption price of 102.125% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, (iii) all of the outstanding Senior Subordinated Notes not held by Apollo at a redemption price of 105.000% of the principal amount thereof, plus accrued and unpaid interest to the redemption date and (iv) all of the outstanding Senior Unsecured Loans. The balance of the net proceeds of the offering (if any) will be used for general corporate purposes, which may include repaying outstanding borrowings under the ABL Facility. See “Use of Proceeds.”

**Transfer Restrictions**

The notes have not been registered, and we will not be obligated to register the notes, under the Securities Act or any state securities laws. Accordingly, unless the notes are registered, they may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See “Notice to Investors” and “Transfer Restrictions.”

**No Established Market for the Notes**

The notes are a new issue of securities, and currently there is no market for them. Application will be made to the Irish Stock Exchange for the notes to be admitted to trading on the Global Exchange Market thereof. The initial purchasers of the notes have advised us that they or their affiliates intend to make a market in the notes as permitted by applicable law. The initial purchasers are not obligated, however, to make a market in the notes, and any market-making activity may be discontinued at any time at their sole discretion without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.

**Tax Consequences**

For a discussion of the possible U.S. federal income tax and United Kingdom tax consequences of an investment in the notes, see “Certain United States Federal Income Tax Consequences” and “United Kingdom Taxation.” You should consult your own tax advisor to determine the U.S. federal, state, local, United Kingdom and other tax consequences of an investment in the notes.

**Governing Law**

The indentures governing the notes, the security documents relating to the New First Lien Senior Secured Notes, the intercreditor agreements and the notes will be governed by, and construed in accordance with, the laws of the State of New York (or, to the extent required, the laws of the jurisdiction in which the collateral is located, in the case of the New First Lien Senior Secured Notes).

### **Summary Historical Statements of Income Data**

The following tables set forth summary historical financial data as of and for the years ended December 31, 2010 and 2009, the nine months ended September 30, 2011 and 2010 and the twelve months ended September 30, 2011.

The summary historical IFRS consolidated financial data as of and for the years ended December 31, 2010 and 2009 are derived from the audited consolidated financial statements and notes thereto prepared in accordance with IFRS and incorporated by reference into this offering circular, other than the segment data. As of January 1, 2011, the Company has allocated all corporate expenses to the operating segments and therefore the segment data for the years ended December 31, 2010 and 2009 have been restated on a comparable basis.

The summary historical financial data as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 has been derived from the unaudited consolidated financial statements and notes thereto prepared in accordance with IFRS and incorporated by reference into this offering circular.

The income statement data for the twelve months ended September 30, 2011 has been derived by adding the relevant income statement information for the nine months ended September 30, 2011 to the income statement information for the year ended December 31, 2010 and subtracting the relevant income statement information for the nine months ended September 30, 2010. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Pro forma net debt and related ratios have been prepared for illustrative purposes. Pro forma net debt gives effect to the Transactions as if they had been completed as of September 30, 2011. Pro forma net debt and related ratios are based on assumptions and should not be considered indicative of actual results that would have been achieved had the Transactions been consummated as of the date indicated and do not purport to indicate balance sheet data or results of operations as of any future date or for any future period.

Pro Forma Adjusted EBITDA has been prepared by management reflecting their best estimates and judgments, and to the best of management's knowledge and opinion has been prepared on a reasonable basis and represents the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. For further information see "Risk Factors—The calculation of Pro Forma Adjusted EBITDA pursuant to our debt facilities permits certain estimates and assumptions that may differ materially from actual results and certain expected cost savings may not be achieved."

You should regard the summary financial information below only as an introduction and should base your investment decision on a review of the entire offering circular, including the information incorporated by reference herein. In particular, you should read the following data in conjunction with "Operating and Financial Review and Prospects" and all of the historical consolidated financial statements and notes thereto incorporated by reference in this offering circular.

### Summary Historical Statements of Income Data

Amounts in accordance with IFRS	Year ended December 31,		Nine months ended September 30,		Twelve months ended September 30,
	2009	2010	2010	2011	2011
	€ millions		€ millions (unaudited)		
<b>Revenue</b> .....	5,494	6,847	5,047	5,154	6,954
Work contracted out .....	(2,471)	(3,556)	(2,608)	(2,639)	(3,587)
Personnel expenses .....	(1,712)	(1,869)	(1,383)	(1,456)	(1,942)
Other operating expenses .....	(1,147)	(1,204)	(902)	(878)	(1,180)
<b>Total operating expenses (excluding depreciation, amortization and impairment)</b> .....	<b>(5,330)</b>	<b>(6,629)</b>	<b>(4,893)</b>	<b>(4,973)</b>	<b>(6,709)</b>
<b>EBITDA</b> .....	<b>164</b>	<b>218</b>	<b>154</b>	<b>181</b>	<b>245</b>
Specific items .....	69	74	49	57	82
<b>Adjusted EBITDA</b> .....	<b>233</b>	<b>292</b>	<b>203</b>	<b>238</b>	<b>327</b>
Depreciation, amortization and impairments .....	(197)	(182)	(133)	(127)	(176)
<b>Operating profit/(loss)</b> .....	<b>(33)</b>	<b>36</b>	<b>21</b>	<b>54</b>	<b>69</b>
Specific items .....	70	78	53	57	82
<b>Operating profit/(loss) before specific items</b> .....	<b>37</b>	<b>114</b>	<b>74</b>	<b>111</b>	<b>151</b>
Net financial expense (including foreign exchange movements) .....	(36)	(275)	(192)	(197)	(280)
<b>Profit/(loss) before income taxes</b> .....	<b>(69)</b>	<b>(239)</b>	<b>(171)</b>	<b>(143)</b>	<b>(211)</b>
Specific items .....	(53)	91	60	57	88
<b>Profit/(loss) before income taxes before specific items</b> .....	<b>(122)</b>	<b>(148)</b>	<b>(111)</b>	<b>(86)</b>	<b>(123)</b>
Income taxes .....	(35)	(16)	(9)	(12)	(19)
<b>Profit/(Loss) for the period</b> .....	<b>(104)</b>	<b>(255)</b>	<b>(180)</b>	<b>(155)</b>	<b>(230)</b>
Specific items .....	(52)	75	52	51	74
<b>Profit/(Loss) for the period before specific items</b> .....	<b>(156)</b>	<b>(180)</b>	<b>(128)</b>	<b>(104)</b>	<b>(156)</b>

### Summary Historical Cash Flow Data

Amounts in accordance with IFRS	Year ended December 31,		Nine months ended September 30,	
	2009	2010	2010	2011
	€ millions		€ millions (unaudited)	
Cash generated from operations .....	262	178	82	108
Net cash flows from interest, taxes paid and sales of derivative financial instruments .....	(187)	(248)	(146)	(165)
Net cash provided by/(used in) operating activities .....	75	(70)	(64)	(57)
Net cash provided by/(used in) investing activities .....	(67)	(50)	(28)	(43)
Net cash provided by/(used in) financing activities .....	123	28	(12)	97

### Summary Historical Balance Sheet Data

Amounts in accordance with IFRS	As at December 31,		As at September 30, 2011
	2009	2010	30, 2011
	€ millions		€ millions (unaudited)
Cash and cash equivalents .....	289	216	210
Intangible assets .....	1,987	2,044	1,967
Property, plant and equipment .....	339	334	301
Total assets .....	3,917	3,979	3,874
Total debt <sup>(1)</sup> .....	2,640	2,817	2,902
Net debt <sup>(2)</sup> .....	2,351	2,601	2,692

(1) Total debt represents long-term debt plus short-term debt, including finance lease obligations, unamortized debt issuance costs of €81 million at December 31, 2010 and unamortized debt issuance costs of €78 million at September 30, 2011.

(2) Net debt represents total debt as defined above less cash and cash equivalents.

### Summary Historical Segment Data

The following tables depict our revenues and Adjusted EBITDA by business and geographical segment for the periods presented:

Amounts in accordance with IFRS	Year ended December 31,		Nine months ended September 30,		Twelve months ended September 30, 2011
	2009	2010	2010	2011	
	<i>€ millions (unaudited)</i>				
<b>Revenue:</b>					
Freight Management .....	2,355	3,314	2,425	2,357	3,246
Contract Logistics .....	3,139	3,433	2,622	2,797	3,708
<b>Total revenue</b> .....	<b>5,494</b>	<b>6,847</b>	<b>5,047</b>	<b>5,154</b>	<b>6,954</b>
<b>Adjusted EBITDA:<sup>(1)</sup></b>					
Freight Management .....	78	102	66	92	128
Contract Logistics .....	155	190	137	146	199
<b>Adjusted EBITDA</b> .....	<b>233</b>	<b>292</b>	<b>203</b>	<b>238</b>	<b>327</b>
Management fees .....	6	6	4	4	6
<b>Adjusted EBITDA before management fees</b> .....	<b>239</b>	<b>298</b>	<b>207</b>	<b>242</b>	<b>333</b>

	Year ended December 31,		Nine months ended September 30,		Twelve months ended September 30, 2011
	2009	2010	2010	2011	
	<i>€ millions (unaudited)</i>				
<b>Revenue:</b>					
Northern Europe .....	1,425	1,557	1,146	1,224	1,626
SEMEA .....	1,222	1,249	927	953	1,283
Americas .....	1,608	2,076	1,541	1,534	2,069
Asia Pacific .....	1,239	1,965	1,433	1,443	1,976
<b>Total Revenue</b> .....	<b>5,494</b>	<b>6,847</b>	<b>5,047</b>	<b>5,154</b>	<b>6,954</b>
<b>Adjusted EBITDA:</b>					
Northern Europe .....	44	61	44	59	76
SEMEA .....	52	58	41	38	55
Americas .....	81	91	59	69	101
Asia Pacific .....	56	82	59	72	95
<b>Total Adjusted EBITDA</b> .....	<b>233</b>	<b>292</b>	<b>203</b>	<b>238</b>	<b>327</b>

- (1) Adjusted EBITDA is calculated as EBITDA adjusted to remove certain specified amounts, which we believe to be non-recurring. Adjusted EBITDA is equivalent to the “EBITDA before specific items” stated in our previously published annual and quarterly reports (although the corporate head office costs are now allocated to the respective segments). EBITDA is defined as profit/(loss) for the period from continuing operations before net financial expense, income taxes, and depreciation, amortization and impairments. EBITDA, Adjusted EBITDA and Adjusted EBITDA before management fees are not presentations defined by IFRS, are not a measure of financial condition, liquidity or profitability and should not be considered as an alternative to net income profit/(loss) determined in accordance with IFRS or operating cash flows determined in accordance with IFRS. Additionally, each of Adjusted EBITDA and Adjusted EBITDA before management fees is not intended to be a measure of free cash flow for management’s discretionary use, as it does not take into account certain items such as investments in our associates, interest and principal payments on our indebtedness, depreciation and amortization expense (because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate revenue), working capital needs, tax payments (because the payment of taxes is part of our operations, it is a necessary element of our costs and ability to operate), non-recurring expenses and capital expenditures. We believe that inclusion of each of Adjusted EBITDA and Adjusted EBITDA before management fees is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital

structures, capital investment cycles and ages of related assets among otherwise comparable companies. We additionally believe that issuers of high yield debt securities present EBITDA, Adjusted EBITDA, Adjusted EBITDA before management fees or similarly entitled measures because investors, analysts and rating agencies consider these measures useful in measuring the ability of those issuers to meet debt service obligations. In addition, our presentation of Adjusted EBITDA is included because we believe it presents a helpful comparison of financial performance between periods by excluding the distorting effect of non-recurring items. Because not all companies calculate Adjusted EBITDA or similarly entitled measures identically, this presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. The calculation of EBITDA in this offering circular is different from the calculation of EBITDA under the indentures governing the notes. For the calculation of EBITDA under the indentures governing the notes, see the calculation of Pro Forma Adjusted EBITDA in note (2) under “—Pro Forma Financial Information and Ratios.”

The following table reconciles our Adjusted EBITDA calculations presented above to our EBITDA for the periods presented:

	Year ended December 31,		Nine months ended September 30,		Twelve months ended September 30,
	2009	2010	2010	2011	2011
	€ millions		€ millions (unaudited)		
EBITDA .....	164	218	154	181	245
Antitrust investigation <sup>(a)</sup> .....	9	13	12	11	12
Cost reduction programs <sup>(b)</sup> .....	12	31	19	31	43
Redundancy and restructuring cost <sup>(c)</sup> .....	32	21	17	8	12
Other items <sup>(d)</sup> .....	16	9	1	7	15
<b>Adjusted EBITDA</b> .....	<b>233</b>	<b>292</b>	<b>203</b>	<b>238</b>	<b>327</b>
Management fees <sup>(e)</sup> .....	6	6	4	4	6
<b>Adjusted EBITDA before management fees<sup>(f)</sup></b> .....	<b>239</b>	<b>298</b>	<b>207</b>	<b>242</b>	<b>333</b>

- (a) Represents expenses incurred in connection with the antitrust investigations, including the U.S. Department of Justice plea agreement.
- (b) Represents expenses incurred in relation to cost reduction programs such as IT outsourcing, ACE and UNO.
- (c) Redundancy and restructuring cost including severance payments for redundancy programs, costs relating to shipping station consolidations and reorganizations such as those driven by UNO, and costs incurred in the integration of country freight management and contract logistics operations and off-shoring of finance functions such as those driven by ACE.
- (d) Other significant non-recurring items, including gains or losses from the disposal of significant businesses or material assets such as properties and excess pension income or charges arising from a change in legislation or from curtailments of pension plans (including those related to *Trattamento di Fine Rapporto* legislation in Italy).
- (e) Represents fees and expenses payable to Apollo pursuant to a service agreement for the provision of management and support services. The annual fee is equal to the greater of €3.0 million and 1.5% of Pro Forma Adjusted EBITDA. See “Certain Relationships and Related Party Transactions.”
- (f) Certain of our subsidiaries have a functional currency other than the euro, and their results are translated into euro based on the average exchange rate during the applicable period. If results of those subsidiaries had instead been translated into euro based on the exchange rate at December 31, 2011, our Adjusted EBITDA before management fees for the twelve months ended September 30, 2011 would have been €348 million. Such translation should not be construed as a representation of actual or expected results for any period.

### Summary Quarterly and Year-to-Date Historical Segment Income Statement Data

Amounts in accordance with IFRS	Three months ended September 30,				Nine months ended September 30,			
	2009	2010	2011	2011 at constant exchange rates	2009	2010	2011	2011 at constant exchange rates
	<i>€ millions (unaudited)</i>							
<b>Revenue:</b>								
Freight Management .....	584	900	817	864	1,661	2,425	2,357	2,443
Contract Logistics .....	788	915	938	972	2,352	2,622	2,797	2,844
<b>Total revenue .....</b>	<b>1,372</b>	<b>1,815</b>	<b>1,755</b>	<b>1,836</b>	<b>4,013</b>	<b>5,047</b>	<b>5,154</b>	<b>5,287</b>
<b>Adjusted EBITDA:</b>								
Freight Management .....	28	38	36	39	59	66	92	98
Contract Logistics .....	40	48	50	52	108	137	146	150
<b>Adjusted EBITDA .....</b>	<b>68</b>	<b>86</b>	<b>86</b>	<b>91</b>	<b>167</b>	<b>203</b>	<b>238</b>	<b>248</b>
<b>Adjusted EBITDA before management fees:</b>								
Freight Management .....	29	38	36	40	61	68	93	100
Contract Logistics .....	41	49	51	53	110	139	149	152
<b>Adjusted EBITDA before management fees .....</b>	<b>70</b>	<b>87</b>	<b>87</b>	<b>93</b>	<b>171</b>	<b>207</b>	<b>242</b>	<b>252</b>

### Pro Forma Financial Information and Ratios

	<b>Pro forma at and for the twelve months ended September 30, 2011<sup>(1)</sup></b>
	<i>(unaudited)</i> <i>(€ millions)</i>
Adjusted EBITDA before management fees .....	333
Pro Forma Adjusted EBITDA <sup>(2)</sup> .....	385
Pro forma cash and cash equivalents .....	210
Pro forma gross debt <sup>(3)</sup> .....	2,413
Pro forma net first lien secured debt <sup>(4)</sup> .....	784
Pro forma net secured debt <sup>(5)</sup> .....	1,462
Pro forma net debt <sup>(6)</sup> .....	2,210
Pro forma cash interest expense <sup>(7)</sup> .....	219
Ratio of pro forma net first lien secured debt to Pro Forma Adjusted EBITDA .....	2.0x
Ratio of pro forma net secured debt to Pro Forma Adjusted EBITDA .....	3.8x
Ratio of pro forma net debt to Pro Forma Adjusted EBITDA .....	5.7x

- (1) Pro forma gives effect to the Transactions as if they had been completed as of September 30, 2011 for all pro forma debt and interest expense amounts and assumes that the euro to U.S. dollar exchange rate with respect to the Apollo Exchange is \$1.316 = €1.00. Each \$.01 change in the exchange rate would result in a \$1.1 million change in the principal amount of New Senior Unsecured Notes issued to Apollo in the Apollo Exchange. See “Use of Proceeds.”
- (2) Pro Forma Adjusted EBITDA is calculated as Adjusted EBITDA before management fees for the twelve months ended September 30, 2011 adjusted to remove or add certain specific amounts in accordance with the calculation of EBITDA under the indentures governing, or that will govern, the notes and the Existing Notes and the loan agreement governing the Senior Unsecured Facility, and corresponds with the calculation of EBITDA under the loan agreement governing the Senior Secured Facilities. See “Risk Factors—The calculation of Pro Forma Adjusted EBITDA pursuant to our debt facilities permits certain estimates and assumptions that may differ materially from actual results and certain expected cost savings may not be achieved.”

Pro Forma Adjusted EBITDA is not a presentation made in accordance with IFRS, is not a measure of financial condition, liquidity or profitability and should not be considered as an alternative to loss for the period determined in accordance with IFRS or operating cash flows determined in accordance with IFRS. Additionally,

Pro Forma Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as investments in our associates, interest and principal payments on our indebtedness, depreciation and amortization expense (which, because we use capital assets, is a necessary element of our costs and ability to generate revenue), working capital needs, tax payments (which, because the payment of taxes is part of our operations, is a necessary element of our costs and ability to operate), non-recurring or unusual expenses and capital expenditure. We believe that inclusion of Pro Forma Adjusted EBITDA in this offering circular is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. In addition, Pro Forma Adjusted EBITDA is utilized to determine our compliance with certain covenants including the fixed charge coverage ratio used for purposes of debt incurrence under the indentures governing, or that will govern, the notes and the Existing Notes. Because not all companies calculate Pro Forma Adjusted EBITDA, this presentation of Pro Forma Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

The following table reconciles our Adjusted EBITDA before management fees calculations presented above to our Pro Forma Adjusted EBITDA:

	<b>As at and for the twelve months ended September 30, 2011</b>
	<i>(unaudited)</i> <i>(€ millions)</i>
<b>Adjusted EBITDA before management fees</b> .....	<b>333</b>
Optimization programs <sup>(a)</sup> .....	29
Management savings programs <sup>(b)</sup> .....	23
<b>Pro Forma Adjusted EBITDA</b> .....	<b>385</b>

- (a) Represents projected and forecasted headcount and benefit reductions, network optimization and other overhead reductions, such as Program UNO and Project ACE. We expect these initiatives to deliver approximately €29 million in annualized savings in addition to the savings that have already been realized.
- (b) Represents projected and forecasted cost savings from our LEAN and central procurement functions and other cost reduction initiatives. Our LEAN program seeks to reduce costs by training experts to perform site assessments that target waste reduction and identify specific and sustainable operational improvements, while our central procurement function seeks to reduce costs by seeking to maximize our worldwide purchasing power. We expect these initiatives to deliver approximately €23 million in annualized cost savings in addition to the savings that have already been realized.
- (3) Pro forma gross debt is total borrowings excluding unamortized debt issuance costs and debt issuance costs relating to the Transactions (assuming for purposes of the Apollo Exchange that the exchange rate in effect the day prior to the closing of this offering is equal to the exchange rate in effect on January 26, 2012).
- (4) Pro forma net first lien secured debt consists of debt secured by first-priority liens, including the Existing First Lien Senior Secured Notes, the Senior Secured Facilities, the New First Lien Senior Secured Notes offered hereby and €57 million of finance leases and other secured debt, excluding unamortized debt issuance costs, minus pro forma cash and cash equivalents.
- (5) Pro forma net secured debt consists of all secured debt, including pro forma net first lien secured debt, excluding unamortized debt issuance costs, minus pro forma cash and cash equivalents.
- (6) Pro forma net debt is total debt excluding unamortized debt issuance costs, minus pro forma cash and cash equivalents (assuming for purposes of the Apollo Exchange that the exchange rate in effect on the day prior to the closing of this offering is equal to the exchange rate in effect on January 26, 2012).
- (7) Represents pro forma cash interest expense for the last twelve months ended September 30, 2011 on gross debt after giving pro forma effect to the Transactions as if they had occurred on January 1, 2010. Pro forma cash

interest expense does not reflect interest payable on certain existing third party finance lease obligations and other indebtedness or interest receivable on pro forma cash and cash equivalents or short-term deposits. Pro forma cash interest expense does not reflect non cash interest expense or income in relation to foreign exchange gains or losses or interest expense on retirement benefit obligations. In addition, the pro forma cash interest calculation assumes a three month USD LIBOR of 0.374% and a three month euro LIBOR of 1.554%, the rates as of September 30, 2011, per the British Bankers Association, and does not give effect to any changes in LIBOR. This pro forma cash interest change does not give effect to any changes in the interest rate of our floating rate debt.

## RISK FACTORS

*Investing in the notes involves a high degree of risk. You should carefully consider the following risk factors and all other information contained and incorporated by reference in this offering circular, including “Operating and Financial Review and Prospects” and our audited and unaudited consolidated financial statements and the related notes, before investing in the notes. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. If any of the following risks materialize, our business, results of operations and financial condition could be materially and adversely affected. In that case, you may lose some or all of your investment.*

*This offering circular and the information incorporated by reference herein also contain forward-looking statements that involve risks and uncertainties. See “Disclosure Regarding Forward-Looking Statements.” Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors.*

### **Risks Related to the Notes**

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

The New First Lien Senior Secured Notes will mature on December 1, 2017, and the New Senior Unsecured Notes will mature on March 31, 2020. After giving pro forma effect to the Transactions, approximately €629 million of our existing indebtedness (including the Senior Secured Facilities, the ABL Facility and the First-and-a-Half Priority Lien Notes, but excluding the Existing First Lien Senior Secured Notes and the Junior Lien Notes) will mature prior to December 1, 2017, and a further €1,812 million of our debt will mature before the maturity date of the New Senior Unsecured Notes (in each case, excluding finance leases and other local long-term debt). If we do not have sufficient cash to repay our debt when it matures, we will need to refinance such indebtedness. There can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay such amounts. We may not be able to refinance such indebtedness on satisfactory terms, if at all, and would be required to do so prior to the maturity of the notes. As a result, we may not have sufficient cash to repay all amounts owing on the notes at maturity.

***As a holding company with no independent operations, our ability to repay our debt, including the notes, depends upon the performance of our subsidiaries.***

We are a holding company with no independent operations. All of our operations are conducted by our subsidiaries, and we have no significant assets other than the equity interests in our subsidiaries. As a result, our cash flow and the ability to service our indebtedness, including our ability to pay the interest and principal amount of the notes when due, depend on the performance of our subsidiaries and the ability of those entities to distribute funds to us.

Accordingly, repayment of our indebtedness, including the notes, depends on the generation of cash flow by our subsidiaries and (if they are not guarantors of the notes) their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indentures governing the notes will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our non-guarantor subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

In addition, any payment of interest, dividends, distributions, loans or advances by our operating subsidiaries to us could be subject to restrictions on dividends or repatriation of distributions under applicable local law, monetary

transfer restrictions and foreign currency exchange regulations in the jurisdictions in which the subsidiaries operate or under arrangements with local partners. For example, our Dutch subsidiaries may only distribute dividends to the extent they have sufficient distributable reserves, and in Australia a company must not pay a dividend unless its assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend, the payment of the dividend is fair and reasonable to the company's shareholders as a whole, and the payment of the dividend does not materially prejudice the company's ability to pay its creditors. In addition, payments of dividends may be subject to dividend withholding tax where an Australian entity pays unfranked dividends to a non-Australian shareholder.

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

Our ability to generate cash depends on many factors beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us, in an amount sufficient to fund our liquidity needs, including the payment of principal and interest on the notes. In the event that we have insufficient cash to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the notes, on or before maturity.

These alternative measures may not be successful, and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate these dispositions for fair value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due.

***If we default on our obligations to pay our other indebtedness, including our Senior Secured Facilities, our business, results of operations and financial condition may be adversely affected and we may not be able to make payments on the notes.***

Any default under the agreements governing our indebtedness, including a default under the Senior Secured Facilities, that is not waived by the required lenders thereunder and the remedies sought by the holders of such indebtedness, could prohibit us from making payments of principal, premium, if any, or interest on the notes and could substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including the Senior Secured Facilities), we could be in default under the terms of the agreements governing such indebtedness. In particular, at any time that loans or letters of credit are outstanding (and not cash collateralized) thereunder, the agreement governing our Senior Secured Facilities requires us to maintain a senior secured leverage ratio below a specified level. Specifically, the ratio of our senior secured debt to trailing twelve-month Pro Forma Adjusted EBITDA (as adjusted per the credit agreement governing the Senior Secured Facilities) may not exceed 4.0 to 1.0 as of the last day of any fiscal quarter. At September 30, 2011, we had a senior secured leverage ratio of 1.9 to 1.0 and were in compliance with all covenants under the credit agreement governing the Senior Secured Facilities.

In the event of any default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. More specifically, the lenders under our revolving credit facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. With respect to a breach of our senior secured leverage ratio, our parent company, CIL, has the right, but not the obligation, to cure such default through the contribution of additional cash to the Company. If a breach of the senior secured leverage ratio covenant is not cured, or if any other event of default under our Senior Secured Facilities occurs, the lenders under the credit agreement could elect, among other things, (i) to declare all borrowings outstanding under the term loan facility, revolving credit facility, and the synthetic letter of credit facility, together with accrued and unpaid interest and fees, due and payable and could demand cash collateral for all letters of credit issued thereunder, and/or (ii) to require us to apply all of our available cash to repay these borrowings, either of which could result in an event of default under the Existing Notes and the notes.

If the indebtedness under our Senior Secured Facilities, the Existing Notes or the notes were to be accelerated after an event of a default, our assets may not be sufficient to repay such indebtedness in full and our lenders could foreclose on our pledged assets. Under these circumstances, we cannot give assurance that a refinancing would be possible or that any additional financing could be obtained on acceptable terms or at all and we may be forced to explore other alternatives, which could include a potential reorganization or restructuring. See “Description of Other Indebtedness,” “Description of the New First Lien Senior Secured Notes” and “Description of the New Senior Unsecured Notes.”

***Despite our substantial indebtedness, we and our subsidiaries may still be able to incur significantly more debt.***

The provisions contained or to be contained in the agreements relating to our indebtedness, including the Existing Notes, the notes, the Senior Unsecured Facility and the Senior Secured Facilities do not completely prohibit our ability to incur additional indebtedness, and the amount of additional indebtedness that we could incur could be substantial. Accordingly, we or our subsidiaries could incur significant additional indebtedness in the future, much of which could constitute secured or senior indebtedness.

***The notes will be structurally subordinated to all of the debt and liabilities of our non-guarantor subsidiaries, including the SPE.***

Some of our wholly owned subsidiaries, including the SPE and all of our wholly owned subsidiaries organized under the laws of the Republic of Italy, will not guarantee the notes. In addition, our joint ventures will not guarantee notes. Generally, claims of creditors (both secured and unsecured) of a non-guarantor subsidiary, including trade creditors and claims of preference shareholders (if any) of the subsidiary (or the equivalent of any of the foregoing under local law), will have priority with respect to the assets and cash flow of the non-guarantor subsidiary over the claims of creditors of its parent entity. In the event of a bankruptcy, liquidation or reorganization or other bankruptcy or insolvency proceeding of any of these non-guarantor subsidiaries (or the equivalent of any of the foregoing under local law), holders of the notes will participate with all other holders of our indebtedness in the assets remaining and divided or otherwise paid to the Issuer after the subsidiaries involved in such proceedings have paid all of their debts and liabilities. In any of these cases, the relevant subsidiaries may not have sufficient funds to make payments to us, and holders of the notes may receive less, ratably, than the holders of debt of our subsidiaries.

As of and for the year ended December 31, 2010, CEVA’s subsidiaries that will guarantee the notes accounted for, in accordance with IFRS only, €94 million, or 43%, of CEVA’s total EBITDA and €154 million, or 53%, of CEVA’s total Adjusted EBITDA. However, as of such date, such subsidiaries accounted for, in accordance with IFRS, (a) €7,314 million, or 73%, of CEVA’s total assets before intercompany eliminations, (b) €196 million, or 59%, of CEVA’s property, plant and equipment, (c) €32 million, or 91%, of CEVA’s inventory, (d) €623 million, or 36%, of CEVA’s accounts receivable before intercompany eliminations, (e) €2,571 million, or 89%, of CEVA’s total long-term debt before intercompany eliminations and (f) €4,081 million, or 59%, of CEVA’s total revenue before intercompany eliminations.

As of and for the year ended December 31, 2010, CEVA’s subsidiaries that will not guarantee the notes accounted for, in accordance with IFRS, (a) €2,747 million, or 27%, of CEVA’s total assets before intercompany

eliminations, (b) €138 million, or 41%, of CEVA's property, plant and equipment, (c) €3 million, or 9%, of CEVA's inventory, (d) €1,103 million, or 64%, of CEVA's accounts receivable before intercompany eliminations, (e) €323 million, or 11%, of CEVA's total long-term debt before intercompany eliminations, (f) €2,827 million, or 41%, of CEVA's total revenue before intercompany eliminations and (g) €138 million, or 47%, of CEVA's total Adjusted EBITDA, and €124 million, or 57%, of CEVA's total EBITDA.

***Indebtedness under the ABL Facility will be structurally senior to the notes, and any future accounts receivable sold or contributed to the SPE will not constitute collateral for the New First Lien Senior Secured Notes.***

Certain of our U.S. subsidiaries maintain an ABL Facility under which we contribute or sell substantially all of our U.S. trade accounts receivable to the SPE. The obligations of the SPE as borrower under the ABL Facility are secured on a first-priority basis by all currently owned and subsequently acquired assets of the SPE, including, but not limited to, all of the receivables transferred to it. Under the terms of the Receivables Transfer Agreement, the Originators will contribute or sell all of their U.S. trade accounts receivable to the SPE as they are originated.

The SPE will not guarantee the notes. Further, the New First Lien Senior Secured Notes and related guarantees are not secured by a lien on any assets of the SPE, including, but not limited to, the receivables transferred to it. Therefore, U.S. trade accounts receivable that are contributed or sold to the SPE will not constitute collateral for the New First Lien Senior Secured Notes. Any rights to payment and claims by the holders of the notes are, therefore, effectively junior to any rights of payment or claims by our creditors under the new ABL Facility. We are not required to offer to pay or repurchase the New First Lien Senior Secured Notes with the proceeds thereof or reinvest in assets that constitute Collateral.

***Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

After giving pro forma effect to the Transactions, a substantial portion of our borrowings, primarily under our Senior Secured Facilities, are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our annual debt-service obligations on the variable rate indebtedness would increase, and could increase significantly, even though the amount borrowed remained the same, and our net income would decrease.

***A downgrade in our debt ratings could restrict our access to, and negatively impact the terms of, current or future financings.***

S&P and Moody's maintain credit ratings on the Company and certain tranches of our debt. Each of these ratings is currently below investment grade. Any decision by these ratings agencies to downgrade such ratings in the future could restrict our access to, and negatively impact the terms of, future financings.

***European Union savings directive.***

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide the tax authorities of another Member State details of payments of interest or other similar income payments ("Savings Income") made by a person within its jurisdiction to or collected by such a person for an individual or to certain other persons, resident in that other Member State (interest payments on the notes will for these purposes be Savings Income). However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at 35% (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld—see below). The termination of such transitional period is dependent upon the conclusion of certain other agreements by certain other countries relating to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted and implemented similar measures (either provision of information or transitional withholding) in relation to payments of Savings Income made by a person within its jurisdiction to an individual, or to certain other persons, resident in a Member State. In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of

Savings Income made by a person in a Member State to an individual, or to certain other persons, resident in certain dependent or associated territories or non-EU countries.

Where an individual holder receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual holder may be able to elect not to have tax withheld. The formal requirements may vary slightly from jurisdiction to jurisdiction. They generally require the individual holder to produce certain information (such as his tax number) and consent to details of payments and other information being transmitted to the tax authorities in his home state. Provided that the other Tax Authority receives all of the necessary information the payment will not suffer a withholding under EC Council Directive 2003/48/EC or the relevant law conforming with the directive in a dependent or associated territory.

The directive is currently the subject of a review which may lead to it being amended and which may broaden the scope of the requirements described above. Any changes could apply to notes that have already been issued at the date of the amendment of the directive.

***Change of tax law.***

Statements in this offering circular concerning the taxation of noteholders are of a general nature and are based upon current tax law and published practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect noteholders. In addition, any change in the Issuer's tax status or in taxation legislation or practice in a relevant jurisdiction could adversely impact the ability of the Issuer to service the notes and the market value of the notes.

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

Upon a change of control as defined in the indentures that will govern the notes, we will be required to make an offer to repurchase all outstanding notes at 101% of their principal amount, plus accrued and unpaid interest, unless we have previously given notice of our intention to exercise our right to redeem the notes. A change of control under the indentures that will govern the notes would also constitute a change of control under the indentures governing the Existing Notes and the loan agreement governing the Senior Unsecured Facility. We may not have sufficient financial resources to purchase all notes and/or the Existing Notes that are tendered upon a change of control offer or prepay loans under our Senior Unsecured Facility or, if then permitted under the indentures governing, or that will govern, the notes and the Existing Notes, to redeem the notes or the Existing Notes. A failure to make the applicable change of control offer or to pay the applicable change of control purchase price when due would result in a default under the indentures governing, or that will govern, the notes and the Existing Notes as well as under the loan agreement governing our Senior Unsecured Facility. The occurrence of a change of control would also constitute an event of default under our Senior Secured Facilities and may constitute an event of default under the terms of our other indebtedness. The terms of the credit agreement governing our Senior Secured Facilities limit our right to purchase or redeem certain indebtedness. In the event any purchase or redemption is prohibited, we may seek to obtain waivers from the required lenders under our Senior Secured Facilities to permit the required repurchase or redemption, but the required lenders have no obligation to grant, and may refuse to grant, such a waiver. A change of control will be defined in the indentures that will govern the notes and would not include all transactions that could involve a change of control of our day-to-day operations, including a transaction involving the Management Group as defined in the indentures that will govern the notes. See "Description of the New First Lien Senior Secured Notes—Change of Control" and "Description of the New Senior Unsecured Notes—Change of Control."

***The calculation of Pro Forma Adjusted EBITDA pursuant to our debt facilities permits certain estimates and assumptions that may differ materially from actual results and certain expected cost savings may not be achieved.***

Although Pro Forma Adjusted EBITDA is derived in part from our financial statements, the calculation of Pro Forma Adjusted EBITDA pursuant to the indentures governing, or that will govern, the Existing Notes and the notes offered hereby and the loan agreements governing the Senior Secured Facilities and the Senior Unsecured Facility permit certain estimates and assumptions that may differ materially from actual results. For example, management adjusts EBITDA to reflect the full-year impact of cost saving initiatives already undertaken by management. Although our management believes these estimates and assumptions are reasonable, investors should not place undue reliance upon the calculation of Pro Forma Adjusted EBITDA given how it is calculated and the possibility

that the underlying estimates and assumptions may ultimately not reflect actual results. Although these estimated cost savings increase our Pro Forma Adjusted EBITDA by the amount of savings expected to be achieved, these cost savings are merely estimates and may not actually be achieved in the timeframe anticipated, which may be in the future, or at all. The investments for these cost savings are ongoing and generally are treated as specific items when calculating our Adjusted EBITDA. Further, no third party, including PricewaterhouseCoopers LLP and each of the initial purchasers, has compiled, reviewed or performed any assurance procedures with respect to these estimated cost savings, or has expressed an opinion or given any other form of assurance on these estimated cost savings or their achievability. In addition, the indentures governing, or that will govern, the Existing Notes and the notes offered hereby and the loan agreements governing the Senior Secured Facilities and the Senior Unsecured Facility permit us to adjust EBITDA for items that would not meet the standards for inclusion in pro forma financial statements under accounting regulations and the other SEC rules. Some of these adjustments may be too speculative to merit adjustment under accounting regulations; however, the indentures governing, or that will govern, the Existing Notes and the notes offered hereby and the loan agreements governing the Senior Secured Facilities and the Senior Unsecured Facility would permit such adjustments for purposes of determining Pro Forma Adjusted EBITDA. As a result of these adjustments, we may be able to incur more debt or pay dividends or make other restricted payments in greater amounts than would otherwise be permitted without such adjustments.

Potential investors should regard the assumptions and projections with considerable caution and are urged to evaluate the potential for any assumption to deviate from those set out in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” and the implications of deviations in different assumptions on other assumptions and the income and cash flows of the Company.

***Enforceability of German guarantees and, as applicable, security interests—You may not be able to enforce, or recover any amounts under, the guarantees of, and, as applicable, security interests granted by or in, the German subsidiaries due to restrictions on enforcement reflecting German corporate law.***

The enforcement of the guarantees and, as applicable, security interests provided by our German subsidiaries will be limited by language reflecting the capital maintenance rules imposed by German corporate law, which prohibit the direct or indirect repayment of a German limited liability company’s stated share capital to its direct or indirect shareholders (including payments pursuant to guarantees in favor of the debts of such shareholders). Payments under the guarantees and/or, as applicable, enforcement of security interests will be limited if, and to the extent, such payments/enforcement would cause a German subsidiary’s net worth to fall below the amount of its stated share capital.

The net worth of each of our German subsidiaries is measured at the time of enforcement of the guarantee after taking into account, among other things, the direct debt and other obligations of the relevant German subsidiary. Because our German subsidiaries are also guarantors of all obligations under the Existing Notes, the Senior Unsecured Facility and the Senior Secured Facilities and will also owe other obligations, we cannot assure you that the excess of the net worth of each German subsidiary over its stated share capital will be adequate to cover any or all of the amounts outstanding under any guarantee provided by the relevant German subsidiary.

In addition, the respective direct or indirect shareholders of our German subsidiaries must not, under German law, jeopardize the existence of a German subsidiary, and in particular, such shareholders must not deprive the German subsidiaries of the assets necessary to meet the German subsidiaries’ payment obligations. For this reason, we cannot assure you that the respective shareholders of the German subsidiaries will have the assets available to cover any or all of the amounts owed by them under the guarantees.

German capital maintenance rules are subject to ongoing court decisions. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of its subsidiaries constituted in the form of a limited liability company or of a limited partnership, the general partner or general partners of which is, or are, a limited liability company, which can negatively affect our ability to make payment on the notes or of the subsidiaries to make payments on the guarantees.

There are also risks regarding the enforceability of the pledges of the shares of our German subsidiaries for the benefit of the New First Lien Senior Secured Notes. Under German law, a security interest created pursuant to a share pledge for the benefit of a beneficiary who is not a direct party to the relevant pledge agreement creating the

security interest may not be enforceable. The indenture that governs the New First Lien Senior Secured Notes will provide for the creation of “parallel debt obligations,” pursuant to which the collateral agent on behalf of the holders of the New First Lien Senior Secured Notes will become the holder of a secured claim equal to each amount payable by an obligor under the indenture that governs the New First Lien Senior Secured Notes which is to be secured by the relevant share pledge. The parallel debt obligation procedure has not been tested under German law, and we cannot assure the holders of the New First Lien Senior Secured Notes that it will eliminate or mitigate the risk of unenforceability posed by German law.

Further, creating a trust in respect of the parallel debt obligations or any German law security interests or transferring German law security interests to a trust may, depending on the security interest and the circumstances, affect the validity of the security interest or the validity of its transfer to the trust. Pursuant to the indenture that governs the New First Lien Senior Secured Notes, the parallel debt obligations and German law security interests are carved out from the property to be held on trust. However, in the case of an insolvency of the collateral agent, the relevant insolvency laws applicable to the collateral agent (and not the governing laws of the Security Documents or the German law security interests) may govern whether the parallel debt obligations and German law security interests will form part of any trust or any similar arrangement or of the collateral agent’s insolvency estate.

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

Holders of the notes will have the benefit of guarantees and, in the case of the holders of the New First Lien Senior Secured Notes, security of certain of our subsidiaries. However, the guarantees will be limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor’s liability under its guarantee could be reduced to zero, depending on the amount of other obligations of such guarantor. Furthermore, under the circumstances discussed more fully below, a court under applicable fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. In addition, holders of the notes could lose the benefit of a particular guarantee and, as applicable, security if it is released under certain circumstances described under “Description of Other Indebtedness—Intercreditor Agreements—Senior/Subordinated Intercreditor Agreement—Release of Guarantees and Security,” “Description of the New First Lien Senior Secured Notes—Note Guarantees,” and “Description of the New Senior Unsecured Notes—Note Guarantees.”

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

Enforcement of guarantees and, as applicable, security in some jurisdictions may be restricted by foreign exchange controls. For example, companies in Brazil may only remit funds out of Brazil and/or convert such funds into hard currency in strict compliance with foreign exchange rules, and there can be no assurance that such companies would have the ability to convert Brazilian reais into dollars or euro, nor that such companies would be able to remit such funds out of Brazil. See “Certain Insolvency Law Considerations.”

***Relevant local insolvency laws may not be as favorable to you as U.S. bankruptcy laws and may preclude holders of notes from recovering payments due.***

We and certain of the guarantors are incorporated under the laws of England and Wales. Therefore, any insolvency proceedings commenced by or against us or such guarantors may proceed under, and be governed by, English insolvency laws. The other guarantors are organized in Australia, Belgium, Brazil, Canada, the Cayman Islands, Germany, Hong Kong, Luxembourg, The Netherlands and the United States. The procedural and

substantive provisions of English, Australian, Belgian, Brazilian, Canadian, Cayman, German, Hong Kong, Luxembourgian and Dutch insolvency laws may not be as favorable to creditors as comparable provisions of U.S. law.

See “Certain Insolvency Law Considerations” for a description of the insolvency laws in Australia, Belgium, Brazil, Canada, the Cayman Islands, England and Wales, Germany, Hong Kong, Luxembourg, The Netherlands and the United States which could limit the enforceability of the guarantees and, as applicable, security.

In the event that any one or more of us, the guarantors, any future guarantors, or any other of our subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or the outcome of such insolvency or similar proceedings. Pursuant to the EC Regulation on Insolvency Proceedings 2000 (EC Regulation No. 1346/2000), any insolvency proceedings commenced in respect of us or any guarantor located within the European Union (excluding Denmark which has not adopted the EC Regulation on Insolvency Proceedings 2000) would most likely be commenced in, proceed under and be governed by the insolvency laws of the jurisdiction of our or the relevant guarantor’s “centre of main interests”. There are a number of factors that are taken into account when ascertaining an entity’s centre of main interests. An entity’s centre of main interests should correspond to the place where the entity conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The jurisdiction in which an entity’s registered office is located is presumed to be its centre of main interests in the absence of proof to the contrary. The point at which this issue falls to be determined is the time at which the relevant insolvency proceedings are opened. We cannot assure you as to how the EC Regulation on Insolvency Proceedings 2000 will be applied in the event that insolvency proceedings are commenced in respect of us or any guarantor in multiple jurisdictions within the European Union. Similarly, pursuant to local legislation implementing the provisions of the UNCITRAL Model Law on Cross-Border Insolvency, a foreign court not subject to the EC Regulation on Insolvency Proceedings 2000 may have jurisdiction to open insolvency proceedings in respect of an entity where that entity has its centre of main interests in such foreign jurisdiction or an “establishment” (being a place of operations where it carries out non-transitory economic activities with human means and assets or services) in such foreign jurisdiction.

Guarantees provided by entities organized in jurisdictions not summarized in this offering circular are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the guarantees and, as applicable, security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity’s jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest, and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s laws should apply, adversely affect your ability to enforce your rights under the guarantees in these jurisdictions and limit any amounts that you may receive.

***U.S. federal and state fraudulent transfer laws permit a court to void the notes and the guarantees and, in the case of the New First Lien Senior Secured Notes, security interests, and, if that occurs, you may not receive any payments on the notes or may be required to return payments made on the notes.***

The issuance of the notes and the guarantees may be subject to review under U.S. federal and state fraudulent transfer and conveyance statutes if a bankruptcy, liquidation or reorganization case or a lawsuit, including under circumstances in which bankruptcy is not involved, were commenced at some future date by us, by the guarantors or on behalf of our unpaid creditors or the unpaid creditors of a guarantor. While the relevant laws may vary from state to state, under such laws the payment of consideration in certain transactions could be considered a fraudulent conveyance if (1) the consideration was paid with the intent of hindering, delaying or defrauding creditors or (2) we or any of our guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing notes, a guarantee or, as applicable, a security interest, and, in the case of (2) only, one of the following is also true:

- we or any of our guarantors were or was insolvent or rendered insolvent by reason of issuing notes or the guarantees;

- payment of the consideration left us or any of our guarantors with an unreasonably small amount of capital to carry on our or its business; or
- we or any of our guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they mature.

If a court were to find that the issuance of the notes or a guarantee was a fraudulent conveyance, the court could void the payment obligations under the notes, the guarantees or, as applicable, the related security agreements or further subordinate the notes or such guarantee to existing and future indebtedness of ours or such guarantor, or require the holders of the notes to repay any amounts received with respect to the notes or such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our other debt and that of our guarantors that could result in acceleration of such debt. The measures of insolvency for purposes of fraudulent conveyance laws vary depending upon the laws of the jurisdiction that is being applied. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

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

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time, or regardless of the standard that a court uses, that the issuance of the notes and the guarantees would not be subordinated to our or any guarantors' other debt.

If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration. A court could thus void the obligations under the guarantees and, as applicable, security documents, subordinate them to the applicable guarantor's other debt or take other action detrimental to the holders of the notes.

***Enforcing your rights as a holder of the notes or under the guarantees or, in the case of the New First Lien Senior Secured Notes, security documents across multiple jurisdictions may be difficult.***

We are incorporated under the laws of England and Wales, and the guarantors are incorporated under the laws of Australia, Belgium, Brazil, Canada, the Cayman Islands, England and Wales, Germany, Hong Kong, Luxembourg, The Netherlands and the United States. In the future, subsidiaries in other jurisdictions may become guarantors. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the notes. Your rights under the notes, the guarantees and, as applicable, the security documents will thus be subject to the laws of several jurisdictions, and you may not be able to effectively enforce your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

In addition, the bankruptcy, insolvency, administrative and other laws of the respective guarantors' jurisdictions of incorporation may be materially different from, or in conflict with, one another and those of the United States or United Kingdom in certain areas, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the notes and the guarantees and, as applicable, security.

The beneficial owners of the New First Lien Senior Secured Notes will not be party to any of the security documents relating to the New First Lien Senior Secured Notes. Therefore, in certain jurisdictions, such as Germany and The Netherlands, there are risks regarding the enforceability of the security interests granted by the guarantors of the New First Lien Senior Secured Notes in favor of the holders of the New First Lien Senior Secured Notes. In order to mitigate the risk, the collateral agent will enter into an abstract acknowledgment of indebtedness agreement and a parallel debt undertaking pursuant to which the collateral agent will become the holder of the secured claims equal to the principal amount of the New First Lien Senior Secured Notes plus certain other amounts for the benefit of the trustee and the holders of the New First Lien Senior Secured Notes. Accordingly, the rights of the holders of the New First Lien Senior Secured Notes will not be directly secured by the pledges of the collateral, but through this parallel claim. This parallel claim will be acknowledged by the applicable grantor by way of an abstract acknowledgment of indebtedness or a parallel debt undertaking to the collateral agent. The abstract acknowledgement of debt and parallel debt undertaking secures the New First Lien Senior Secured Notes, and the collateral secures claims under the abstract acknowledgement of debt and parallel debt undertaking. There is uncertainty as to the enforceability of this procedure in many jurisdictions, including Germany and The Netherlands. For example, this procedure has not yet been tested under German and Dutch law, and we cannot assure the holders of the New First Lien Senior Secured Notes that it will eliminate or mitigate the risk of unenforceability posed by German or Dutch law. See “Certain Insolvency Law Considerations.”

***You may be unable to enforce judgments obtained in U.S. and foreign courts against us, certain of the guarantors or their directors and executive officers.***

Many of our directors and executive officers and certain of the guarantors are, and will continue to be, non-residents of the United States, and most of the assets of these companies are located outside of the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and officers in the United States or to enforce judgments of U.S. courts in any civil liabilities proceedings under the U.S. federal securities laws. There is also uncertainty about the enforceability in the courts of certain jurisdictions, including judgments against us and certain of the guarantors obtained in the United States, whether or not predicated upon the federal securities laws of the United States. See “Enforcement of Civil Liabilities.”

***Investors in the notes may have limited recourse against PricewaterhouseCoopers LLP.***

See “Independent Auditor” for a description of the independent auditors’ reports to the members of CEVA Group Plc dated March 2, 2010 and March 4, 2011. In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, the independent auditors’ reports state that the report, including the opinion, has been prepared for and only for CEVA Group Plc’s members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose; and the independent auditors do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person to whom the report is shown or into whose hands it may come save where expressly agreed by their prior consent in writing. The independent auditors’ reports dated March 2, 2010 and March 4, 2011 are included in CEVA Group Plc’s Annual Reports for the year ended December 31, 2009 and December 31, 2010, respectively, and each is incorporated in part by reference into this offering circular.

In making these statements the independent auditors assert that they do not accept or assume any liability to parties such as holders of notes with respect to the report and to the independent auditors’ audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, holders of notes may not have any recourse against the independent auditors based on their report or the consolidated financial statements to which it relates.

***There may be no active trading market for the notes, and if one develops, it may not be liquid.***

The notes will constitute new issues of securities for which there is no established trading market. Although we will apply for admission to the Irish Stock Exchange (“ISE”) for trading of the notes on the Global Exchange Market thereof, we cannot assure you that any market for the notes will develop or, if a market does develop, the liquidity of

such market, your ability to sell your notes or the price at which you may be able to sell your notes. Future trading prices of the notes will depend on many factors, including:

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

As a result, we cannot assure you that an active trading market will actually develop for the notes. In addition, if we do not list the notes on the ISE prior to the first interest payment date, interest on the notes will be paid subject to U.K. withholding tax (currently 20%), although we may, under certain circumstances, be obligated to pay additional amounts under the terms of the indentures governing the notes. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for the notes may be subject to similar disruptions. Any such disruptions may adversely affect the value of the notes.

Our financial statements are being presented on a consolidated basis, and permission is being sought from the ISE for a derogation from the ISE's normal requirement that individual guarantor financial statements be set out in the listing particulars. We cannot assure you that we will be successful. A failure to receive such derogation could prevent our listing the notes on the ISE and adversely affect the liquidity for the notes.

***We will not offer to register the notes or exchange the notes in a registered exchange offer.***

We will not register the notes under the Securities Act or under the securities laws of any other jurisdiction. Unless so registered, the notes may not be reoffered or resold except under certain exemptions from the registration requirements of the Securities Act or the securities laws of any other jurisdiction. We will not offer to exchange the notes in an exchange offer registered under the Securities Act or the securities laws of any other jurisdiction. As a result, we will not be subject to the reporting requirements of the Exchange Act, including the requirements of the Sarbanes-Oxley Act of 2002, and holders of notes will only be entitled to receive the information about us specified under "Description of the New First Lien Senior Secured Notes—Certain Covenants—Reports and Other Information" and "Description of the New Senior Unsecured Notes—Certain Covenants—Reports and Other Information" including the information required by Rule 144A(d)(4) under the Securities Act. As such, our management will not be required to comply with various requirements applicable to U.S. public companies, including the requirement of management to certify the effectiveness of our disclosure controls and accounting controls and procedures.

***There are restrictions on your ability to resell your notes.***

The notes have not been registered under the Securities Act or any state securities laws. The notes are being offered and sold pursuant to an exemption from registration under U.S. and applicable state securities laws. As a result, the notes may be transferred or resold only in transactions registered under, or exempt from, U.S. and applicable state securities laws. Therefore, you may be required to bear the risk of your investment for an indefinite period of time. See "Notice to Investors."

***Individual accounts of the note guarantors have been included in our consolidated financial statements.***

The accounts of the note guarantors as listed under "Admission to Trading and General Information—Information about the Guarantors" have been included in the consolidated accounts of CEVA Group Plc, which are incorporated by reference herein, and have not been presented separately herein. We are applying to the ISE for a derogation from their normal requirement that individual guarantor accounts be set out in the offering circular of an issuer of securities listed on that exchange.

## **Risks Specifically Related to the New First Lien Senior Secured Notes**

### ***There may not be sufficient collateral to satisfy our obligations under all or any of the New First Lien Senior Secured Notes.***

Indebtedness under the Senior Secured Facilities, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Lien Notes and the Junior Lien Notes is secured by, among other things, a pledge of substantially all of our assets and substantially all of the assets of certain of our guarantors, other than, as described above, the U.S. trade accounts receivables originated by the Originators that have been transferred to the SPE. As of the Issue Date, the New First Lien Senior Secured Notes will be secured by a pledge of such assets that will be equal in priority to the security interests granted to secure the Existing First Lien Senior Secured Notes and the Senior Secured Facilities, although at the issue date holders of the New First Lien Senior Secured Notes may not have the benefit of security interests in an immaterial amount of the aggregate value of all the collateral expected to secure the New First Lien Senior Secured Notes. See “—As of the closing date holders of the New First Lien Senior Secured Notes may not have the benefit of security interests in certain of the collateral, which may adversely affect the rights of the holders of the New First Lien Senior Secured Notes” below. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, the proceeds of the assets securing the New First Lien Senior Secured Notes will be used first to pay indebtedness with a senior lien on the collateral, if any, and then to pay, on a *pari passu* basis, the Existing First Lien Senior Secured Notes, the Senior Secured Facilities, the New First Lien Senior Secured Notes and any other indebtedness with a *pari passu* lien on the collateral. After the proceeds of the collateral have been used to satisfy the Existing First Lien Senior Secured Notes, the Senior Secured Facilities, the New First Lien Senior Secured Notes and any other indebtedness with a *pari passu* or senior lien on the collateral, any New First Lien Senior Secured Notes remaining outstanding will be general unsecured claims that will be equal in right of payment with our and the guarantors’ indebtedness secured by an equal or junior priority lien, including the First-and-a-Half Priority Lien Notes and Junior Lien Notes, or unsecured unsubordinated indebtedness, including the Senior Unsecured Facility, the New Senior Unsecured Notes and the 12% Senior Notes.

The New First Lien Senior Secured Notes will be structurally subordinate to indebtedness of our non-guarantor subsidiaries, including the SPE, and will be effectively senior in right of payment to all of our existing and future indebtedness secured by a junior priority lien, including the First-and-a-Half Priority Lien Notes and Junior Lien Notes, and unsecured senior debt and other obligations that are not, by their terms, subordinated in right of payment to the New First Lien Senior Secured Notes, including the Senior Unsecured Facility, the New Senior Unsecured Notes and the 12% Senior Notes, to the extent of the value of the assets securing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes. However, the indenture that governs the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes, like the indentures governing the First-and-a-Half Priority Lien Notes and Junior Lien Notes, permits the release of all of the collateral with the consent of a majority in aggregate principal amount of the then-outstanding notes issued under such indenture. If in the future we seek and receive the consent of holders of a majority in aggregate principal amount of the notes issued under the indenture governing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes to the release of all of the collateral securing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes, then the New First Lien Senior Secured Notes will become our general unsecured obligations and will no longer be effectively senior in right of payment to our indebtedness secured by a junior priority lien and unsecured senior debt and other obligations that are not, by their terms, subordinated in right of payment to the New First Lien Senior Secured Notes. See “—Holders of the New First Lien Senior Secured Notes will not control certain decisions regarding collateral” for other circumstances in which the collateral securing the New First Lien Senior Secured Notes may be released.

In addition to borrowings under the Senior Secured Facilities, the indenture that governs the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes allows a significant amount of other indebtedness and other obligations to be secured by a senior priority lien on the collateral securing obligations under such indenture or secured by a lien on such collateral on an equal and ratable basis with the obligations under such indenture, provided that, in each case, such indebtedness or other obligation could be incurred under the debt incurrence covenants contained in such indenture. Any additional obligations secured by a senior or equal priority lien on the collateral securing the obligations under such indenture will adversely affect the relative position of the holders of such New First Lien Senior Secured Notes with respect to the collateral securing the obligations under such indenture and may reduce the recovery of the New First Lien Senior Secured Notes in the event of a

bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us. Further, neither the indenture that governs the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes nor the First Lien Intercreditor Agreement prohibits us or our subsidiaries from creating liens on our assets and property that are senior to the security interests in favor of the obligations under such indenture and junior to other indebtedness, including the Senior Secured Facilities. Any additional obligations secured by such lien on the collateral securing the obligations under such indenture will adversely affect the relative position of the holders of the New First Lien Senior Secured Notes with respect to the collateral securing the obligations under such indenture and may reduce the recovery of the New First Lien Senior Secured Notes in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us. See “Description of the New First Lien Senior Secured Notes—Security—Security Documents and Intercreditor Agreements” for additional information on the intercreditor arrangements with respect to the collateral for the New First Lien Senior Secured Notes.

No appraisals of the fair market value of any collateral have been prepared in connection with this offering. The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. As of September 30, 2011, we had property, plant and equipment with a book value of €301 million, intangible assets (excluding goodwill) with a book value of €467 million and accounts receivable with a book value of €1,033 million, only some of which will secure the New First Lien Senior Secured Notes. The book value of our assets may not be indicative of the fair market value of such assets, which could be substantially lower. In addition, a substantial portion of the foregoing will not constitute collateral for the New First Lien Senior Secured Notes. Accordingly, the value of the collateral for the New First Lien Senior Secured Notes could be substantially less than the aggregate principal amount of the New First Lien Senior Secured Notes and our other indebtedness secured by a senior priority or an equal priority lien. By their nature, some or all of the pledged assets may be illiquid and may have no readily ascertainable market value. The value of the assets pledged as collateral for the New First Lien Senior Secured Notes could be impaired in the future as a result of changing economic conditions in multiple jurisdictions, changing legal regimes, our failure to implement our business strategy, competition and other future trends. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the proceeds from any sale or liquidation of the collateral may be insufficient to pay our obligations under the New First Lien Senior Secured Notes in full.

***As of the closing date holders of the New First Lien Senior Secured Notes may not have the benefit of security interests in certain of the collateral, which may adversely affect the rights of the holders of the New First Lien Senior Secured Notes.***

As of the closing date of this offering, the holders of the New First Lien Senior Secured Notes may not have the benefit of security interests in all of the same collateral that secures the Senior Secured Facilities, Existing First Lien Senior Secured Notes, First-and-a-Half Priority Lien Notes and the Junior Lien Notes. If this occurs, we are required to use commercially reasonable efforts to secure enforceable security interests for the benefit of the holders of the New First Lien Senior Secured Notes in all of the same collateral that secures the Senior Secured Facilities and the Existing First Lien Senior Secured Notes as promptly as practicable following the closing date. However, if we become insolvent or are liquidated, or if payment under the indenture governing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes is accelerated and implementation of enforceable security interests in favor of the New First Lien Senior Secured Notes has not occurred with respect to any collateral, then the holders of the New First Lien Senior Secured Notes will not be entitled to exercise the remedies otherwise available to a secured lender under applicable law with respect to such collateral that did not secure the New First Lien Senior Secured Notes on the closing date. In the case of insolvency or liquidation, the New First Lien Senior Secured Notes will rank *pari passu* with our other senior unsecured debt in respect of collateral that is not subject to an enforceable security interest for the benefit of holders of the New First Lien Senior Secured Notes.

***There are circumstances other than repayment or discharge of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes under which the collateral securing such notes and the related guarantees will be released automatically, without the consent of the holders of such notes or the trustee under the indentures that govern such notes.***

Under various circumstances, all or a portion of the collateral may be released, including:

- to enable the sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture, including the sale of any entity in its entirety that owns or holds such collateral; and
- with respect to collateral held by a guarantor, upon the release of such guarantor from its guarantee.

The guarantee of a subsidiary guarantor will be released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture that governs the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes.

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

***Holders of the New First Lien Senior Secured Notes will not control certain decisions regarding collateral and will waive certain rights relating to collateral in a bankruptcy or insolvency proceeding.***

The collateral agent for the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes is party to the First Lien Intercreditor Agreement. The First Lien Intercreditor Agreement provides, among other things, that the lenders under the Senior Secured Facilities will control substantially all matters related to the collateral that secures the Senior Secured Facilities (which collateral also secures the Existing First Lien Senior Secured Notes and will also secure the New First Lien Senior Secured Notes) and the lenders under the Senior Secured Facilities may direct the collateral agent to foreclose on or take other actions with respect to such collateral with which holders of the New First Lien Senior Secured Notes may disagree or that may be contrary to the interests of holders of the New First Lien Senior Secured Notes. In addition, the First Lien Intercreditor Agreement provides that, to the extent any collateral securing our obligations under the Senior Secured Facilities is released to satisfy such creditor's claims in connection with such a foreclosure, the liens on such collateral securing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes will also automatically be released without any further action by the trustee, collateral agent or the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes and the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes agree to waive certain of their rights relating to such collateral in connection with a bankruptcy or insolvency proceeding involving us or any guarantor of such notes. The First Lien Intercreditor Agreement provides that the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes may not take any actions to direct foreclosures or take other remedial actions following an event of default under the Senior Secured Facilities or the indenture governing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes for at least 90 days and longer if the administrative agent under the Senior Secured Facilities takes action to direct foreclosures or other actions following such event of default. See "Description of the New First Lien Senior Secured Notes."

After the discharge of the obligations with respect to the Senior Secured Facilities, at which time the parties to the Senior Secured Facilities will no longer have the right to direct the actions with respect to the collateral pursuant to the First Lien Intercreditor Agreement, that right passes to the authorized representative of holders of the next largest outstanding principal amount of indebtedness secured by a first lien on the collateral, which currently is expected to be the trustee and collateral agent for the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes. If we issue additional first lien indebtedness in the future in a greater principal amount than the aggregate principal amount of the notes issued under the indenture governing the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes, then the authorized representative for such additional indebtedness would be next in line to exercise rights under the First Lien Intercreditor Agreement, rather than the collateral agent for the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes.

Accordingly, the collateral agent under the indenture that governs the New First Lien Senior Secured Notes may never have the right to control remedies and take other actions with respect to the collateral.

In addition, the First Lien Intercreditor Agreement provides that so long as the Senior Secured Facilities are in effect the lenders under the Senior Secured Facilities may change, waive, modify or vary the security documents (including to release the liens on the collateral) without the consent of the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes with respect to the shared collateral, provided that any such change, waiver or modification does not materially adversely affect the rights of the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes and does not affect the other secured creditors in a like or similar manner. See “Description of Other Indebtedness—Intercreditor Agreements.”

Furthermore, the security documents generally allow us and our subsidiaries to remain in possession of, retain exclusive control over, to freely operate, and to collect, invest and dispose of any income from, the collateral securing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes. In addition, to the extent we sell any assets that constitute collateral, the proceeds from such sale will be subject to the lien securing the obligations under such indenture only to the extent such proceeds would otherwise constitute “collateral” securing the obligations under such indenture under the security documents. To the extent the proceeds from any such sale of collateral do not constitute “collateral” under the security documents, the pool of assets securing the obligations under such indenture would be reduced and the obligations under such indenture would not be secured by such proceeds.

In addition, in most cases, the collateral will be taken in the name of a collateral agent for the benefit of the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes and the trustee. As a result, the collateral agent or representative of the collateral agent may effectively control actions with respect to collateral which may impair the rights that a holder of the New First Lien Senior Secured Notes would otherwise have as a secured creditor. The collateral agent or representative, as applicable, may take actions that a holder of the New First Lien Senior Secured Notes disagrees with or fail to take actions that a holder of the New First Lien Senior Secured Notes wishes to pursue. Furthermore, the collateral agent or representative under the First Lien Intercreditor Agreement may fail to act in a timely manner which could impair the recovery of holders of the New First Lien Senior Secured Notes.

Finally, the First Lien Intercreditor Agreement provides for a waiver of certain important rights in bankruptcy or insolvency proceedings, including the right to object to debtor-in-possession financing. See “Description of Other Indebtedness—Intercreditor Agreements.”

***The value of the collateral securing the New First Lien Senior Secured Notes may not be sufficient to secure post-petition interest.***

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against the guarantors located in the United States, holders of the New First Lien Senior Secured Notes will only be entitled to post-petition interest under the U.S. bankruptcy code to the extent that the value of their security interest in the collateral is greater than their pre-bankruptcy claim. In such event, holders of the New First Lien Senior Secured Notes may be deemed to have an unsecured claim to the extent that our obligations in respect of the New First Lien Senior Secured Notes exceed the fair market value of the collateral securing the New First Lien Senior Secured Notes. As a result, holders of the New First Lien Senior Secured Notes that have a security interest in collateral with a value equal or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the bankruptcy code. In addition, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the collateral with respect to the New First Lien Senior Secured Notes on the date of the bankruptcy filing was less than the then-current principal amount of the New First Lien Senior Secured Notes. Upon a finding by a bankruptcy court that the New First Lien Senior Secured Notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the New First Lien Senior Secured Notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the holders of the New First Lien Senior Secured Notes to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the New First Lien Senior Secured Notes to receive other “adequate protection” under U.S. federal bankruptcy laws. In addition, if any

payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the New First Lien Senior Secured Notes. No appraisal of the fair market value of the collateral has been prepared in connection with this offering and we therefore cannot assure the holders of the New First Lien Senior Secured Notes that the value of the interest of the holders of the New First Lien Senior Secured Notes in the collateral equals or exceeds the principal amount of the New First Lien Senior Secured Notes. See “—There may not be sufficient collateral to satisfy our obligations under all or any of the New First Lien Senior Secured Notes.” In addition, in certain other jurisdictions, holders of New First Lien Senior Secured Notes may not be entitled to post-petition interest. See “Certain Insolvency Law Considerations.”

***In the event that the First Lien Intercreditor Agreement or the Existing Intercreditor Agreements are found to be invalid or unenforceable, the liens in favor of the New First Lien Senior Secured Notes in some foreign jurisdictions will not rank pari passu with the liens in favor of the Senior Secured Facilities or senior to the liens in favor of the First-and-a-Half Priority Lien Notes and the Junior Lien Notes, as applicable.***

The security documents that create the liens in favor of the Senior Secured Facilities and the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes with respect to certain foreign collateral rely on the First Lien Intercreditor Agreement for establishing the relative priorities of the holders of such notes and the lenders and other secured parties under the Senior Secured Facilities, and the security documents that create liens in favor of the Existing Notes with respect to certain foreign collateral rely on the Existing Intercreditor Agreements for establishing the relative priorities of the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes and the holders of the First-and-a-Half Priority Lien Notes and the Junior Lien Notes. Because the priority of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes with respect to the Senior Secured Facilities depends on the enforceability of the First Lien Intercreditor Agreement, if the First Lien Intercreditor Agreement is found to be invalid or unenforceable, the liens in favor of the New First Lien Senior Secured Notes in certain jurisdictions will not rank *pari passu* with the liens in favor of the Senior Secured Facilities. In addition, if the Existing Intercreditor Agreements are found to be invalid or unenforceable, the liens in favor of the New First Lien Senior Secured Notes in certain jurisdictions will not rank senior to the liens in favor of the First-and-a-Half Priority Lien Notes and the Junior Lien Notes. In such situations the claims of the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes will be effectively subordinated to claims of the lenders and other secured parties under the Senior Secured Facilities and the holders of the First-and-a-Half Priority Lien Notes and the Junior Lien Notes to the extent of the value of the assets secured by such liens.

***Rights of holders of New First Lien Senior Secured Notes in the U.S. collateral may be adversely affected by bankruptcy proceedings in the United States.***

The right of the security agent to repossess and dispose of the collateral securing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes upon acceleration is likely to be significantly impaired by U.S. federal bankruptcy law if bankruptcy proceedings are commenced by or against us prior to or possibly even after the security agent has repossessed and disposed of the collateral. Under the U.S. bankruptcy code, a secured creditor, such as the security agent, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without bankruptcy court approval. Moreover, U.S. bankruptcy law permits the debtor to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given “adequate protection.” The meaning of the term “adequate protection” may vary according to circumstances, but it is intended in general to protect the value of the secured creditor’s interest in the collateral and may include cash payments or the granting of additional security, if and at such time as the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes could be delayed following commencement of a bankruptcy case, whether or when the security agent would repossess or dispose of the collateral, or whether or to what extent holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes would be compensated for any delay in payment or loss of value of the collateral through the requirements of “adequate protection.” Furthermore, in the event the bankruptcy court determines that the value

of the collateral is not sufficient to repay all amounts due on the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes, the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes would have “undersecured claims” as to the difference. U.S. federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys’ fees for “undersecured claims” during the debtor’s bankruptcy case.

***The waiver of rights of marshaling may adversely affect the recovery rates of holders of the New First Lien Senior Secured Notes in a bankruptcy or foreclosure scenario.***

The New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes and the related guarantees will be secured by the collateral on a *pari passu* basis with the Senior Secured Facilities and other related obligations. The First Lien Intercreditor Agreement described under “Description of the New First Lien Senior Secured Notes—Security—Security Documents and Intercreditor Agreements” provides that, at any time that obligations under the Senior Secured Facilities are outstanding, the holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes, the trustee under the indenture that governs such notes and the collateral agent may not assert or enforce any right of marshaling as against the lenders under the Senior Secured Facilities. Without this waiver of the right of marshaling, holders of such indebtedness would likely be required to liquidate collateral on which the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes did not have a lien, if any, prior to liquidating the collateral, thereby maximizing the proceeds of the collateral that would be available to repay our obligations under such notes. As a result of this waiver, the proceeds of sales of the collateral could be applied to repay the Senior Secured Facilities before applying proceeds of other collateral securing indebtedness, and the holders of New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes may recover less than they would have if such proceeds were applied in the order most favorable to the holders of such notes.

***Lien searches may not identify all liens.***

As of the date of this offering circular, we have completed lien searches on the collateral securing the New First Lien Senior Secured Notes in those jurisdictions where it is possible to conduct such lien searches and where it is customary to conduct such searches. We cannot guarantee that the completed lien searches will reveal all prior liens on the collateral securing the New First Lien Senior Secured Notes or that there are no prior liens in jurisdictions where lien searches are not possible or were not completed. Any prior lien could be significant, could be prior to the liens securing the New First Lien Senior Secured Notes and could have an adverse effect on the ability of the collateral agent to realize or foreclose upon the collateral securing the New First Lien Senior Secured Notes.

***Any pledge of collateral might be avoidable by a trustee in bankruptcy.***

Any pledge of collateral in favor of the collateral agent, including pursuant to security documents delivered after the date of the indenture governing the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes, might be avoidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the New First Lien Senior Secured Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.

***Rights of holders of New First Lien Senior Secured Notes in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future.***

The security interest in the collateral securing the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes includes certain assets, both tangible and intangible, whether now owned or acquired or arising in the future. Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the trustee or the collateral agent will monitor, or that we will inform the trustee or the collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. Such failure may result in the loss of

the security interest therein or the priority of the security interest in favor of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes against third parties.

***The collateral is subject to casualty risk.***

Even if we maintain insurance, there are certain losses that may be either uninsurable or not economically insurable, in whole or part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any collateral, the insurance proceeds may not be sufficient to satisfy all of our obligations, including the New First Lien Senior Secured Notes and related guarantees.

***The disposal of pledged assets under German law will be subject to statutory restrictions and may be delayed.***

Since German law does not generally permit for an appropriation of pledged assets by the pledgee upon the occurrence of an enforcement event, an enforcement of a share pledge governed by German law usually requires the sale of the relevant collateral through a formal disposal process involving a public auction. Certain waiting periods and notice requirements may apply to such disposal process.

***Security interests governed by German law may be partially released in certain circumstances.***

If the realizable value of the security package at any date after entering into the German law security documents permanently exceeds 110% of the amount of the secured obligations, such excessive part of the security must, on request of the respective security provider, be released, which would not affect the validity or enforceability of the remaining security. A security provider will be deemed to have a claim for release of the excess security even if the relevant documents do not expressly provide for release provisions. For practical purposes, such claim is commonly triggered if the market value of the encumbered assets exceeds the amount of the secured obligations by 50%. See “Certain Insolvency Law Considerations—Germany.”

***Brazilian courts may consider the priority of the security interest in the stock and assets of our Brazilian subsidiaries unenforceable.***

Article 1.456 of the Brazilian Civil Code, which expressly contemplates the possibility of multiple pledges over a single credit, is the only provision in the Brazilian Civil Code that specifically allows the creation of degrees of pledges. There is no indication in the Brazilian Civil Code or in any other Brazilian legal statute of a restriction on the creation of degrees of pledges. However, Brazilian courts may consider any subsequent security interest created over the stock and assets of our Brazilian subsidiaries unenforceable and the respective subsequent creditors (other than the original creditor) may face certain obstacles to foreclosure the collateral to that extent.

***The collateral agent or representatives under the intercreditor agreements may not be able to possess certain collateral on enforcement and may also be prevented from holding security interests in certain collateral.***

Applicable laws may restrict the ability of a foreign entity that holds a security interest in particular collateral from taking possession of that collateral on enforcement. In addition, certain jurisdictions restrict the ability of foreign entities to hold the benefit of security interests over certain assets. This may mean that the collateral agent or representatives under the intercreditor agreements may be unable to benefit from security interests in certain collateral and may also restrict the ability of each of the collateral agent and the representatives under the intercreditor agreements to transfer collateral into its name on enforcement.

**Risks Specifically Related to the New Senior Unsecured Notes**

***The New Senior Unsecured Notes and related guarantees will be effectively subordinated to any secured debt.***

Our obligations under the New Senior Unsecured Notes and the guarantors' obligations under the related guarantees will rank effectively junior to any other debt that we or any of our subsidiaries may secure by charging or pledging any of our assets to secure such debt to the extent of the value of the assets securing such debt, including with respect to debt that we are permitted by the indenture that will govern the New Senior Unsecured Notes to

incur that is secured by liens on all or substantially all of the assets securing certain senior debt, including the Senior Secured Facilities, the Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes, the First-and-a-Half Priority Lien Notes, and the Junior Lien Notes.

If we become insolvent or are liquidated, or if payment in respect of such secured indebtedness is accelerated, the holders of such secured indebtedness will be entitled to exercise the remedies available to secured creditors under applicable law (in addition to any remedies that may be available under documents pertaining to the secured indebtedness). The indenture that will govern the New Senior Unsecured Notes will permit us to incur additional secured debt.

### **Risks Related to Our Business**

***The supply chain management industry may be materially adversely affected by negative changes in economic conditions.***

The supply chain management business is susceptible to trends in economic activity, including but not limited to industrial production, consumer spending and retail activity, and an economic crisis or slowdown may negatively affect our business in a number of ways. In particular, our results of operations and financial condition are directly tied to the purchase and production of goods across the global economy. The primary activity of our freight forwarding business is to transport goods, and our contract logistics business is an integral part of the production, storage and distribution of goods in many different industries. Changes in economic conditions, including the recent Eurozone issues, could materially adversely impact our customers, which could in turn impact their demand for our services and the terms on which we provide such services to our customers. We derive 13% of our LTM revenues from countries in South Europe, including Italy, Spain, Portugal and a *de minimis* amount in Greece.

***Increased costs or decreased availability of third-party providers of certain transportation services could increase our operating expenses, reduce our net income and have a material adverse effect on our financial condition.***

We do not in general maintain our own transportation networks. Instead, we rely on third-party transportation service providers for most of our contract logistics transport services and substantially all of our freight forwarding services. Our ability to serve some of our customers depends on the availability of air and sea cargo space, including space on passenger and cargo airlines and ocean carriers that service the transportation lanes they use. We cannot assure you that we will be able to obtain access to preferred third-party networks at attractive rates or that these networks will have adequate available capacity to meet our needs. In addition, although we seek to pass through third-party transportation rate increases to our customers, in certain instances, we may not be able to raise prices in sufficient amounts or on a sufficiently rapid basis, which could materially adversely affect our profitability and results of operations.

***Despite the large variable cost component of our business model, we may not be able to reduce our costs as much or as quickly as we would like, including in the event of future economic downturns or other changes in economic conditions.***

In response to the recent economic crisis, we executed a number of initiatives to reduce our costs, which have helped to improve our profitability and enhance the amount of liquidity for our business. In the event of another economic crisis, we may need to implement further cost reduction initiatives to adjust our cost base if revenues decline, but such initiatives may not achieve the necessary cost savings to offset the potential decline of our revenues. In addition, whether or not there is an economic crisis, we consistently target incremental cost savings as part of our operational improvements. We may not achieve these targeted cost savings in the amounts or in the time frames expected or at all.

***We have long-term contracts that may require us to bear the risk of increases in our operating costs or to bear certain fixed costs in the event our customers terminate their contracts prior to anticipated expiration dates.***

We enter into long-term, multi-year contracts with many of our customers. We also enter into contracts with third parties who provide services or property to us in connection with our provision of services under our customer

contracts. These supplier contracts may provide for fixed pricing and other terms which we negotiate based on our assumptions regarding our customers' scope of services and volumes, the operational efficiencies and productivity improvements we expect to achieve and other estimates. These assumptions and estimates may prove to be inaccurate as a result of changes to economic conditions, reductions in volume or termination of customers' activities with us and other developments, and as a result, our operating margins under these customer contracts may be materially adversely affected.

In addition, although we seek to retain flexibility in our contractual arrangements with our customers to adjust pricing terms or terminate contracts which become economically onerous, we sometimes bear a portion of cost increases over the short term. For example, our suppliers pass on increases in fuel prices to us and we generally pass these price increases on to our customers through a surcharge, but in some cases we may not be able to transfer these increases to our customers on a sufficiently rapid basis. Furthermore, our business may be materially adversely affected by macroeconomic risks such as inflation, wage increases and currency exchange rates, due to a limited sharing of such risks in certain of our contracts.

Although we seek to structure our arrangements with third parties on a back-to-back basis with the related customer arrangements—for example, by entering into lease agreements with durations and termination rights that are coterminous with the duration of the customer contracts that the leased property is used to service—or otherwise seek to require our customers to assume these costs and commitments if they prematurely terminate their contracts with us, certain arrangements require us to make investments in property, plant, and equipment and expand our personnel and management, and there may be instances where we are not able to offset or transfer such costs to our customers. For example, many of our contracts are terminable by our customers with limited advance notice periods, and as a result we may have fixed costs and excess capacity that could materially adversely affect our business, results of operations and financial condition.

***We have a history of losses, and we may not be profitable in the future.***

Due in part to our higher level of indebtedness prior to the Apollo Equity Investment, we have had a history of losses. For the years ended December 31, 2009 and 2010, we had losses before income taxes of €69 million and €239 million, respectively. For the nine months ended September 30, 2011, we had losses before income taxes of €143 million. Although we will reduce our outstanding indebtedness using the proceeds of this offering and as a result of the Concurrent Transactions, we cannot assure you that we will not continue to report losses in future periods. See “Operational and Financial Review and Prospects” and “Use of Proceeds.”

***The trend toward outsourcing of supply chain management activities, either globally or within specific industries, may change, thereby reducing demand for our services.***

Our growth strategy is partially based on the assumption that the trend toward outsourcing of supply chain management services will continue. Third-party service providers such as ourselves are generally able to provide such services more efficiently than otherwise could be provided “in-house,” primarily as a result of our expertise, technology and lower and more flexible employee cost structure. However, many factors could cause a reversal in the trend. For example, our customers may see risks in relying on third-party service providers, or they may begin to define these activities as within their own core competencies and decide to perform supply chain operations themselves. If our customers are able to improve the cost structure of their in-house supply chain activities, including in particular their labor-related costs, we may not be able to provide our customers with an attractive alternative for their supply chain needs. If our customers in-source significant aspects of their supply chain operations, or if potential new customers decide to continue to perform their own supply chain activities, our business, results of operations and financial condition may be materially adversely affected.

***Competition and consolidation in the contract logistics and freight forwarding industries may materially adversely affect our business.***

The contract logistics and freight forwarding industries in which we operate are highly competitive, and we expect them to remain so in the foreseeable future. If we do not have sufficient market presence or are unable to differentiate ourselves from our competitors, we may not be able to compete successfully against other companies. The competition we face may also be increased as a result of consolidation within the contract logistics and freight

forwarding industries. If as a result of such consolidation, our competitors are able to obtain more favorable terms from suppliers, offer more comprehensive services to customers, or otherwise take actions that could increase their competitive strengths, our competitive position and therefore our business, results of operations and financial condition may be materially adversely affected.

***Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.***

As of September 30, 2011, after giving pro forma effect to the Transactions, we would have had €2,413 million of outstanding total indebtedness excluding unamortized debt issuance costs and debt issuance costs relating to the Transactions. Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt depends on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to meet our obligations, and currently anticipated cost savings, operating improvements and other cash management initiatives may not be realized on schedule, or at all. In addition, our Senior Secured Facilities require us to maintain a net secured first lien ratio of no more than 4.0 to 1.0, and certain of our other indebtedness contains, or will contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us. See “Description of Other Indebtedness,” “Description of the New First Lien Senior Secured Notes” and “Description of the New Senior Unsecured Notes.” Our inability to comply with these obligations or generate sufficient cash flow to satisfy our debt, or to refinance our obligations on commercially reasonable terms, would have a material adverse effect on our business, financial condition and results of operations.

Our substantial indebtedness could have important consequences, including the following:

- it may limit our ability to borrow money or sell stock for our working capital, capital expenditures, strategic initiatives or other purposes;
- it may limit our flexibility in planning for, or reacting to, changes in our operations or business;
- it may make us more vulnerable to downturns in our business or the economy;
- a substantial portion of our cash flows from operations will be dedicated to the repayment of our indebtedness and will not be available for other purposes;
- it may restrict us from making strategic acquisitions, introducing new technologies, or exploiting business opportunities; and
- it may adversely affect terms under which suppliers provide material and services to us.

***In the event the Company requires additional external financing there can be no assurance that such financing will be available on acceptable terms or at all.***

At September 30, 2011, after giving pro forma effect to the Transactions, the Company had €203 million in cash. In addition to this cash, after giving pro forma effect to the Transactions (including the Incremental Revolver), the Company had access to €390 million of central credit facilities, of which €168 million was drawn at September 30, 2011. Accordingly, at September 30, 2011, after giving pro forma effect to the Transactions, the Company would have had total cash and available central credit facilities of €425 million. In the event the Company requires additional external financing, it would need to seek new commitments from existing or new lenders, and there can be no assurance that such financing will be available on acceptable terms or at all or that it will be permitted to incur such financing under our existing debt agreements.

***A failure to maintain and continuously improve our information technology and operational systems to support the anticipated growth and improvements in our operations could have a material adverse effect on our business and operations.***

In order to manage our growth and improve our performance, we must maintain and continuously improve our operational systems and processes. For example, we are currently completing two projects to update our operations: (1) the outsourcing of our financial processes and (2) the streamlining of our Freight Management systems. We cannot assure you that we will be able to develop and implement, on a timely basis, projects, systems, procedures and controls required to support the growth and development of our operations. If we are unable to manage our growth and improve our performance, our business, results of operations and financial condition may be materially adversely affected.

In addition, we expect our customers will continue to demand more sophisticated and fully integrated information technology systems compatible with their own information technology environment. Our information systems must frequently interact with those of our customers and service providers and must function across multiple territories. Our future success will depend on our ability to employ software that meets industry standards and customer demands across multiple territories, and to continue to upgrade and develop our software to ensure it remains state of the art. The failure of the hardware or software that supports our information technology systems or the loss of data in the systems, or the inability to access or interact with our customers electronically through our websites, could significantly disrupt customer workflows and cause economic losses for which we could be held liable and that would damage our reputation. If we fail to meet the demands of our customers or protect against disruptions of our own and our customers' operations, we may lose customers, which could materially adversely affect our business, results of operations and financial condition.

***We have certain customers and operate in certain industries that represent a considerable portion of our revenues.***

Although we have a relatively diversified customer base, with our top 20 customers representing approximately 32% of our revenues in the twelve months ended September 30, 2011, and no customer representing more than 5%, we do have some customers that represent a considerable portion of our revenues. If a major customer decides to terminate or not renew existing contracts or arrangements, decides to reduce the services we provide to them, seeks to renegotiate the terms of our contracts in ways that are adverse to us or becomes bankrupt, insolvent or otherwise unable to pay for our services, this could have a material adverse effect on our business, results of operations and financial condition.

In addition, our services focus on specific industry sectors, and we are therefore directly impacted by market developments and economic conditions in these sectors. Our single largest sector is automotive, which accounted for approximately 27% of our revenues in the twelve months ended September 30, 2011, and which has experienced substantial financial difficulties in recent years. Other sectors to which we have substantial exposure include technology, consumer & retail, industrial and energy. Future downturns in any of these sectors, or any other sector that we serve—including plant closings, bankruptcies and consolidations—could materially harm our business, results of operations and financial condition.

***Apollo controls us and may have conflicts of interest with our investors or us in the future.***

Apollo, together with our management, beneficially owns substantially all of the common equity of CIL, which together with its wholly owned subsidiary, owns 100% of the common equity of CEVA Group Plc. For a detailed presentation of the equity ownership of CIL, see "Principal Shareholders." As a result, Apollo controls our ability to enter into any corporate transaction and can prevent any transaction that requires the approval of equity holders, regardless of whether the holders of the notes believe that any such transactions are beneficial to their interests. For example, Apollo could cause us to make acquisitions that increase the amount of indebtedness that is secured on an equal priority basis to the New First Lien Senior Secured Notes or to sell revenue-generating assets, impairing our ability to make payments under the notes. Additionally, Apollo is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete, directly or indirectly, with us. Apollo may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as Apollo continues to own a significant

amount of the equity of CIL, even if such amount is less than 50%, it will continue to be able to strongly influence or effectively control our decisions. Because our equity securities are not registered under the securities laws of the United States or in any other jurisdiction and are not listed on any U.S. securities exchange, we are not subject to any of the corporate governance requirements of U.S. securities authorities or U.S. securities exchanges.

***We are dependent on key members of our leadership team and other qualified personnel, and an inability to attract and retain qualified employees could materially adversely affect us.***

Our ability to operate our business and implement our strategies depends, in part, on the efforts of key members of our leadership team and other qualified personnel, and our future success will depend on, among other factors, our ability to attract and retain qualified sales representatives, agents, carrier representatives and other qualified personnel. The loss of the services of our key employees or the failure to retain and attract other qualified personnel could have a material adverse effect on our business, results of operations and financial condition. Moreover, the market for qualified individuals may be highly competitive and we may not be able to attract and retain qualified personnel to replace or succeed members of our senior management or other key employees, should the need arise.

***We may be required to expend significant time and expense in dealing with our employees, some of whom are subject to stringent local employment laws that are onerous to employers, including with respect to labor and employment litigation.***

Some of our employees reside in countries with stringent labor and employment laws that provide significant bargaining or other rights to employees which can be onerous to employers. Compliance with these laws may limit our flexibility in and increase the cost of managing our relations with our employees. For example, many of our employees in Europe are represented by works councils, which have certain rights to approve changes in conditions of employment, including restructuring initiatives and changes in salaries and benefits. While we believe we maintain good relationships with our employees and their representatives, a significant dispute could disrupt our operations, divert management's attention and otherwise hinder our ability to conduct our business or to achieve planned cost savings.

Furthermore, as part of our business development, we may take assignment of employment arrangements from our customers or build up long-term employment records with our employees, which may cause us, in some territories, to assume by operation of law certain rights and obligations relating to such employees. Unanticipated liabilities or extended commitments from such arrangements could materially adversely affect our business, results of operations and financial condition.

Additionally, we have been and currently are subject to numerous proceedings and disputes which allege various causes of action and raise legal challenges to our labor and employment practices. Both Brazil and Italy in particular have, with respect to employment claims, litigious and unpredictable legal environments, and the frequency of such disputes may not decline in the near future. These proceedings in both Brazil and Italy include individual claims and lawsuits, disputes with unions and class action claims. Additionally, the proceedings in Italy will include governmental or quasi-governmental investigations of our labor practices and in Brazil supervision of our labor practices by the Ministry of Labour. Any failure in our ability to manage employment litigation and related regulatory risks in Brazil, Italy or any of the other jurisdictions in which we operate could have a material adverse effect on our business, results of operations and financial condition.

***If we fail to extend or renegotiate our collective bargaining agreements with our labor unions as they expire from time to time, or if our employees were to engage in a strike or other work stoppage, our business and operating results could be materially adversely affected.***

As of September 30, 2011, approximately half of our employees were unionized or represented by works councils that have collective bargaining agreements. We cannot assure you that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate our collective bargaining agreements or are only able to renegotiate them on terms that are less favorable to us, or if disputes with our unions arise or our unionized workers engage in a strike or other work stoppage, we could incur higher labor costs or experience a significant disruption of operations, which could have a material adverse effect on our business, results of operations and financial condition.

***Our business is subject to various laws and regulations around the world; failure to comply with these provisions, as well as any adverse changes in applicable laws and regulations, may restrict or prevent us from doing business in certain countries or jurisdictions, require us to incur additional costs in operating our business or otherwise materially adversely affect our business.***

The supply chain management services we provide are regulated by various governmental authorities around the world, including the Transportation Security Administration and the Federal Maritime Commission in the United States and comparable regulators in other countries. A failure to comply with applicable laws and regulations and maintain appropriate authorizations could result in substantial fines, operational restrictions or possible revocations of authority to conduct operations, which could have a material adverse impact on our business, results of operations and financial condition. Future regulations or changes in existing regulations, or in the interpretation or enforcement of regulations, could require us or our customers to incur additional capital or operating expenses or modify business operations to achieve or maintain compliance. For example, the global responses to terrorist threats have resulted in a proliferation of cargo security regulations which have created a marked difference in the security arrangements required to move shipments around the globe, and we expect regulations to become more stringent in the future.

In addition, due to the cross-border nature of our activities and the large number of countries in which we operate, we must continually monitor our compliance with anti-corruption, trade control, and sanctions laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Anti-Bribery Act and antitrust and competition laws. Recent years have seen a substantial increase in global enforcement of these laws, with more frequent voluntary self disclosures by companies, industry-wide investigations and criminal and civil enforcement proceedings by U.S. and other government agencies resulting in substantial fines and penalties. We may be subject to criminal and civil penalties and other remedial measures as a result of any violation of applicable anti-corruption, trade control, and sanctions laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition. While we have in place policies and procedures relating to compliance with these laws, there can be no assurance that our internal policies or procedures will work effectively to ensure that we comply with such anti-corruption, trade control, and sanctions laws and regulations all of the time or to protect us against liability under such laws and regulations for actions taken by our employees and third-party service providers with respect to our business.

***We are subject to investigations into possible price-fixing and other improper collusive activity by the Antitrust Division of the U.S. Department of Justice, the European Commission and certain other foreign law enforcement authorities, which may form the basis for criminal and/or civil charges and sanctions that could materially adversely affect our business, results of operations and financial condition.***

We are currently subject to, and are cooperating with, inquiries and/or investigations by the U.S. Department of Justice ("DOJ"), the European Commission ("EC") and governmental authorities in certain other jurisdictions regarding possible price fixing and other improper collusive activity. At a hearing held on November 4, 2011, the United States District Court for the District of Columbia approved the previously disclosed plea agreement entered into on September 30, 2010 between the DOJ and EGL, Inc., our wholly-owned subsidiary, resolving the DOJ investigation. Pursuant to the plea agreement approved by the Court, EGL pled guilty to two violations of U.S. antitrust laws, will provide ongoing cooperation to the DOJ, paid to the U.S. government a criminal fine of \$4.5 million, and for a two-year probationary period must report to the DOJ and the Court annually on its global antitrust and competition law compliance program and periodically in the event of any investigation or major administrative proceeding by any U.S. federal department or agency or any major civil litigation in the United States. We previously recorded a provision against our accounts for this fine. In February 2010, we received a statement of objections from the EC concerning our alleged participation in certain price-fixing cartels in the air freight forwarding business in violation of the European Union antitrust rules. We submitted a response, and the EC will make a decision in due course on whether the conduct addressed in the statement of objections is compatible with EU antitrust rules. Other jurisdictions in which we are subject to antitrust investigation or inquiry include Brazil and Italy, where we received notice of a fine, and Singapore, where we received a letter of inquiry dated December 14, 2011. In addition, we entered into a settlement agreement in a putative class action lawsuit in the U.S. related to alleged price fixing activities; however, the agreement remains subject to final court approval and other contingencies, such as our rescission rights, and there can be no assurance that it will result in a final resolution of the matter. We have recorded provisions in respect of certain of these matters in our accounts.

Some of these investigations have resulted in, and pending matters could result in, additional impositions of administrative or civil sanctions against us, including fines, penalties, damages and debarment from federal contracting in the U.S. or other sanctions, and could have a material adverse effect on our business, results of operations and financial condition. Additional information on the antitrust investigations and related class-action litigation and certain other legal risks is disclosed under “Business—Litigation and Legal Proceedings—Surcharge Antitrust Investigation and Litigation.”

***If regulatory authorities or courts determine that our owner-operators are employees, our costs related to tax, unemployment compensation and workers’ compensation payments could increase significantly.***

Our Freight Management operations in the United States rely primarily on drivers who are independent contractor owner-operators. The owner-operator model is periodically challenged by federal and state governmental and regulatory authorities, including tax authorities, as well as by individual drivers as private plaintiffs, seeking to have drivers reclassified as employees rather than independent contractors. We are currently subject to two putative class actions (one in California and one in New York), as well as a regulatory action arising out of an audit by California’s Employment Development Department, each in connection with the classification of independent contractor owner-operators. See “Business—Litigation and Legal Proceedings—Independent Contractor-Related Proceedings.”

If our independent contractor drivers were to be deemed to be employees, whether due to regulatory or judicial determinations or changes in applicable federal and state laws and regulations, it could, among other things, entitle drivers to reimbursement by us of certain expenses and to the benefit of wage-and-hour laws, subject us to employment and withholding tax and benefit liabilities, significantly increase our unemployment compensation and workers’ compensation payments, and have other substantial negative financial, tax and operational impacts on our business, and would require significant changes to how our Freight Management operations are conducted. As a result, our operating costs could increase significantly and our business, results of operations and financial condition could be materially adversely affected.

***We are subject to risks associated with the global scope of our operations.***

We have significant operations in multiple jurisdictions throughout the world. Risks inherent in the global scope of our operations include, but are not limited to, changes in local economic conditions, storms, floods, other natural and manmade disasters, riots, fires, sabotage, acts of terrorism, civil commotion or civil unrest, interference by civil or military authorities, expropriation or trade protectionism or other similar government actions and other conflicts or unstable political conditions. Any of these factors could materially adversely affect our business, financial condition and results of operations.

***We are subject to currency fluctuation risks relating to the different currencies in which we conduct and report the results of our business.***

As a result of our global operations, our business, results of operations and financial condition may be materially adversely affected by fluctuations in currency exchange rates. For example, we are subject to currency risks because our revenues may be generated in different currencies from the currencies in which our related costs are incurred, and because our cash flow may be generated in currencies that do not match our debt service obligations. In addition, our reporting currency is the Euro, and therefore our reporting results are subject to translational risks relating to currency exchange rate fluctuations. For example, our revenue in the nine months ended September 30, 2011 increased by 2.1% compared to the prior year, but at constant exchange rates our revenue would have increased by 4.8% compared to the prior year. Given the volatility of exchange rates, our failure to effectively hedge or otherwise manage such currency risks effectively may materially adversely affect our financial condition and results of operations.

***Changes in our effective income tax rate and results of tax audits could materially adversely impact our results of operations, cash flows and profitability.***

As a global company, we generate taxable income in different countries throughout the world, with different effective income tax rates. Our future effective income tax rate will be impacted by a number of factors, including the geographic composition of our worldwide taxable income and our ability to allocate debt effectively. If tax authorities in the jurisdictions in which we operate were to change applicable tax laws or successfully challenge the manner in which our income taxes are currently recognized, our effective income tax rate could increase, which would adversely impact our cash flow and profitability. Furthermore, in many of these jurisdictions, the tax laws are very complex and are open to different interpretations and application. We are regularly under audit by tax authorities within a number of jurisdictions, including, for example, China. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our tax provisions and accruals and negatively impact our financial results.

***We are a party to several joint ventures, and our ability to manage and develop the businesses conducted by these joint ventures depends on our relationship with our joint venture partners.***

We have entered into joint venture arrangements in multiple jurisdictions. Under these arrangements, our joint venture partners have certain rights to exercise control or influence over operations and decision-making. Therefore, our ability to manage and develop these operations may be limited, and we may be unable to prevent actions that we believe are not in our best interests or the best interests of the relevant joint venture. The continued viability of these joint ventures depends on our relationship with, and the cooperation of, our joint venture partners.

***We are subject to risks related to legal claims and proceedings filed by or against us, and adverse outcomes in these matters may materially harm our business.***

We are subject to various claims, litigation, investigations and other legal proceedings, and we cannot predict with certainty the cost of defense, prosecution or the ultimate outcome of claims filed by or against us. Legal claims and proceedings may relate to labor and employment, commercial arrangements, personal injury and property damage claims (including claims seeking to hold us liable for accidents involving our independent owner-operators), international trade, intellectual property, environmental, health, and safety, tariff enforcement, property damage, subrogation claims and various other matters. Adverse outcomes in these matters may materially adversely affect our business, results of operations and financial condition.

***We may face significant costs or liabilities associated with environmental, health and safety matters.***

We and many of our customers handle hazardous materials in the ordinary course of operations. In connection with these operations, there have been in the past, and may be in the future, spills or releases of hazardous materials into the environment. At sites on which we operate or have previously operated, or where we have disposed or arranged for the disposal of hazardous materials, we could be liable for historical contamination. We have been, and may be in the future, required to participate in the remediation or investigation of, or otherwise bear liability for, such releases and be subject to claims from third parties whose property damage or personal injury is caused by such releases. Furthermore, if we fail to comply with applicable environmental, health and safety laws and regulations, we may face administrative, civil or criminal fines or penalties, including bans on making future shipments in particular geographic areas, the suspension or revocation of necessary permits, licenses and authorizations, and the requirement to install additional pollution controls, all of which may materially adversely affect our business, results of operations and financial condition.

Current and future environmental, health and safety laws, regulations and permit requirements could require us to make changes to our operations, or incur significant costs relating to compliance. For example, as climate change issues become more prevalent, foreign, federal, state and local governments and our customers have been responding to these issues. National and transnational laws and initiatives to reduce and mitigate the effects of climate change, such as the Kyoto Protocol, could significantly impact transportation modes and the economics of the transportation industry. The increased focus on environmental sustainability may result in new regulations and customer requirements, or changes in current regulations and customer requirements, which could materially adversely affect our business, results of operations and financial condition.

***Although we purchase insurance coverage in the ordinary course of our business, such coverage may not address all of our potential exposures or, in the case of substantial losses, may be inadequate.***

We purchase insurance coverage to address risks of losses and liability associated with our operations, which primarily relate to equipment and property damage (including damage to goods and property of our customers), bodily injury and workers' compensation claims. However, our insurance coverage may be inadequate in the case of substantial losses, or our insurers may refuse to cover us on specific claims. If we are unable to obtain insurance coverage, whether at an acceptable cost or at all, or if there is an increase in the frequency or amount of claims against us or our liability as a result of these claims, our business, results of operations and financial condition may be materially adversely affected.

***Potential future changes in accounting standards may impact reporting of our performance and our financial position.***

Future changes in accounting standards or practices, and related legal and regulatory interpretations of those changes, may adversely impact public companies in general, the transportation industry, or our operations specifically. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU. The IASB recently issued a proposal on lease accounting that could significantly change the accounting and reporting for lease arrangements. We often use operating leases to match the terms of customer contracts. The main objective of the proposed standard is to create a new accounting model that would replace the existing concepts of operating and capital leases with models based on "right-of-use" concepts. The proposed new models would result in the elimination of most off-balance sheet lease financing for lessees, such as operating leases, and would apply to the accounting for all leases, with some exceptions. The draft proposals would bifurcate operating lease payments into rental and interest components, which may increase our reported Adjusted EBITDA, and bring future lease obligations and the leased asset onto the consolidated balance sheet, which may increase our reported debt obligations. If adopted, these potential changes in IFRS regarding how we and our customers are required to account for leases could have a material adverse effect on our business, results of operations and financial condition.

## USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately \$743 million from the issuance of the notes after deducting discounts to the initial purchasers and estimated fees and expenses but before giving effect to any portion of the purchase price that would represent payment by holders of prefunded accrued interest that may be payable with respect to the New First Lien Senior Secured Notes for proceeds before the closing date. We intend to use the net proceeds of the offering, together with cash on hand, to repay or redeem the following indebtedness: (i) all of the borrowings under our term loans maturing on November 4, 2013 and certain outstanding borrowings under our revolving credit facility, both of which are part of our Senior Secured Facilities, (ii) all of the outstanding 8½% Senior Notes not held by Apollo at a redemption price of 102.125% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, (iii) all of the outstanding Senior Subordinated Notes not held by Apollo at a redemption price of 105.000% of the principal amount thereof, plus accrued and unpaid interest to the redemption date and (iv) all of the outstanding Senior Unsecured Loans. The balance of the net proceeds of the offering (if any) will be used for general corporate purposes, which may include repaying outstanding borrowings under the ABL Facility. None of the proceeds of the offering of the New First Lien Senior Secured Notes will be used to repay or redeem the principal amount of the 8½% Senior Notes, the Senior Subordinated Notes or the Senior Unsecured Loans.

In connection with the repayment and redemption of the indebtedness set forth above, certain of the initial purchasers and their respective affiliates will receive proceeds from this offering. For additional information, see “Plan of Distribution.”

## CAPITALIZATION

The following table sets forth CEVA's cash and cash equivalents and capitalization at September 30, 2011, on a historical basis and on a pro forma basis after giving effect to the Transactions as if they had been completed as of September 30, 2011.

Certain of our borrowings are denominated in U.S. dollars. Amounts expressed below represent the approximate euro equivalent of such amounts with U.S. dollar amounts converted into euro using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. This table should be read in conjunction with "Risk Factors," "Use of Proceeds," "Operating and Financial Review and Prospects," "Description of the New First Lien Senior Secured Notes," "Description of the New Senior Unsecured Notes" and all of the financial statements, including the notes thereto included elsewhere in or incorporated by reference into this offering circular.

	As at September 30, 2011			Pro forma for the Transactions
	Actual	Adjustments for the Offering	Adjustments for the Concurrent Transactions	
		<i>(unaudited)</i>		
		<i>(€ millions)</i>		
<b>Cash and cash equivalents<sup>(1)</sup></b> .....	210	(7)		203
<b>Short-term borrowings<sup>(2)</sup></b> .....	92			92
<b>Long-term borrowings<sup>(3)(4)</sup></b> .....				
Senior Secured Facility—Revolving Loans <sup>(1)(5)</sup> .....	49	(49)		—
Senior Secured Facility—Term Loan due 2013 .....	160	(160)		—
Senior Secured Facility—Term Loan due 2016 .....	353			353
New First Lien Senior Secured Notes offered hereby <sup>(6)</sup> .....	—	242		242
Existing First Lien Senior Secured Notes .....	335			335
First-and-a-Half Priority Lien Notes due 2016 .....	156			156
Junior Lien Notes due 2018 .....	522			522
12% Senior Unsecured Notes due 2014 .....	11			11
New Senior Unsecured Notes offered hereby <sup>(7)</sup> .....	—	353	108	461
Senior Unsecured Loans due 2015 .....	123	(123)		—
Extended Unsecured Loans due 2018 .....	467		(383)	84
8½% Senior Notes due 2014 .....	266	(182)	(84)	—
Extended Senior Notes due 2018 .....	73		(73)	—
10% Senior Subordinated Notes due 2016 .....	81	(56)	(25)	—
Extended Senior Subordinated Notes due 2018 .....	57		(57)	—
ABL Facility .....	109			109
Other long-term debt <sup>(8)</sup> .....	48			48
<b>Total long-term borrowings</b> .....	2,810	25	(514)	2,321
<b>Total borrowings</b> .....	2,902	25	(514)	2,413
<b>Total equity</b> .....	(584)		514	(70)
<b>Total capitalization</b> .....	2,318	25		2,343

(1) Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In addition, we had access to €72 million of undrawn central credit facilities at September 30, 2011 (including €31 million of the Company's €79 million revolving credit facility). After giving pro forma effect to the Transactions (including the Incremental Revolver), we would have had access to €221 million of undrawn central credit facilities.

(2) Short-term borrowings includes bank overdrafts, bank borrowings and finance leases, but excludes amortization payments due on term loans.

(3) Excludes unamortized debt issuance costs of €78 million at September 30, 2011 and debt issuance costs relating to the Transactions and the notes offered hereby.

(4) As of September 30, 2011, €177 million of letters of credit were issued but undrawn under the synthetic letter of credit facility.

- (5) As of September 30, 2011, we had access to €79 million of revolving credit facilities under our Senior Secured Facilities. After giving pro forma effect to the Incremental Revolver as part of the Transactions, we would have had access to €179 million of revolving credit facilities.
- (6) Reflects the issuance of \$325 million of the New First Lien Senior Secured Notes offered hereby using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. Using the exchange rate in effect on January 26, 2012 of \$1.316 = €1.00, the New First Lien Senior Secured Notes offered hereby would be €247 million.
- (7) Reflects the issuance of \$620 million of the New Senior Unsecured Notes offered hereby and in the Apollo Exchange using the exchange rate in effect on September 30, 2011 of \$1.345 = €1.00. Using the exchange rate in effect on January 26, 2012 of \$1.316 = €1.00, the New Senior Unsecured Notes offered hereby would be €471 million.
- (8) Relates to finance leases and other local long-term debt.

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*The following discussion and analysis is based principally on our historical unaudited consolidated financial statements as of and for the nine months ended September 30, 2011 and 2010 prepared in accordance with IAS 34 “Interim Financial Information” and our historical consolidated financial statements as of and for the years ended December 31, 2010 and 2009 prepared in accordance with IFRS, both incorporated by reference into this offering circular. The following discussion is to be read in conjunction with “Summary Historical and Pro Forma Consolidated Financial Data,” “Business” and our historical consolidated financial statements and the notes thereto incorporated by reference into this offering circular.*

*These historical financial statements have been prepared in accordance with IFRS as adopted by the EU. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB. However, we do not believe that our financial statements for the periods presented would be materially different had they been prepared in accordance with IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.*

*The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering circular. See “Disclosure Regarding Forward-Looking Statements” and “Risk Factors.”*

### Overview of CEVA

CEVA Group Plc, a public limited company existing under the laws of England and Wales, is the world’s second largest non-asset based supply chain management company, as measured by 2010 revenues. We design, implement and operate end-to-end supply chain solutions using a combination of international air, ocean and domestic freight forwarding, contract logistics and other value-added services. We operate globally in over 170 countries through more than 1,200 locations. In the twelve months ended September 30, 2011 (“LTM”) we generated approximately 41% of our revenues from high-growth geographies, which consist of Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa, with nearly a third of this revenue generated in China. We also have leading positions in mature markets such as North America and Western Europe. This global presence allows us to fulfill the increasingly international supply chain needs of our broad portfolio of over 15,000 customers. Our services enable our clients to focus on their core competencies while we leverage our international network, technology systems, scale and operating expertise to reduce our clients’ costs and inventory needs, shorten their lead time to market, and enhance their supply chain visibility. Our non-asset based strategy enables us to quickly scale our operations in order to grow our business and adapt to changing industry conditions and environments. In the twelve months ended September 30, 2011, we generated €7.0 billion of revenue, €333 million of Adjusted EBITDA before management fees and €385 million of Pro Forma Adjusted EBITDA (each as defined in “Summary—Summary Financial Data”) across a balanced and diversified business, geographic and sector mix.

We offer a wide range of services that are classified into two business segments: “Freight Management” and “Contract Logistics.” In Freight Management, we are one of the five largest air freight forwarders globally and have been the fastest growing ocean freight forwarder among our peers in recent years. Our Contract Logistics business is the second largest in the world, as measured by 2010 revenue. We utilize our full suite of services and leverage the significant synergies between our two segments to deliver integrated end-to-end solutions to our customers. As a result of our balanced revenues and global scale, we are able to serve both international and regional customers as well as benefit from the overall globalization of trade and manufacturing.

We have a strong and diversified presence in a number of targeted sectors where we believe our services are most valued, and our customers benefit from enhanced supply chain capabilities through our leading edge sector knowledge, resource sharing and efficient transfer of best practices. Our expertise in these sectors has been developed through long-term partnerships with our customers, and we have an average relationship of approximately 18 years (as of September 30, 2011) with our top 20 clients. Our customer base includes blue chip clients such as General Motors, Johnson & Johnson, Lenovo, Miele, Petrobras, Procter & Gamble, Samsung and

Total. Our customer portfolio is also well balanced, with our top 10 customers representing 23% of our LTM revenues and no single customer representing more than 5%. We serve 23 of the top 25 supply chains in the world, based on operational and financial performance and peer surveys, according to Gartner.

### **Key Performance Indicators**

In considering the financial performance of the business, management analyzes each of the primary financial performance measures of EBITDA before specific items in both of our business segments. For the purposes of this offering circular we refer to this as Adjusted EBITDA, which is not a measure defined by IFRS. The most directly comparable IFRS measure to Adjusted EBITDA is our profit or loss for the period.

We believe Adjusted EBITDA, as defined below, is useful to investors as it excludes items which do not impact the day-to-day operations and which management in many cases does not directly control or influence. Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in their evaluation of our company and in comparison to other companies, many of which present an EBITDA-related performance measure when reporting their results. Adjusted EBITDA, as defined below, is also a key component of the measures used under the Senior Secured Facilities to evaluate compliance with our debt covenants.

Specific items are excluded from the measure of business performance used by management to monitor its operating and financial performance, because they are considered to be exceptional by virtue of their size, nature or incidence and therefore distort the comparability of our reporting of financial performance from period to period. Management believes that in separately presenting financial performance both before and after specific items, it is easier for investors to read and interpret our financial performance between periods on a comparable basis. Adjusted EBITDA is defined as profit or loss before income taxes, profits from investments in associates, net financial expenses, depreciation, amortization and impairment and specific items.

Adjusted EBITDA has limitations as an analytical tool. It is not a recognized term under IFRS and therefore does not purport to be an alternative to profit or operating profit as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Specific items may not be comparable to similarly titled measures used by other companies. As a result, you should not consider these performance measures, in isolation from, or as a substitute analysis for, our results of operations.

### **Key Factors Affecting Our Results of Operations**

#### *Macroeconomic Conditions*

Our customers are affected by the global macroeconomic environment, as well as localized conditions, and their activity levels affect our volumes.

#### *Freight Management*

Our revenue is derived from the spread we charge to our customers over the carriers' charges to us for transporting the shipment, in addition to what we charge for customs brokerage and other value-added services. The majority of our small- and medium- sized customers work with us on a transactional basis and so we are able to rapidly adjust the rates we charge based on changes in carrier rates. Where we do have contracts with our customers, these are generally for 12 months or less. We typically have pass-through mechanisms to allow us to adjust rates for certain variables, such as fuel cost surcharges. We typically pre-book transportation capacity, or "block space," based on a portion of our expected volumes on certain trade lanes, which provides us with guaranteed carrier capacity.

#### *Contract Logistics*

The majority of our contracts are based on a price per unit, typically with contractual protections for volume and scope changes and indexation clauses, such as fuel cost pass-through. These contracts are generally multi-year, with a weighted average duration approaching three years. When we win new business we typically lease assets and hire employees specifically for that contract. A substantial proportion of our leases are scheduled to terminate in line with contract maturities, which we believe enhances our flexibility and reduces the potential overhead burden of unutilized assets.

### Currency

Given our global operations, we receive revenue, pay costs, and record income, assets and liabilities in a number of different currencies, and therefore our results are impacted when these currencies fluctuate in relative value among themselves and against the euro, which is our reporting currency. The most significant currencies for our business are the euro, U.S. dollar, British pound and Chinese yuan.

### Seasonality

Our results are subject to seasonal trends when measured on a quarterly basis, due to holiday seasons, consumer demand, weather and other intra-year variations. Our Freight Management results are generally stronger in the final three quarters of the calendar year, which is partly offset by our Contract Logistics results, which are often weighted to the first half of the year. Our seasonality is also offset to some extent by our sector diversification, as well as the global nature of our business; however, overall our first quarter is generally the weakest.

### Results of operations for the nine months ended September 30, 2010 and the nine months ended September 30, 2011.

The following table summarizes our statement of income for the nine months ended September 30, 2010 with our statement of income for the nine months ended September 30, 2011.

	Nine months ended September 30, 2010				Nine months ended September 30, 2011			
	Before specific items	Specific items	Total	% of Revenue <sup>(1)</sup>	Before specific items	Specific items	Total	% of Revenue <sup>(1)</sup>
	<i>€ millions (unaudited)</i>							
Revenue .....	5,047	—	5,047	100.0%	5,154	—	5,154	100.0%
Work contracted out.....	(2,608)	—	(2,608)	(51.7%)	(2,639)	—	(2,639)	(51.2%)
Personnel expenses.....	(1,373)	(10)	(1,383)	(27.2%)	(1,446)	(10)	(1,456)	(28.1%)
Other operating expenses ...	(863)	(39)	(902)	(17.1%)	(831)	(47)	(878)	(16.1%)
<b>Operating expenses excluding depreciation, amortization and impairment .....</b>	<b>(4,844)</b>	<b>(49)</b>	<b>(4,893)</b>	<b>(96.0%)</b>	<b>(4,916)</b>	<b>(57)</b>	<b>(4,973)</b>	<b>(95.4%)</b>
<b>EBITDA .....</b>	<b>203</b>	<b>(49)</b>	<b>154</b>	<b>4.0%</b>	<b>238</b>	<b>(57)</b>	<b>181</b>	<b>4.6%</b>
Depreciation, amortization and impairment .....	(129)	(4)	(133)	(2.5%)	(127)	-	(127)	(2.5%)
<b>Operating income.....</b>	<b>74</b>	<b>(53)</b>	<b>21</b>	<b>1.5%</b>	<b>111</b>	<b>(57)</b>	<b>54</b>	<b>2.1%</b>
Net finance expense .....	(185)	(7)	(192)	(3.7%)	(197)	-	(197)	(3.8%)
<b>Loss before income taxes .</b>	<b>(111)</b>	<b>(60)</b>	<b>(171)</b>	<b>(2.2%)</b>	<b>(86)</b>	<b>(57)</b>	<b>(143)</b>	<b>(1.7%)</b>
Income tax expense.....	(17)	8	(9)	(0.3%)	(18)	6	(12)	(0.3%)
<b>Loss for the period .....</b>	<b>(128)</b>	<b>(52)</b>	<b>(180)</b>	<b>(2.5%)</b>	<b>(104)</b>	<b>(51)</b>	<b>(155)</b>	<b>(2.0%)</b>

(1) Percent of Revenue is calculated before specific items.

### Revenue.

Revenue increased by 2.1% to €5,154 million for the nine months ended September 30, 2011 from €5,047 million for the nine months ended September 30, 2010. At constant exchange rates, revenue increased by 4.8%, driven by an 8.5% increase in our Contract Logistics business and a 0.7% increase in our Freight Management business. While we achieved strong growth in ocean freight volumes, Freight Management revenue growth was constrained in part due to softer air freight volumes experienced across the industry, particularly in the three months ended September 30, 2011. Additionally, Freight Management revenue was impacted by surplus transport capacity leading to lower carrier rates, which we generally pass on to our customers.

### Operating expenses excluding depreciation, amortization and impairment before specific items.

Operating expenses excluding depreciation, amortization and impairment before specific items increased by 1.5% to €4,916 million for the nine months ended September 30, 2011 from €4,844 million for the nine months

ended September 30, 2010. Further analysis of the components within operating expense excluding depreciation, amortization and impairment is included below.

***Work contracted out before specific items.***

Work contracted out before specific items increased by 1.2% from the previous nine months, equaling €2,639 million for the nine months ended September 30, 2011 and €2,608 million for the nine months ended September 30, 2010. This increase is primarily related to the purchase of transportation in our Contract Logistics business to support the strong organic growth, offset by a decrease in Freight Management purchased transportation given significant carrier rate decreases.

***Personnel expenses before specific items.***

Personnel expenses before specific items increased by 5.3% to €1,446 million for the nine months ended September 30, 2011 from €1,373 million for the nine months ended September 30, 2010. This increase is related to both our organic growth and general salary increases.

***Other operating expenses before specific items.***

Other operating expenses before specific items decreased by 3.7% to €831 million for the nine months ended September 30, 2011 from €863 million for the nine months ended September 30, 2010. This decrease is related to decreased operating costs for warehouse rent, equipment and certain other miscellaneous costs.

***Specific items.***

Specific items incurred in relation to operating costs was €57 million for the nine months ended September 30, 2011, compared to €49 million for the nine months ended September 30, 2010. The specific items relate to further site optimization, business rationalization and restructuring programs being implemented by the Company, as well as the DOJ plea agreement and other industry-wide antitrust investigations. The majority of specific items for the nine months ended September 30, 2011 relate to cost savings programs, in particular Project ACE, the outsourcing and optimization of our financial processes, and Program UNO, the streamlining of our Freight Management systems.

***Adjusted EBITDA.***

Adjusted EBITDA increased by 17.2% to €238 million for the nine months ended September 30, 2011 from €203 million for the nine months ended September 30, 2010. At constant exchange rates, Adjusted EBITDA increased by 21.9%, driven by Freight Management growth of 48.6% and Contract Logistics growth of 9.3% as margins improved substantially in the Freight Management business segment and revenue increased significantly in the Contract Logistics business segment.

The severe flooding in Thailand did not have a significant impact on our results for the nine months ending September 30, 2011, but is expected to have impacted Adjusted EBITDA by approximately €7 million, net of insurance, in the fourth quarter of 2011. We expect that our Adjusted EBITDA in the three months ended December 31, 2011 will be approximately flat versus the same period in 2010 and up versus the prior quarter in 2011, with year-on-year performance improving each month throughout the fourth quarter of 2011, excluding the impact of the Thailand flooding. These statements regarding our results for the fourth quarter of 2011 are preliminary estimates. We have not completed our financial closing procedures for the three-month period and year ended December 31, 2011 and our actual results could be materially different from our preliminary estimates as we close our books and our auditors begin and then complete their audit.

***Depreciation, amortization and impairment before specific items.***

Depreciation, amortization and impairment before specific items was broadly flat at €127 million for the nine months ended September 30, 2011 compared to €129 million for the nine months ended September 30, 2010.

Depreciation alone was €59 million for the nine months ended September 30, 2011 compared to €61 million for the nine months ended September 30, 2010.

**Operating income.**

Operating income of €54 million in the nine months ended September 30, 2011 compares to an operating income of €21 million in the nine months ended September 30, 2010. The increase was driven by strong EBITDA growth in our Freight Management business as well as our Contract Logistics business.

**Net finance expense.**

	Nine months ended September 30,	
	2010	2011
	<i>(in € millions)</i>	
Net interest expense on financing .....	(161)	(185)
Foreign exchange gains/(losses).....	(8)	4
Other financial income/(expense) .....	(23)	(16)
<b>Net finance income/(expense) .....</b>	<b>(192)</b>	<b>(197)</b>

Net interest expense on financing, which includes interest expense on our debt net of interest income on our cash and deposits, increased €5 million to €197 million for the nine-month period ending September 30, 2011. In 2010 we completed refinancing programs that extended our debt maturities; however the new debt has increased our annual interest expense. This was partly offset by foreign exchange movements relating to the non-cash revaluation of our foreign currency denominated debt and a decrease in other financial expenses.

**Loss before income taxes.**

Loss before income taxes in the nine months ended September 30, 2011 was €143 million, compared to €171 million in the nine months ended September 30, 2010. The decrease of the loss was driven by a strong increase in operating income offset by a slight increase in net finance expense.

**Income tax expense.**

Income tax expense was €12 million in the nine months ended September 30, 2011 compared to an income tax credit of €9 million in the nine months ended September 30, 2010. In 2010 there was a deferred tax credit offsetting the tax charge, which mainly related to tax losses in certain jurisdictions.

**Results of operations for the Freight Management business for the nine months ended September 30, 2010 and the nine months ended September 30, 2011.**

The following table summarizes our historical financial results for the Freight Management business segment for the nine months ended September 30, 2010 and for the nine months ended September 30, 2011.

	Nine months ended September 30,				
	2010		2011		% change
	Total	% of Revenue	Total	% of Revenue	
<b>Revenue .....</b>	<b>2,425</b>	<b>100.0%</b>	<b>2,357</b>	<b>100.0%</b>	<b>(2.8%)</b>
Operating expenses excluding depreciation, amortization and impairment.....	(2,359)	(97.3%)	(2,265)	(96.1%)	(4.0%)
<b>Adjusted EBITDA.....</b>	<b>66</b>	<b>2.7%</b>	<b>92</b>	<b>3.9%</b>	<b>39.4%</b>

**Freight Management Revenue.**

Revenue in Freight Management decreased by 2.8% to €2,357 million for the nine months ended September 30, 2011 from €2,425 million for the nine months ended September 30, 2010. However, at constant exchange rates,

Freight Management revenue increased by 0.7%. Revenue growth was constrained by lower transportation costs charged by carriers resulting in lower charges to our customers; at constant exchange rates, revenue excluding direct transportation costs charged by carriers increased by 9% year on year. Revenue was also impacted by general market softening in air freight volume in the Americas and Asia Pacific regions during the three months ended September 30, 2011 in particular. At constant exchange rates, revenue excluding direct transportation costs charged by carriers increased by 4% year on year in the three months ended September 30, 2011, compared to 10% and 16% in the three months ended June 30, 2011 and March 31, 2011, respectively.

***Operating expenses excluding depreciation, amortization and impairment before specific items.***

Operating expenses excluding depreciation, amortization and impairment before specific items decreased to €2,265 million for the nine months ended September 30, 2011 from €2,359 million for the nine months ended September 30, 2010. This decrease was mainly driven by work contracted out as purchased transportation rates decreased, partly offset by personnel expense wage inflation.

***Freight Management Adjusted EBITDA.***

Adjusted EBITDA increased to €92 million for the nine months ended September 30, 2011 from €66 million for the nine months ended September 30, 2010. At constant exchange rates Adjusted EBITDA grew 48.6%, primarily due to stronger results in all regions but most notably in Asia Pacific and the Americas. We have been able to substantially improve our margins, partly due to the beneficial rate environment. Adjusted EBITDA was 3.9% of revenue for the nine months ended September 30, 2011, compared to 11.8% gross margin.

**Results of operations for the Contract Logistics business for the nine months ended September 30, 2010 and the nine months ended September 30, 2011.**

The following table summarizes our historical financial results for the Contract Logistics business segment for the nine months ended September 30, 2010 and the nine months ended September 30, 2011.

	Nine months ended September 30,				
	2010		2011		2010
	Total	% of Revenue	Total	% of Revenue	% change
Revenue .....	2,622	100.0%	2,797	100.0%	6.7%
Operating expenses excluding depreciation, amortization and impairment .....	(2,485)	(94.8%)	(2,651)	(94.8%)	6.7%
Adjusted EBITDA .....	137	5.2%	146	5.2%	6.6%

***Contract Logistics Revenue.***

Revenue in Contract Logistics increased to €2,797 million for the nine months ended September 30, 2011 from €2,622 million for the nine months ended September 30, 2010. At constant exchange rates revenue grew by 8.5%, primarily due to increased volumes in almost all sectors, other than a slight weakness in technology due to fewer new product launches compared to the prior year. In the three months ended September 30, 2011, at constant exchange rates revenue grew by 6%, compared to 9% and 10% in the three months ended June 30, 2011 and March 31, 2011, respectively.

***Operating expenses excluding depreciation, amortization and impairment before specific items.***

Operating expenses excluding depreciation, amortization and impairment before specific items increased by 6.7% to €2,651 million for the nine months ended September 30, 2011 from €2,485 million for the nine months ended September 30, 2010. This was mainly driven by increased work contracted out and personnel expense due to increased volumes.

### **Contract Logistics Adjusted EBITDA.**

Adjusted EBITDA increased by 6.6% to €146 million for the nine months ended September 30, 2011 from €137 million for the nine months ended September 30, 2010. At constant exchange rates Adjusted EBITDA increased by 9.3%, largely due to improved customer volumes and continued cost containment measures. Adjusted EBITDA was 5.2% of revenue for the nine months ended September 30, 2011, compared to 10.9% gross margin.

### **Results of operations for the year ended December 31, 2009 and the year ended December 31, 2010.**

The following table summarizes our statement of income for the year ended December 31, 2009 with our statement of income for the year ended December 31, 2010.

	Year ended December 31, 2009				Year ended December 31, 2010			
	Before specific items	Specific items	Total	% of Revenue <sup>(1)</sup>	Before specific items	Specific items	Total	% of Revenue <sup>(1)</sup>
	<i>€ millions</i>							
Revenue .....	5,494	—	5,494	100.0%	6,847	—	6,847	100.0%
Work contracted out.....	(2,471)	—	(2,471)	(45.0%)	(3,556)	—	(3,556)	(51.9%)
Personnel expenses.....	(1,689)	(23)	(1,712)	(30.7%)	(1,845)	(24)	(1,869)	(26.9%)
Other operating expenses ...	(1,101)	(46)	(1,147)	(20.0%)	(1,154)	(50)	(1,204)	(16.9%)
<b>Operating expenses excluding depreciation, amortization and impairment .....</b>	<b>(5,261)</b>	<b>(69)</b>	<b>(5,330)</b>	<b>(95.8%)</b>	<b>(6,555)</b>	<b>(74)</b>	<b>(6,629)</b>	<b>(95.7%)</b>
<b>EBITDA .....</b>	<b>233</b>	<b>(69)</b>	<b>164</b>	<b>4.2%</b>	<b>292</b>	<b>(74)</b>	<b>218</b>	<b>4.3%</b>
Depreciation, amortization and impairment .....	(196)	(1)	(197)	(3.6%)	(178)	(4)	(182)	(2.6%)
<b>Operating income.....</b>	<b>37</b>	<b>(70)</b>	<b>(33)</b>	<b>0.7%</b>	<b>114</b>	<b>(78)</b>	<b>36</b>	<b>1.7%</b>
Net finance expense .....	(159)	123	(36)	(2.9%)	(262)	(13)	(275)	(3.8%)
<b>Profit/(Loss) before income taxes .....</b>	<b>(122)</b>	<b>53</b>	<b>(69)</b>	<b>(2.2%)</b>	<b>(148)</b>	<b>(91)</b>	<b>(239)</b>	<b>(2.2%)</b>
Income tax expense.....	(34)	(1)	(35)	(0.6%)	(32)	16	(16)	(0.5%)
<b>Profit/ (Loss) for the period</b>	<b>(156)</b>	<b>52</b>	<b>(104)</b>	<b>(2.8%)</b>	<b>(180)</b>	<b>(75)</b>	<b>(255)</b>	<b>(2.6%)</b>

(1) Percent of Revenue is calculated before specific items.

### **Revenue.**

Revenue increased 24.6% to €6,847 million for the year ended December 31, 2010 from €5,494 million for the year ended December 31, 2009. At constant exchange rates, our revenue growth would have been 17.3%. Our Freight Management segment was the biggest revenue growth driver with an increase of 40.7%. Contract Logistics revenue increased by 9.4%. The growth in revenue was partly due to the global recovery in customer volumes and activity following the economic slowdown and de-stocking in 2009, coupled with our continued development of targeted business offerings within Freight Management and industry sectors such as consumer & retail, technology and automotive within Contract Logistics. In 2010 we had particularly strong revenue growth in both the Americas and Asia Pacific regions, with growth rates of 22.4% and 49.5%, respectively.

### **Operating expenses excluding depreciation, amortization and impairment before specific items.**

Operating expenses excluding depreciation, amortization and impairment before specific items increased by 24.6% to €6,555 million for the year ended December 31, 2010 from €5,261 million for the year ended December 31, 2009. Further analysis of the components within operating expense excluding depreciation, amortization and impairment is included below.

***Work contracted out before specific items.***

Work contracted out before specific items increased 43.9% from the previous year, equaling €3,556 million for the year ended December 31, 2010 and €2,471 million for the year ended December 31, 2009. The cost of third-party transportation for our Freight Management segment accounted for most of the increase, driven by higher volumes as well as higher third-party transport and fuel prices, which were mostly passed onto our customers.

***Personnel expenses before specific items.***

Personnel expenses before specific items increased by 9.2% to €1,845 million for the year ended December 31, 2010 from €1,689 million for the year ended December 31, 2009 due to a combination of salary increases and the increased agency and subcontracted warehouse personnel to handle the increased volumes. We were able to limit the increase in our personnel expenses, which grew significantly more slowly than our revenue, primarily as a result of the full year impact of cost reduction programs implemented during 2009 and in the course of 2010. These cost reduction programs encompassed a wide range of areas, from optimizing networks and operations to reducing headcount and employee benefits.

***Other operating expenses before specific items.***

Other operating expenses before specific items increased by 4.8% to €1,154 million for the year ended December 31, 2010 from €1,101 million for the year ended December 31, 2009. This is in relation to increased operating costs for warehouse rent, equipment and certain other miscellaneous costs.

***Specific items.***

Specific items incurred in relation to operating costs increased from €69 million for the year ended December 31, 2009 to €74 million for the year ended December 31, 2010. Specific items related to personnel expenses were €24 million and other expenses were €50 million for the year ended December 31, 2010 compared to €23 million and €46 million respectively for the year ended December 31, 2009. Personnel expenses were largely onetime costs incurred in relation to the cost reduction programs. Other operating expenses mainly comprise of expenses related to the industry-wide antitrust investigation, restructuring costs, investments in outsourcing finance resources and redesigning freight management processes.

***Adjusted EBITDA.***

Adjusted EBITDA increased by 25.3% to €292 million for the year ended December 31, 2010 from €233 million for the year ended December 31, 2009. At constant exchange rates, our Adjusted EBITDA growth would have been 15.9%. In 2009, Adjusted EBITDA declined due to the global economic downturn, offset in part by the implementation of cost savings programs and our ability to negotiate more favorable purchased transportation rates during the first three quarters of the year. The growth in 2010 is largely due to the strong increase in volumes in both Freight Management and Contract Logistics, in combination with the continued impact of our cost containment programs which were introduced during 2009.

***Depreciation, amortization and impairment before specific items.***

Depreciation, amortization and impairment before specific items have decreased to €178 million for the year ended December 31, 2010 from €196 million for the year ended December 31, 2009. While depreciation remained broadly flat at €92 million, the lower level of depreciation, amortization and impairment before specific items is a result of the impairment of certain buildings which were disposed of during 2009 and the impairment of goodwill that related to the planned disposal of TELIS S.p.A. and a customer in-sourcing in 2009.

### **Operating income/(loss).**

Operating income in 2010 was €36 million compared to a loss of €33 million in 2009. The increase in operating income was driven by revenue growth, offset by the positive impact of cost reduction programs implemented during 2009 and in the course of 2010.

### **Net finance expense.**

Net finance expense increased by €239 million to €275 million in 2010, primarily due to a non-recurring non-cash gain in 2009.

	<b>Year Ended December 31,</b>	
	<b>2009</b>	<b>2010</b>
	<i>(in € millions)</i>	
Net interest expense on financing .....	(192)	(227)
Foreign exchange gains/(losses).....	54	(12)
Other financial income/(expense) .....	102	(36)
<b>Net finance income/(expense) .....</b>	<b>(36)</b>	<b>(275)</b>

Net interest expense on financing, which includes interest expense on our debt net of interest income on our cash and deposits, increased €35 million to €227 million in 2010, due to the completion of a number of refinancing transactions that replaced our near-term maturities with longer-dated but higher coupon debt. Foreign exchange movements mainly relate to the non-cash revaluation of our foreign currency denominated debt. Similarly, other financial income/(losses) is primarily non-cash and in 2009 included an exceptional gain of €135 million resulting from a debt exchange transaction.

### **Loss before income taxes.**

Loss before income taxes increased to €239 million in 2010 from €69 million in 2009 because the improvement in operating income was more than offset by the increase in net finance expense in 2010.

### **Income tax expense.**

Income tax expense was €16 million in 2010 compared to €35 million in 2009. Income tax expense included current tax charges of €39 million and €31 million, respectively, primarily related to tax in certain countries where taxable profits are not offset by interest costs or brought forward losses. 2010 current tax charges were offset by a €23 million deferred tax credit, mainly related to tax losses, while 2009 income tax expense included a €4 million deferred tax charge.

### **Results of operations for the Freight Management business for the year ended December 31, 2009 and the year ended December 31, 2010.**

The following table summarizes our historical financial results for the Freight Management business segment for the year ended December 31, 2009 and for the year ended December 31, 2010.

	<b>Year ended December 31,</b>				
	<b>2009</b>		<b>2010</b>		<b>% change</b>
	<b>Total</b>	<b>% of Revenue</b>	<b>Total</b>	<b>% of Revenue</b>	
<b>Revenue .....</b>	<b>2,355</b>	<b>100.0%</b>	<b>3,314</b>	<b>100.0%</b>	<b>40.7%</b>
Operating expenses excluding depreciation, amortization and impairment .....	(2,277)	(96.7)%	(3,212)	(96.9)%	41.1%
<b>Adjusted EBITDA .....</b>	<b>78</b>	<b>3.3%</b>	<b>102</b>	<b>3.1%</b>	<b>30.8%</b>

### ***Freight Management Revenue.***

Revenue in Freight Management increased by 40.7% to €3,314 million for the year ended December 31, 2010 from €2,355 million for the year ended December 31, 2009. Recovering from the effects of the global recession in 2009, all regions showed significantly stronger volumes. Additionally, we continued our development of targeted business offerings, such as our focus on ocean products, which also contributed to volume growth. Revenue also grew as a result of the rate increases from carriers due to supply shortages, which we passed on to customers.

### ***Operating expenses excluding depreciation, amortization and impairment before specific items.***

Operating expenses excluding depreciation, amortization and impairment before specific items increased by 41.1% to €3,212 million for the year ended December 31, 2010 from €2,277 million for the year ended December 31, 2009. This was primarily driven by the strong increase in volumes increasing work contracted out and personnel expenses, as well as the carrier rate increases which drove up purchased transportation costs in particular.

### ***Freight Management Adjusted EBITDA.***

Adjusted EBITDA increased to €102 million for the year ended December 31, 2010 from €78 million for the year ended December 31, 2009. This is due to the strong increase in freight volumes, although margins fell slightly due to the higher transportation rates that we passed directly to our customers.

### **Results of operations for the Contract Logistics business for the year ended December 31, 2009 and the year ended December 31, 2010.**

The following table summarizes our historical financial results for the Contract Logistics business segment for the year ended December 31, 2009 and the year ended December 31, 2010.

	Year ended December 31,				
	2009		2010		% Change
	Total	% of Revenue	Total	% of Revenue	
Revenue .....	3,139	100.0%	3,433	100.0%	9.4%
Operating expenses excluding depreciation, amortization and impairment .....	(2,984)	(95.1)%	(3,243)	(94.5)%	8.7%
Adjusted EBITDA .....	155	4.9%	190	5.5%	22.6%

### ***Contract Logistics Revenue.***

Revenue in Contract Logistics increased by 9.4% to €3,433 million for the year ended December 31, 2010 from €3,139 million for the year ended December 31, 2009. The improved global market conditions contributed to our revenue growth, with generally higher customer volumes compared to 2009. In particular, there was continued strong recovery in the automotive sector, which had been particularly badly affected at the end of 2008 and through the first half of 2009. Our growth was offset to some extent by in-sourcing by a SEMEA customer at the end of 2009, but we benefitted from the economic recovery in other geographies that had been particularly affected by the global downturn, including North America, the United Kingdom, Germany, Italy and Spain.

In 2009 and 2010 we enhanced our focus on sectors and geographies that we consider to be strategically important. This started to yield benefits in 2010, with strong revenue growth in the technology and consumer & retail sectors and in countries such as Brazil, India and Turkey.

### ***Operating expenses excluding depreciation, amortization and impairment before specific items.***

Operating expenses excluding depreciation, amortization and impairment before specific items increased by 8.7% to €3,243 million for the year ended December 31, 2010 from €2,984 million for the year ended December 31, 2009. Work contracted out increased due to the higher volumes from new and existing business. Personnel and other

operating expenses also increased due to higher volumes, but these increases were somewhat offset by the continued impact of our cost reduction programs.

**Contract Logistics Adjusted EBITDA.**

Adjusted EBITDA increased by 22.6% to €190 million for the year ended December 31, 2010 from €155 million for the year ended December 31, 2009. This is largely due to the effects of the stronger volumes combined with the positive impact of cost containment programs introduced during 2009.

**Liquidity and Capital Resources**

Our primary sources of cash flow have historically been cash flows from operating activities and proceeds from debt financing. We believe that cash flow from operating activities, available cash and cash equivalents, along with our access to borrowing facilities, will be sufficient to fund our liquidity requirements for the coming 12 months and going forward (see “Risk Factors—We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under the terms of our indebtedness that may not be successful.”). As part of our cash flow management, we have improved our net working capital through procurement initiatives designed to leverage economies of scale and improve terms of payment to suppliers, as well as through collection initiatives designed to improve our billings and collections processes to reduce outstanding receivables. At September 30, 2011 the Company had €210 million in cash. In addition, we had access to €72 million of undrawn central credit facilities at September 30, 2011 (including €31 million of the Company’s €79 million revolving credit facility).

After giving pro forma effect to the Transactions (including the Incremental Revolver), we had access to €221 million of undrawn central credit facilities.

**Cash flows for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2011**

	Nine months ended September 30, 2010	Nine months ended September 30, 2011
	<i>€ millions (unaudited)</i>	
Net cash from (used in) operating activities .....	(64)	(57)
Net cash from (used in) investing activities .....	(28)	(43)
Net cash from (used in) financing activities .....	(12)	97
<b>Net increase/(decrease) in cash and cash equivalents.....</b>	<b>(104)</b>	<b>(3)</b>
Foreign exchange impact on cash and cash equivalents.....	16	(3)
Cash and cash equivalents at:		
<b>Beginning of the period.....</b>	<b>289</b>	<b>216</b>
<b>End of the period.....</b>	<b>201</b>	<b>210</b>

**Net cash from operating activities.**

Net cash used in operating activities has decreased to €57 million for the nine months ended September 30, 2011 from €64 million for the nine months ended September 30, 2010. This improvement was driven by an improvement in EBITDA, partly offset by an increase in interest payments and higher investment in net working capital.

**Net cash used in investing activities.**

Net cash used in investing activities increased to €43 million for the nine months ended September 30, 2011 compared to €28 million for the nine months ended September 30, 2010. While capital expenditures decreased compared to the nine months ended September 30, 2010, this was offset by lower proceeds from sales of property.

***Net cash provided by financing activities.***

Net cash used in financing activities changed from €12 million for the nine months ended September 30, 2010 to €97 million provided by financing activities for the nine months ended September 30, 2011. This is largely due to the proceeds of borrowings during the nine months ended September 30, 2011 when compared to the nine months ended September 30, 2010.

**Cash flows for the year ended December 31, 2009 compared to the year ended December 31, 2010**

	Year ended December 31, 2009	Year ended December 31, 2010
	<i>€ millions</i>	
Net cash from (used in) operating activities.....	75	(70)
Net cash from (used in) investing activities.....	(67)	(50)
Net cash from (used in) financing activities.....	123	28
<b>Net increase/(decrease) in cash and cash equivalents.....</b>	<b>131</b>	<b>(92)</b>
Foreign exchange impact on cash and cash equivalents.....	(6)	19
Cash and cash equivalents at:		
<b>Beginning of the period.....</b>	<b>164</b>	<b>289</b>
<b>End of the period.....</b>	<b>289</b>	<b>216</b>

***Net cash from operating activities.***

In 2010 net cash used in operating activities was €70 million and in 2009 net cash from operating activities was €75 million. Our increased EBITDA was more than offset by higher interest payments and cash taxes, and additionally 2009 cash from operating activities was bolstered by the one-off favorable impact from the sale of a financial derivative.

***Net cash used in investing activities.***

Net cash used in investing activities decreased to €50 million for the year ended December 31, 2010 from €67 million for the year ended December 31, 2009. This decrease was primarily due to proceeds from the sales (and lease backs) of several buildings during 2010.

***Net cash provided by financing activities.***

Net cash provided by financing activities decreased from €123 million for the year ended December 31, 2009 to €28 million for the year ended December 31, 2010. The cash provided in 2009 was mainly with respect to long-term borrowings while in 2010 the cash provided was mainly due to smaller increases in short-term and revolving borrowings.

## Contractual Obligations

The following table summarizes our historical material contractual obligations as of September 30, 2011 and does not give effect to the Transactions.

As at September 30, 2011	Expected Cash Payments due by Period				Total
	Less than 1 year	1-3 years	3 to 5 years	After 5 years	
	<i>(in € millions)</i>				
Notes.....	—	11	266	1,224	1,501
Bank borrowings and overdrafts.....	81	165	636	920	1,802
Interest on borrowings .....	259	483	415	544	1,701
<b>Subtotal</b> .....	<b>340</b>	<b>659</b>	<b>1,317</b>	<b>2,688</b>	<b>5,004</b>
Finance Leases <sup>(1)</sup> .....	7	24	4	32	67
Operating leases <sup>(2)</sup> .....	248	320	170	304	1,042
Purchase commitments <sup>(3)</sup> .....	9	—	—	—	9
<b>Total</b> <sup>(4)</sup> .....	<b>604</b>	<b>1,003</b>	<b>1,491</b>	<b>3,024</b>	<b>6,122</b>

(1) Finance leases primarily relate to warehouses in Europe.

(2) Operating leases primarily relate to warehouse rental contracts, trucks and trailers and material handling equipment.

(3) Purchase commitments include commitments in relation to the acquisition of tangible and intangible assets.

(4) Retirement benefit obligations are not presented in the contractual obligations tables above as the timing of the settlement of this obligation is uncertain.

## Capital Expenditure

The following table provides a breakdown of our capital expenditure and net capital expenditure for property, plant and equipment by business segments for the periods indicated. We believe that net capital expenditure is the most appropriate metric to evaluate our underlying capital expenditure investment trends because it ensures, for example, that an asset that was bought only to be sold and leased back shortly thereafter is treated similarly to an asset that was leased from the beginning.

	Year ended December 31, 2009	Year ended December 31, 2010	Nine months ended September 30, 2010	Nine months ended September 30, 2011	Twelve months ended September 30, 2011
			<i>(in € millions)</i>		
Freight Management .....	18	24	15	14	23
Contract Logistics .....	79	90	61	37	66
<b>Total Capital Expenditure</b> .....	<b>97</b>	<b>114</b>	<b>76</b>	<b>51</b>	<b>89</b>
Finance leases and other.....	(2)	(30)	(15)	(2)	(17)
<b>Total Net Capital Expenditure</b> .....	<b>95</b>	<b>84</b>	<b>61</b>	<b>49</b>	<b>72</b>

Our net capital expenditure was €49 million for nine months ended September 30, 2011 and €61 million for the nine months ended September 30, 2010. Net capital expenditure represented 1.0% of revenue in the nine months ended September 30, 2011, 1.2% of revenue in the year ended December 31, 2010 and 1.7% in the year ended December 31, 2009. The decrease in capital expenditure is due to the prudent approach to spending in combination with continuing to focus on co-terminus operating lease commitments as an alternative to direct investment.

Generally, new Contract Logistics wins represent the largest component of our capital expenditure, primarily consisting of investments in warehousing, equipment and supplies. We typically attempt to contractually match, on a back-to-back basis, the contractual term, termination rights and other provisions of our contracts with our customers with those of our suppliers. The nature of these capital expenditures is largely driven by contractual requirements and customer preferences. For example, we may perform services for customers within customer owned premises, or alternatively, we may lease and fully fit out a purpose built or leased facility in order to provide services to customers. In addition, our maintenance capital expenditure represented approximately 35% of capital expenditure in 2010 and 30% in the nine months ended September 30, 2011. The nature and types of our historical capital expenditure requirements are generally expected to continue going forward; we have gradually reduced our underlying net capital expenditure, relative to the size of our business, by adopting a thorough and disciplined investment approach.

## Existing Financing Arrangements

The summary below sets out the outstanding amounts of our indebtedness as of December 31, 2010 and September 30, 2011, with and without adjustments to account for the Transactions, including our intended use of proceeds from the offering to repay or otherwise extinguish a portion of our existing indebtedness. See “Use of Proceeds” and “Capitalization” for information about the adjusted amounts.

	Currency	Nominal interest rate	Maturity	Amount drawn or outstanding at		Adjusted for the Transactions
				December 31, 2010	September 30, 2011	
Senior Secured Facilities – Tranche A (EUR).....	Euro	EURIBOR + 3%	November 2013	€63	€64	—
Senior Secured Facilities – Tranche B (EUR).....	Euro	EURIBOR + 5%	August 2016	€105	€103	€103
Senior Secured Facilities – Tranche A (USD).....	US dollar	US LIBOR + 3%	November 2013	\$129	\$129	—
Senior Secured Facilities – Tranche B (USD).....	US dollar	US LIBOR + 5%	August 2016	\$335	\$335	\$335
Senior Secured Facilities – Revolver (EUR).....	Euro	EURIBOR + 4%	November 2015	—	€30	—
Senior Secured Facilities – Revolver (USD).....	US dollar	Prime Rate + 3%	November 2015	—	\$25	—
Existing and New First Lien Senior Secured Notes.....	US dollar	8.375%	December 2017	\$450	\$450	\$775
First-and-a-Half Priority Lien Notes.....	US dollar	11.625%	October 2016	\$210	\$210	\$210
Junior Lien Notes.....	US dollar	11.5%	April 2018	\$702	\$702	\$702
New Senior Unsecured Notes <sup>(1)</sup> .....	US dollar	12.75%	March 2020	—	—	\$620
12% Senior Notes.....	Euro	12%	September 2014	€11	€11	€11
8½% Senior Notes.....	Euro	8.5%	December 2014	€266	€266	—
Extended Senior Notes.....	Euro	8.5%	June 2018	€73	€73	—
Senior Unsecured Facility loans.....	US dollar	9.75%	August 2015	\$165	\$165	—
Senior Unsecured Facility Extended loan.....	US dollar	9.75%	June 2018	\$629	\$629	\$113
Senior Subordinated Notes.....	Euro	10%	December 2016	€81	€81	—
Extended Senior Subordinated Notes.....	Euro	10%	June 2018	€57	€57	—
ABL Facility.....	US dollar	Variable	November 2015	\$80	\$147	\$119
Bank overdrafts.....	Various	Various	Various	€55	€60	€60
Finance lease liabilities.....	Various	Various	Various	€41	€39	€39
Other debt.....	Various	Various	Various	€44	€41	€41

(1) Assuming for purposes of the Apollo Exchange that the exchange rate in effect the day prior to the closing of this offering is equal to the exchange rate in effect on January 26, 2012.

For further information, see note 4 and note 16 to our audited consolidated financial statements and “Description of Other Indebtedness.”

From time to time, depending on market, pricing and other conditions, as well as our cash balances and liquidity, we or our affiliates, including Apollo, may seek to acquire notes or other indebtedness of ours through open market purchases, privately negotiated transactions, tender offers, redemption or otherwise, upon such terms and at such prices as we or our affiliates may determine (or as may be provided for in the indentures or other documents governing the notes or other indebtedness), for cash or other consideration. In addition, we have considered and will continue to evaluate potential transactions to reduce our outstanding debt (such as debt for debt exchanges and other similar transactions), to extend our debt maturities or enter into alternative financing arrangements, as well as potential transactions pursuant to which third parties, Apollo or its affiliates may provide financing to us or otherwise engage in transactions to provide liquidity to us. There can be no assurance as to which, if any, of these alternatives or combinations thereof we or our affiliates may choose to pursue in the future, as the pursuit of any alternative will depend upon numerous factors such as market conditions, our financial performance and the limitations applicable to such transactions under our financing documents.

### ***Debt Covenants***

At September 30, 2011, we were in compliance with the financial maintenance covenant under our Senior Secured Facilities, with a ratio of 1.9 to 1.0 compared to a maximum compliant ratio of 4.0 to 1.0, and we believe we have sufficient working capital and undrawn financing facilities to service our operating activities and continued growth ambitions for the foreseeable future.

### ***Off-Balance Sheet Arrangements***

As is common in our industry, we have entered into certain off-balance sheet arrangements in the ordinary course of business that result in risks not directly reflected in our balance sheets. Our significant off-balance sheet arrangements include liabilities associated with guarantees secured by letters of credit, surety bonds and security time deposits and non-cancellable operating leases. We have not engaged in any off-balance sheet financing arrangements through special purpose entities. Guarantees are described below and operating leases are described in “—Contractual Obligations.” We have no other off-balance sheet arrangements. The total amount of guarantees as at December 31, 2010 was €232 million, of which €177 million was issued but undrawn under our synthetic letter of credit facility. These guarantees were mainly issued in connection with our operating business obligations under lease contracts, customs duty deferment and central and local credit lines. The obligations under the guarantees issued by banks and other financial institutions have been secured by certain of our subsidiaries.

### **Principal Accounting Policies, Critical Accounting Estimates and Key Judgments**

Our principal accounting policies are set out in note 2 to the audited consolidated financial statements which are incorporated by reference in this offering circular. New standards and interpretations not yet adopted are also disclosed in note 2 to the audited consolidated financial statements. See also “Risk Factors—Risks Related to Our Business—Potential future changes in accounting standards may impact reporting of our performance and our financial position.”

Our critical accounting estimates and judgments are set out in note 3 to the audited consolidated financial statements which are incorporated by reference in this offering circular.

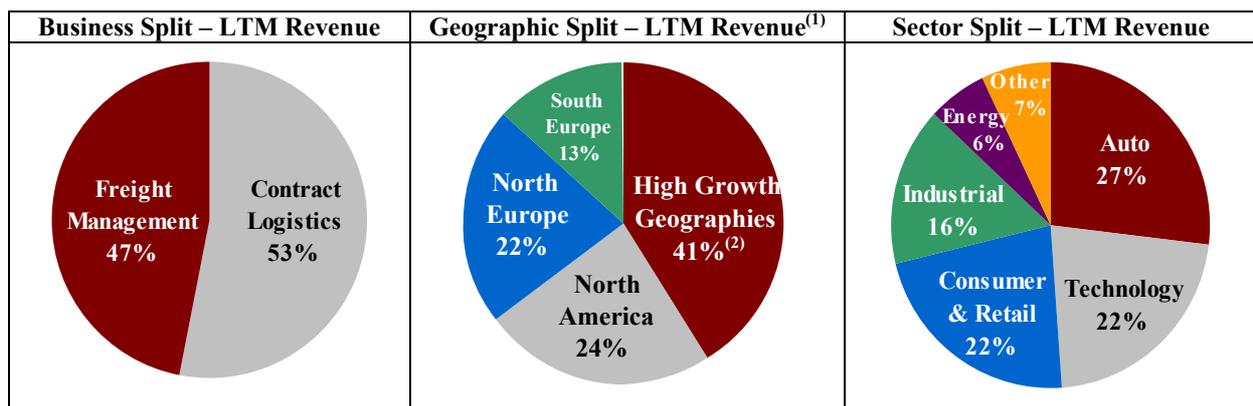
### **Quantitative and Qualitative Disclosures about Market Risk**

Our assessment of financial risk management is set out in note 4 to the audited consolidated financial statements which are incorporated by reference into this offering circular.

## BUSINESS

### Overview

CEVA Group Plc, a public limited company existing under the laws of England and Wales, is the world's second largest non-asset based supply chain management company, as measured by 2010 revenues. We design, implement and operate end-to-end supply chain solutions using a combination of international air, ocean and domestic freight forwarding, contract logistics and other value-added services. We operate globally in over 170 countries through more than 1,200 locations. In the twelve months ended September 30, 2011 ("LTM") we generated approximately 41% of our revenues from high-growth geographies, which consist of Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa, with nearly a third of this revenue generated in China. We also have leading positions in mature markets such as North America and Western Europe. This global presence allows us to fulfill the increasingly international supply chain needs of our broad portfolio of over 15,000 customers. Our services enable our clients to focus on their core competencies while we leverage our international network, technology systems, scale and operating expertise to reduce our clients' costs and inventory needs, shorten their lead time to market, and enhance their supply chain visibility. Our non-asset based strategy enables us to quickly scale our operations in order to grow our business and adapt to changing industry conditions and environments. In the twelve months ended September 30, 2011, we generated €7.0 billion of revenue, €333 million of Adjusted EBITDA before management fees and €385 million of Pro Forma Adjusted EBITDA (each as defined in "Summary Financial Data") across a balanced and diversified business, geographic and sector mix.



(1) In 2009, we generated approximately 32% of our revenues from high-growth geographies, 24% from North America, 24% from North Europe and 19% South Europe.

(2) High-growth geographies include Asia Pacific (excluding Japan), Latin America, Eastern Europe, the Middle East and Africa.

We offer a wide range of services that are classified into two business segments: "Freight Management" and "Contract Logistics." In Freight Management, we are one of the five largest air freight forwarders globally and have been the fastest growing ocean freight forwarder among our peers in recent years. Our Contract Logistics business is the second largest in the world, as measured by 2010 revenue. We utilize our full suite of services and leverage the significant synergies between our two segments to deliver integrated end-to-end solutions to our customers. As a result of our balanced revenues and global scale, we are able to serve both international and regional customers as well as benefit from the overall globalization of trade and manufacturing.

We have a strong and diversified presence in a number of targeted sectors where we believe our services are most valued, and our customers benefit from enhanced supply chain capabilities through our leading edge sector knowledge, resource sharing and efficient transfer of best practices. Every industry has its own unique characteristics, and we believe that a thorough understanding is essential to delivering the most cost-effective and highest quality services. We utilize our industry expertise to develop differentiated, value-added solutions such as our "SMART Solutions" modules, which are created by our supply chain engineers to standardize the core processes of various industry-specific supply chain elements such as automotive inventory management, home delivery of consumer goods, or reverse logistics for technology spare parts. Our expertise in these sectors has been developed

through long-term partnerships with our customers, and we have an average relationship of approximately 18 years (as of September 30, 2011) with our top 20 clients. Our customer base includes blue chip clients such as General Motors, Johnson & Johnson, Lenovo, Miele, Petrobras, Procter & Gamble, Samsung and Total. Our customer portfolio is also well balanced, with our top 10 customers representing 23% of our LTM revenues and no single customer representing more than 5%. We serve 23 of the top 25 supply chains in the world, based on operational and financial performance and peer surveys, according to Gartner.

## Product Offerings

We design, implement and operate end-to-end integrated solutions using a combination of international air, ocean and domestic freight forwarding, contract logistics, and other value-added services, which we classify into two business segments: Freight Management and Contract Logistics.



## Freight Management

Our Freight Management segment operates in a high-growth market driven principally by international supply chains and cross-border trade. We provide non-asset based transport solutions that coordinate the movements of products and materials for our customers in order to lower their total transportation costs and improve visibility along the supply chain. Key services include international air, ocean and domestic freight forwarding, customs brokerage, deferred air and pick up and delivery, and other value-added services. We leverage our scale and capabilities to provide our customers with attractive transportation options in terms of cost, speed, reliability and security. We maintain central control of buying and selling rates, while encouraging local entrepreneurship with station and country level profit and loss responsibility and incentives. We operate through a network of over 260 stations across six continents where our employees organize the consolidation of freight and work with transportation suppliers to arrange for the delivery of our customers' shipments. Our Freight Management revenue mix is more strongly weighted than the overall market to the robust Asia Pacific (excluding Japan) region. While this region only represented 28% of the overall market in 2010, we were able to increase our revenue in the region from 33% to 41% of total sales from 2008 to 2010. We believe this positions us well for growth given freight forwarding revenue in this region is expected to grow at a 20% CAGR from 2009 to 2014, based on data from TI.

We operate a non-asset based, structurally flexible and scalable business model. We do not own or operate aircraft or vessels, instead contracting asset-intensive third-party carriers (such as airlines or ocean carriers) to ship freight on our behalf. This allows us to tailor our services to our clients' needs by choosing among the various transportation methods and providers available. In addition, by not owning physical assets such as planes and ships, we limit our fixed cost base and capital expenditure, which allows us to scale our business quickly and supports our free cash flow generation. We generally derive our revenues from charging a spread over the carrier's charge to us for transporting the shipment, in addition to charges for customs brokerage and other ancillary services that we are able to sell to our customers. Because of the volume of freight we control and our ability to consolidate shipments, we are generally able to obtain lower rates per kilogram or container than the shipper would be able to procure by going directly to the carrier. Due to our experience in providing these services and our understanding of the global transportation network, we are able to provide our customers with highly effective and flexible solutions.

As a freight forwarder, we typically act as a freight consolidator: we obtain shipments from our customers, consolidate shipments bound for a particular destination, determine the best transportation route for the shipment to its destination, select the carrier on which the consolidated lot is to move and tender each consolidated lot as a single shipment to the carrier for transportation to a destination. We select the carrier for a shipment based on route, service capability, available cargo capacity and cost, and charter cargo aircraft and vessels depending upon seasonality, freight volumes and other factors. At the destination, we or our agent receives the consolidated lot, breaks it into its component shipments and distributes the individual shipments to the consignees. Occasionally, when the volume on a given route does not warrant consolidation with other shipments or when specifically requested by our customers, we forward the freight individually as an agent of the carrier transporting the shipment. Whether acting as a consolidator or agent, we leverage our scale, global network and local knowledge to provide our customers with optimal transportation execution in terms of cost, speed, reliability, and security.

As part of our Freight Management offering, we also provide worldwide customs brokerage and other ancillary services. In our capacity as a customs broker, key services include preparing and filing formal documentation as well as facilitating customs bonds and the payment of duties and collection of refunds. Our customs brokers and support staff have substantial knowledge of the complex tariff laws and customs regulations in their respective countries, and within the U.S. we employ a significant number of personnel holding individual customs broker licenses. We also provide consulting and other ancillary services to our Freight Management customers, such as picking and packing, labeling and home delivery.

### *Contract Logistics*

Our Contract Logistics segment operates in a large, under-penetrated and fast-growing global market, providing solutions to our clients by assuming control of all or a portion of their supply chain operations under multi-year contracts, with favorable renewal characteristics due to high customer switching costs. We have a non-asset based business model, as we operate almost exclusively using leased or customer-owned facilities and with minimal net working capital. We use our proprietary information systems, deep expertise in our customers' industries, and culture of operational excellence to optimize the performance, cost and cash flow of our clients' supply chain activities. We manage over 900 locations across six continents, with over 100 million square feet of manufacturing and warehouse space, the majority of which is leased on a back-to-back basis with our customer contracts. According to data reported by TI, we are one of only two companies in the world with top 10 market positions in contract logistics in each of the Americas, Asia Pacific and Europe, which provides us with a competitive advantage with globally expanding customers. In addition, our Contract Logistics revenue mix is more strongly weighted than the overall market to high-growth geographies. While high-growth geographies only represented 27% of the overall market in 2010, according to data reported by TI, we were able to increase our revenue in these regions from 24% to 33% from 2008 to 2010. This positions us well for attractive growth given contract logistics revenue in high-growth geographies is expected to grow at a 15% CAGR from 2009 to 2014, based on data from TI.

We deliver our services mainly through the provision of people, technology and systems and typically work on leased or customer-owned premises with modest capital expenditures tied to new contract wins. When we win new business, we often lease assets and hire employees specifically for that contract, and the substantial proportion of our leases are scheduled to terminate in line with contract maturities in order to reduce the potential burden of unutilized assets. As of September 30, 2011, our multi-year contracts have a weighted average duration approaching three years. The majority of our contracts are based on a price per unit of volume, with protections related to volume and

scope changes and indexation clauses such as fuel cost pass-through and inflation adjustments. We tend to have high renewal rates as a result of our performance and incumbent advantage related to experience and integration into our customers' operations and systems, which has helped us to build an average relationship of over 19 years with our top 15 Contract Logistics customers.

Our Contract Logistics services can be grouped as follows:

- *Inbound Logistics.* We optimize our customers' collection routes, reduce their inventory through warehouse management and consolidation, enhance their production efficiency by kitting and sequencing their unassembled parts, and provide quality control and other value-added services.
- *Manufacturing Support.* We manage our customers' inventory to maintain optimal stock levels for manufacturing, and support product line replenishment and feeding procedures. We also provide customized solutions to package finished goods and facilitate safe transport.
- *Outbound / Distribution Logistics.* We provide dedicated warehousing tailored to individual customer needs and also manage multi-user solutions focused on industry-specific requirements. We also arrange transport between customer locations and coordinate the distribution of our clients' finished products to end customers, typically using third-party local operators. Finally, we provide related services such as picking and packing, home delivery and installation of large items.
- *Aftermarket / Reverse Logistics.* We provide spare parts warehousing and forward stock locations to support aftermarket activities such as swaps, returns and repairs. We also manage call centers to perform diagnostics and coordinate distribution and collection services.

#### *Integrated Business Model and Cross-Selling*

Our integrated business model allows us to act as a "one-stop" provider for all our customers' supply chain needs, and provide integrated end-to-end solutions that optimize the performance, cost and cash flow of their supply chains. This model facilitates unique cross-selling opportunities and strengthens our relationship with our customers as we become a more integral part of their supply chains.

Our global, regional and national managers oversee operations for both our Freight Management and Contract Logistics segments, and our key account managers provide one point of contact to clients. The increasing scale and complexity of our customers' operations have driven demand for suppliers that can offer a full spectrum of supply chain management services across multiple geographies. Our ability to manage the complete supply chain allows our customers to reduce the number of service providers they engage, thus saving them time and money and simplifying their operations, while also providing enhanced supply chain visibility. As we expand our existing contracts or win new customers, we often utilize our Zero Defect Start Up program, which drives project quality, schedules and budgets to ensure successful transitions (with over 200 successful implementations achieved in 2010).

As our customers have shifted to sourcing, manufacturing and distributing products on a global basis, the complexity, cost and risk of their supply chains have increased. To tackle the most complex, integrated solutions, we have created an elite Supply Chain Solutions ("SCS") organization to better serve the needs of our multinational and Century customers with large, global supply chains. The SCS team provides solutions that manage global sourcing and inventory activity, monitor supplier and third-party transport provider performance, and enable end-to-end supply chain visibility. The revenues of our SCS activities are reported within the relevant Freight Management and Contract Logistics segments.

As a long-term contract logistics provider with control over critical parts of our clients' supply chains, we are ideally positioned to cross-sell freight forwarding and other services. Similarly, we seek to introduce our freight forwarding clients to our logistics services, such as packing or kitting at origination or destination, as a stepping stone to cross-selling our full suite of contract logistics solutions. We set ourselves cross-selling targets after developing our integrated business model in 2007, and achieved €542 million of cumulative cross-selling revenues through 2009, exceeding our three-year target of €500 million after only two years. This effort has been so

successful that 74% of our top 100 customers currently use both our Freight Management and Contract Logistics services.

As an example, one such customer is a top 10 global software and electronics company. Our relationship started in 2007 with air freight shipments from China to the United States. We subsequently won ocean freight business and cross-sold other offerings to develop our current end-to-end solution. We now provide air and ocean freight forwarding, inbound and outbound logistics, U.S. domestic distribution and services from our elite Supply Chain Solutions team. This has helped increase our revenue from this customer from €16 million in 2008 to €93 million in 2010 (which management estimates is approximately one third of its supply chain spend) and has delivered benefits to the customer including an estimated €4 million in annual supply chain cost savings and rapid deployment capabilities for product launches.

## Our Customers

We have an attractive, blue chip customer portfolio and service many industry leaders across targeted sectors including automotive, technology, consumer & retail, industrial and energy. For example, we work with eight of the top ten manufacturers in the automotive sector, and fourteen of the top fifteen consumer electronics companies in the technology sector. We generated approximately 23% of our LTM revenues from our 10 largest customers, 32% from our 20 largest customers, and 53% from our Century customers, who are primarily large blue-chip customers operating in our target industry sectors. Our expertise in these industries has been developed over time in partnership with our customers, resulting in an average relationship of 18 years with our top 20 customers. We also consider our global scale to be a competitive advantage. For example, based on year-to-date revenues to September 30, 2011 our top 10 global customers used us on average in 21 countries each (as shown in the table below), and approximately 70% of our Century customers use our services in 10 countries or more. We are highly diversified, with over 15,000 customers worldwide and no single customer accounting for more than 5% of our revenues. Our customer base includes leading companies such as General Motors, Johnson & Johnson, Lenovo, Miele, Petrobras, Procter & Gamble, Samsung, and Total.

Countries of Operation for our Top 10 Century Accounts										
	1	2	3	4	5	6	7	8	9	10
United States	✓	✓	✓	✓	✓	✓		✓	✓	✓
Mexico	✓	✓		✓	✓	✓			✓	✓
Brazil	✓	✓	✓	✓	✓	✓		✓	✓	✓
Argentina	✓	✓				✓		✓		
UK			✓	✓	✓	✓	✓	✓	✓	✓
Netherlands				✓	✓	✓	✓		✓	✓
France	✓			✓						✓
Germany		✓	✓	✓	✓	✓		✓	✓	✓
Italy	✓	✓	✓			✓		✓	✓	✓
Spain	✓	✓		✓	✓	✓	✓	✓	✓	✓
Poland	✓			✓	✓			✓		✓
Czech Republic				✓				✓		✓
Hungary		✓		✓						✓
Turkey	✓	✓					✓	✓		✓
UAE				✓						✓
China	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Korea		✓		✓			✓			✓
Malaysia		✓		✓	✓	✓			✓	✓
Thailand		✓		✓	✓	✓	✓	✓		✓
Singapore		✓		✓	✓	✓	✓		✓	✓
Japan	✓	✓		✓	✓	✓		✓	✓	✓
India	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Australia	✓	✓		✓	✓	✓		✓	✓	✓
Other	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Total Countries</b>	<b>15</b>	<b>26</b>	<b>8</b>	<b>23</b>	<b>21</b>	<b>28</b>	<b>14</b>	<b>22</b>	<b>18</b>	<b>34</b>

## **Sales and Marketing**

Our integrated business model and global account management, which allow us to act as a “one-stop” provider for all our customers’ logistics needs, are complemented by a deep bench of product and service specialists to design and market individual and integrated solutions.

In order to cover the needs of our large international customers, we introduced our Century Program in 2008, a key account program for approximately 100 global customers who present major opportunities across geographies and sectors. This program ensures that each of these customers receives consistent and superior focus by integrating management efforts across all countries in which the customer operates. Through global account managers, supported by executive management sponsorship, we have continued to build our partnerships with these clients, leveraging our entire service portfolio and global presence. These select clients accounted for 53% of our LTM revenues and include customers that we believe will continue to underpin our business going forward.

Our Freight Management sales organization consists of approximately 1,150 full-time professionals around the globe. We have a tiered market approach, with individual field sales people looking after medium to small customers at the local level, and sector- and account-specific teams at the country, regional and global levels to ensure we provide our medium to large customers with the appropriate coverage. For large, global opportunities that involve multiple geographies, our centralized tender management team coordinates our approach and supports the sales staff in creating competitive responses.

We employ over 300 experienced logistics professionals in the area of business development and solution design for our Contract Logistics business. About half of these professionals are logistics engineers whose primary task is to design and evaluate logistics solutions. Both our business development and solution design teams are heavily involved in all stages of the sales process, from the initial planning stage through successful implementation of new contracts. Because of the longer gestation period and potential complexity of Contract Logistics projects, we follow a structured solution development process and closely monitor the quality and progress of our project pipeline.

Our global sales activity is managed under common leadership for both our Freight Management and Contract Logistics businesses, reflecting our integrated approach to our service offerings. From a customer relationship management perspective we use a common platform to monitor our pipeline of opportunities, manage multi-country projects and provide our business development professionals access to online customer information on a global basis.

We have also created an elite Supply Chain Solutions organization to better serve the needs of our multinational and Century customers with large, global supply chains. See “—Product Offerings—Integrated Business Model and Cross-Selling.”

Our sales and marketing activities also include advertising campaigns, sales promotions, mailing activities, press releases and the design and maintenance of our external websites. In addition, we participate in industry trade fairs and conferences to market our services.

## **Technology Systems and Personnel**

We believe that the continuous development of our technology systems is essential not only to improve our internal operations and financial performance, but also to provide our customers with the most cost-effective, timely, and reliable solutions. We have over 800 technology personnel. We regularly evaluate our technology systems and personnel to ensure that they continue to provide a competitive advantage.

Information technology is a critical differentiator for customers in the supply chain management industry, providing the crucial ability to track the locations of large numbers of products along the supply chain. We have developed our proprietary Matrix™ technology platform, which leverages a range of third-party products, to manage our Contract Logistics operations and ensure precise measurement and tracking of goods. We have also invested significantly in our Freight Management systems to provide our employees access to real time information in order

to optimize profitability and provide best-in-class visibility and execution to our customers. Our software solutions enhance productivity, optimize decision-making, and result in more efficient and cost-effective processes for our customers. The quality of our information technology capabilities has garnered us industry awards for technology innovation and excellence, such as the UKWA Award for Technology and Innovation in 2008 and the Technology Award for Excellence at the Australian Freight Industry Awards in 2010, as well as ISO 20000 and ISO 27001 accreditations.

Our technology personnel are skilled in designing and implementing customized solutions that integrate multiple systems into a functional, compatible and seamless communication and operating environment. This is a critical differentiator for clients, many of whom operate disparate and disjointed systems. These highly tailored and integrated solutions provide unique benefits to customers, translating into longer relationships and opportunities to realize higher margins.

## **Competition**

The freight forwarding and contract logistics industries in which we operate are highly competitive, and we expect this dynamic to continue for the foreseeable future. We believe that the most important competitive factors in these industries are quality of service (including reliability, responsiveness, expertise and convenience), scope of operations, geographic coverage, information technology and price. We are the fourth largest supply chain business in the world, and have an extensive global presence; however, we face competition on both regional and local levels and from companies with similarly global operations.

The past five years have seen significant consolidation and increased competition within the industry. Despite this general trend, the market for supply chain management services generally continues to remain fragmented and is characterized by a large number of small-to-medium-sized companies operating on a regional basis or in specific end markets. According to TI, the ten leading providers of freight forwarding and contract logistics services accounted for approximately only 44% and 22% of their respective global markets in 2010.

Our key non-asset based peers include Kuehne + Nagel and DSV, each of which provide both freight forwarding and contract logistics services, together with Expeditors and Panalpina, which compete primarily for freight forwarding business. Other significant competitors include Deutsche Post World Net (DHL/Exel) and DB/Schenker. In addition, we face competition from niche regional or local providers, some of which have a strong market presence in their respective sectors, and regional and/or local markets.

## **Employees**

As of September 30, 2011, we had over 52,000 employees, of which approximately half were covered by collective labor agreements. We believe we have good relations with both our union and non-union employees.

We have adopted policies and processes that are designed to support effective recruitment, retention, and motivation of skilled employees and managers to fulfill their roles in our organization. We have implemented a robust performance-measurement system, which is directly linked with our incentive programs. This system is designed to provide managers and employees with regular feedback on their performance. Over 260 senior managers have equity investments in the business, and all members of our management group of over 900 employees have compensation packages tied to our performance, creating an alignment of interests between our employees and investors.

We consider our people to be a crucial asset and thus aim to be the employer of choice for the best talent in the industry. Our ability to attract and retain employees in highly competitive labor markets is an important competitive advantage. To support our growth we continue to focus on enhancing our management quality and organizational effectiveness. Our continuing education programs help develop the professional skills of our workforce and prepare promising talent for future management positions. In addition to existing programs such as our world-class LEAN training, the CEVA Learning Council is centralizing and enhancing our institutional knowledge base by developing a comprehensive suite of automated online and in-person training programs.

## **Properties**

As of December 31, 2010, our global network spanned over 170 countries and we delivered services through more than 1,200 locations, substantially all of which are leased or customer-owned.

Our Freight Management segment operates through a network of over 260 stations across six continents. The properties related to this segment consist principally of freight forwarding offices, customs brokerage offices, and warehouse and distribution facilities, as well as sales and administrative offices. Our freight forwarding terminals are typically located at or near major metropolitan airports with leased offices, warehouse space, bays for loading and unloading and facilities for packing. Terminal leases generally expire on various dates through 2020. From time to time, we may expand or relocate terminals to accommodate growth.

Our Contract Logistics operations include over 900 locations with over 100 million square feet of manufacturing and warehousing space across six continents. Substantially all of the facilities are leased or customer-owned, and we only own approximately 2% of the facilities. Since 2003, nearly all of our leases for dedicated facilities have been entered on a back-to-back basis in line with the relevant contracts. For multi-user facilities, we often prefer to keep contractual commitments as short as possible to maintain flexibility and mitigate exposure, subject to local market conditions.

## **Government Regulation**

The supply chain management industry is subject to a broad range of local, national and supranational regulations.

Our air freight business is subject to commercial standards set forth by the International Air Transport Association, U.S. federal regulations issued by the Transportation Security Administration, and comparable regulations in other jurisdictions, and our ocean transportation business to and from the U.S. is subject to regulation by the Federal Maritime Commission. Outside of the U.S., we are regulated by various government agencies and may be subject to the requirements of local country national air cargo security programs.

Our ground transportation business in the U.S. is subject to the broad regulatory powers and safety and insurance requirements prescribed by the Federal Motor Carrier Safety Administration (the "FMCSA"), and by various state agencies, and our ground transportation business in other jurisdictions is also subject to similar regulations around driver and vehicle safety, licensing, and insurance requirements.

Our import- and export-related operations, including our customs brokerage operations, are subject to customs and agency regulations throughout the world that include significant notice and registration requirements. We are a customs broker in the U.S. licensed by the U.S. Customs and Border Protection (the "CBP"). Our international operations are impacted by a wide variety of government and other regulations, including regulations by the U.S. Department of Commerce, the U.S. Department of State, the U.S. Department of Justice, the Office of Foreign Assets Controls, the CBP, and analogous agencies of the European Union and various other countries, including sanctions and embargo regulations and other trade, export, and import laws and regulations. In addition, some of our U.S. warehouse operations require authorizations and bonds in accordance with applicable regulatory requirements.

We also participate in a number of government-business supply chain security programs such as CBP's "Customs-Trade Partnership against Terrorism" (C-TPAT) program in the U.S., the EU Authorized Economic Operator program, Canada's Partners in Protection program, and Singapore's Secure Trade Partnership. Participation in such government-business supply chain security programs generally permits more efficient and expedited processing of our customers' shipments through Customs agencies in multiple countries around the globe.

Because some of our operations involve contracts and business with the U.S. government, we are subject to various government contracting, acquisition, and procurement regulations and requirements and depend upon approval by the U.S. government. We are subject to similar government contracting requirements in other jurisdictions.

We are subject to a broad range of foreign and domestic environmental and health and safety requirements, including those relating to the discharge of hazardous substances into soils and waters, emissions of toxic air pollutants, the generation, handling, disposal, storage and release of solid and hazardous substances and wastes, and human health and safety. In the course of our operations, we may be asked to store, transport or arrange for the storage or transportation of substances defined as hazardous under applicable laws, which could result in liability under such laws if released into the environment. If a release of hazardous substances occurs on or from our facilities or from the transporter, we may be required to participate in, or have liability for, the response costs and remediation of such releases and/or we may be subject to claims for personal injury, property damage and damage to natural resources. Further, at sites on which we operate or have previously operated, or where we have disposed or arranged for the disposal of hazardous substances, we could be liable for historical contamination, regardless of fault or the legality of the original conduct. National and transnational laws and initiatives to reduce and mitigate the effects of climate change, such as the Kyoto Protocol, could significantly impact transportation modes and the economics of the transportation industry.

In addition, we are subject to anti-money laundering legislation in the United Kingdom, our jurisdiction of incorporation, and similar anti-money laundering legislation in the other jurisdictions in which we operate. We are also subject to a number of anticorruption laws and regulations, including the Foreign Corrupt Practices Act in the U.S., the U.K. Bribery Act and similar legislation in the other jurisdictions in which we operate. We must also comply with various regulations of the U.S. Department of Homeland Security and other governmental agencies, both in the U.S. and abroad, regarding safety, security and anti-terrorism measures.

We do not believe that costs of regulatory compliance have had a material adverse impact on our operations to date. However, our failure to comply with applicable regulations or to maintain required permits, licenses, or authorizations could result in substantial fines or revocation of our operating permits, licenses, or authorizations. We have adopted compliance programs and procedures designed to comply in all material respects with applicable laws, rules and regulations. Future regulations may increase our regulatory obligations and require us to incur additional capital or operating expenses or to modify our business operations to achieve or maintain compliance.

### **Litigation and Legal Proceedings**

The Company is involved in several legal proceedings relating to the normal conduct of our business. While the outcome of these legal proceedings is uncertain, the Company believes that it has provided for all probable and estimable liabilities arising from the normal course of business, and we therefore do not expect any liability arising from any of these legal proceedings to have a material impact on our results of operations, liquidity, capital resources or financial position.

#### *Surcharge Antitrust Investigation and Litigation*

Several CEVA subsidiaries and certain current and former employees are subject to, and cooperating with, ongoing investigations by the U.S. Department of Justice (“DOJ”), the European Commission (“EC”) and the government of Brazil, as well as an information request from the government of Switzerland, for possible price-fixing and other improper collusive activity with respect to certain accessorial and other charges, along with several other entities in the freight forwarding industry. We previously took provisions against our accounts for the DOJ and EC investigations as well as the civil class action lawsuit. Several other investigations (including in Canada, Japan and New Zealand) have been resolved.

At a hearing held on November 4, 2011, the United States District Court for the District of Columbia approved the previously disclosed plea agreement entered into on September 30, 2010 between the DOJ and EGL, Inc., our wholly-owned subsidiary, resolving the DOJ investigation. Pursuant to the plea agreement approved by the Court, EGL pled guilty to two violations of U.S. antitrust laws, will provide ongoing cooperation to the DOJ, paid to the U.S. government a criminal fine of \$4.5 million, and for a two-year probationary period must report to the DOJ and the Court annually on its global antitrust and competition law compliance program and periodically in the event of any investigation or major administrative proceeding by any U.S. federal department or agency or any major civil litigation in the United States. CEVA has also reached a settlement agreement with the plaintiffs in a putative class action lawsuit against EGL, Inc. and EGL Eagle Global Logistics, LP, styled *Precision Associates, Inc., et al. v. Panalpina World Transport (Holding) Ltd, et al.*, filed in the U.S. District Court for the Eastern District of New

York. The agreement remains subject to final court approval (the court granted preliminary approval on September 23, 2011) and other contingencies, such as our rescission rights, and there can be no assurance that it will result in final resolution of the matter.

In February 2010, the Company received a statement of objections from the EC concerning its alleged participation in certain price-fixing cartels in the air freight forwarding business in violation of the European Union antitrust rules. The Company submitted a response, and the EC will make a decision in due course on whether the conduct addressed in the statement of objections is compatible with EU antitrust rules.

With regards to the Brazilian investigation, on August 6, 2010, the Secretariat of Economic Law of the Ministry of Justice of Brazil (“SDE”) announced an administrative proceeding against numerous freight forwarding companies, including CEVA Logistics Holdings BV and CEVA Logistics Ltda., and against numerous individuals, including one current and one former employee of CEVA. Pursuant to the applicable administrative process, we intend to submit a response. Once investigations are concluded, the SDE will issue a non-binding opinion that will be sent to the Administrative Counsel for Economic Defense, in which SDE will assess whether the conduct under investigation is compatible or not with Brazilian antitrust rules. At this time, the extent of the potential claims identified by the Brazilian authorities that are being alleged as to the Company’s subsidiaries is not clear; nor is the timing of the next steps in the administrative process or any potential resolution of the matter. Accordingly, it is not possible to predict the timing or outcome of the investigation or the potential financial impact on the Company, which could involve the imposition of administrative or civil fines, penalties, damages or other sanctions that could have a material adverse impact on the Company.

We have also received a letter of inquiry from the Competition Commission of Singapore, dated December 14, 2011, which appears to be focused on the subject matters of the DOJ plea agreement, the New Zealand Commerce Commission settlement, and the EC statement of objections.

We cannot determine the timing or outcome of the governmental investigations that remain pending. These investigations could result in the imposition of administrative or civil sanctions, including fines, penalties, damages and debarment from federal contracting in the U.S. or other sanctions which could have a material adverse effect on our financial position, results of operations, operating cash flows and business activities.

We are also the subject of an investigation by the Italian competition authority related to possible price-fixing and other improper collusive activity with respect to international road freight forwarding to and from Italy. On June 16, 2011, we were notified that the Italian competition authority has found an infringement of Italian law and imposed fines and penalties against a number of freight-forwarders, including against a subsidiary of CEVA. As a result we have previously recorded a provision in connection with this investigation, but are appealing the ruling. Management believes the amounts at question are not material to the financial performance of the Company.

#### *Independent Contractor-Related Proceedings*

The classification of drivers as independent contractors—which we believe to be a common practice in our industry in the U.S.—is challenged from time to time by federal and state governmental and regulatory authorities, including tax authorities, as well as by individual drivers who seek to have drivers reclassified as employees. We are currently party to two putative class action lawsuits in this regard. In *Mohit Narayan, et al. v. EGL, Inc. and CEVA Freight, LLC*, the plaintiffs are seeking a declaratory judgment, restitution, an unspecified amount of damages and other relief. The case is currently on remand from the Ninth Circuit Court of Appeals to the federal district court in the Northern District of California. In *Franklin Browning v. CEVA Freight, LLC and EGL, Inc.*, the plaintiffs make similar claims under the Fair Labor Standards Act and New York labor law and seek an unspecified amount of damages.

We are also subject to a nationwide class action in *James Foster and Stone Logistics, Inc. v. CEVA Freight, LLC*, in which the plaintiffs allege that CEVA’s independent contractor agreements with its owner-operators fail to comply with federal leasing regulations and that CEVA is in breach of the agreements. Plaintiff seeks an unspecified amount of damages, an injunction against continued violations, a declaration that CEVA is in violation of federal leasing requirements, and other relief. The court certified the class in December 2010.

While we cannot provide assurances with respect to the outcome of these cases and it is possible that we could incur a material loss in connection with any of these matters, we intend to vigorously defend ourselves in these proceedings and do not at this time believe that a loss in these cases is probable or reasonably estimable.

In addition, in October 2009, the California Employment Development Department (“EDD”), based on a worker classification audit, determined that such individuals should be reclassified as employees for purposes of state unemployment insurance contributions, employment training tax, disability insurance contributions and personal income tax and issued a tax assessment of approximately \$2 million. We have petitioned the EDD to review its assessment, with a potential for abating a majority of the assessed taxes.

#### *Tax Proceedings*

We are involved in tax audits in various jurisdictions relating to the normal conduct of our business. While the outcome of these audits is uncertain, we believe that we have provided for all probable and estimable tax liabilities arising from its normal course of business, and we therefore do not expect any liability arising from these audits to have a material impact on our results of operations, liquidity, capital resources or financial position.

#### *Other Proceedings*

From time to time, we are involved in a variety of legal proceedings and disputes arising in the ordinary course of business. For example, we have been and currently are subject to numerous labor and employment proceedings and disputes in both Italy and Brazil alleging various causes of action and raising other legal challenges to our labor and employment practices. Such proceedings include individual claims and lawsuits, disputes with unions, class action claims, and governmental or quasi-governmental investigations. While the outcome of these legal proceedings is uncertain and may not be capable of estimation, we believe that resolution of these matters and the incurrence of their related costs and expenses should not have a material adverse effect on our results of operations, liquidity, capital resources or financial position.

## MANAGEMENT

### Executive Officers and Board of Directors

The following table provides information regarding CEVA's executive officers and the members of our board of directors as of the date of this offering circular (ages are given as of September 30, 2011).

Name	Age	Title
John Pattullo .....	59	Chief Executive Officer, Director
Rubin J. McDougal.....	54	Chief Financial Officer
Dana O'Brien.....	43	Chief Legal Officer
Marvin Schlanger .....	63	Chairman of the Board and Non-Executive Director
Joshua Harris .....	46	Non-Executive Director
Stan Parker.....	35	Non-Executive Director
Paul Richardson.....	53	Non-Executive Director
Gareth Turner .....	47	Non-Executive Director
Tom White.....	54	Non-Executive Director
Michael Jupiter .....	30	Non-Executive Director

**John Pattullo** is our Chief Executive Officer. Mr. Pattullo has been our Chief Executive Officer and a member of our board of directors since August 2007. Mr. Pattullo spent most of his career working in supply chain management with Procter & Gamble. He held a number of different positions for Procter & Gamble in five countries, including managing the U.K. logistics operations, running a manufacturing plant in France, heading European Purchasing and Logistics, leading supply chain (manufacturing, quality, logistics, purchasing and engineering) for Asia and, in his last role, running the \$13 billion supply chain for the Procter & Gamble global Beauty Care business. Mr. Pattullo left Procter & Gamble for Exel where he was Chief Executive Officer of the \$8 billion EMEA division (Freight Forwarding and Contract Logistics). When Exel was acquired by Deutsche Post/DHL, he then ran the \$10 billion combined Exel and DHL Contract Logistics business in EMEA.

**Rubin J. McDougal** is our Chief Financial Officer. Mr. McDougal joined CEVA in June 2009 and has been our Chief Financial Officer since July 2009. Mr. McDougal has over 29 years of finance experience that includes operational finance, management and public company Chief Financial Officer roles. Prior to joining CEVA, Mr. McDougal had been Chief Financial Officer of Case New Holland since 2006. Prior to joining Case New Holland in 2006, Mr. McDougal spent 23 years of his career within the Whirlpool Corporation in a variety of financial and strategic roles across the globe, culminating in a two-year position as Vice President Finance for the North American Region.

**Dana O'Brien** is our Chief Legal Officer, having joined us in August 2007 in connection with the EGL Acquisition. Ms. O'Brien previously served as General Counsel, Chief Compliance Officer and Corporate Secretary for EGL Eagle Global Logistics. After graduating from law school she started working as a corporate associate for the New York-based law firm Weil, Gotshal & Manges, LLP. In 1999, she joined Quanta Services, Inc., a \$2 billion revenue company traded on the New York Stock Exchange. She was appointed General Counsel of Quanta in 2001, and four years later joined EGL.

**Marvin Schlanger** is the Chairman of our board of directors, and has been a member of our board since February 2009. He is also a principal in the firm of Cherry Hill Chemical Investments, LLC, which provides management services and capital to the chemical and allied industries. Mr. Schlanger has been involved with a number of Apollo companies over the past decade as Chairman or at the board level. He currently also serves as a director of UGI Corporation, UGI Utilities, Amerigas Partners LP, Momentive Performance Materials Holdings LLC and is Chairman of the Supervisory Board of LyondellBasell Industries N.V.

**Joshua Harris** has been a member of our board of directors since November 2006. He is a founding senior partner at Apollo and has served as an officer of certain affiliates of Apollo since 1990. Prior to that time, Mr. Harris was a member of the Mergers and Acquisitions Department of Drexel Burnham Lambert. Mr. Harris currently also

serves on the boards of directors of Apollo Global Management, LLC, Berry Plastics Group Inc., LyondellBasell Industries B.V., Momentive Performance Materials Holdings LLC and the holding company for Constellium.

**Stan Parker** has been a member of our board of directors since November 2006. He has been employed by Apollo since 2000. From 1998 to 2000, Mr. Parker was employed by Salomon Smith Barney. He currently also serves on the boards of directors of AMC Entertainment, Affinion Group and Charter Communications.

**Paul Richardson** has been a member of our board of directors since August 2008. He has also assumed the role of Audit Committee Chairman. He is the Chief Financial Officer of WPP, the world's largest marketing services group, and serves on the boards of directors of Chime Communications Plc and STW Communications Group Ltd. Mr. Richardson is a chartered accountant who worked for KPMG, Beecham Group and Hanson PLC before joining WPP in 1993.

**Gareth Turner** has been a member of our board of directors since August 2006. Mr. Turner has been employed by Apollo since 2005. Prior to joining Apollo in 2005, Mr. Turner was employed from 1997 to 2005 by Goldman, Sachs & Co. as a Managing Director and head of Global Metals and Mining and co-head of Global Chemicals Investment Banking. He currently also serves on the boards of directors of Monier Group, Noranda Aluminum and the holding company for Constellium.

**Tom White** has been a member of our board of directors since January 2009. He has been an Operating Partner for Apollo since 2007 and most recently served as Chief Financial Officer of SkyLink Aviation, Inc., an Apollo owned entity based in Toronto. From 2002 to 2007, Mr. White was the Senior Vice President, Chief Financial Officer and Treasurer of Hub Group, Inc. Prior to joining Hub Group, Mr. White was at Arthur Andersen where he spent 23 years in a variety of partner leadership roles including as senior audit partner. He became a Certified Public Accountant in 1981. Mr. White served as acting Chief Financial Officer of CEVA from April 2009 until the appointment of Rubin McDougal in July 2009. He currently also serves on the boards of Landauer, Inc., SkyLink Aviation, Inc., Evertec, Inc. and Quality Distribution, Inc.

**Michael Jupiter** has been a member of our board of directors since February 4, 2010. Mr. Jupiter has been employed by Apollo since 2004. Prior to joining Apollo in 2004, Mr. Jupiter was employed by Goldman Sachs.

There are no family relationships between any of our executive officers or directors.

#### **Director and Management Contacts**

All executive officers and members of the board may be contacted at: Jordans, Corporate Secretary, 20-22 Bedford Row, London WC1R 4JS, United Kingdom.

#### **Board Structure and Non-Employee Director Compensation**

Through control of a majority of the ordinary shares of CIL, Apollo and its affiliates have the power to control us and our affairs and policies, including the election of our directors and the appointment of our management team. A majority of the members of our board are partners or employees of Apollo.

Our board has an audit committee, an executive committee and a compensation committee. The duties and responsibilities of the audit committee include recommending the appointment or termination of the engagement of independent accountants, otherwise overseeing the independent auditor relationship and reviewing significant accounting policies and controls. Messrs. Richardson (chairman), Turner and White are members of our audit committee. The duties and responsibilities of the executive committee include exercising all powers and authority of the board to the fullest extent permitted by law. Messrs. Parker, Pattullo, Schlanger (chairman) and Turner are members of our executive committee. The duties and responsibilities of the compensation committee include overseeing the compensation of our directors, officers and other employees, along with our overall compensation policies, strategies, plans and programs. Messrs. Turner (chairman), Schlanger and Parker are members of our compensation committee.

Each of our non-employee directors is paid an annual retainer of €39,000 (or €75,000 for independent non-employee directors), and €1,600 for each meeting of the board, and in the case of audit committee members only, €1,600 for each meeting of the audit committee attended (except in the case of an audit committee meeting held on the same day as a full board meeting, in which case no separate committee meeting attendance compensation is paid). Each independent non-employee member of the audit committee receives an annual retainer of €6,500, other than the chairperson, who receives an annual retainer of €15,000. Each independent non-employee member of the executive and compensation committees receives an additional annual retainer of €5,000. The independent non-employee chair of each of the executive and compensation committees receives an annual retainer of €10,000. Independent directors also receive equity incentives upon their appointment or initial election to our board, currently consisting of restricted shares of CIL having a fair market value on the date of grant equal to €120,000 and vesting as to one-third of the restricted shares on each of the third, fourth and fifth anniversaries of the date of grant.

In connection with his appointment to CEVA's board of directors in August 2008, Mr. Richardson received 800 restricted shares of CIL, vesting as to 1/3 of the shares on each of the third, fourth and fifth anniversaries of such appointment. Messrs. Harris, Turner and Parker each hold options to purchase 1,172 ordinary shares of CIL at €20.15 per share; such options were granted in connection with the Apollo Acquisition (as defined below) and their service as members of CEVA's board of directors and vest as to 1/36 of the options on each of the first 36 monthly anniversaries of the Apollo Acquisition. In connection with his appointment as Chairman of CEVA's board of directors in February 2009, Mr. Schlanger was granted options to purchase 10,000 ordinary shares of CIL at €100 per share; such options vest as to 20% of the options on the date of grant and as to 1/45th of the options on each of the next 36 monthly anniversaries of the grant date. As more fully described below, Mr. White has received options to purchase ordinary shares of CIL in connection with his service as a CEVA director, an Apollo advisor and as acting Chief Financial Officer.

#### **CIL 2006 Long-Term Incentive Plan**

In connection with Apollo's acquisition of CIL on November 4, 2006, CIL adopted the CIL 2006 Long-Term Incentive Plan (the "2006 Long-Term Incentive Plan"), which permits CIL to grant stock options, other rights to purchase shares, restricted stock, restricted stock units and other stock-based rights to employees or directors of, or consultants to, it or any of its subsidiaries. The 2006 Long-Term Incentive Plan is administered by the board of directors of CIL or, if determined by the board of directors of CIL, by the compensation committee of the board of directors of CIL. As of September 30, 2011, over 260 senior managers were participating in the 2006 Long-Term Incentive Plan, and approximately 15% of CIL's ordinary shares were issued under it (on a fully diluted basis). The 2006 Long-Term Incentive Plan has a term of ten years. The dates of grant and terms of vesting of options granted under the 2006 Long-Term Incentive Plan are generally subject to the discretion of the board of directors of CIL, and the exercise price of each option granted under the 2006 Long-Term Incentive Plan must be equal to or greater than the fair market value of a share of CIL as of the date of grant.

Shares acquired under the 2006 Long-Term Incentive Plan will be subject to restrictions on transfer, repurchase rights and other limitations set forth in a shareholders agreement. See "Certain Relationships and Related Party Transactions."

#### **CIL Long-Term Incentive (Cash) Plan – 2010**

In October 2010, CIL adopted the Long-Term Incentive (Cash) Plan – 2010 (the "2010 LTIP"), under which cash-based awards were granted to over 80 senior managers. Each participant's total award opportunity, which is equal to a percentage of base salary, is based on job grade at commencement of participation and remains fixed for the duration of the 2010 LTIP, and is earned based upon the attainment of threshold financial goals for single year and cumulative performance periods beginning in 2011 and ending in 2013, as approved by CIL's board of directors or compensation committee, and the occurrence of a liquidity event, including an initial public offering of CIL securities, on or before December 31, 2013. Except in the case of certain qualifying terminations of employments, payments under the 2010 LTIP are subject to the participant's continuous employment through December 31, 2013 and are made in all cases no earlier than March 1, 2014 and no later than June 30, 2014 (or, in the case of certain terminations of employment, at the time required by local statute, if different).

## **Management Equity Investment and Option Grants**

Following each of the Apollo Acquisition and the EGL Acquisition, certain of our management employees made equity investments in CIL through the purchase of ordinary shares of CIL. As of September 30, 2011, CEVA employees and directors had purchased 348,184 ordinary shares of CIL, or approximately 9% of CIL's ordinary shares (on a non-diluted basis). All equity securities purchased by these management investors are subject to restrictions on transfer, repurchase rights and other limitations set forth in a shareholders agreement. See "Certain Relationships and Related Party Transactions."

In addition, CEVA's employees and directors held, as of September 30, 2011, options to acquire 275,311 ordinary shares of CIL. Options are generally granted at an exercise price equal to the fair market value of a share of CIL as of the date of grant.

With respect to outstanding options to acquire ordinary shares of CIL, generally (1) one-third of the options are time-vesting options that will become vested and exercisable in five equal annual installments on each anniversary of the consummation of the Apollo Acquisition beginning in 2007 and ending in 2011 (or in the case of subsequent management hires, commencing on the grant date), and (2) two-thirds of the options are performance-vesting options that will vest upon the achievement of certain performance goals related to the internal rate of return of funds managed by Apollo with respect to its investment in CIL. In each case, the vesting of options is subject to the grantee's continued provision of services to CEVA or one of its subsidiaries as of the applicable vesting date, except that a pro rata portion of the performance vesting options may, in certain cases, become vested earlier in the event of certain terminations of employment. All or a portion of the options may become vested and exercisable earlier than scheduled upon a change in control of CIL or certain terminations of employment following such change in control, and the next tranche of time-vesting options vests in full upon a termination of the grantee due to death or "disability" (as defined in the agreements).

The maximum term of these options will be ten years. Subject to certain exceptions set forth in the applicable stock option award agreement, unvested options automatically expire upon the date of a grantee's termination of employment. Vested options generally expire 90 days following the termination of a grantee's employment without cause or with good reason and 180 days following a grantee's death or disability. All options will be forfeited upon a termination of the grantee's employment for cause.

In connection with the dividend distribution declared by CIL on March 1, 2007, approximately 240 of the management investors reinvested 75% of the proceeds of their dividend distributions to purchase additional shares of CIL at a price of €79.40 per share. In connection with their reinvestment, these management investors purchased an aggregate of approximately 84,000 ordinary shares of CIL stock at a price of €79.40 per share, for an aggregate purchase price of approximately €6.7 million. In addition, these management investors were granted an aggregate of approximately 46,800 additional stock options to acquire ordinary shares of CIL at an exercise price of €79.40 per share with the same terms and conditions as the Original Options. Further, pursuant to the 2006 Long-Term Incentive Plan's adjustment provisions, the Original Options were adjusted to preserve the value of the options following the dividend by reducing the exercise price thereof from €100 per share to €20.15 per share and by awarding the holders thereof the right to receive €5.75 per share under a deferred compensation plan for each share covered by an Original Option. See "CIL Deferred Dividend Benefit Plan" below for a description of this deferred compensation plan.

### **CIL Deferred Dividend Benefit Plan**

In order to make management option holders whole, in connection with a March 1, 2007 dividend distribution declared by CIL, the board of directors of CIL determined to partially reduce the exercise price of these holders' existing options and to settle the balance by awarding them the right to receive €5.75 per share, subject to certain terms and conditions, under a deferred compensation plan (the "Deferred Dividend Benefit Plan"). This benefit will, subject to continued service, vest and become payable on the earlier of (i) a termination without "Cause" or due to a "Good Leaver Circumstance" (each, as defined in the applicable award agreements) after the third anniversary of closing of the Apollo Acquisition (*i.e.*, November 4, 2009) and (ii) the fifth anniversary of closing of the Apollo Acquisition (*i.e.*, November 4, 2011) (provided that the holder remains employed with us through the applicable vesting date). As of September 30, 2011, the total deferred compensation amount outstanding under the Deferred

Dividend Benefit Plan was approximately €290,000. Since September 30, 2011, final payments have been made pursuant to the Deferred Dividend Benefit Plan, which is now completed.

## **Management Arrangements**

### ***John Pattullo Employment Agreement***

On December 29, 2006, we entered into an employment agreement with John Pattullo as the Chief Executive Officer of CEVA. Mr. Pattullo's employment agreement has a three-year term that commenced on August 6, 2007. On August 6, 2010, Mr. Pattullo's agreement automatically extended for a further twelve months. On August 6, 2011, Mr. Pattullo's agreement automatically extended for a further twelve months, and, in the absence of the required notice from either party, the agreement will continue to automatically be extended for further 12-month terms. Mr. Pattullo receives an annual base salary of €661,440 and has a target annual bonus equal to 100% of his annual base salary. During the term, Mr. Pattullo is generally entitled to the same employee benefits and fringe benefits that are available to other senior executives of CEVA.

If during the employment period, Mr. Pattullo's employment is terminated by us without "cause" or Mr. Pattullo terminates his employment for "good reason" (each, as defined in the employment agreement), subject to Mr. Pattullo's continued compliance with the restrictive covenants set forth in his employment agreement, Mr. Pattullo will be entitled to receive the sum of his annual base salary and €400,000 in twelve equal monthly installments for twelve months following the termination of his employment. In addition, Mr. Pattullo will receive continued health and welfare benefits (excluding long-term disability coverage) for up to 12 months following the date of termination, in addition to a pro-rated annual bonus for the year of termination based on actual performance in accordance with CEVA's annual bonus plan. During his employment and for one year following the termination of his employment, Mr. Pattullo will be subject to certain non-competition and non-solicitation covenants.

In connection with the entry into the employment agreement with Mr. Pattullo and the commencement of his employment with CEVA, Mr. Pattullo purchased 11,500 ordinary shares of CEVA Investments Limited for €100 per share, the fair market value at the time of purchase, and was granted options to purchase 47,400 ordinary shares of CEVA Investments Limited for €100 per share, the fair market value per share on the date of grant. The terms of Mr. Pattullo's stock options are substantially similar to the terms of the options granted to management investors as generally described above.

### ***Dana O'Brien Employment Agreement***

In connection with the EGL Acquisition, we entered into an employment agreement with Dana O'Brien. Under the employment agreement, which has an initial five-year term, Ms. O'Brien serves as CEVA's Chief Legal Officer. Ms. O'Brien is entitled to an annual base salary of \$445,200 and has a target annual bonus of 75% of her annual base salary. Ms. O'Brien is generally entitled to the same employee benefits and fringe benefits that are available to other senior executives of CEVA.

If during the employment period, Ms. O'Brien's employment is terminated by us without "cause" or Ms. O'Brien terminates her employment for "good reason" (each, as defined in the employment agreement), subject to Ms. O'Brien's continued compliance with the restrictive covenants set forth in her employment agreement, Ms. O'Brien will be entitled to receive her annual base salary in twelve equal monthly installments for twelve months following the termination of her employment and a pro-rata portion of the performance bonus based on the date of termination in accordance with CEVA's annual bonus plan. During her employment and for two years following the termination of her employment, Ms. O'Brien will be subject to certain non-competition and non-solicitation covenants. If Ms. O'Brien's employment is terminated without cause by the Company or for good reason by Ms. O'Brien, the restricted period shall last as long as the Company pays severance to Ms. O'Brien.

In connection with the EGL Acquisition and her commencement of employment with CEVA, Ms. O'Brien purchased 2,916 ordinary shares of CEVA Investments Limited for €100 per share, the fair market value at the time of purchase, and was granted options to purchase 3,645 ordinary shares of CEVA Investments Limited for €100 per

share, the fair market value per share on the date of grant. The terms of Ms. O'Brien's stock options are substantially similar to the terms of the options granted to management investors as described above.

#### ***Rubin McDougal Employment Agreement***

We entered into an employment agreement with Rubin McDougal on May 28, 2009. Under the employment agreement, which has an indefinite term, Mr. McDougal joined CEVA on June 23, 2009 and assumed full legal authority as Chief Financial Officer of CEVA in July 2009. Pursuant to his employment agreement, Mr. McDougal is entitled to an annual base salary of €424,000 and a target annual bonus equal to 100% of his annual base salary, in addition to a sign-on bonus of €100,000 on commencement (but subject to clawback in the event that Mr. McDougal had left CEVA within two years of commencement of employment). Mr. McDougal will generally be entitled to the same employee benefits and fringe benefits that are available to other senior executives of CEVA.

CEVA may terminate Mr. McDougal's contract by providing six months written notice. In the event of the termination of the contract by the Company as a result of CEVA's dissolution, merger, acquisition, reorganization and/or restructuring or due to a fundamental change in CEVA's policy, Mr. McDougal will be entitled to a severance payment calculated in accordance with the Cantonal Court formula then in effect, subject to a minimum payment of twelve months salary. During his employment and for one year following the termination of his employment, Mr. McDougal will be subject to certain non-competition covenants.

In connection with the commencement of his employment with CEVA, Mr. McDougal purchased ordinary shares of CEVA Investments Limited at the fair market value per share prevailing at the time of his commencement of his employment with CEVA and was granted options to purchase ordinary shares of CEVA Investments Limited at the fair market value per share prevailing at the date of grant. The terms of Mr. McDougal's stock options are substantially similar to the terms of the options granted to management investors as described above.

#### ***Tom White Employment Agreement***

Mr. White was subject to a term sheet, dated as of March 25, 2009, pursuant to which he served as the acting Chief Financial Officer of CEVA until the consummation of the July 2009 Exchange Offers. Prior to such appointment, Mr. White was a director of CEVA and served as an advisor to Apollo and he has continued in such positions following his resignation as Acting Chief Financial Officer of CEVA. While serving as Acting Chief Financial Officer of CEVA, Mr. White received €212,000 annually plus an additional £35,000 annually to replace compensation Mr. White would have otherwise received had he remained a non-employee director of CEVA's board of directors.

In November 2009, Mr. White was granted options to purchase 1,500 shares of CEVA Investments Limited in connection with his appointment as the Acting Chief Financial Officer, which options vested on the grant date. Prior to becoming the Acting Chief Financial Officer, Mr. White purchased 3,644 ordinary shares of CEVA Investments Limited for €100 per share and received options to purchase 3,644 ordinary shares of CEVA Investments Limited for €100 per share in connection with his role as advisor to Apollo. The terms of Mr. White's options as an advisor to Apollo generally vest as to 20% on the date of grant and thereafter 1/60th each month on the following 48 monthly anniversaries of the closing of the EGL Acquisition. In addition, Mr. White received options to acquire an additional 1,672 ordinary shares of CEVA Investments Limited for €100 per share in connection with his appointment to CEVA's board of directors. Mr. White's options as a director of CEVA vest as to 1/36 of the options on each of the first 36 monthly anniversaries of the Apollo Acquisition.

## PRINCIPAL SHAREHOLDERS

All of the issued share capital of CEVA Group Plc is held directly by CIL, except for one share which is held by Louis Cayman Second Holdco Limited, a wholly owned subsidiary of CIL.

The following table sets forth certain beneficial ownership information regarding the shareholders of CIL and the number and percentage of shares owned by such shareholders as of September 30, 2011 and does not give effect to the Concurrent Transactions.

Name of beneficial owner	Number of shares beneficially owned	Ownership percentage
AIF VI Euro Holdings, L.P. <sup>(1)</sup> .....	2,844,555	70.7%
AlpInvest Partners Beheer 2006, L.P. <sup>(2)</sup> .....	422,880	10.5%
AAA Guarantor-Co-Invest VI, L.P. <sup>(3)</sup> .....	406,365	10.1%
CEVA Management Investors .....	348,184	8.7%
Total .....	4,021,984	100.00%

(1) AIF VI Euro Holdings, L.P. is managed by an affiliate of Apollo.

(2) AlpInvest Partners Beheer 2006, L.P. is a co-investment vehicle managed and controlled by an affiliate of Apollo, and all the economic interest in this entity is held by AlpInvest Partners funds.

(3) AAA Guarantor-Co-Invest VI, L.P. is managed by an affiliate of Apollo.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Concurrent Transactions

Funds affiliated with Apollo have committed with the Company and our parent company, CIL, to privately release or transfer certain of the indebtedness of the Issuer and CIL held by them in exchange for newly-issued Class B ordinary shares of CIL concurrently with, and conditioned upon, the consummation of the offering of the notes. As of January 18, 2012, funds affiliated with Apollo held approximately €57 million of Junior Lien Notes, €84 million of 8½% Senior Notes, €73 million of Extended Senior Notes, €25 million of Senior Subordinated Notes, €57 million of Extended Senior Subordinated Notes, \$629 million of Extended Senior Unsecured Loans and approximately €355 million of debt under the PIK Loan Facility. See “Description of Other Indebtedness.” CEVA makes interest payments on such indebtedness to Apollo pursuant to the terms thereof. Approximately €877 million of such debt will be exchanged in the Apollo Equity Investment, based on the exchange rate in effect on January 26, 2012 of \$1.316=€1.00. The debt exchanged in the Apollo Equity Investment will consist of all of Apollo’s holdings of the Extended Senior Notes, the Extended Senior Subordinated Notes and the PIK Loan Facility, as well as \$516 million of Extended Senior Unsecured Loans.

The debt exchanged in the Apollo Equity Investment will be retired so it is no longer outstanding following the consummation of the Offering. First, the indebtedness relating to the PIK Loan Facility to be exchanged in the Apollo Equity Investment will be released in exchange for the issuance of Class B ordinary shares, and the remaining indebtedness to be exchanged in the Apollo Equity Investment will be transferred to CIL in exchange for the issuance of Class B ordinary shares, in each case in accordance with certain terms and conditions specified in an exchange agreement. Thereafter, CIL will immediately contribute the indebtedness of the Issuer that it received from Apollo to the New Debt Subsidiary, which will have no independent business operations, assets or liabilities other than holding the Issuer’s indebtedness. Next, the Issuer will receive a capital contribution from CIL consisting of 100% of the capital stock of the New Debt Subsidiary. Finally, the indebtedness held by the New Debt Subsidiary will be retired so it is no longer outstanding. To the extent required, the New Debt Subsidiary will become a guarantor under the Senior Secured Facilities, the Existing Secured Notes and the notes offered hereby as soon as practicable following the closing of the offering.

The CIL Class B ordinary shares to be issued in the Apollo Equity Investment will only be redeemable with ordinary shares, will only be entitled to dividends if and when declared on the ordinary shares, and will have certain other rights, including voting rights.

In addition, funds affiliated with Apollo have committed to privately exchange €109 million of our debt held by them into New Senior Unsecured Notes concurrently with, and conditioned upon, the consummation of the Apollo Equity Investment and the offering of the notes. In the Apollo Exchange, Apollo will (1) exchange the €109 million principal amount of the 8½% Senior Notes and Senior Subordinated Notes for New Senior Unsecured Notes at an exchange ratio equal to 100% divided by the issue price (expressed as a percentage) appearing on the cover page of this offering circular and using the exchange rate in effect on the day prior to the closing of this offering, and (2) receive accrued and unpaid interest in cash payable to the date of the Apollo Exchange with respect to the debt that is exchanged. The New Senior Unsecured Notes offered hereby and the New Senior Unsecured Notes issued in the Apollo Exchange will be issued under the same indenture, will be treated as a single class for all purposes under the indenture relating to the New Senior Unsecured Notes and will be fungible.

As a result of the Concurrent Transactions, approximately €877 million principal amount of the Company’s and CIL’s indebtedness currently held by Apollo will be extinguished in exchange for CIL Class B ordinary shares and approximately €109 million principal amount of our indebtedness currently held by Apollo will be exchanged for New Senior Unsecured Notes, without using any of the net proceeds of the Offering.

Following the Concurrent Transactions, Apollo will own none of our outstanding indebtedness other than the New Senior Unsecured Notes it will receive in such transactions, €57 million of Junior Lien Notes, and \$113 million of Extended Senior Unsecured Loans. Apollo, as the holder of the Extended Senior Unsecured Loans, has agreed to waive certain provisions of the Senior Unsecured Facility to permit the offering of the notes offered hereby and the Apollo Exchange.

## **Prior Debt Transactions**

### *Assignment of Senior Unsecured Facility Loans*

To fund the acquisition of EGL, Inc. in 2007, we entered into the Senior Unsecured Facility. On April 1, 2008, the underwriting banks assigned loans under the Senior Unsecured Facility with an aggregate principal amount of \$509 million to affiliates of Apollo, who paid these lenders an acquisition price that reflected a discount to the par value of the loan. As a result of the assignment, we paid a fee of 1.6875% to each assigning lender in lieu of a 2.0% conversion fee outstanding at that time.

### *July 2009 Exchange Offers*

On July 22, 2009, we issued €120 million aggregate principal amount of 12% Second-Priority Notes in exchange for €153 million outstanding 8½% Senior Notes and €50 million outstanding Senior Subordinated Notes, and issued \$127 million aggregate principal amount of 12% Second-Priority Notes in exchange for \$205 million of Senior Unsecured Loans. In the July 2009 Exchange Offers, Apollo privately exchanged with CEVA (1) \$172 million of Senior Secured Loans for \$107 million of 12% Second Priority Notes and (2) €30 million of 8½% Senior Notes for €19 million of 12% Second-Priority Notes.

### *March 2010 Transactions*

As of December 31, 2009, funds managed by Apollo held approximately €19 million and \$39 million of 12% Second-Priority Notes, \$10 million in principal amount of 10% Second-Priority Notes, €73 in principal amount of 8½% Senior Notes, \$629 million in principal amount of Senior Unsecured Loans and €57 million in principal amount of Senior Subordinated Notes.

In March 2010, Apollo privately exchanged all of the 12% Second-Priority Notes and 10% Second-Priority Notes held by it in exchange for \$77 million in principal amount of Junior Lien Notes. In addition, Apollo committed to privately exchange all of the 8½% Senior Notes, Senior Subordinated Notes and Senior Unsecured Loans held by it in exchange for a like principal amount of Extended Senior Notes, Extended Senior Subordinated Notes and Extended Senior Unsecured Loans. The purpose of the private exchange was to extend the maturities of the 8½% Senior Notes, Senior Subordinated Notes and Senior Unsecured Loans currently held by Apollo to no earlier than June 30, 2018. See “Description of Other Indebtedness.”

### *Subsequent Debt Amendments*

On November 21, 2011, the Issuer entered into amendments to the agreements governing the Senior Unsecured Facility, the Extended Senior Notes and the Extended Senior Subordinated Notes. Pursuant to such amendments, instead of receiving scheduled interest payments in the fourth quarter of 2011, Apollo agreed to receive accrued and unpaid interest on February 1, 2012 in exchange for a nominal consent fee, the purpose of which was to improve the balance of the timing of CEVA’s interest payments.

## **CIL Shareholders Agreement**

In connection with CEVA’s initial acquisition of TNT N.V.’s logistics division in 2006, certain affiliates of Apollo, an affiliate of TNT N.V. and certain members of CEVA management who acquired shares of CIL entered into a shareholders agreement. In December 2009, the affiliate of TNT N.V. transferred all of the CIL shares that it held to us in exchange for the settlement and release of certain claims held by CEVA. As a result, the affiliate of TNT is no longer a party to the shareholders agreement.

The shareholders agreement provides for, among other things, certain restrictions on the transferability of such person’s equity ownership in CIL, as well as certain tag-along rights, drag-along rights, piggyback registration rights and repurchase rights in certain circumstances.

### **Management Agreement with Apollo**

In connection with the formation of CIL and the acquisition of TNT N.V.'s logistics business, Apollo and its affiliates entered into a management agreement with CIL and CEVA Limited relating to the provision of certain financial and strategic advisory services and consulting services. CEVA Limited agreed to pay to Apollo an annual monitoring fee equal to the greater of €3 million and 1.5% of our Adjusted EBITDA before such fees, plus related expenses. For the years ended December 31, 2010 and 2009, respectively, Apollo received a management fee of €5 million and €6 million, respectively. CEVA Limited has agreed to indemnify Apollo and its affiliates and their directors, officers and representatives for losses relating to the services contemplated by the management agreement and for the engagement of affiliates of Apollo pursuant to, and the performance by them of the services contemplated by, the management agreement.

### **Affiliated Underwriter**

On December 14, 2010, we issued \$450 million in aggregate principal amount of the Existing First Lien Senior Secured Notes. One of the underwriters in the underwriting syndicate in the offering of the Existing First Lien Senior Secured Notes was Morgan Joseph TriArtisan, a registered broker-dealer. Apollo has a non-control interest in Morgan Joseph TriArtisan and its affiliates.

### **Transactions with Joint Ventures**

We also have a number of transactions with joint ventures over which we have joint control with our partners. See note 14 to the audited consolidated financial statements incorporated by reference in this offering circular.

### **Due to Parent Company**

CEVA Group Plc has a payable to CIL relating to intercompany cash pooling arrangements, amounting to €9 million at December 31, 2009, €10.4 million at December 31, 2010, and €11.5 million at September 30, 2011.

## DESCRIPTION OF OTHER INDEBTEDNESS

We summarize below the principal terms of (1) the agreement that governs our Senior Secured Facilities, (2) the agreement that governs our Senior Unsecured Facility, (3) the indentures governing our Existing Notes, (4) the agreement that governs the ABL Facility and (5) related intercreditor agreements. This summary is not a complete description of all of the terms of these agreements.

### Senior Secured Facilities

On August 2, 2007, we entered into a credit facility comprised of a term loan facility, revolving credit facility and synthetic letter of credit facility (the “Original Senior Secured Facilities”) with Credit Suisse Securities (USA) LLC and Morgan Stanley Senior Funding, Inc., as joint lead arrangers, Credit Suisse Securities (USA) LLC, Morgan Stanley Senior Funding, Inc., Bear, Stearns & Co. Inc., J.P. Morgan Securities Inc., UBS Securities LLC and Goldman Sachs Credit Partners L.P., as joint bookrunners, Credit Suisse, as administrative agent, and Credit Suisse Securities (USA) LLC, as syndication agent.

On December 14, 2010, we amended the Original Senior Secured Facilities (as amended and restated, the “Senior Secured Facilities”) to, among other things:

(i) extend the maturities of a portion of the term loan facility, revolving credit facility and the synthetic letter of credit facility to August 31, 2016, November 4, 2015 and August 31, 2016, respectively, provided that (a) if, on August 31, 2014, the 8½% Senior Notes have not been repaid and/or refinanced in full with indebtedness having a maturity date on or after December 1, 2016, the extended term loan facility and the extended synthetic letter of credit facility will mature on August 31, 2014, or (b) if, on May 2, 2015, the loans under the Senior Unsecured Facility maturing August 2, 2015 have not been repaid and/or refinanced in full with indebtedness having a maturity date on or after December 1, 2016, the extended term loan facility and the extended synthetic letter of credit facility will mature on May 2, 2015; and

(ii) increase the interest rate on the extended loans and commitments to the levels described below under “Interest Rate and Fees.”

In connection with the amendment, we prepaid a portion of the outstanding loans and commitments under the Original Senior Secured Facilities with proceeds from the issuance of the Existing First Lien Senior Secured Notes.

On December 17, 2010, we terminated our tranche A revolving credit facility and entered into an Incremental Assumption Agreement pursuant to which the tranche B revolving credit facility was increased.

At September 30, 2011, the Senior Secured Facilities consisted of:

- a tranche A term loan facility maturing November 4, 2013, of which approximately \$129 million and €64 million was outstanding;
- a tranche B term loan facility maturing August 31, 2016 (or such earlier date as described above), of which approximately \$335 million and €103 million was outstanding;
- an approximately €79 million tranche B revolving credit facility commitment maturing November 4, 2015, of which €49 million equivalent was drawn at September 30, 2011;
- an approximately \$39 million and €32 million tranche A synthetic letter of credit facility maturing November 4, 2013; and
- an approximately \$94 million and €56 million tranche B synthetic letter of credit facility maturing August 31, 2016 (or such earlier date as described above).

We intend to use a portion of the net proceeds of the offering to repay our borrowings under the revolving credit facility. In connection with this offering, we intend to increase the size of the total commitment under our revolving credit facility under our Senior Secured Facilities from €79 million to €179 million by obtaining certain incremental revolving facility commitments. The Incremental Revolver is conditioned upon the consummation of this offering and the Concurrent Transactions, but the Incremental Revolver is not a condition precedent to this offering.

The Senior Secured Facilities also provide for uncommitted incremental term loans, revolving facilities or synthetic letter of credit facilities in an aggregate amount of up to \$450 million that may be made available upon our request under the Senior Secured Facilities, subject to documentation requirements and other conditions (which amount would be reduced to approximately \$210 million after giving effect to the Incremental Revolver and the amendment of the Senior Secured Facilities in December 2010 using the exchange rate in effect on January 26, 2012 of \$1.316 = €1.00).

#### *Interest Rate and Fees*

The interest rate per annum applicable to the tranche A term loan facility is, at our option, either (x) an alternate base rate plus an applicable margin ranging between 1.75% and 2.00% depending on our credit rating as assigned by Moody's, or (y) an adjusted LIBO rate plus an applicable margin ranging between 2.75% and 3.00% depending on our credit rating as assigned by Moody's. The interest rate per annum applicable to the tranche B term loan facility is, at our option, either (x) an alternate base rate plus 4.00%, or (y) an adjusted LIBO rate plus 5.00%. The interest rate per annum applicable to the tranche B revolving credit facility is, at our option, either (x) an alternate base rate plus 3.00%, or (y) an adjusted LIBO rate plus 4.00%.

We also pay an amount equal to the applicable margin used for the LIBO rate tranche A term loan facility (in the case of the tranche A synthetic letter of credit facility) or the LIBO rate tranche B term loan facility (in the case of the tranche B synthetic letter of credit facility) minus 0.10% per annum in respect of amounts deposited with the administrative agent to backstop letters of credit issued under the synthetic letter of credit facilities. In addition to paying interest on outstanding principal under the Senior Secured Facilities, we are required to pay a facility fee on the commitments under the tranche B revolving credit facility, equal to 0.50% per annum. We also pay customary letter of credit and agency fees.

#### *Prepayments*

We are required to prepay outstanding term loans, subject to certain exceptions, with:

- in the event that our senior secured leverage ratio is greater than or equal to 3.0 to 1.0, 50% of excess cash flow (as defined in the agreement governing the Senior Secured Facilities) less the amount of certain voluntary prepayments as described in the credit agreement, subject to downward adjustments depending on the senior secured leverage ratio; and
- 100% of the net cash proceeds of all non-ordinary course asset sales and casualty and condemnation events, if we do not reinvest or commit to reinvest those proceeds in assets to be used in its business or to make certain other permitted investments within 18 months (and, if committed to be so reinvested, actually reinvested within 21 months).

We are permitted to voluntarily repay outstanding loans under our Senior Secured Facilities at any time without premium or penalty, other than customary "breakage" costs with respect to eurocurrency loans.

#### *Amortization*

As a result of the prepayment made in connection with the amendment consummated on December 14, 2010, we have no mandatory amortization payments on any of the debt tranches.

### *Ranking; Guarantees and Security*

The obligations under the Senior Secured Facilities are our senior obligations. All obligations under the Senior Secured Facilities are unconditionally guaranteed by us, each of the borrowers under the Senior Secured Facilities and certain of our direct and indirect subsidiaries, subject to certain legal and tax limitations. All obligations under the Senior Secured Facilities, and the guarantees of those obligations (as well as any interest-hedging or other swap agreements), are secured on a first-priority basis by substantially all of our assets and certain assets of the other borrowers under the Senior Secured Facilities and certain of our subsidiaries, subject to certain exceptions including the trade accounts receivable originated by the Originators that have been transferred to the SPE and legal and tax limitations.

### *Certain Covenants and Events of Default*

The Senior Secured Facilities contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of our subsidiaries to:

- incur additional indebtedness;
- create liens on assets;
- enter into sale and leaseback transactions;
- make investments, loans, guarantees or advances;
- make certain acquisitions;
- sell assets;
- engage in mergers or acquisitions;
- pay dividends and make distributions or repurchase capital stock;
- repay certain other indebtedness;
- in the case of our restricted subsidiaries, enter into arrangements that restrict their ability to pay dividends or make other payments to us;
- engage in certain transactions with affiliates; and
- make capital expenditures.

In addition, the Senior Secured Facilities require us to maintain a ratio of net secured first lien debt to EBITDA (as defined in the agreement governing our Senior Secured Facilities) of no more than 4.0 to 1.0, tested on a quarterly basis. At September 30, 2011, we were in compliance with this covenant, with a ratio of approximately 1.9 to 1.0.

The Senior Secured Facilities also contain customary affirmative covenants and events of default.

### **Existing First Lien Senior Secured Notes**

#### *Overview*

On December 14, 2010, we issued \$450 million aggregate principal amount of the Existing First Lien Senior Secured Notes. The Existing First Lien Senior Secured Notes were issued under an indenture, dated as of

December 14, 2010, by and among CEVA, the guarantors party thereto, The Bank of New York Mellon, as trustee, registrar, principal paying agent and transfer agent, The Bank of New York Mellon (Ireland) Limited, as Irish paying agent and Law Debenture Trust Company of New York, as collateral agent. The Existing First Lien Senior Secured Notes mature on December 1, 2017. As of September 30, 2011, \$450 million in principal amount of Existing First Lien Senior Secured Notes were outstanding. The New First Lien Senior Secured Notes offered hereby constitute “Additional Securities” under the indenture governing the Existing First Lien Senior Secured Notes, will be treated as a single class together with the Existing First Lien Senior Secured Notes for all purposes under such indenture, including, without limitation, waivers, amendments, redemptions, offers to purchase and collateral matters, and will be fungible with the Existing First Lien Senior Secured Notes (except that the New First Lien Senior Secured Notes to be issued pursuant to Regulation S will trade separately under different CUSIP/ISIN numbers until 40 days after the issue date, but thereafter any such holders may transfer their then existing New First Lien Senior Secured Notes issued pursuant to Regulation S into the same CUSIP/ISIN numbers as the Existing First Lien Senior Secured Notes issued pursuant to Regulation S).

For a description of the terms of the Existing First Lien Senior Secured Notes, see “Description of New First Lien Senior Secured Notes.”

### **First-and-a-Half Priority Lien Notes**

#### *Overview*

On October 6, 2009, we completed a private offering of \$210 million aggregate principal amount of the First-and-a-Half Priority Lien Notes. The First-and-a-Half Priority Lien Notes were issued under an indenture dated as of October 6, 2009, by and among CEVA, the guarantors party thereto, The Bank of New York Mellon, as trustee, registrar, principal paying agent and transfer agent, The Bank of New York Mellon (Ireland) Limited, as Irish paying agent and transfer agent and Law Debenture Trust Company of New York, as collateral agent. The First-and-a-Half Priority Lien Notes mature on October 1, 2016. As of September 30, 2011, \$210 million in aggregate principal amount of First-and-a-Half Priority Lien Notes were outstanding.

#### *Interest*

Interest on the First-and-a-Half Priority Lien Notes accrues at the rate of 11% per annum, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2010.

#### *Optional Redemption*

We may redeem some or all of the First-and-a-Half Priority Lien Notes prior to October 1, 2012 at a price equal to 100% of the principal amount thereof, plus a make-whole premium, plus accrued and unpaid interest, if any, to the redemption date. At any time on or after October 1, 2012, we may redeem some or all of the First-and-a-Half Priority Lien Notes at the redemption prices specified in the indenture, beginning at par and three-quarters of the coupon, declining to par on October 1, 2015, plus accrued and unpaid interest, if any, to the redemption date. Additionally, at any time on or prior to October 1, 2012, we may redeem up to 40% of the originally issued aggregate principal amount of the First-and-a-Half Priority Lien Notes with the net cash proceeds of one or more equity offerings at a price equal to 111.625% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, if at least 60% of the originally issued aggregate principal amount of the First-and-a-Half Priority Lien Notes remains outstanding after such redemption.

#### *Change of Control*

Upon a change of control, as defined in the indenture governing the First-and-a-Half Priority Lien Notes, we will be required to offer to repurchase the First-and-a-Half Priority Lien Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date, unless we have previously elected to redeem all the First-and-a-Half Priority Lien Notes.

### *Ranking*

The First-and-a-Half Priority Lien Notes are our senior obligations and rank senior in right of payment to our existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the First-and-a-Half Priority Lien Notes; rank equally in right of payment to all of our existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the First-and-a-Half Priority Lien Notes, including the notes offered hereby, the Existing First Lien Senior Secured Notes, the Senior Unsecured Facility, the 12% Senior Notes, the Junior Lien Notes and the Senior Secured Facilities; are effectively subordinated in right of payment to all our existing and future debt that is secured by a senior priority lien (including obligations under the Senior Secured Facilities, the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby), to the extent of the value of the assets securing such debt; are effectively senior in right of repayment to all of our existing and future debt secured by a junior priority lien and unsecured senior debt and other unsecured obligations, in each case, to the extent of the value of the assets securing the First-and-a-Half Priority Lien Notes; and are structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the First-and-a-Half Priority Lien Notes, including the obligations of the SPE under the ABL Facility.

### *Guarantees and Security*

The First-and-a-Half Priority Lien Notes are jointly and severally guaranteed on a senior basis by each of our existing and future subsidiaries that guarantee the Senior Secured Facilities. The First-and-a-Half Priority Lien Notes and the related guarantees are secured on a second-priority basis by substantially all of our assets and by substantially all of the assets of certain of our existing and future subsidiaries, subject to certain exceptions including the trade accounts receivable originated by the Originators that have been transferred to the SPE and legal and tax limitations.

### *Covenants and Events of Default*

The First-and-a-Half Priority Lien Notes contain covenants and events of default that are substantially similar to those contained in the indenture governing the New First Lien Senior Secured Notes as described under “Description of the New First Lien Senior Secured Notes.”

## **Junior Lien Notes**

### *Overview*

On March 24, 2010, we completed a private offering of \$702 million aggregate principal amount of the Junior Lien Notes. The Junior Lien Notes were issued under an indenture dated as of March 24, 2010, by and among CEVA, the guarantors party thereto, The Bank of New York Mellon, as trustee, registrar, principal paying agent and transfer agent, The Bank of New York Mellon (Ireland) Limited, as Irish paying agent and transfer agent and Law Debenture Trust Company of New York, as collateral agent. The Junior Lien Notes mature on April 1, 2018. As of September 30, 2011, \$702 million in aggregate principal amount of Junior Lien Notes were outstanding.

### *Interest*

Interest on the Junior Lien Notes accrues at the rate of 11½% per annum, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2010.

### *Optional Redemption*

We may redeem some or all of the Junior Lien Notes prior to April 1, 2014 at a price equal to 100% of the principal amount thereof, plus a make-whole premium, plus accrued and unpaid interest, if any, to the redemption date. At any time on or after April 1, 2014, we may redeem some or all of the Junior Lien Notes at the redemption prices specified in the indenture, beginning at par and one-half of the coupon, declining to par on April 1, 2016, plus accrued and unpaid interest, if any, to the redemption date. Additionally, at any time on or prior to April 1, 2013, we

may redeem up to 40% of the originally issued aggregate principal amount of the Junior Lien Notes with the net cash proceeds of one or more equity offerings at a price equal to 111.500% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, if at least 60% of the originally issued aggregate principal amount of the Junior Lien Notes remains outstanding after such redemption.

#### *Change of Control*

Upon a change of control, as defined in the indenture governing the Junior Lien Notes, we will be required to offer to repurchase the Junior Lien Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date, unless we have previously elected to redeem all the Junior Lien Notes.

#### *Ranking*

The Junior Lien Notes are our senior obligations and rank senior in right of payment to our existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Junior Lien Notes; rank equally in right of payment to all of our existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the Junior Lien Notes, including the notes offered hereby, the Existing First Lien Senior Secured Notes, the Senior Unsecured Facility, the 12% Senior Notes, the First-and-a-Half Priority Notes and the Senior Secured Facilities; are effectively subordinated in right of payment to all our existing and future debt that is secured by a senior priority lien (including obligations under the Senior Secured Facilities, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Lien Notes and the New First Lien Senior Secured Notes offered hereby), to the extent of the value of the assets securing such debt; are effectively senior in right of repayment to all of our existing and future unsecured senior debt and other unsecured obligations, in each case, to the extent of the value of the assets securing the Junior Lien Notes; and are structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the Junior Lien Notes, including the obligations of the SPE under the ABL Facility.

#### *Guarantees and Security*

The Junior Lien Notes are jointly and severally guaranteed on a senior basis by each of our existing and future subsidiaries that guarantee the Senior Secured Facilities. The Junior Lien Notes and the related guarantees are secured on a third-priority basis by substantially all of our assets and by substantially all of the assets of certain of our existing and future subsidiaries, subject to certain exceptions including the trade accounts receivable originated by the Originators that have been transferred to the SPE and legal and tax limitations.

#### *Covenants and Events of Default*

The Junior Lien Notes contain covenants and events of default that are substantially similar to those contained in the indenture governing the New First Lien Senior Secured Notes as described under “Description of the New First Lien Senior Secured Notes.”

#### **Senior Unsecured Facility**

We entered into the Senior Unsecured Facility on August 2, 2007 with Credit Suisse Securities (USA) LLC and Morgan Stanley Senior Funding, Inc., as joint lead arrangers, Credit Suisse Securities (USA) LLC, Morgan Stanley Senior Funding, Inc., Bear, Stearns & Co. Inc., J.P. Morgan Securities Inc., UBS Securities LLC and Goldman Sachs Credit Parties L.P., as joint bookrunners, Credit Suisse, as administrative agent, Credit Suisse Securities (USA) LLC, as syndication agent, and the other lenders party thereto.

The Senior Unsecured Facility originally consisted of a \$1.4 billion senior unsecured bridge loan, the proceeds of which were used for the purpose of financing the EGL Acquisition, refinancing certain existing indebtedness of EGL and paying the transaction costs associated with the foregoing. On August 13, 2007, we issued \$400 million of 10% Second-Priority Notes, which were used to refinance a portion of the loan outstanding under the Senior

Unsecured Facility. In connection with July 2009 Exchange Offers, as described above, a further portion of the Senior Unsecured Facility was refinanced.

On March 24, 2010, we completed a series of transactions with Apollo (see “Certain Relationships and Related Party Transactions—Debt Transactions—March 2010 Transactions”) whereby, among other actions, Apollo, by amendment to the Senior Unsecured Facility, received approximately \$629 million of Senior Unsecured Facility loans for a like principal amount of Senior Unsecured Facility Extended loans. The Senior Unsecured Facility Extended loans are the same in all respects as the Senior Unsecured Facility loans except that the Senior Unsecured Facility Extended loans have a final maturity date of September 30, 2018. As of September 30, 2011, \$794 million of loans were outstanding under the Senior Unsecured Facility, including \$629 million of Senior Unsecured Facility Extended loans.

As part of the Transactions, approximately \$516 million principal amount of Extended Senior Unsecured Loans will be extinguished in the Apollo Equity Investment and the entire \$165 million principal amount of the Senior Unsecured Loans will be repaid with a portion of the net proceeds of the offering. Accordingly, after giving pro forma effect to the Transactions, as of September 30, 2011, the amount outstanding under the Senior Unsecured Facility would have consisted of approximately \$113 million of the Extended Senior Unsecured Loans. Apollo, as the holder of the Extended Senior Unsecured Loans, has agreed to waive certain provisions of the Senior Unsecured Facility to permit the offering of the notes offered hereby and the Apollo Exchange.

#### *Maturity and Senior Unsecured Exchange Notes*

The initial loans under the Senior Unsecured Facility matured on August 2, 2008 but their maturity was automatically extended to August 2, 2015. The Senior Unsecured Facility Extended loans have a later final maturity date of June 30, 2018. Subject to certain conditions, the lenders have the option to exchange loans under the Senior Unsecured Facility for notes (the “Senior Unsecured Exchange Notes”); provided, however, that we may defer the first issuance of Senior Unsecured Exchange Notes until we have received requests to issue an aggregate of at least \$100 million in principal amount of Senior Unsecured Exchange Notes. If issued, any Senior Unsecured Exchange Notes would rank *pari passu* with the loans that remain outstanding under the Senior Unsecured Facility. In addition, the Senior Unsecured Exchange Notes will be guaranteed by the same entities that guarantee the loans that remain outstanding under the Senior Unsecured Facility.

#### *Interest Rates*

The interest rate per annum applicable to loans under the Senior Unsecured Facility is 9.75%.

#### *Change of Control*

We are required to offer to prepay the Senior Unsecured Facility upon certain changes of control (as defined in the agreement governing the Senior Unsecured Facility) at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the prepayment date.

#### *Optional and Mandatory Prepayments*

We may voluntarily prepay the loans under the Senior Unsecured Facility, in whole or in part, at par plus accrued and unpaid interest and customary breakage costs.

#### *Ranking; Guarantees*

The obligations under the Senior Unsecured Facility are our senior obligations. The Senior Unsecured Facility is jointly and severally guaranteed on a senior basis by each of our existing and future subsidiaries that guarantee our Senior Secured Facilities.

### *Covenants*

The Senior Unsecured Facility contains covenants that are substantially similar to those contained in the indentures governing the Unsecured Notes (except for the 12% Senior Notes) described below.

### *Events of Default*

The Senior Unsecured Facility contains events of default that are substantially similar to those contained in the indentures governing the Unsecured Notes (except for the 12% Senior Notes) described below.

## **Existing Unsecured Notes**

### *Overview*

On December 6, 2006, we completed a private offering of (a) €505 million aggregate principal amount of 8½% Senior Notes and (b) €225 million aggregate principal amount of Senior Subordinated Notes. The 8½% Senior Notes and the Senior Subordinated Notes were each issued under respective indentures dated as of December 6, 2006 by and among CEVA (formerly known as Louis No. 1 Plc), the guarantors party thereto, The Bank of New York, as trustee, registrar, principal paying agent and transfer agent and AIB/BNY Fund Management (Ireland) Limited, as Irish paying agent and transfer agent.

On July 22, 2009, we completed the July 2009 Exchange Offers. On that date, we issued €120 million aggregate principal amount of 12% Second-Priority Notes in exchange for €153 million of the outstanding 8½% Senior Notes and €50 million of the outstanding Senior Subordinated Notes. In addition, we issued \$127 million aggregate principal amount of 12% Second-Priority Notes in exchange for \$205 million of outstanding loans under our Senior Unsecured Facility. The 12% Second-Priority Notes were issued under an indenture dated as of July 22, 2009 by and among CEVA Group Plc, the guarantors party thereto, The Bank of New York, as trustee, registrar, principal paying agent and transfer agent, Law Debenture Trust Company of New York, as collateral agent and BNY Financial Services PLC, as Irish paying agent and transfer agent.

On March 24, 2010, we completed a series of transactions with Apollo (see “Certain Relationships and Related Party Transactions—Debt Transactions—March 2010 Transactions”) whereby, among other actions, Apollo privately exchanged its 12% Second-Priority Notes and 10% Second-Priority Notes for approximately \$77 million aggregate principal amount of Junior Lien Notes and privately exchanged approximately €73 million of 8½% Senior Notes and approximately €57 million of Senior Subordinated Notes for like principal amounts of Extended Senior Notes and Extended Senior Subordinated Notes.

In connection with the above, on March 24, 2010 we completed a transaction whereby approximately 93% of the outstanding 12% Second-Priority Notes, excluding those owned and privately exchanged by Apollo, were tendered to CEVA in a cash tender offer and we received consents to adopt amendments to the indenture governing the 12% Second-Priority Notes and related collateral documents to eliminate substantially all of the restrictive covenants and certain events of default and related provisions contained in the indenture and to provide for the release of liens on the collateral securing the 12% Second-Priority Notes and the guarantees thereof (in their capacity as unsecured notes, the 12% Second-Priority Notes are referred to as the “12% Senior Notes” and together with the 8½% Senior Notes, the “Senior Notes”). The Senior Notes, the Extended Senior Notes, the Senior Subordinated Notes and the Extended Senior Subordinated Notes together are referred to as the “Existing Unsecured Notes.”

As of September 30, 2011, approximately \$387 million principal amount of 8½% Senior Notes, \$106 million principal amount of Extended Senior Notes, \$16 million principal amount of 12% Senior Notes, \$118 million principal amount of Senior Subordinated Notes and \$83 million principal amount of Extended Senior Subordinated Notes were outstanding. The 8½% Senior Notes mature on December 1, 2014, the Extended Senior Notes mature on June 30, 2018, the 12% Senior Notes mature on September 1, 2014, the Senior Subordinated Notes mature on December 1, 2016 and the Extended Senior Subordinated Notes mature on June 30, 2018.

We intend to use a portion of the net proceeds of the offering to redeem the 8½% Senior Notes and Senior Subordinated Notes (not held by Apollo and being exchanged by Apollo in connection with the Concurrent Transactions) and discharge the related indentures in accordance with their terms concurrently with the closing of the offering.

#### *Interest*

Interest on the 8½% Senior Notes and the Extended Senior Notes accrues at the rate of 8½% per annum, payable semi-annually on June 1 and December 1 (subject to change in the case of the Extended Senior Notes) of each year. Interest on the 12% Senior Notes accrues at the rate of 12% per annum, payable semi-annually on March 1 and September 1 of each year. Interest on Senior Subordinated Notes and the Extended Senior Subordinated Notes accrues at the rate of 10%, payable semi-annually on June 1 and December 1 (subject to change in the case of the Extended Senior Subordinated Notes) of each year.

#### *Optional Redemption*

*8½% Senior Notes and Extended Senior Notes.* We may redeem some or all of the 8½% Senior Notes or the Extended Senior Notes at the redemption prices specified in the Indenture, which are currently at par and one-fourth of the coupon, declining to par on December 1, 2012, plus accrued and unpaid interest, if any, to the redemption date.

*12% Senior Notes.* We may redeem some or all of the 12% Senior Notes at the redemption prices specified in the Indenture, which are currently at par and one-fourth of the coupon, declining to par on September 1, 2013, plus accrued and unpaid interest, if any, to the redemption date.

*Senior Subordinated Notes and Extended Senior Subordinated Notes.* At any time on or after December 1, 2011, we may redeem some or all of the Senior Subordinated Notes at the redemption prices specified in the Indenture, which are currently at par and one-half of the coupon, declining to par on December 1, 2014, plus accrued and unpaid interest, if any, to the redemption date.

#### *Change of Control*

Upon a change of control, as defined in the indentures governing the Existing Unsecured Notes, we will be required to offer to repurchase the 8½% Senior Notes, the Extended Senior Notes, the 12% Senior Notes, the Senior Subordinated Notes and the Extended Senior Subordinated Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date, unless we have previously elected to redeem all the 8½% Senior Notes, the Extended Senior Notes, the 12% Senior Notes, the Senior Subordinated Notes and the Extended Senior Subordinated Notes, respectively.

#### *Ranking; Guarantees*

The Senior Notes and the Extended Senior Notes are our senior obligations. The Senior Subordinated Notes and the Extended Senior Subordinated Notes are our senior subordinated obligations. The Senior Notes and the Extended Senior Notes are jointly and severally guaranteed on a senior basis, and the Senior Subordinated Notes and the Extended Senior Subordinated Notes are jointly and severally guaranteed on a senior subordinated basis, in each case, by each of our existing and future subsidiaries that guarantees debt under the Senior Secured Facilities.

#### *Covenants*

The indentures governing the Existing Unsecured Notes (except for the 12% Senior Notes) contain covenants that are substantially similar to those contained in the indentures governing the New First Lien Senior Secured Notes as described under "Description of the New First Lien Senior Secured Notes."

### *Events of Default*

The indentures governing the Existing Unsecured Notes (except for the 12% Senior Notes with respect to items (3) and (5) below) contain certain events of default, including (subject, in some cases, to customary cure periods and materiality thresholds) defaults based on (1) failure to make payments thereunder when due, (2) breach of covenants, (3) cross-acceleration to indebtedness in excess of €25.0 million, (4) bankruptcy events, (5) failure to pay certain final judgments in excess of €25.0 million and (6) failure of guarantees of significant subsidiaries to remain in full force and effect.

### **ABL Facility**

On November 19, 2010, the SPE and the Originators entered into agreements establishing the ABL Facility with an initial commitment of \$200 million. On November 30, 2010, the committed amount of the ABL Facility was increased to \$250 million. Under the terms of the Receivables Transfer Agreement, the Originators have contributed or sold all of their existing U.S. trade accounts receivable to the SPE and will continue to contribute or sell such trade accounts receivable to the SPE as they are originated. The SPE does not guarantee any indebtedness of CEVA or its subsidiaries, has been designated as an unrestricted subsidiary under the indentures governing CEVA's notes and under the Senior Secured Facilities and a receivables subsidiary under the indentures governing CEVA's notes. Borrowings in an amount equal to the lesser of (i) \$250 million and (ii) the borrowing base under the ABL Facility are available to the SPE to make distributions to the Originators or to pay the purchase price for any receivables sold instead of contributed. The available borrowing base under the ABL Facility at any one time is dependent upon a formula that takes into account factors such as the outstanding principal balance of the transferred receivables, obligor concentrations, obligor credit ratings and other reserves. The ABL Facility matures on November 19, 2015.

The SPE is entitled to request increases in the committed amount of the ABL Facility from time to time, in minimum amounts of \$10 million, with any such incremental commitments in an aggregate amount not to exceed \$120 million. At September 30, 2011, the total of outstanding borrowings under the ABL Facility was \$147 million, and the committed amount was \$250 million.

We may use a portion of the net proceeds of the offering to repay outstanding borrowings under the ABL Facility.

### *Interest Rate and Fees*

The interest rate per annum applicable to the ABL Facility is, at the SPE's option, either at (x) an alternate base rate plus an applicable margin ranging between 2.00% to 2.50% per annum depending on availability under the ABL Facility or (y) an Adjusted LIBO rate plus an applicable margin ranging between 3.00% to 3.50% per annum depending on availability under the ABL Facility. In addition to paying interest on the outstanding principal under the ABL Facility, the SPE is required to pay a commitment fee on the daily undrawn portion of the ABL Facility at a rate ranging between 0.50% to 0.75% per annum depending on availability under the ABL Facility.

### *Prepayments*

If at any time the aggregate amount of the outstanding loans exceeds the lesser of the commitment amount or the available borrowing base or, if at any time the fixed charge coverage ratio of CEVA is less than or equal to 1.1 to 1.0 and the aggregate amount of the outstanding loans exceeds 90% of the lesser of the commitment amount or the available borrowing base, the SPE will be required to immediately repay outstanding loans in an aggregate amount equal to such excess. The SPE is permitted to voluntarily repay outstanding loans under the ABL Facility at any time without premium or penalty, other than customary "breakage" costs with respect to eurocurrency loans.

### *Guarantee and Security*

CEVA guarantees the performance of (i) CEVA Freight, LLC in its capacity as servicer of the receivables and (ii) the indemnification obligations of the Originators under the Receivables Transfer Agreement, but does not guarantee the collectability of the receivables or any obligations of the SPE as borrower under the ABL Facility. The

obligations of the SPE under the ABL Facility are secured on a first-priority basis by all currently owned and subsequently acquired assets of the SPE, including, but not limited to, all of the accounts receivable transferred to it by the Originators.

#### *Certain Covenants and Events of Default*

The ABL Facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of the SPE to:

- incur additional indebtedness;
- sell or create liens on the transferred receivables;
- engage in mergers or acquisitions;
- guarantee debt or enter into hedging arrangements;
- engage in certain transactions with affiliates;
- amend material debt and other material agreements;
- amend its organizational documents; and
- change its ownership.

The ABL Facility also contains customary affirmative covenants and events of default.

#### **Intercreditor Agreements**

##### ***First Lien Intercreditor Agreement***

The collateral agent under the indenture that governs the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby, as representative of the holders of such notes, is party to the First Lien Intercreditor Agreement, which establishes the relative priority of the liens securing the obligations under the indenture governing the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes, on one hand, and the Senior Secured Facilities, on the other hand. The First Lien Intercreditor Agreement was entered into on December 14, 2010 by the administrative agent under the Senior Secured Facilities, as representative for the secured parties under the Senior Secured Facilities, and by the collateral agent for the obligations under the indenture governing the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes. This summary of the First Lien Intercreditor Agreement uses the following terms:

- “Bankruptcy Code” means Title 11 of the United States Code, as amended.
- “Obligations” means (i) with respect to the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers’ acceptances), damages and other liabilities payable under the documentation governing any such indebtedness; (ii) with respect to the Senior Secured Facilities the due and punctual payment of (a) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the loans, when and as due, whether at maturity or by acceleration, upon one or more dates set for prepayment or otherwise; (b) all other monetary obligations of the borrowers to any of the secured parties under the Senior Secured Facilities, and each of the other loan documents, including fees, costs, expenses and indemnities; and (c) the due and punctual payment and performance of all obligations of the borrowers and its subsidiaries that are guarantors under the loan documents, hedging agreements, overdraft facilities

and agreements providing for cash management services; and (iii) certain additional obligations designated “Additional Obligations” pursuant to the terms of the First Lien Intercreditor Agreement.

- “Security Document” means each agreement, instrument or other document entered into in favor of the collateral agent, or any of the other secured parties under the Senior Secured Facilities, the indenture governing the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby and any other agreement, document or instrument pursuant to which a Lien is now or hereafter granted securing any series of Obligations or under which rights or remedies with respect to such Liens are at any time governed.
- “Shared Collateral” means, at any time, collateral in which the holders of two or more series of Obligations (or their respective representatives) hold a valid and perfected security interest.

The First Lien Intercreditor Agreement may be amended from time to time without the consent of the secured parties thereto to add other secured parties.

#### *Designation of the Applicable Authorized Representative*

Under the First Lien Intercreditor Agreement, as described below, the “Applicable Authorized Representative” has the right to initiate foreclosures, release liens in accordance with the Senior Secured Facilities, the indenture governing the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby, and the representatives of other series of Obligations party to the First Lien Intercreditor Agreement, including the collateral agent, have no right to take actions with respect to the Shared Collateral.

Initially, the Applicable Authorized Representative is the administrative agent under the Senior Secured Facilities. As long as such administrative agent is the Applicable Authorized Representative, the collateral agent, as representative of the holders of the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby, as representative of the holders of the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes and any representative for any designated “Additional Obligations” (the collateral agent and any such representative, each a “Non-Controlling Representative”), will have no rights to take any action under the First Lien Intercreditor Agreement.

The administrative agent under the Senior Secured Facilities will remain the Applicable Authorized Representative until the earlier of:

- (1) the discharge of our Obligations under the Senior Secured Facilities; and
- (2) the Cut-Off Date (as defined below).

After such date, the Applicable Authorized Representative will be the representative of the series of Obligations that constitutes the largest outstanding principal amount of any then outstanding series of Obligations party to the First Lien Intercreditor Agreement, other than the Obligations under the Senior Secured Facilities, with respect to the Shared Collateral (the “Major Non-Controlling Representative”).

The “Cut-Off Date” means, with respect to any Non-Controlling Representative, the date which is at least 90 days (throughout which 90 day period such Person was the Major Non-Controlling Representative) after the occurrence of both (i) an Event of Default (under and as defined in the instrument under which such Non-Controlling Representative is appointed as the representative) and (ii) the Applicable Authorized Representative’s and each other relevant representative’s receipt of written notice from such Non-Controlling Representative certifying that (x) such Non-Controlling Representative is the Major Non-Controlling Representative and an Event of Default has occurred and is continuing and (y) the Obligations of the series with respect to which such Non-Controlling Representative is the representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable instrument governing such Obligations; provided, however, that the Cut-Off Date shall be stayed and shall not occur and shall be deemed not to have occurred and be rescinded (1) at any time the administrative agent under the Senior Secured Facilities or the

Applicable Authorized Representative has commenced and is diligently pursuing any enforcement action with respect to any Shared Collateral or (2) at any time any grantor which has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

*Role of the Applicable Representative*

Pursuant to the First Lien Intercreditor Agreement:

- (1) the Applicable Authorized Representative has the sole right to act or refrain from acting with respect to the Shared Collateral;
- (2) the Applicable Authorized Representative shall not follow any instructions with respect to such Shared Collateral from any Non-Controlling Representative; and
- (3) no Non-Controlling Representative or other party to the First Lien Intercreditor Agreement will instruct the Applicable Authorized Representative to commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interests in or realize upon, or take any other action available to it in respect of, any Shared Collateral.

Notwithstanding the equal priority of the Liens on any Shared Collateral, the Applicable Authorized Representative may deal with the Collateral as if such Applicable Authorized Representative had a senior lien on such Collateral. No Non-Controlling Representative may contest, protest or object to any foreclosure proceeding or action brought by the Applicable Authorized Representative. Each of the parties to the First Lien Intercreditor Agreement will agree that it will not contest or support any other person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any of the parties to the First Lien Intercreditor Agreement in all or any part of the Shared Collateral, or the provisions of the First Lien Intercreditor Agreement.

Further, each secured party under the First Lien Intercreditor Agreement will agree that if any pledgor shall become subject to a case (a "Bankruptcy Case") under the Bankruptcy Code and shall, as debtor(s)-in-possession, move for approval of financing ("DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code or the use of cash collateral under Section 363 of the Bankruptcy Code, it will raise no objection to any such financing or to the Liens on the Shared Collateral securing the same ("DIP Financing Liens") or to any use of cash collateral that constitutes Shared Collateral, unless any series of Obligations constituting the series of secured parties whose authorized representative is the Applicable Authorized Representative for such Shared Collateral (the "Controlling Secured Party"), or an authorized representative of any Controlling Secured Party, shall then oppose or object to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the Controlling Secured Parties, each secured party which is not a Controlling Secured Party (a "Non-Controlling Secured Party") will subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank *pari passu* with the Liens on any such Shared Collateral granted to secure the Obligations of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Shared Collateral as set forth in the First Lien Intercreditor Agreement), in each case so long as (A) the secured parties of each series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-à-vis all the other secured parties (other than any Liens of the secured parties constituting DIP Financing Liens) as existed prior to the commencement of the Bankruptcy Case, (B) the secured parties of each series are granted Liens on any additional collateral pledged to any secured parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority vis-à-vis the secured parties as set forth in the First Lien Intercreditor Agreement, (C) if any amount of such DIP Financing or cash collateral is applied to repay any of the Obligations, such amount is applied pursuant to the provisions described in "—Distribution of Enforcement Proceeds" below and (D) if any secured

parties are granted adequate protection, including in the form of periodic payments, in connection with such DIP Financing or use of cash collateral, the proceeds of such adequate protection is applied pursuant to the provisions described in “—Distribution of Enforcement Proceeds” below; provided that the secured parties of each series shall have a right to object to the grant of a Lien to secure the DIP Financing over any collateral subject to Liens in favor of the secured parties of such series or its authorized representative that shall not constitute Shared Collateral; and provided further, that the secured parties receiving adequate protection shall not object to any other secured party receiving adequate protection comparable to any adequate protection granted to such secured parties in connection with a DIP Financing or use of cash collateral.

In the event that the Applicable Authorized Representative or the Controlling Secured Parties enter into any amendment, waiver or consent in respect of or replace any Security Document for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Security Document or changing in any manner the rights of the Applicable Authorized Representative, the Controlling Secured Parties, the borrowers under the Senior Secured Facilities or any other pledgor thereunder (including the release of any Liens upon Shared Collateral), then such amendment, waiver or consent shall apply automatically to any comparable provision of each security document in favor of any other authorized representative party to the First Lien Intercreditor Agreement (a “Comparable Security Document”) without the consent of any other authorized representative or any other secured party and without any action by any authorized representative, the borrowers under the Senior Secured Facilities or any other pledgor; provided, however, that (A) such amendment, waiver or consent (x) does not materially adversely affect the rights of the other secured parties or the interests of the secured parties in the Shared Collateral and not the other creditors of the borrowers under the Senior Secured Facilities or such pledgor, as the case may be, that have a security interest in the affected Shared Collateral in a like or similar manner or (y) adversely affect the rights, protections, immunities or indemnities of a Non-Controlling Representative and (B) written notice of such amendment, waiver or consent shall have been given to each other authorized representative.

Each secured party under the First Lien Intercreditor Agreement will further agree that it will not seek relief from the automatic stay or any other stay in any insolvency or liquidation proceeding in respect of the Shared Collateral, without the prior written consent of the Applicable Authorized Representative and the Controlling Secured Parties.

If any secured party under the First Lien Intercreditor Agreement is required in any insolvency or liquidation proceeding or otherwise to turn over or otherwise pay to the estate of any pledgor (or any trustee, receiver or similar person therefor) any amount (a “Recovery”), whether received as proceeds of security, enforcement of any right of setoff or otherwise, because the payment of such amount was declared to be fraudulent or preferential in any respect or for any other reason, then the Obligations of the applicable series shall be reinstated to the extent of such Recovery and deemed to be outstanding as if such payment had not occurred. If the First Lien Intercreditor Agreement shall have been terminated prior to such Recovery, the First Lien Intercreditor Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties thereto.

#### *Distribution of Enforcement Proceeds*

If an Event of Default (under and as defined in an instrument pursuant to which a series of Obligations whose representative is party to the First Lien Intercreditor Agreement) has occurred and is continuing and the Applicable Authorized Representative is taking action to enforce rights in respect of any Shared Collateral, or any distribution is made in respect of any Shared Collateral in any Bankruptcy Case of any grantor of Shared Collateral, or the Applicable Authorized Representative or any secured party receives any payment pursuant to any intercreditor agreement (other than the First Lien Intercreditor Agreement) with respect to any Shared Collateral, the proceeds of any sale, collection or other liquidation or disposition of any such Shared Collateral received by the Applicable Authorized Representative or any secured party and proceeds of any such distribution, shall be applied as follows:

- (1) first, to the payment of all amounts owing to each authorized representative (in its capacity as such) on a *pari passu* basis pursuant to the terms of the First Lien Intercreditor Agreement and any instrument pursuant to which a series of Obligations whose representative is party to the First Lien Intercreditor Agreement is Incurred; and

- (2) second, subject to certain limited exceptions, to the payment in full of the Obligations of each series of Obligations whose representative is party to the First Lien Intercreditor Agreement on a pro rata basis in accordance with the amounts of such Obligations, with the payment so allocated to each series to be applied to the Obligations of such series in accordance with the terms of the applicable instrument pursuant to which such Obligations have been incurred.

Notwithstanding the foregoing, with respect to any Shared Collateral for which a third party (other than a secured party under the First Lien Intercreditor Agreement) has a lien or security interest that is junior in priority to the security interest of any series of Obligations but senior (as determined by appropriate legal proceedings in the case of any dispute) to the security interest of any other series of Obligations (such condition, an “Impairment” and such third party an “Intervening Creditor”), the value of any Shared Collateral or proceeds which are allocated to such Intervening Creditor shall be deducted on a ratable basis solely from the Shared Collateral or proceeds to be distributed in respect of the series of Obligations with respect to which such Impairment exists.

#### *Turnover*

Subject to certain exceptions, if any party to the First Lien Intercreditor Agreement obtains possession of any Shared Collateral or realizes any proceeds or payment in respect of any such Shared Collateral, pursuant to any Security Document or by the exercise of any rights available to it under applicable law or in any insolvency or liquidation proceeding or through any other exercise of remedies (including pursuant to the Senior/Subordinated Intercreditor Agreement and any other intercreditor agreement), at any time prior to the discharge of each series of Obligations whose representative is party to the First Lien Intercreditor Agreement, then it shall hold such Shared Collateral, proceeds or payment in trust for the other parties to the First Lien Intercreditor Agreement and promptly transfer such Shared Collateral, proceeds or payment, as the case may be, to the Applicable Authorized Representative, to be distributed in accordance with the provisions described in the immediately preceding paragraph.

#### *Automatic Release of Liens*

If, at any time (x) the Applicable Authorized Representative forecloses upon or otherwise exercises remedies against any Shared Collateral (whether or not any insolvency or liquidation proceeding is pending at the time) or (y) any Shared Collateral is sold, transferred or disposed of by any pledgor in a transaction then permitted by each then extant document governing each series of Obligations subject to the First Lien Intercreditor Agreement, the liens in favor of any authorized representative for the benefit of each series of secured parties upon such Shared Collateral will automatically be released and discharged; provided that in the case of clause (x) any proceeds of any Shared Collateral realized therefrom shall be applied as described in “—Distribution of Enforcement Proceeds” above.

#### *Exculpatory Provisions in Favor of the Applicable Authorized Representative*

The First Lien Intercreditor Agreement provides that no authorized representative shall owe any fiduciary duty to any other party to the First Lien Intercreditor Agreement and in no case shall an authorized representative be:

- (1) personally responsible or accountable in damages or otherwise to any other party for any loss, damage or claim incurred by reason of any act or omission performed or omitted by each authorized representative in good faith in accordance with the First Lien Intercreditor Agreement or any of the applicable Security Documents in a manner that each authorized representative (acting reasonably) believed to be within the scope of the authority conferred on it by the First Lien Intercreditor Agreement or any of the applicable Security Documents or by law (other than for its own gross negligence or willful misconduct); or
- (2) personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of any other party, all such liability, if any, being expressly waived by the parties and any person claiming by, through or under such party.

Each authorized representative shall, however, be liable under the First Lien Intercreditor Agreement for its own gross negligence or willful misconduct and for breach of its covenants or obligations contained therein. No authorized representative shall have responsibility for the actions of any individual secured party. With respect to the secured parties, each authorized representative undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in the First Lien Intercreditor Agreement, and the parties acknowledge and agree that no implied agreement, covenants or obligations on the part of any authorized representative shall be read into the First Lien Intercreditor Agreement.

### ***Senior/Subordinated Intercreditor Agreement***

To establish the relative rights of certain of their creditors under our existing financing arrangements, CEVA and the other obligors under the Existing Notes, the Senior Unsecured Facility and the Senior Secured Facilities (together with any future obligors under indebtedness that is subject to the terms of the Senior/Subordinated Intercreditor Agreement, the “Obligors”) entered into the Senior/Subordinated Intercreditor Agreement with the creditors of the Senior Secured Facilities, the creditors under certain hedging agreements, the creditors under the Senior Unsecured Facility, the trustees and the collateral agents for the Existing Notes and Credit Suisse, as intercreditor agent thereunder. The trustee and the collateral agent under the indenture that governs the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes are parties to the Senior/Subordinated Intercreditor Agreement as secured senior creditors. Upon consummation of this offering, the trustee for the New Senior Unsecured Notes will accede to the Senior/Subordinated Intercreditor Agreement as an unsecured senior creditor. For purposes of the Senior/Subordinated Intercreditor Agreement, the creditors of each tranche of debt vote together and an agent for that tranche of debt (an “Agent”) may act on the instructions of a percentage of creditors of that tranche of debt designated in the relevant finance document. Where there is more than one tranche of Unsecured Senior Debt or Subordinated Debt referred to below, Credit Suisse, as security agent (the “Security Agent”), will act in accordance with the instructions of the creditors within such class holding a majority of the aggregate principal amount of indebtedness in respect of such class. The Senior/Subordinated Intercreditor Agreement provides for the accession to the agreement of any additional guarantors, as obligors, and any creditors of future permitted indebtedness. Holders of the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes will vote as a single class with the lenders under the Senior Secured Facilities, the holders of the First-and-a-Half Priority Notes, the holders of the Junior Lien Notes and other senior secured indebtedness permitted to be incurred pursuant to the terms of the Senior Secured Facilities, the Senior Unsecured Facility and the indentures governing, or that will govern, the Existing Notes and the notes offered hereby. Holders of the New Senior Unsecured Notes will vote as a single class with the holders of the 12% Senior Notes and other senior unsecured indebtedness permitted to be incurred pursuant to the terms of the Senior Secured Facilities, the Senior Unsecured Facility and the indentures governing, or that will govern, the Existing Notes and the notes offered hereby. Except as discussed below, the Senior/Subordinated Intercreditor Agreement does not restrict our ability to make payments on the notes.

The Senior/Subordinated Intercreditor Agreement principally governs three classes of indebtedness:

- unpaid and outstanding indebtedness under the Senior Secured Facilities, the Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes offered hereby, the First-and-a-Half Priority Notes, the Junior Lien Notes and other senior secured indebtedness permitted to be incurred under the terms of the Senior Secured Facilities and the Senior Unsecured Facility and the indentures governing, or that will govern, the Existing Notes and the notes (the “Secured Senior Debt”);
- unpaid and outstanding indebtedness under the Senior Notes, the New Senior Unsecured Notes offered hereby, the Senior Unsecured Facility and other senior unsecured indebtedness permitted to be incurred under the terms of the Senior Secured Facilities, the Senior Unsecured Facility and the indentures governing, or that will govern, the Existing Notes and the notes (the “Unsecured Senior Debt”); and
- unpaid and outstanding indebtedness under the Senior Subordinated Notes and other subordinated indebtedness permitted to be incurred under the terms of the Senior Secured Facilities, the Senior Unsecured Facility and the indentures governing, or that will govern, the Existing Notes and the notes (the “Subordinated Debt”).

### *Payment Blockage Applicable to Senior Subordinated Debt*

Other than certain payments to the relevant Agent, payments in the form of subordinated securities or defeasance trust payments, the Senior/Subordinated Intercreditor Agreement provides that no payments may be made on the Subordinated Debt (including the Senior Subordinated Notes) so long as a payment default has occurred and is continuing under any designated senior indebtedness. If an event of default (other than a payment default) is outstanding, any Agent in respect of such designated senior indebtedness may serve a notice (a “Payment Blockage Notice”) on us suspending payment of the Subordinated Debt, and the Subordinated Debt will not become due and no payment shall be made on the Subordinated Debt until the earliest of (1) the date 179 days after the giving of the Payment Blockage Notice, (2) the date on which the event of default under the relevant designated senior indebtedness ceases to be outstanding, (3) the date on which a creditor of Subordinated Debt takes permitted enforcement action as described under “Limitations on Enforcement of Senior Subordinated Debt” below and (4) the date on which each Agent that delivered a Payment Blockage Notice cancels such Payment Blockage Notice. The issuance of a Payment Blockage Notice is subject to certain limitations set forth in the Senior/Subordinated Intercreditor Agreement such as timing considerations, administrative considerations and certain other procedural requirements (including that where a Payment Blockage Notice has been delivered by an Agent other than an Agent for Secured Senior Debt, the Agent for such creditors may deliver a further notice on their behalf within such blockage period and/or in respect of such event of default (provided that the total number of days in all such blockage periods shall not exceed 179 in any 365-day period)).

### *Limitations on Enforcement of Senior Subordinated Debt*

While the Secured Senior Debt and Unsecured Senior Debt is outstanding, the Senior/Subordinated Intercreditor Agreement provides that the Subordinated Creditors will not (without the consent of the Agents for the Secured Senior Debt and Unsecured Senior Debt) be permitted to (1) demand payment, declare prematurely due and payable or otherwise seek to accelerate payment of or place on demand all or any part of the Subordinated Debt, (2) recover all or any part of the Subordinated Debt following the occurrence of an event of default in respect of such Subordinated Debt (including by exercising any right of setoff or combination of accounts), (3) exercise or enforce any security right against sureties or any other rights under any other document or agreement in relation to (or given in support of) all or any part of the Subordinated Debt, (4) petition for (or take any other formal steps that may reasonably be expected to lead to) an Insolvency Event in relation to any Obligor or (5) commence legal proceedings against any Obligor in furtherance of any of the foregoing (each of clauses (1) to (5) being an “Enforcement Action”).

Despite these limitations on enforcement, the creditors of the Subordinated Debt are permitted under the Senior/Subordinated Intercreditor Agreement to take any Enforcement Action, provided that (1) certain insolvency, liquidation or other similar events have occurred in relation to the relevant group company and for so long as such events are continuing (provided that such events are not the result of the actions of any creditor of Subordinated Debt not in compliance with the Senior/Subordinated Intercreditor Agreement and such Enforcement Action may be taken only against the CEVA entity in respect of which such events have occurred), (2) the holders of Secured Senior Debt or Unsecured Senior Debt accelerate repayment of such debt provided that in such case the creditors of the Subordinated Debt may only demand payment, declare prematurely due and payable or otherwise seek to accelerate payment of or place on demand all or any part of such debt, (3) a period (the “Standstill Period”) of not less than 179 days has elapsed from the date each Agent of Secured Senior Debt and Unsecured Senior Debt received a notice from an Agent of the Subordinated Debt relating to an event of default under the applicable documents relating to such Subordinated Debt and such event of default is outstanding at (and has not been waived prior to) the end of the Standstill Period or (4) either the creditors of the Secured Senior Debt or Unsecured Senior Debt have commenced action to enforce security interests and are continuing to take such actions against the relevant CEVA entity. The creditors of the Subordinated Debt also agree that if the Security Agent (or any creditor of Secured Senior Debt or Unsecured Senior Debt) is diligently taking reasonable commercial steps to implement a Permitted Enforcement Sale (as defined below) against any Obligor as expeditiously as reasonably practicable having regard to the circumstances, no creditor of Subordinated Debt will take any Enforcement Action that would be reasonably likely to interfere with or adversely affect such Permitted Enforcement Sale or the amount of proceeds to be derived therefrom.

### *Turnover by Senior Subordinated Debtors*

If any Subordinated Creditor receives or recovers any proceeds that are prohibited by the Senior/Subordinated Intercreditor Agreement, the receiving or recovering creditor will promptly pay all such proceeds to the Security Agent and, pending such payment, will hold any such proceeds on trust for the Security Agent, in each case after deducting the costs, liabilities and expenses (if any) reasonably incurred in receiving or recovering such proceeds. The Security Agent will apply such proceeds in accordance with the order of priority described under “— Application of Recoveries.”

#### *Long-Term Funding*

The Senior/Subordinated Intercreditor Agreement recognizes that the Obligors may wish to incur additional Secured Senior Debt, Unsecured Senior Debt and Subordinated Debt that may (but are not required to) become a party to the Senior/Subordinated Intercreditor Agreement and requires the creditors under each class of debt to cooperate with the Obligors to allow such additional debt to be incurred, provided that such debt is permitted to be incurred under existing finance documents or is consented to by the existing creditors, and provided further that any new creditors in respect of such additional debt accede to the Senior/Subordinated Intercreditor Agreement.

#### *Release of Guarantees and Security*

Subject to the following paragraphs, if (1) the Security Agent sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset (including shares) under any of the creditors’ security for the Secured Senior Debt or (2) a group company sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset (including shares) at the request of the Security Agent, and in either case such sale or disposal is in connection with any enforcement action, the Security Agent, each Agent and the trustee are authorized under the Senior/Subordinated Intercreditor Agreement:

- to release any lien or encumbrance created by the creditors’ security for the Secured Senior Debt over the relevant asset; and
- if the relevant asset comprises all of the shares in the capital of a group company (or any direct or indirect holding company of a CEVA entity) that are the subject of the creditors’ security for the Secured Senior Debt, to release that CEVA entity from all past, present and future liabilities (actual and contingent) and including all obligations in its capacity as a guarantor or borrower in respect of the whole or any part of its debt and to release any lien or encumbrance granted by that CEVA entity over any asset under the creditors’ security for the Secured Senior Debt and to release any Guarantee of that CEVA entity guaranteeing Secured Senior Debt, Unsecured Senior Debt or Subordinated Debt.

If the creditors of the Secured Senior Debt (or the Security Agent on their behalf) are taking Enforcement Action, then, notwithstanding the foregoing, the Security Agent (or other relevant person) will only have authority to release guarantees, debt claims and any liens or encumbrances in favor of the creditors of the Unsecured Senior Debt as contemplated by clause (1) of the foregoing paragraph:

- if the Agent for the Unsecured Senior Debt confirms to the Agents for the Secured Senior Debt and the Subordinated Debt that the creditors of the Unsecured Senior Debt have approved the release by the requisite majority; or
- where the shares or assets of a group company or the shares of any direct or indirect holding company of such CEVA entity are sold if:
- the sale and use of proceeds conforms to the requirements of a Permitted Enforcement Sale (as defined below); and
- immediately prior to the completion of such sale or disposal, the relevant CEVA entity (or the holding company of such CEVA entity) in the case of a sale of shares or the relevant asset, in the case of any disposal of assets, is simultaneously and unconditionally released from all of its obligations in respect of the Secured Senior Debt, the Unsecured Senior Debt and the Subordinated Debt (except if and to the extent

the rights in respect of the Secured Senior Debt, the Unsecured Senior Debt and/or the Subordinated Debt are transferred to the purchaser or one or more of its affiliates).

If the creditors of the Secured Senior Debt or the Unsecured Senior Debt (or the Security Agent on either of their behalves) are taking Enforcement Action, then, notwithstanding the foregoing, the Security Agent (or other relevant person) will only have authority to release guarantees, debt claims and any liens or encumbrances in favor of the Subordinated Creditors as contemplated by clause (1) of the second preceding paragraph:

- if the Subordinated Agent confirms to the Agents for the Secured Senior Debt and the Unsecured Senior Debt that the creditors of the Subordinated Debt have approved the release by the requisite majority; or
- where the shares or assets of a group company or the shares of any direct or indirect holding company of such CEVA entity are sold if:
- the sale and use of proceeds conforms to the requirements of a Permitted Enforcement Sale (as defined below); and
- immediately prior to the completion of such sale or disposal, the relevant CEVA entity (or the holding company of such CEVA entity) in the case of a sale of shares or the relevant asset, in the case of any disposal of assets, is simultaneously and unconditionally released from all of its obligations in respect of the Secured Senior Debt, the Unsecured Senior Debt and the Subordinated Debt (except if and to the extent the rights in respect of the Secured Senior Debt, the Unsecured Senior Debt and/or the Subordinated Debt are transferred to the purchaser or one or more of its affiliates).

Each creditor party to the Senior/Subordinated Intercreditor Agreement authorizes the Security Agent, the agent for the Senior Unsecured Facility, the trustees for the Existing Notes and the notes and each Agent to release in any manner whatsoever any lien or encumbrance and any guarantee (including any guarantee of the notes) upon the sale or disposal of any asset (including shares) that is not pursuant to an Enforcement Action, provided that such sale and release is in compliance with the terms of the finance documents governing the Secured Senior Debt, Unsecured Senior Debt and Subordinated Debt or approved by the Agent for each such class.

For the purposes of the foregoing paragraphs, a “Permitted Enforcement Sale” means a sale or other disposal of all of the share capital (the “Disposed Shares”) of any CEVA entity (the “Disposed Entity”) and of all of the receivables (if any) arising under any proceeds loans (the “Disposed Receivables” and, together with the Disposed Shares, the “Disposed Securities”) owned by such CEVA entity that complies with the terms of the Senior/Subordinated Intercreditor Agreement and the following terms and conditions: (a) such sale or disposal is made for consideration consisting of cash or substantially all cash; (b) either (1) in connection with such sale or disposal, the seller shall have consulted with an internationally recognized investment bank or accounting firm with respect to the procedures to be used to obtain the best price reasonably obtainable for the Disposed Entity under the circumstances (taking into account any debt to be released, discharged, assumed or transferred as part of the sale or disposal) and shall have implemented (to the extent permitted by law) in all material respects the procedures recommended by such firm in relation to such sale or disposal to the extent permitted by applicable law or (2) in connection with such sale or disposal, an internationally recognized investment bank selected by the Security Agent shall have delivered an opinion to the Agents for the Secured Senior Debt, the Unsecured Senior Debt and the Subordinated Debt that the sale or disposal price of such asset is fair from a financial point of view after taking into account all relevant circumstances, provided that no such opinion is required to be delivered to an Agent if the relevant Unsecured Senior Debt and Subordinated Debt has been repaid in full; (c) on, immediately prior to or immediately after the completion of such sale or disposal, each of the Disposed Entity and its subsidiaries is either (1) unconditionally released or otherwise discharged from all of its obligations in respect of the Secured Senior Debt, the Unsecured Senior Debt and the Subordinated Debt or (2) to the extent the obligations in respect of the Secured Senior Debt, the Unsecured Senior Debt and/or the Subordinated Debt are not so released or otherwise discharged, the benefit of the Secured Senior Debt, the Unsecured Senior Debt and/or the Subordinated Debt is transferred to the purchaser of the Disposed Shares (or an affiliate of such purchaser); and (d) the proceeds from the Permitted Enforcement Sale are applied in accordance with “—Application of Recoveries” below.

### *Subordination of Senior Subordinated Debt on Insolvency*

Upon the occurrence of an insolvency event of default in relation to an Obligor, the Senior/Subordinated Intercreditor Agreement provides that the claims against that Obligor (1) in respect of Secured Senior Debt and Unsecured Senior Debt shall rank *pari passu* in right of payment, subject to the rights of the creditors of the Secured Senior Debt under their security, and (2) in respect of Subordinated Debt will be subordinate in right of payment to the claims against that Obligor in respect of all Secured Senior Debt and the Unsecured Senior Debt. Further, upon the occurrence of such event, the Security Agent is irrevocably authorized by the creditors of the Secured Senior Debt, the Unsecured Senior Debt and the Subordinated Debt on their behalf to: (x) demand, claim, enforce and prove for; (y) file claims and proofs, give receipts and take all proceedings and do all things that the Security Agent considers reasonably necessary to recover; and (z) receive distributions of any kind whatsoever in respect or on account of, the Secured Senior Debt, the Unsecured Senior Debt and/or the Subordinated Debt due from that Obligor. If, for any reason whatsoever, the Security Agent is not entitled to take any such action for the recovery of any such debt, the creditors of the Secured Senior Debt, the Unsecured Senior Debt and the Subordinated Debt (as the case may be) undertake to take any action and give any notices that the Security Agent reasonably requires from time to time.

Upon the occurrence of an insolvency event of default in relation to an Obligor, the Senior/Subordinated Intercreditor Agreement provides that the Security Agent may, and is irrevocably authorized by the creditors for the Unsecured Senior Debt and the Subordinated Debt on their behalf to, exercise all powers of convening meetings, voting and representation in respect of the Unsecured Senior Debt and the Subordinated Debt (except for meetings of the creditors), and each such creditor will provide all forms of proxy and of representation requested by the Security Agent for that purpose. If, for any reason whatsoever, the Security Agent is not entitled to take any such action or exercise any such powers, such creditors are required under the Senior/Subordinated Intercreditor Agreement to take any action and exercise any powers that the Security Agent reasonably requires from time to time. Notwithstanding the foregoing, the Security Agent may not exercise or require such creditors to exercise these powers in order to waive or amend any of the provisions of the relevant finance documents or waive, reduce, discharge or extend the due date for payment of or reschedule any of the debt. Further, nothing in this paragraph will require the agent of the Senior Unsecured Facility, or the trustees of the Existing Notes or the notes to hold a meeting of holders or pass any resolution at such meeting or give any consent pursuant to the terms of the notes.

Upon any payment or distribution of the assets of an Obligor following an insolvency event of default, the holders of senior indebtedness of such Obligor will be entitled to receive payment in full in cash of such indebtedness (including interest accruing after, or which would accrue but for, the commencement of any such proceeding at the rate specified in the applicable indebtedness, whether or not a claim for such interest would be allowed) before the holders of the Subordinated Debt of such Obligor are entitled to receive any payment, and until the senior indebtedness of such Obligor is paid in full in cash, any payment or distribution to which such holders would be entitled but for the subordination provisions of the indenture governing the Senior Subordinated Notes will be made to holders of the senior indebtedness of such Obligor as their interests may appear; provided, however, that holders of Subordinated Debt or their Agents, as applicable, may receive and retain (1) permitted junior securities, (2) amounts owed to the Agents for the Subordinated Debt and (3) permitted defeasance trust payments so long as, on the date or dates the respective amounts were paid into the trust, such payments were made with respect to the Subordinated Debt without violating the subordination provisions described herein. In further of the foregoing, distributions otherwise payable to the creditors of the Subordinated Debt will instead be paid to the Security Agent until the senior indebtedness is paid in full in cash.

### *Application of Recoveries*

Subject to the rights of creditors mandatorily preferred by laws applying to companies generally, the Senior/Subordinated Intercreditor Agreement provides that all proceeds of enforcement of the security for the Secured Senior Debt will be applied in payment of such debt until the date that all Secured Senior Debt is discharged and thereafter to creditors in accordance with their legal entitlements.

All recoveries by creditors under the Senior/Subordinated Intercreditor Agreement are required to be applied by the Senior/Subordinated Intercreditor Agreement in satisfaction of the Secured Senior Debt, Unsecured Senior Debt and Subordinated Debt in the following manner:

- *first*, in payment on a pro rata basis of:
  - unpaid fees, costs and expenses (including interest on them recoverable under the relevant security documents) incurred by or on behalf of the Security Agent (and any receiver, adviser or agent appointed by it) and the remuneration of the Security Agent and its advisers and agents under the relevant security documents; and
  - the fees, costs and expenses of the agent of the Senior Unsecured Facility, and the trustees of the Existing Notes and the notes in respect of actions required to be taken by them under or in connection with the Senior/Subordinated Intercreditor Agreement if and to the extent not reimbursed by the holders of the Senior Unsecured Facility, the Existing Notes and the notes;
- *second*, in payment of unpaid costs and expenses incurred by or on behalf of the creditors of the Secured Senior Debt and/or Unsecured Senior Debt in connection with enforcement of the debt;
- *third*, in payment to (1) the Agent for the Secured Senior Debt for application toward unpaid and outstanding Secured Senior Debt (including amounts due to such Agent) in accordance with the terms of the finance documents governing the Secured Senior Debt, and (2) the Agent for the Unsecured Senior Debt for application toward unpaid and outstanding Unsecured Senior Debt (including amounts due to such Agent) in accordance with the terms of the finance documents governing the Unsecured Senior Debt; the allocation of amounts between (1) and (2) being in proportion to the total aggregate amount of the Secured Senior Debt outstanding and Unsecured Senior Debt outstanding at the time of payment;
- *fourth*, in payment of unpaid costs and expenses incurred by or on behalf of the creditors of the Subordinated Debt in connection with enforcement of the debt;
- *fifth*, in payment to the Agent for the Subordinated Debt for application toward unpaid and outstanding Subordinated Debt (including amounts due to such Agent) in accordance with the finance documents governing the Subordinated Debt; and
- *sixth*, in payment of the surplus (if any) to the relevant Obligors or other person entitled to it.

***First/First-and-a-Half Lien Intercreditor Agreement***

The trustee and the collateral agent under the indenture that governs the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes are parties to a Lien Subordination and Intercreditor Agreement (the “First/First-and-a-Half Lien Intercreditor Agreement”) with the trustees and collateral agents for the Existing First Lien Senior Secured Notes and the First-and-a-Half Priority Notes and Credit Suisse, as intercreditor agent thereunder, which establishes the relative rights of the creditors under the Senior Secured Facilities, the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes, on one hand, and the holders of the First-and-a-Half Priority Notes, on the other hand, in the collateral.

Pursuant to the terms of the First/First-and-a-Half Lien Intercreditor Agreement, at any time at which obligations under the Senior Secured Facilities and any other senior priority obligations, including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby, are outstanding, the intercreditor agent thereunder will determine the time and method by which the security interests in the collateral will be enforced. The trustee and collateral agent for the First-and-a-Half Priority Notes will not be permitted to enforce the security interests even if an event of default under the indenture governing the First-and-a-Half Priority Notes has occurred and the obligations thereunder have been accelerated except (a) in any insolvency or liquidation proceeding, as necessary to file a claim or statement of interest with respect to such notes or (b) as necessary to take any action in order to create, prove, preserve, perfect or protect (but not enforce) its rights in the junior priority liens. After all obligations under the Senior Secured Facilities and any other senior priority obligations, including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby, have been discharged in full, if an event of default under the indenture governing the First-and-a-Half Priority Notes has occurred and the obligations have been accelerated, the trustee and collateral agent for the First-and-a-Half Priority

Notes in accordance with the provisions of the applicable indenture and the security documents will distribute all cash proceeds (after payment of the costs of enforcement and collateral administration) of the collateral received by it under the security documents for the ratable benefit of the holders of the First-and-a-Half Priority Notes.

In addition, the First/First-and-a-Half Lien Intercreditor Agreement provides that, so long as there are obligations under the Senior Secured Facilities or any other senior priority obligations, including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby, outstanding, (1) the holders of such senior priority obligations may direct the intercreditor agent under the First/First-and-a-Half Lien Intercreditor Agreement to take actions with respect to the collateral (including the release of collateral and the manner of realization) without the consent of the holders of the First-and-a-Half Priority Notes, (2) we may require the First/First-and-a-Half Lien Intercreditor Agreement to be amended, without the consent of the intercreditor agent, the trustee, the collateral agent and the holders of the First-and-a-Half Priority Notes, to secure additional extensions of credit and add additional secured creditors so long as such modifications do not expressly violate the provisions of the Senior Secured Facilities or the applicable indenture and (3) the holders of such senior priority obligations may change, waive, modify or vary the security documents without the consent of the holders of the First-and-a-Half Priority Notes, provided that any such change, waiver or modification does not materially adversely affect the rights of the holders of those notes and not the other secured creditors in a like or similar manner.

#### ***First/Junior Lien Intercreditor Agreement***

The trustee and collateral agent under the indenture that governs the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes are parties to a Lien Subordination and Intercreditor Agreement (the "First/Junior Lien Intercreditor Agreement") with the trustees and collateral agents for the First-and-a-Half Priority Notes and Junior Lien Notes and Credit Suisse, as intercreditor agent thereunder, which establishes the relative rights of the creditors under the Senior Secured Facilities, the Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes and the First-and-a-Half Priority Notes, on one hand, and the Junior Lien Notes, on the other hand.

Pursuant to the terms of the First/Junior Lien Intercreditor Agreement, at any time at which senior priority obligations, including the Senior Secured Facilities, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Notes and the New First Lien Senior Secured Notes offered hereby, are outstanding, the intercreditor agent thereunder will determine the time and method by which the security interests in the collateral will be enforced. The trustee and collateral agent for the Junior Lien Notes will not be permitted to enforce the security interests even if an event of default under the indenture governing such notes has occurred and such notes have been accelerated except (a) in any insolvency or liquidation proceeding, as necessary to file a claim or statement of interest with respect to such notes or (b) as necessary to take any action in order to create, prove, preserve, perfect or protect (but not enforce) its rights in the junior priority liens. After all senior priority obligations, including the Senior Secured Facilities, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Notes and the New First Lien Senior Secured Notes offered hereby, have been discharged in full, if an event of default under the indenture governing the Junior Lien Notes has occurred and the obligations have been accelerated, the trustee and collateral agent for the Junior Lien Notes in accordance with the provisions of the indenture and the security documents governing the Junior Lien Notes will distribute all cash proceeds (after payment of the costs of enforcement and collateral administration) of the collateral received by them under the security documents for the ratable benefit of the holders of the notes.

In addition, the First/Junior Lien Intercreditor Agreement provides that, so long as there are senior priority obligations outstanding, (1) the holders of such senior priority obligations may direct the intercreditor agent under the First/Junior Lien Intercreditor Agreement to take actions with respect to the collateral (including the release of collateral and the manner of realization) without the consent of the trustee and the collateral agent and the holders of the Junior Lien Notes, (2) we may require the First/Junior Lien Intercreditor Agreement to be amended, without the consent of the intercreditor agent, the trustee, the collateral agent and the holders of the Junior Lien Notes, to secure additional extensions of credit and add additional secured creditors so long as such modifications do not expressly violate the provisions of the Senior Secured Facilities or the indentures governing the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Notes, the New First Lien Senior Secured Notes offered hereby or the Junior Lien Notes and (3) the holders of such senior priority obligations may change, waive, modify or vary the security documents without the consent of the holders of the Junior Lien Notes, provided that any such change,

waiver or modification does not materially adversely affect the rights of the holders of the Junior Lien Notes and not the other secured creditors in a like or similar manner. See “Description of the New First Lien Senior Secured Notes—Security—Security Documents and Intercreditor Agreements.”

## DESCRIPTION OF THE NEW FIRST LIEN SENIOR SECURED NOTES

### General

CEVA Group Plc, a public limited liability company organized under the laws of England and Wales (the “Issuer”), will issue notes under the indenture (the “First Lien Senior Secured Indenture”), dated as of December 14, 2010, by and among itself, the Secured Note Guarantors, The Bank of New York Mellon, as Trustee, The Bank of New York Mellon (Ireland) Limited, as Irish Paying Agent and Law Debenture Trust Company of New York, as collateral agent (the “Collateral Agent”).

The following summary of certain provisions of the First Lien Senior Secured Indenture and the New First Lien Senior Secured Notes (as defined below) does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the First Lien Senior Secured Indenture. Capitalized terms used in this “Description of the New First Lien Senior Secured Notes” section and not otherwise defined have the meanings set forth in the section “—Certain Definitions.” As used in this “Description of the New First Lien Senior Secured Notes” section, “we,” “us” and “our” mean the Issuer and its Subsidiaries.

On the closing of this offering, the Issuer will issue 8 $\frac{3}{4}$ % Senior Secured Notes due 2017 in an initial aggregate principal amount of \$325.0 million (the “New First Lien Senior Secured Notes”). The New First Lien Senior Secured Notes will constitute “Additional Securities” under the First Lien Senior Secured Indenture pursuant to which \$450.0 million principal amount of Existing First Lien Senior Secured Notes were originally issued on December 14, 2010 (the “Original Issue Date”). The New First Lien Senior Secured Notes offered hereby will be treated as a single class together with the Existing First Lien Senior Secured Notes for all purposes under the First Lien Senior Secured Indenture, including, without limitation, waivers, amendments, redemptions, offers to purchase and collateral matters. The New First Lien Senior Secured Notes are intended, on the closing date of this offering, to be secured as “Additional Securities” under the First Lien Senior Secured Indenture, which security interests are senior in priority to the security interests securing our Junior Priority Notes and First-and-a-Half Priority Notes, and, as of the closing date of this offering, equal in priority to the security interests securing our Bank Indebtedness and the Existing First Lien Senior Secured Notes.

The Issuer may issue additional New First Lien Senior Secured Notes from time to time after this offering (collectively, “Additional First Lien Senior Secured Notes”). Any offering of Additional First Lien Senior Secured Notes in the future, like the offering of the New First Lien Senior Secured Notes, is subject to the covenants described below under the captions “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “—Certain Covenants—Liens.” The Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes offered hereby and any future Additional First Lien Senior Secured Notes subsequently issued under the First Lien Senior Secured Indenture will be treated as a single class for all purposes under the First Lien Senior Secured Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Holders of the Existing First Lien Senior Secured Notes, the New First Lien Senior Secured Notes and any other Additional First Lien Senior Secured Notes issued in the future will share equally and ratably in the Collateral.

Unless the context otherwise requires, for all purposes of the First Lien Senior Secured Indenture and this “Description of the New First Lien Senior Secured Notes,” references to the New First Lien Senior Secured Notes include the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes and Additional First Lien Senior Secured Notes actually issued after the closing date of this offering.

Principal of, premium, if any, and interest on the New First Lien Senior Secured Notes will be payable, and the New First Lien Senior Secured Notes may be exchanged or transferred, at the office or agency designated by the Issuer (which initially shall be the principal corporate trust office of the Trustee).

The New First Lien Senior Secured Notes will be issued only in fully registered form, without coupons, in minimum denominations of \$75,000 and any integral multiple of \$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of New First Lien Senior Secured Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

### **Terms of the New First Lien Senior Secured Notes**

The New First Lien Senior Secured Notes will be senior secured obligations of the Issuer and will mature on December 1, 2017. Interest on the New First Lien Senior Secured Notes will accrue at a rate per annum equal to 8<sup>3</sup>/<sub>8</sub>%, and will be payable in cash. Each New First Lien Senior Secured Note will bear interest from September 1, 2011 or the most recent date to which interest has been paid or provided for, payable semi-annually to holders of record at the close of business on February 15 or August 15 immediately preceding the interest payment date on March 1 and September 1 of each year, commencing March 1, 2012. Interest will be computed on the basis of a 360 day year comprised of twelve 30-day months.

The rights of holders of beneficial interests in the New First Lien Senior Secured Notes to receive the payments of interest on the New First Lien Senior Secured Notes are subject to applicable procedures of DTC.

### **Paying Agent and Registrar for the New First Lien Senior Secured Notes**

The Issuer will maintain a paying agent for the New First Lien Senior Secured Notes in (i) the City of London, (ii) the Borough of Manhattan, City of New York and (iii) for so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and its guidelines so require, Dublin, Ireland. The Issuer will also undertake under the First Lien Senior Secured Indenture that it will ensure, to the extent practicable, that it maintains a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 regarding the taxation of savings income (the "Directive"). The initial Paying Agents will be The Bank of New York Mellon, London Branch, in London, The Bank of New York Mellon, New York, in the Borough of Manhattan, City of New York and The Bank of New York Mellon (Ireland) Limited in Dublin (each, a "Paying Agent").

The Issuer will also maintain one or more registrars (each, a "Registrar") and the initial Registrar will be The Bank of New York Mellon, New York. The Issuer will also maintain a transfer agent in each of (i) the City of London; (ii) the Borough of Manhattan, City of New York and (iii) for so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and its guidelines so require, Dublin, Ireland. The initial transfer agents will be The Bank of New York Mellon, London Branch, in London and The Bank of New York Mellon, New York, in the Borough of Manhattan, City of New York. The Registrar will maintain a register outside the UK reflecting ownership of Definitive Registered New First Lien Senior Secured Notes outstanding from time to time and the transfer agents in each of London, New York and Dublin will facilitate transfers of Definitive Registered New First Lien Senior Secured Notes on behalf of the relevant Issuer. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for the New First Lien Senior Secured Notes without prior notice to the noteholders. However, for so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of the Irish Stock Exchange so require, the relevant Issuer will deliver notice of the change in a Paying Agent, Registrar or transfer agent to the Companies Announcement Office in Dublin. The Issuer or any of its Subsidiaries may act as Paying Agent (other than with respect to Global New First Lien Senior Secured Notes) or Registrar.

### **Optional Redemption**

On or after December 1, 2013, the Issuer may redeem New First Lien Senior Secured Notes at its option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each holder's registered address, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on December 1 of the years set forth below:

Period	Redemption Price
2013 .....	106.281%
2014 .....	104.188%
2015 .....	102.094%
2016 and thereafter .....	100.000%

In addition, prior to December 1, 2013, the Issuer may redeem New First Lien Senior Secured Notes at its option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each holder's registered address, at a redemption price equal to 100% of the principal amount of the New First Lien Senior Secured Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notwithstanding the foregoing, at any time and from time to time on or prior to December 1, 2013, the Issuer may redeem in the aggregate up to 40% of the original aggregate principal amount of New First Lien Senior Secured Notes (calculated after giving effect to any issuance of any Additional First Lien Senior Secured Notes) with the net cash proceeds of one or more Equity Offerings (1) by the Issuer or (2) by any direct or indirect parent of the Issuer, in each case to the extent the net cash proceeds thereof are contributed to the common equity capital of the Issuer or used to purchase Capital Stock (other than Disqualified Stock) of the Issuer from it, at a redemption price (expressed as a percentage of principal amount thereof) of 108.375%, plus accrued and unpaid interest and other amounts, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 60% of the original aggregate principal amount of the New First Lien Senior Secured Notes (calculated after giving effect to any issuance of any Additional First Lien Senior Secured Notes) remains outstanding after each such redemption; provided, further, that such redemption shall occur within 90 days after the date on which any such Equity Offering is consummated upon not less than 30 nor more than 60 days' notice mailed to each holder of New First Lien Senior Secured Notes being redeemed and otherwise in accordance with the procedures set forth in the First Lien Senior Secured Indenture.

In addition, during any twelve-month period prior to December 1, 2013, the Issuer may redeem in the aggregate up to 10% of the aggregate principal amount of the New First Lien Senior Secured Notes issued under the First Lien Senior Secured Indenture at a redemption price equal to 105.000% of the aggregate principal amount of the New First Lien Senior Secured Notes redeemed, plus accrued and unpaid interest thereon, if any, to the redemption date, subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering.

If the Issuer effects an optional redemption of New First Lien Senior Secured Notes, it will, for so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and are admitted to trading on the Global Exchange Market thereof, inform the Irish Stock Exchange of such optional redemption and confirm the aggregate principal amount of the New First Lien Senior Secured Notes that will remain outstanding immediately after such redemption.

### **Selection and Notice**

If less than all of the New First Lien Senior Secured Notes are to be redeemed or are required to be repurchased at any time, the Trustee will select New First Lien Senior Secured Notes for redemption or repurchase in compliance with the requirements of the Irish Stock Exchange or any other principal national securities exchange, if any, on which the New First Lien Senior Secured Notes are then admitted to trading, and in compliance with the requirements of DTC, or, if the New First Lien Senior Secured Notes are not so admitted to trading or such exchange prescribes no method of selection and the New First Lien Senior Secured Notes are not held through DTC, or DTC prescribes no method of selection, on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion deems fair and appropriate (and in such manner as complies with applicable legal and exchange requirements); provided, however, that no New First Lien Senior Secured Note of \$75,000 in aggregate principal

amount or less, or other than in an integral multiple of \$1,000 in excess thereof, shall be redeemed in part. The Trustee will not be liable for selections made by it in accordance with this paragraph.

For so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of the Irish Stock Exchange so require, the Issuer shall deliver notice of redemption to the Companies Announcement Office in Dublin and, with respect to Definitive Registered New First Lien Senior Secured Notes only, mail such notice to noteholders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar, in each case not less than 30 nor more than 60 days prior to the redemption date.

If any New First Lien Senior Secured Notes are to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered New First Lien Senior Secured Note, a new New First Lien Senior Secured Note in principal amount equal to the unredeemed portion of the original New First Lien Senior Secured Note will be issued in the name of the noteholder thereof upon cancellation of the original New First Lien Senior Secured Note. In the case of a Global New First Lien Senior Secured Note, an appropriate notation will be made on such New First Lien Senior Secured Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, New First Lien Senior Secured Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on New First Lien Senior Secured Notes or portions of them called for redemption.

#### **Mandatory Redemption; Offers to Purchase; Open Market Purchases**

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the New First Lien Senior Secured Notes. However, under certain circumstances, the Issuer may be required to offer to purchase New First Lien Senior Secured Notes as described under the captions “—Change of Control” and “—Certain Covenants—Asset Sales.” We or our affiliates may at any time and from time to time purchase New First Lien Senior Secured Notes in the open market, negotiated transactions or otherwise.

#### **Redemption for Taxation Reasons**

The Issuer may redeem the New First Lien Senior Secured Notes, at its option, in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days’ notice to the noteholders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a “Tax Redemption Date”) (subject to the right of noteholders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined under “—Withholding Taxes” below), if any, then due and that will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under “—Withholding Taxes” below) affecting taxation; or
- (2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a “Change in Tax Law”),

the Issuer, with respect to its New First Lien Senior Secured Notes, or any Secured Note Guarantor, with respect to a Secured Note Guarantee, as the case may be, is, or on the next interest payment date in respect of the New First Lien Senior Secured Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or such Secured Note Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent or, where such payment would be reasonable, the payment through the Issuer or a Secured Note Guarantor).

In the case of the Issuer or any Secured Note Guarantor as of the Original Issue Date, the Change in Tax Law must become effective on or after the date of the offering circular for the Existing First Lien Senior Secured Notes.

In the case of any Person becoming a Secured Note Guarantor after the Original Issue Date or in the case of any successor of any Person specified in the preceding sentence, the Change in Tax Law must become effective on or after the date that such Person became a Secured Note Guarantor or such a successor. Notice of redemption for taxation reasons will be published in accordance with the procedures described under “—Selection and Notice.” Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the New First Lien Senior Secured Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officers’ Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the circumstances referred to above exist. The Trustee will accept such Officers’ Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the noteholders.

### **Withholding Taxes**

All payments made by the Issuer, any Secured Note Guarantor or a successor of any of the foregoing (each, a “Payor”) on the New First Lien Senior Secured Notes or the Secured Note Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) the United Kingdom or any political subdivision or governmental authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the New First Lien Senior Secured Notes or any Secured Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which the Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax,

(each of clause (1), (2) and (3), a “Relevant Taxing Jurisdiction”), will at any time be required from any payments made with respect to the New First Lien Senior Secured Notes, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in respect of such payments by the noteholders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts that would have been received in respect of such payments on the New First Lien Senior Secured Notes in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable for or on account of

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant noteholder, if the relevant noteholder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such New First Lien Senior Secured Note or the receipt of any payment in respect thereof;
- (2) any Taxes that would not have been so imposed if the holder of the New First Lien Senior Secured Note had reasonably cooperated with the Issuer in completing any claims or other procedural requirements necessary for the Issuer to obtain authorization from the Relevant Taxing Jurisdiction to make such payment without such a deduction or withholding of any Taxes;

- (3) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the New First Lien Senior Secured Notes or under any Secured Note Guarantee;
- (4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;
- (5) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to the Directive (as defined under “—Paying Agent and Registrar for the New First Lien Senior Secured Notes”) or any law implementing, or introduced in order to conform to, the Directive;
- (6) except in the case of the liquidation, dissolution or winding-up of the Payor, any Taxes imposed in connection with a New First Lien Senior Secured Note presented for payment by or on behalf of a noteholder or beneficial owner who would have been able to avoid such Tax by presenting the relevant New First Lien Senior Secured Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union; or
- (7) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the New First Lien Senior Secured Note for payment (where presentation is required) within 30 days after the relevant payment was first made available for payment to the noteholder or (y) where, had the beneficial owner of the New First Lien Senior Secured Note been the holder of the New First Lien Senior Secured Note, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (7) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to the Trustee. Such copies shall be made available to the noteholders upon request and will be made available at the offices of the Irish Paying Agent if the New First Lien Senior Secured Notes are then admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of New First Lien Senior Secured Notes then outstanding and (y) the amount of such withholding Taxes paid per \$1,000 principal amount of the New First Lien Senior Secured Notes.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on the New First Lien Senior Secured Notes, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officers’ Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to noteholders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor shall deliver such Officers’ Certificate as promptly as practicable after the date that is 30 days prior to the payment date).

Wherever in the First Lien Senior Secured Indenture, the New First Lien Senior Secured Notes, any Secured Note Guarantee or this “Description of the New First Lien Senior Secured Notes” there are mentioned, in any context:

- (1) the payment of principal,
- (2) redemption prices or purchase prices in connection with a redemption or purchase of New First Lien Senior Secured Notes,
- (3) interest, or

- (4) any other amount payable on or with respect to any of the New First Lien Senior Secured Notes or any Secured Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies that arise in any jurisdiction from the execution, delivery, registration or enforcement of any New First Lien Senior Secured Notes, the First Lien Senior Secured Indenture, or any other document or instrument in relation thereto (other than a transfer of the New First Lien Senior Secured Notes) excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the noteholders for any such taxes paid by such noteholders. The foregoing obligations will survive any termination, defeasance or discharge of the First Lien Senior Secured Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor or any Secured Note Guarantor is organized or any political subdivision or taxing authority or agency thereof or therein.

### Ranking

The indebtedness evidenced by the New First Lien Senior Secured Notes will be senior Indebtedness of the Issuer, will be equal in right of payment to all existing and future Pari Passu Indebtedness of the Issuer, and will have the benefit of the security interest in the Collateral as described under “—Security” and will be senior in right of payment to all future Subordinated Indebtedness of the Issuer. The indebtedness evidenced by the Secured Note Guarantees will be senior Indebtedness of the applicable Secured Note Guarantor, will be equal in right of payment to all existing and future Pari Passu Indebtedness of such Secured Note Guarantor and will have the benefit of the security interest in the Collateral as described under “—Security” and will be senior in right of payment to all future Subordinated Indebtedness of such Secured Note Guarantor. Pursuant to the Security Documents and the First Lien Intercreditor Agreement, the security interests securing the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes and the Secured Note Guarantees will be equal in priority to all security interests at any time granted to secure First Priority Lien Obligations and Other Pari Passu Lien Obligations, including the Senior Secured Facilities. For a description of the Collateral, see “—Security” below.

At September 30, 2011, on a pro forma basis after giving effect to the Transactions:

- (1) the Issuer and its Restricted Subsidiaries would have had €1,665 million of Secured Indebtedness outstanding (excluding €177 million of letters of credit issued but undrawn under our synthetic letter of credit facility), of which €987 million would have constituted First Priority Lien Obligations or Other Pari Passu Lien Obligations (consisting of €353 million of senior secured term loans, €242 million of the New First Lien Senior Secured Notes, €335 million of the Existing First Lien Senior Secured Notes and €57 million of existing finance lease obligations and other debt), €156 million would have constituted First-and-a-Half Priority Notes and €522 million would have constituted Junior Priority Notes;
- (2) the Issuer and its Restricted Subsidiaries would have had €639 million of Senior Indebtedness that does not constitute Secured Indebtedness, consisting of €461 million of the New Senior Unsecured Notes, €84 million of the Extended Unsecured Loans, €11 million of the 2007 Notes and €83 million of existing finance lease obligations and other debt; and
- (3) the Issuer and its Restricted Subsidiaries would have had no Subordinated Indebtedness outstanding.

The amounts above do not include the total outstanding borrowings under the ABL Facility of €109 million as of September 30, 2011 (with the committed amount of the ABL Facility being \$250 million as of September 30, 2011), since the SPE is not a Restricted Subsidiary. Although the First Lien Senior Secured Indenture will limit the Incurrence of Indebtedness by the Issuer and its Restricted Subsidiaries and the issuance of Disqualified Stock and Preferred Stock by the Restricted Subsidiaries, such limitation is subject to a number of significant qualifications and exceptions. Under certain circumstances, the Issuer and its Subsidiaries may be able to incur substantial amounts of Indebtedness. Such Indebtedness may be Secured Indebtedness that is secured by a Lien senior to or

equal in priority to the Lien securing the New First Lien Senior Secured Notes or by a Lien junior in priority to the Lien securing the New First Lien Senior Secured Notes. Such Lien may also be on assets that do not constitute Collateral. For example, the covenants under the First Lien Senior Secured Indenture permit us to Incur debt secured by a prior Lien if such Lien is a “Permitted Lien” and a Lien junior to the Lien securing the New First Lien Senior Secured Notes as long as we can incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under “—Certain Covenants— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.”

Substantially all of the operations of the Issuer are conducted through its Subsidiaries. Unless a Subsidiary is a Secured Note Guarantor, claims of creditors of such Subsidiary, including trade creditors, and claims of preferred stockholders (if any) of such Subsidiary generally will have priority with respect to the assets and earnings of such Subsidiary over the claims of creditors of the Issuer, including holders of the New First Lien Senior Secured Notes. The New First Lien Senior Secured Notes, therefore, will be effectively subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Subsidiaries of the Issuer that are not Secured Note Guarantors. As of December 31, 2010, CEVA’s subsidiaries that will not be Secured Note Guarantors, including the SPE, had €323 million of long-term debt, excluding intercompany balances.

See “Risk Factors—Risks Related to the Notes” and “Risk Factors—Risks Specifically Related to the New First Lien Senior Secured Notes.”

## **Security**

The New First Lien Senior Secured Notes and the Secured Note Guarantees will be secured by security interests (subject to Permitted Liens and the exceptions described below) in the Collateral. The Collateral consists of (i) 100% of the Capital Stock of certain existing and certain future Subsidiaries of the Issuer that are owned directly by the Issuer or any Secured Note Guarantors, and (ii) substantially all of the other property and assets, in each case, that are held by the Issuer or any of the Secured Note Guarantors, to the extent that such assets secure the First Priority Lien Obligations and Other Pari Passu Lien Obligations of the Issuer or any Secured Note Guarantor. As of September 30, 2011, we had property, plant and equipment with a book value of €301 million and intangible assets (excluding goodwill) with a book value of €467 million, only some of which will secure the New First Lien Senior Secured Notes. In addition, as of September 30, 2011, our current assets consisted mainly of accounts receivable, which accounts receivable had a book value of €1,033 million, only some of which will secure the New First Lien Senior Secured Notes. In addition, we have the ability to sell or transfer an unlimited amount of receivables in the future and are not required to offer to pay or repurchase the New First Lien Senior Secured Notes with the proceeds thereof or reinvest in assets that constitute Collateral, which sale or transfer will reduce the value of the Collateral for the New First Lien Senior Secured Notes. See “Risk Factors—Risks Related to the Notes—Indebtedness under the ABL Facility will be structurally senior to the notes and any future accounts receivable sold or contributed to the SPE will not constitute collateral for the notes.” The book value of our assets may not be indicative of the fair market value of such assets, which could be substantially lower. In addition, a substantial portion of the foregoing will not constitute collateral for the New First Lien Senior Secured Notes. Accordingly, as of the closing date of this offering, the book value of the collateral for the New First Lien Senior Secured Notes could be substantially less than the aggregate principal amount of our secured indebtedness and it may never exceed our secured indebtedness. See “Risk Factors—Risks Specifically Related to the New First Lien Senior Secured Notes—There may not be sufficient collateral to satisfy our obligations under all or any of the New First Lien Senior Secured Notes.”

Certain of our U.S. subsidiaries maintain an ABL Facility under which we contribute or sell substantially all of our U.S. trade accounts receivable to our subsidiary, CEVA US Receivables, LLC, a bankruptcy remote special purpose entity (the “SPE”). The SPE will be an Unrestricted Subsidiary, will not guarantee the New First Lien Senior Secured Notes and the New First Lien Senior Secured Notes and related guarantees will not be secured by a lien on any assets of the SPE. Any rights to payment and claims by the holders of the New First Lien Senior Secured Notes against the SPE are, therefore, effectively junior to any rights of payment or claims by our creditors under our ABL Facility against the SPE. See “Risk Factors—Risks Related to the Notes—Indebtedness under the ABL Facility will be structurally senior to the notes and any future accounts receivable sold or contributed to the SPE will not constitute collateral for the notes.” As of the closing date of this offering, we will be required to provide the holders of the New First Lien Senior Secured Notes with the benefit of security interests in all but an immaterial amount of the aggregate value of the same collateral that secures the Senior Secured Facilities (subject, in all cases,

to applicable “hardening” periods). Accordingly, as of the closing date of this offering, the holders of the New First Lien Senior Secured Notes may not have the benefit of enforceable security interests in an immaterial amount of the aggregate value of such collateral. However, we are required to use commercially reasonable efforts to secure enforceable security interests in any remaining portion of the collateral securing the Senior Secured Facilities as promptly as practicable following the Issue Date. See “Risks Specifically Related to the New First Lien Senior Secured Notes—As of the closing date holders of the New First Lien Senior Secured Notes may not have the benefit of enforceable security interests in certain of the collateral, which may adversely affect the rights of the holders of the New First Lien Senior Secured Notes.”

The security interests securing the New First Lien Senior Secured Notes will be equal in priority to any and all security interests at any time granted to secure the Other Pari Passu Lien Obligations and will also be subject to all other Permitted Liens, which may secure Indebtedness and may have priority over the Lien securing the New First Lien Senior Secured Notes. The First Priority Lien Obligations include Indebtedness secured by a Lien that is pari passu or senior to the Lien securing the New First Lien Senior Secured Notes and related obligations, as well as certain hedging obligations and certain other obligations in respect of cash management services.

The Issuer and the Secured Note Guarantors will be able to incur additional Indebtedness in the future that could share in the Collateral, including additional First Priority Lien Obligations and additional other indebtedness secured by a Permitted Lien that may be prior or pari passu with Liens securing the New First Lien Senior Secured Notes. In addition, we are permitted to sell an unlimited amount of accounts receivable, which sale will reduce the value of the collateral for the New First Lien Senior Secured Notes and we are not required to offer to pay or repurchase the New First Lien Senior Secured Notes with the proceeds thereof or reinvest in Collateral. The amount of such First Priority Lien Obligations and additional secured indebtedness will be limited by the covenants disclosed under “—Certain Covenants—Liens,” and the amount of all such additional Indebtedness will be limited by the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.” Under certain circumstances the amount of such First Priority Lien Obligations and additional secured Indebtedness could be significant.

#### ***After-Acquired Collateral***

From and after the Original Issue Date and subject to certain limitations and exceptions, if the Issuer or any Secured Note Guarantor acquires any property or assets (other than Excluded Property), then the Issuer or Secured Note Guarantor must as soon as practical after such property’s acquisition or it no longer being Excluded Property grant a first-priority perfected security interest (subject to Permitted Liens) upon such property as security for the New First Lien Senior Secured Notes.

#### ***Security Documents and Intercreditor Agreements***

The Issuer, the Secured Note Guarantors and the Collateral Agent entered into one or more Security Documents on the Original Issue Date and will enter into certain amendments to certain of the Security Documents on the closing of this offering defining the terms of the security interests that secure the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes and the Secured Note Guarantees. These security interests secure the payment and performance when due of all of the Obligations of the Issuer and the Secured Note Guarantors under the New First Lien Senior Secured Notes, Existing First Lien Senior Secured Notes, the First Lien Senior Secured Indenture, the Secured Note Guarantees and the Security Documents, as provided in the Security Documents. The Issuer and the Secured Note Guarantors will use their commercially reasonable efforts to complete prior to or after the closing of this offering all filings and other similar actions required in connection with the perfection of such security interests. See “—Security.”

On the Original Issue Date, the Collateral Agent executed an intercreditor agreement (the “First Lien Intercreditor Agreement”), which established the relative priority of the liens securing the Senior Secured Facilities and the obligations under the First Lien Senior Secured Indenture (including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes). See “—Description of Other Indebtedness—Intercreditor Agreements—First Lien Intercreditor Agreement.”

Under the First Lien Intercreditor Agreement, as described below, the “Applicable Authorized Representative” has the right to initiate foreclosures, release Liens in accordance with the Senior Secured Facilities, the First Lien Senior Secured Indenture and the documents governing any other series of pari passu First Priority Lien Obligations that are included as “Additional Obligations” as defined in and under the First Lien Intercreditor Agreement and take other actions with respect to the Shared Collateral (as defined below), and the representatives of other series of Obligations party to the First Lien Intercreditor Agreement, including the Collateral Agent, have no right to take actions with respect to the Shared Collateral. The Applicable Authorized Representative is currently the administrative agent under the Senior Secured Facilities. As long as such administrative agent is the Applicable Authorized Representative, the Collateral Agent, as representative of the holders of the notes issued under the First Lien Senior Secured Indenture (including the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes) and any representative for any designated “Additional Obligations” (such collateral agents and any such representative, each a “Non-Controlling Representative”), will have no rights to take any action under the First Lien Intercreditor Agreement. Generally, “Shared Collateral” means, at any time, Collateral in which the holders of two or more series of Obligations (or their respective representatives) hold a valid and perfected security interest.

The administrative agent under the Senior Secured Facilities will remain the Applicable Authorized Representative until the earlier of (1) the discharge of our Obligations under the Senior Secured Facilities and (2) the Cut-Off Date (as defined below). After such date, the Applicable Authorized Representative will be the representative of the series of Obligations that constitutes the largest outstanding principal amount of any then outstanding series of Obligations party to the First Lien Intercreditor Agreement, other than the Obligations under the Senior Secured Facilities, with respect to the Shared Collateral (the “Major Non-Controlling Representative”) (which may be a series of Obligations other than the notes issued under the First Lien Senior Secured Indenture, including an additional series of Obligations to be incurred in the future). Accordingly, the Collateral Agent, as representative of the holders of the notes issued under the First Lien Senior Secured Indenture (including the New First Lien Senior Secured Notes and the Existing First Lien Senior Secured Notes), may not ever have the right to control the remedies and take other actions with respect to the Shared Collateral.

The “Cut-Off Date” means, with respect to any Non-Controlling Representative, the date which is at least 90 days (throughout which 90 day period such Person was the Major Non-Controlling Representative) after the occurrence of both (i) an Event of Default (under and as defined in the instrument under which such Non-Controlling Representative is appointed as the representative) and (ii) the Applicable Authorized Representative’s and each other relevant representative’s receipt of written notice from such Non-Controlling Representative certifying that (x) such Non-Controlling Representative is the Major Non-Controlling Representative and an Event of Default has occurred and is continuing and (y) the Obligations of the series with respect to which such Non-Controlling Representative is the representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable instrument governing such Obligations; provided, however, that the Cut-Off Date shall be stayed and shall not occur and shall be deemed not to have occurred and be rescinded (1) at any time the administrative agent under the Senior Secured Facilities or the Applicable Authorized Representative has commenced and is diligently pursuing any enforcement action with respect to any Shared Collateral or (2) at any time any grantor which has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

Under the First Lien Intercreditor Agreement, (i) the Applicable Authorized Representative has the sole right to act or refrain from acting with respect to the Shared Collateral, (ii) the Applicable Authorized Representative shall not follow any instructions with respect to such Shared Collateral from any Non-Controlling Representative and (iii) no Non-Controlling Representative or other party to the First Lien Intercreditor Agreement will instruct the Applicable Authorized Representative to commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interests in or realize upon, or take any other action available to it in respect of, any Shared Collateral.

Notwithstanding the equal priority of the Liens on any Shared Collateral, the Applicable Authorized Representative may deal with the Collateral as if such Applicable Authorized Representative had a senior Lien on such Collateral. No Non-Controlling Representative may contest, protest or object to any foreclosure proceeding or action brought by the Applicable Authorized Representative. Each of the parties to the First Lien Intercreditor Agreement agrees that it will not contest or support any other person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any of the parties to the First Lien Intercreditor Agreement in all or any part of the Shared Collateral, or the provisions of the First Lien Intercreditor Agreement.

If an Event of Default (under and as defined in an instrument pursuant to which a series of Obligations whose representative is party to the First Lien Intercreditor Agreement) has occurred and is continuing and the Applicable Authorized Representative is taking action to enforce rights in respect of any Shared Collateral, or any distribution is made in respect of any Shared Collateral in any insolvency or liquidation proceeding or otherwise of any grantor of Shared Collateral, or the Applicable Authorized Representative or any secured party receives any payment pursuant to any intercreditor agreement (other than the First Lien Intercreditor Agreement) with respect to any Shared Collateral, the proceeds of any sale, collection or other liquidation or disposition of any such Shared Collateral received by the Applicable Authorized Representative or any secured party and proceeds of any such distribution, shall be applied (i) first, to the payment of all amounts owing to each authorized representative (in its capacity as such) on a pari passu basis pursuant to the terms of the First Lien Intercreditor Agreement and any instrument pursuant to which a series of Obligations whose representative is party to the First Lien Intercreditor Agreement is Incurred on a pro rata basis and (ii) second, subject to certain limited exceptions, to the payment in full of the Obligations of each series of Obligations whose representative is party to the First Lien Intercreditor Agreement on a pro rata basis in accordance with the amounts of such Obligations, with the payment so allocated to each series to be applied to the Obligations of such series in accordance with the terms of the applicable instrument pursuant to which such Obligations have been incurred.

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

If any party to the First Lien Intercreditor Agreement obtains possession of any Shared Collateral or realizes any proceeds or payment in respect of any such Shared Collateral, pursuant to any Security Document or by the exercise of any rights available to it under applicable law or in any insolvency or liquidation proceeding or through any other exercise of remedies (including pursuant to any intercreditor agreement), at any time prior to the discharge of each series of Obligations whose representative is party to the First Lien Intercreditor Agreement, then, subject to certain exceptions, it shall hold such Shared Collateral, proceeds or payment in trust for the other parties to the First Lien Intercreditor Agreement and promptly transfer such Shared Collateral, proceeds or payment, as the case may be, to the Applicable Authorized Representative, to be distributed in accordance with the provisions described in the immediately preceding paragraph.

In addition, under the First Lien Intercreditor Agreement, each secured holder of the notes issued under the First Lien Senior Secured Indenture (including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes) and each secured party under the Senior Secured Facilities (and any additional Persons who may become party to the First Lien Intercreditor Agreement) agree that (i) it will not challenge or question in any proceeding the validity or enforceability of any Obligations of any series or any Security Document or the validity, attachment, perfection or priority of any Lien under any Security Document or the validity or enforceability of the priorities, rights or duties established by or other provisions of the First Lien Intercreditor Agreement; (ii) it will not take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Shared Collateral by the Applicable Authorized Representative, (iii) it shall

have no right to (A) direct the Applicable Authorized Representative or any other secured party to exercise any right, remedy or power with respect to any Shared Collateral (including pursuant to any intercreditor agreement) or (B) consent to the exercise by the Applicable Authorized Representative or any other secured party of any right, remedy or power with respect to any Shared Collateral, (iv) it will not institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against the Applicable Authorized Representative or any other secured party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Shared Collateral, and none of the Applicable Authorized Representative, any authorized representative or any other secured party shall be liable for any action taken or omitted to be taken by the Applicable Authorized Representative, such authorized representative or other secured party with respect to any Shared Collateral in accordance with the provisions of the First Lien Intercreditor Agreement, (v) it will not seek, and waives any right, to have any Shared Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Collateral and (vi) it will not attempt, directly or indirectly, whether by judicial proceedings or otherwise, to challenge the enforceability of any provision of the First Lien Intercreditor Agreement.

In addition, each secured party under the First Lien Intercreditor Agreement agrees that if any pledgor shall become subject to a case (a "Bankruptcy Case") under the Bankruptcy Code and shall, as debtor(s)-in-possession, move for approval of financing ("DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code or the use of cash collateral under Section 363 of the Bankruptcy Code, it will raise no objection to any such financing or to the Liens on the Shared Collateral securing the same ("DIP Financing Liens") or to any use of cash collateral that constitutes Shared Collateral, unless any series of Obligations constituting the series of secured parties whose authorized representative is the Applicable Authorized Representative for such Shared Collateral (the "Controlling Secured Party"), or an authorized representative of any Controlling Secured Party, shall then oppose or object to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the Controlling Secured Parties, each secured party which is not a Controlling Secured Party (a "Non-Controlling Secured Party") will subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank *pari passu* with the Liens on any such Shared Collateral granted to secure the Obligations of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Shared Collateral as set forth in the First Lien Intercreditor Agreement), in each case so long as (A) the secured parties of each series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority *vis-à-vis* all the other secured parties (other than any Liens of the secured parties constituting DIP Financing Liens) as existed prior to the commencement of the Bankruptcy Case, (B) the secured parties of each series are granted Liens on any additional collateral pledged to any secured parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority *vis-à-vis* the secured parties as set forth in the First Lien Intercreditor Agreement, (C) if any amount of such DIP Financing or cash collateral is applied to repay any of the Obligations, such amount is applied as set forth above, and (D) if any secured parties are granted adequate protection, including in the form of periodic payments, in connection with such DIP Financing or use of cash collateral, the proceeds of such adequate protection is applied as set forth above; provided that the secured parties of each series shall have a right to object to the grant of a Lien to secure the DIP Financing over any collateral subject to Liens in favor of the secured parties of such series or its authorized representative that shall not constitute Shared Collateral; and provided further, that the secured parties receiving adequate protection shall not object to any other secured party receiving adequate protection comparable to any adequate protection granted to such secured parties in connection with a DIP Financing or use of cash collateral.

Each secured party under the First Lien Intercreditor Agreement further agrees that it will not seek relief from the automatic stay or any other stay in any insolvency or liquidation proceeding in respect of the Shared Collateral, without the prior written consent of the Applicable Authorized Representative and the Controlling Secured Parties.

If any secured party under the First Lien Intercreditor Agreement is required in any insolvency or liquidation proceeding or otherwise to turn over or otherwise pay to the estate of any pledgor (or any trustee,

receiver or similar person therefor) any amount (a “Recovery”), whether received as proceeds of security, enforcement of any right of setoff or otherwise, because the payment of such amount was declared to be fraudulent or preferential in any respect or for any other reason, then the Obligations of the applicable series shall be reinstated to the extent of such Recovery and deemed to be outstanding as if such payment had not occurred. If the First Lien Intercreditor Agreement shall have been terminated prior to such Recovery, the First Lien Intercreditor Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties thereto.

By agreeing to purchase the New First Lien Senior Secured Notes, each noteholder authorizes and directs the Trustee and Collateral Agent, as applicable, (1) to act on its behalf under the First Lien Intercreditor Agreement and under each of the other Security Documents and (2) to authorize and direct the Applicable Authorized Representative to take such actions on its behalf and to exercise such powers as are delegated to the Applicable Authorized Representative by the terms of the First Lien Intercreditor Agreement and the other Security Documents, including for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any grantor thereunder to secure any of the First Priority Lien Obligations, together with such powers and discretion as are reasonably incidental thereto.

On the Original Issue Date, the Trustee and Collateral Agent acceded to the Senior/Subordinated Intercreditor Agreement, which establishes the relative rights of certain of the Issuer’s creditors under its existing and future financing arrangements. See “—Description of Other Indebtedness—Intercreditor Agreements—Senior/Subordinated Intercreditor Agreement.” On the Original Issue Date, the Trustee and Collateral Agent also acceded to the First/Junior Lien Intercreditor Agreement, which establishes the priority of the liens securing the Senior Secured Facilities, the notes issued under the First Lien Senior Secured Indenture (including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby), the First-and-a-Half Priority Notes and the New First Lien Senior Secured Notes over the liens securing the Junior Priority Notes. See “—Description of Other Indebtedness—Intercreditor Agreements—First/Junior Lien Intercreditor Agreement.” On the Original Issue Date, the Trustee and Collateral Agent also acceded to the First/First-and-a-Half Lien Intercreditor Agreement, which establishes the priority of the liens securing the Senior Secured Facilities, notes issued under the First Lien Senior Secured Indenture (including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby) over the liens securing the First-and-a-Half Priority Notes. See “—Description of Other Indebtedness—Intercreditor Agreements—First/First-and-a-Half Lien Intercreditor Agreement.” The Intercreditor Agreements may be amended from time to time without the consent of holders of the New First Lien Senior Secured Notes to add other parties holding other obligations permitted to be incurred under the First Lien Senior Secured Indenture. By agreeing to purchase the New First Lien Senior Secured Notes, each noteholder authorizes and directs the Trustee and the Collateral Agent, as applicable, to enter into such amendments from time to time.

Subject to the terms of the Security Documents, the Issuer and the Secured Note Guarantors will have the right to remain in possession and retain exclusive control of the Collateral (other than any cash, securities, obligations and Cash Equivalents constituting part of the Collateral and deposited with the agent under the First Lien Intercreditor Agreement in accordance with the provisions of the Security Documents and other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom. See “Risk Factors—Risks Specifically Related to the New First Lien Senior Secured Notes—Rights of holders of New First Lien Senior Secured Notes in the U.S. collateral may be adversely affected by bankruptcy proceedings in the United States.”

### **Release of Collateral**

The Issuer and the Secured Note Guarantors will be entitled to the releases of property and other assets included in the Collateral from the Liens securing the New First Lien Senior Secured Notes under any one or more of the following circumstances:

- (1) to enable us to consummate the disposition of such property or assets to the extent not prohibited under the covenant described under “—Certain Covenants—Asset Sales”;

- (2) in the case of a Secured Note Guarantor that is released from its Secured Note Guarantee with respect to the New First Lien Senior Secured Notes, the release of the property and assets of such Guarantor;
- (3) in the case of the property and assets of a specific Secured Note Guarantor, such Secured Note Guarantor making a Transfer to any Restricted Subsidiary of the Issuer; provided that such Transfer is permitted by clause (y) of the last paragraph under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets”;
- (4) in the case that the New First Lien Senior Secured Notes have Investment Grade Ratings, and the Issuer has delivered a written notice of such Investment Grade Ratings to the Trustee, and no Default has occurred and is continuing under the First Lien Senior Secured Indenture, as set forth in “—Certain Covenants—Covenant Fall-Away”; or
- (5) described under “—Amendments and Waivers” below.

The security interests in all Collateral securing the New First Lien Senior Secured Notes also will be released upon payment in full of the principal of, together with accrued and unpaid interest (including additional amounts, if any) on, the New First Lien Senior Secured Notes and all other Obligations under the First Lien Senior Secured Indenture, the Secured Note Guarantees and the Security Documents that are due and payable at or prior to the time such principal, together with accrued and unpaid interest (including additional interest, if any), are paid or a legal defeasance or covenant defeasance under the First Lien Senior Secured Indenture as described below under “—Defeasance.”

### **Secured Note Guarantees**

Each of the Issuer’s direct and indirect Restricted Subsidiaries on the closing of this offering that guarantee Indebtedness under the Credit Agreement jointly and severally irrevocably and unconditionally guarantee on a senior basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all obligations of the Issuer under the First Lien Senior Secured Indenture and the New First Lien Senior Secured Notes, whether for payment of principal of, premium, if any, or interest on the New First Lien Senior Secured Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Secured Note Guarantors being herein called the “Guaranteed Obligations”). The Guaranteed Obligations of each Secured Note Guarantor are secured by security interests (subject to Permitted Liens) in the Collateral owned by such Secured Note Guarantor. Such Secured Note Guarantors have agreed to pay, in addition to the amount stated above, any and all expenses (including reasonable counsel fees and expenses) incurred by the Trustee or the holders in enforcing any rights under the Secured Note Guarantees.

The obligations of the Secured Note Guarantors under their Secured Note Guarantees are limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. See “Risk Factors—Risks Related to the Notes— Because each guarantor’s liability under its guarantee or, as applicable, security may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors” and “Certain Insolvency Law Considerations.” After the Original Issue Date, the Issuer will cause each Restricted Subsidiary (unless such Subsidiary is a Receivables Subsidiary) that guarantees certain Indebtedness to execute and deliver to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will guarantee payment of the New First Lien Senior Secured Notes on the same senior basis. See “—Certain Covenants—Future Secured Note Guarantors.”

Each Secured Note Guarantee are a continuing guarantee and shall:

- (1) remain in full force and effect until payment in full of all the Guaranteed Obligations;
- (2) subject to the next succeeding paragraph, be binding upon each such Secured Note Guarantor and its successors; and

- (3) inure to the benefit of and be enforceable by the Trustee, the holders and their successors, transferees and assigns.

Subject to the Intercreditor Agreements, a Secured Note Guarantee of a Secured Note Guarantor will be automatically released with respect to the New First Lien Senior Secured Notes upon:

- (1) the sale, disposition, exchange or other transfer (including through merger, consolidation or otherwise) of the Capital Stock (including any sale, disposition or other transfer following which the applicable Secured Note Guarantor is no longer a Restricted Subsidiary), of the applicable Secured Note Guarantor if such sale, disposition, exchange or other transfer is made in compliance with, and the release is otherwise in compliance with, the First Lien Senior Secured Indenture and the Intercreditor Agreements;
- (2) the Issuer designating such Secured Note Guarantor to be an Unrestricted Subsidiary in accordance with the covenants described under “—Certain Covenants—Limitation on Restricted Payments” and the definition of “Unrestricted Subsidiary”;
- (3) in the case of any Restricted Subsidiary that after the Original Issue Date is required to guarantee the New First Lien Senior Secured Notes pursuant to the covenant described under “—Certain Covenants—Future Secured Note Guarantors,” the release or discharge of the guarantee by such Restricted Subsidiary of Indebtedness which resulted in the obligation to guarantee such New First Lien Senior Secured Notes; and
- (4) the Issuer’s exercise of its legal defeasance option or covenant defeasance option as described under “Defeasance,” or if the Issuer’s obligations under the First Lien Senior Secured Indenture are discharged in accordance with the terms of the First Lien Senior Secured Indenture.

A Secured Note Guarantee also will be automatically released upon the applicable Subsidiary ceasing to be a Subsidiary as a result of any foreclosure of any pledge or security interest securing Secured Indebtedness.

### **Change of Control**

Upon the occurrence of any of the following events (each, a “Change of Control”), each holder will have the right to require the Issuer to repurchase all or any part of such holder’s New First Lien Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Issuer has previously elected to redeem such New First Lien Senior Secured Notes as described under “—Optional Redemption”:

- (1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all the assets of the Issuer and its Subsidiaries, taken as a whole, to a Person other than any of the Permitted Holders; or
- (2) the Issuer becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than any of the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), of more than 50% of the total voting power of the Voting Stock of the Issuer or any direct or indirect parent of the Issuer.

In the event that at the time of such Change of Control the terms of the Bank Indebtedness restrict or prohibit the repurchase of New First Lien Senior Secured Notes pursuant to this covenant, then prior to the mailing of the notice to holders provided for in the immediately following paragraph but in any event within 45 days following any Change of Control, the Issuer shall:

- (1) repay in full all Bank Indebtedness or, if doing so will allow the purchase of New First Lien Senior Secured Notes, offer to repay in full all Bank Indebtedness and repay the Bank Indebtedness of each lender that has accepted such offer; or
- (2) obtain the requisite consent under the agreements governing the Bank Indebtedness to permit the repurchase of the New First Lien Senior Secured Notes as provided for in the immediately following paragraph.

See “Risk Factors—Risks Related to the Notes—We may not be able to repurchase notes upon a change of control.”

Within 45 days following any Change of Control, except to the extent that the Issuer has exercised its right to redeem the New First Lien Senior Secured Notes by delivery of a notice of redemption as described under “—Optional Redemption,” or all conditions to such redemption have been satisfied or waived, the Issuer shall mail a notice (a “Change of Control Offer”) to each holder with a copy to the Trustee stating:

- (1) that a Change of Control has occurred and that such holder has the right to require the Issuer to repurchase such holder’s New First Lien Senior Secured Notes at a repurchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the “Change of Control Payment”);
- (2) the circumstances and relevant facts and financial information regarding such Change of Control (the “Change of Control Payment Date”);
- (3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and
- (4) the instructions determined by the Issuer, consistent with this covenant, that a holder must follow in order to have its New First Lien Senior Secured Notes purchased.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

In addition, the Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the First Lien Senior Secured Indenture applicable to a Change of Control Offer made by the Issuer and purchases all New First Lien Senior Secured Notes validly tendered and not withdrawn under such Change of Control Offer.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

- (1) accept for payment all New First Lien Senior Secured Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all New First Lien Senior Secured Notes so tendered;
- (3) deliver or cause to be delivered to the Trustee an Officers’ Certificate stating the New First Lien Senior Secured Notes or portions of the New First Lien Senior Secured Notes being purchased by the Issuer in the Change of Control Offer;

- (4) in the case of Global New First Lien Senior Secured Notes, deliver, or cause to be delivered, to the principal Paying Agent the Global New First Lien Senior Secured Notes in order to reflect thereon the portion of such New First Lien Senior Secured Notes or portions thereof that have been tendered to and purchased by the Issuer; and
- (5) in the case of Definitive Registered New First Lien Senior Secured Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered New First Lien Senior Secured Notes accepted for purchase by the Issuer.

The Paying Agent will promptly mail to each holder of New First Lien Senior Secured Notes so tendered the Change of Control Payment for such New First Lien Senior Secured Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder of New First Lien Senior Secured Notes a new New First Lien Senior Secured Note equal in principal amount to the unpurchased portion of the New First Lien Senior Secured Notes surrendered, if any; provided that each such new New First Lien Senior Secured Note will be in a principal amount that is at least \$75,000 and integral multiples of \$1,000 in excess thereof.

For so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of such exchange so require, the Issuer will give notice with respect to the results of the Change of Control Offer to the Companies Announcement Office in Dublin.

New First Lien Senior Secured Notes repurchased by the Issuer pursuant to a Change of Control Offer will have the status of New First Lien Senior Secured Notes issued but not outstanding or will be retired and canceled at the option of the Issuer. New First Lien Senior Secured Notes purchased by a third party pursuant to the preceding paragraph will have the status of New First Lien Senior Secured Notes issued and outstanding.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of New First Lien Senior Secured Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

This Change of Control repurchase provision is a result of negotiations between the Issuer and the initial purchasers. The Issuer has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Issuer could decide to do so in the future. Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the First Lien Senior Secured Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the Issuer's capital structure or credit rating.

The occurrence of events that would constitute a Change of Control would constitute a default under the Credit Agreement and require an offer to purchase the Existing Notes and an offer to prepay the loans under the Senior Unsecured Facility. Future Bank Indebtedness and other Indebtedness of the Issuer may contain prohibitions on certain events that would constitute a Change of Control or require such Bank Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Issuer to repurchase the New First Lien Senior Secured Notes, the New Senior Unsecured Notes and the Existing Notes or require us to prepay the loans under the Senior Unsecured Facility could cause a default under such Bank Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "Risk Factors—Risks Related to the Notes—We may not be able to repurchase notes upon a change of control."

The definition of Change of Control includes a phrase relating to the sale, lease or transfer of "all or substantially all" the assets of the Issuer and its Subsidiaries taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of New First Lien Senior Secured Notes to require the Issuer to

repurchase such New First Lien Senior Secured Notes as a result of a sale, lease or transfer of less than all of the assets of the Issuer and its Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the First Lien Senior Secured Indenture relating to the Issuer's obligation to make an offer to repurchase the New First Lien Senior Secured Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the New First Lien Senior Secured Notes.

### **Certain Covenants**

Set forth below are summaries of certain covenants that are contained in the First Lien Senior Secured Indenture.

*Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.* The First Lien Senior Secured Indenture provides that:

- (1) the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) or issue any shares of Disqualified Stock; and
- (2) the Issuer will not permit any of its Restricted Subsidiaries (other than a Secured Note Guarantor) to issue any shares of Preferred Stock;

provided, however, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock or issue shares of Preferred Stock, in each case if the Fixed Charge Coverage Ratio of the Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00 determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; provided, that the amount of Indebtedness that may be Incurred and Disqualified Stock or Preferred Stock that may be issued pursuant to the foregoing by Restricted Subsidiaries that are not Secured Note Guarantors shall not exceed €150.0 million at any one time outstanding (the "Non-Guarantor Exception").

The foregoing limitations will not apply to (collectively, "Permitted Debt"):

- (a) the Incurrence by the Issuer or its Restricted Subsidiaries of Indebtedness under the Credit Agreement and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof) in the aggregate principal amount of €1,005.0 million plus an aggregate additional principal amount outstanding at any one time that does not cause the Secured Indebtedness Leverage Ratio of the Issuer to exceed 3.00 to 1.00 determined on a pro forma basis (including a pro forma application of the net proceeds therefrom);
- (b) the Incurrence by the Issuer and the Secured Note Guarantors of Indebtedness represented by the Existing First Lien Senior Secured Notes (not including the New First Lien Senior Secured Notes or any Additional First Lien Senior Secured Notes) and the Secured Note Guarantees of the Existing First Lien Senior Secured Notes;
- (c) Indebtedness existing on the Original Issue Date, including the Existing Notes and related guarantees and the indebtedness under the Senior Unsecured Facility (other than Indebtedness described in clauses (a) and (b));
- (d) Indebtedness (including Capitalized Lease Obligations) Incurred by the Issuer or any of its Restricted Subsidiaries, Disqualified Stock issued by the Issuer or any of its Restricted Subsidiaries and Preferred

Stock issued by any Restricted Subsidiaries of the Issuer to finance (whether prior to or within 270 days after) the purchase, lease, construction or improvement of property (real or personal) or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets); provided that if, immediately after Incurring such Indebtedness, the Secured Indebtedness Leverage Ratio would be greater than 3.00 to 1.00, then the aggregate amount of all Indebtedness Incurred pursuant to this clause (d) shall not exceed the greater of €100.0 million and 4.25% of Total Assets;

- (e) Indebtedness Incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit and bank guarantees issued in the ordinary course of business, including without limitation letters of credit in respect of workers' compensation claims, health, disability or other benefits to employees or former employees or their families or property, casualty or liability insurance or self-insurance, and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses from governmental authorities, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims;
- (f) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred in connection with the Transactions or any other acquisition or disposition of any business, assets or a Subsidiary of the Issuer in accordance with the terms of the First Lien Senior Secured Indenture, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition;
- (g) Indebtedness of the Issuer to a Restricted Subsidiary; provided, that except in respect of intercompany loans to effect a push-down of indebtedness incurred in connection with the Transactions within 180 days after the Original Issue Date and intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Subsidiaries, any such Indebtedness owed to a Restricted Subsidiary that is not a Secured Note Guarantor shall, to the extent legally permitted, be subordinated in right of payment to the obligations of the Issuer under the New First Lien Senior Secured Notes; provided, further, that any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) shall be deemed, in each case, to be an Incurrence of such Indebtedness not permitted by this clause (g);
- (h) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; provided that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary that holds such shares of Preferred Stock of another Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an issuance of shares of Preferred Stock not permitted by this clause (h);
- (i) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; provided, that except in respect of intercompany loans to effect a push-down of indebtedness incurred in connection with the Transactions within 180 days after the Original Issue Date and intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Subsidiaries, if a Secured Note Guarantor Incurs such Indebtedness to a Restricted Subsidiary that is not a Secured Note Guarantor, such Indebtedness shall, to the extent legally permitted, be subordinated in right of payment to the Secured Note Guarantee of such Secured Note Guarantor; provided, further, that any subsequent issuance or transfer of any Capital Stock or any other event that results in any Restricted Subsidiary holding such Indebtedness ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) shall be deemed, in each case, to be an Incurrence of such Indebtedness not permitted by this clause (i);
- (j) Hedging Obligations that are Incurred not for speculative purposes but (1) for the purpose of fixing or hedging interest rate risk with respect to any Indebtedness that is permitted by the terms of the First Lien

Senior Secured Indenture to be outstanding; (2) for the purpose of fixing or hedging currency exchange rate risk with respect to any currency exchanges; or (3) for the purpose of fixing or hedging commodity price risk with respect to any commodity purchases or sales;

- (k) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice;
- (l) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any of its Restricted Subsidiaries so long as the Incurrence of such Indebtedness Incurred by the Issuer or such Restricted Subsidiary is permitted under the terms of the First Lien Senior Secured Indenture; provided that (i) if such Indebtedness is by its express terms subordinated in right of payment to the New First Lien Senior Secured Notes or the Secured Note Guarantee of such Restricted Subsidiary, as applicable, any such guarantee of the Issuer or such Secured Note Guarantor with respect to such Indebtedness shall be subordinated in right of payment to the New First Lien Senior Secured Notes or such Secured Note Guarantor's Secured Note Guarantee with respect to the New First Lien Senior Secured Notes, as applicable, substantially to the same extent as such Indebtedness is subordinated to the New First Lien Senior Secured Notes or the Secured Note Guarantee of such Restricted Subsidiary, as applicable, and (ii) if such guarantee is of Indebtedness of the Issuer or a Guarantor, such guarantee is Incurred in accordance with the covenant described under “—Certain Covenants—Future Secured Note Guarantors”;
- (m) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary of the Issuer that serves to refund, refinance or defease any Indebtedness Incurred or Disqualified Stock or Preferred Stock issued as permitted under the first paragraph of this covenant and clauses (b), (c), (d), (m), and (n) of this paragraph or any Indebtedness, Disqualified Stock or Preferred Stock Incurred to so refund or refinance such Indebtedness, Disqualified Stock or Preferred Stock, including any additional Indebtedness, Disqualified Stock or Preferred Stock Incurred to pay premiums (including tender premium), defeasance costs and fees in connection therewith (subject to the following proviso, “Refinancing Indebtedness”) prior to its respective maturity; provided, however, that such Indebtedness will be Refinancing Indebtedness if and to the extent it:
  - (1) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred that is not less than the shorter of (x) the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded, refinanced or defeased and (y) the Weighted Average Life to Maturity that would result if all payments of principal on the Indebtedness, Disqualified Stock and Preferred Stock being refunded or refinanced that were due on or after the date one year following the last maturity date of any New First Lien Senior Secured Notes then outstanding were instead due on such date one year following the last date of maturity of the New First Lien Senior Secured Notes;
  - (2) has a Stated Maturity that is not earlier than the earlier of (x) the Stated Maturity of the Indebtedness being refunded or refinanced or (y) 91 days following the maturity date of the New First Lien Senior Secured Notes;
  - (3) refinances (a) Indebtedness junior to the New First Lien Senior Secured Notes or the Secured Note Guarantee of such Restricted Subsidiary, as applicable, such Refinancing Indebtedness is junior to the New First Lien Senior Secured Notes or the Secured Note Guarantee of such Restricted Subsidiary, as applicable, or (b) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Disqualified Stock or Preferred Stock; and
  - (4) does not include (x) Indebtedness of a Restricted Subsidiary of the Issuer that is not a Secured Note Guarantor that refinances Indebtedness of the Issuer or a Secured Note Guarantor, or (y) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary;

provided, further, that subclauses (1) and (2) of this clause (m) will not apply to any refunding or refinancing of any Secured Indebtedness that constitutes a First Priority Lien Obligation.

- (n) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuer or any of its Restricted Subsidiaries Incurred to finance an acquisition or (y) Persons that are acquired by the Issuer or any of its Restricted Subsidiaries or merged, consolidated or amalgamated with or into the Issuer or any of its Restricted Subsidiaries in accordance with the terms of the First Lien Senior Secured Indenture; provided, however, that after giving effect to such acquisition or merger, consolidation or amalgamation either:
- (1) the Issuer would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant; or
  - (2) the Fixed Charge Coverage Ratio of the Issuer would be greater than immediately prior to such acquisition or merger, consolidation or amalgamation;
- (o) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing that is not with recourse to the Issuer or any Restricted Subsidiary other than a Receivables Subsidiary (except for Standard Securitization Undertakings);
- (p) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five Business Days of its Incurrence;
- (q) Indebtedness of the Issuer or any Restricted Subsidiary supported by a letter of credit or bank guarantee issued pursuant to the Credit Agreement, in a principal amount not in excess of the stated amount of such letter of credit;
- (r) Indebtedness of a Restricted Subsidiary of the Issuer that is not a Secured Note Guarantor; provided, however, that the aggregate principal amount of Indebtedness Incurred under this clause (r) then outstanding, when aggregated with the principal amount of all other Indebtedness then outstanding and Incurred by Restricted Subsidiaries that are not Secured Note Guarantors in respect of the Non-Guarantor Exception or under clause (y) of this paragraph, does not exceed the greater of €100.0 million and 4.25% of Total Assets at the time of Incurrence (subject to the third paragraph under this covenant, it being understood that any Indebtedness Incurred under this clause (r) shall cease to be deemed Incurred or outstanding for purposes of this clause (r) but shall be deemed Incurred for purposes of the first paragraph of this covenant from and after the first date on which the Issuer, or the Restricted Subsidiary, as the case may be, could have Incurred such Indebtedness under the first paragraph of this covenant without reliance upon this clause (r));
- (s) Indebtedness of the Issuer or any Restricted Subsidiary consisting of (1) the financing of insurance premiums or (2) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;
- (t) Indebtedness Incurred on behalf of, or representing guarantees of Indebtedness of, joint ventures of the Issuer or any Restricted Subsidiary not in excess, at any one time outstanding, of the greater of €50.0 million and 2.00% of Total Assets at the time of Incurrence;
- (u) Indebtedness under daylight borrowing facilities Incurred in connection with the Transactions or any refinancing (including by way of setoff or exchange) so long as any such Indebtedness is repaid within three Business Days of the date on which such Indebtedness is Incurred;
- (v) Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer and Preferred Stock of any Restricted Subsidiary of the Issuer not otherwise permitted hereunder in an aggregate principal amount or liquidation preference not exceeding at any one time outstanding 200.0% of the net cash proceeds received by the Issuer and the Restricted Subsidiaries since immediately after the Reference Date from the issue or sale of Equity Interests or Subordinated Shareholder Funding of the Issuer or any direct or indirect parent entity of the Issuer (which proceeds are contributed to the Issuer or a Restricted Subsidiary) or cash contributed to the capital of the Issuer (in each case other than proceeds of Disqualified

Stock or sales of Equity Interests to, or contributions received from, the Issuer or any of its Subsidiaries) as determined in accordance with clauses (2) and (3) of the definition of “Cumulative Credit” to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the third paragraph of “—Certain Covenants—Limitation on Restricted Payments” or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof);

- (w) Indebtedness arising as a result of implementing composite accounting or other cash pooling arrangements involving solely the Issuer and the Restricted Subsidiaries or solely among Restricted Subsidiaries and entered into in the ordinary course of business;
- (x) Indebtedness consisting of Indebtedness issued by the Issuer or a Restricted Subsidiary of the Issuer to current or former officers, directors and employees thereof or any direct or indirect parent thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any of its direct or indirect parent companies to the extent described in clause (4) of the third paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments”; and
- (y) Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer and Preferred Stock of any Restricted Subsidiary of the Issuer not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount or liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and Incurred pursuant to this clause (y), does not exceed the greater of €100.0 million and 4.25% of Total Assets at the time of Incurrence (subject to the third paragraph under this covenant, it being understood that any Indebtedness Incurred under this clause (y) shall cease to be deemed Incurred or outstanding for purposes of this clause (y) but shall be deemed Incurred for purposes of the first paragraph of this covenant from and after the first date on which the Issuer, or the Restricted Subsidiary, as the case may be, could have Incurred such Indebtedness under the first paragraph of this covenant without reliance upon this clause (y)).

For purposes of determining compliance with this covenant:

- (1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness described in clauses (a) through (y) above or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Issuer shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant; provided, however, that (A) all Indebtedness under the Credit Agreement outstanding on the Reference Date shall be deemed to have been Incurred pursuant to clause (a) and the Issuer shall not be permitted to reclassify all or any portion of such Indebtedness under the Credit Agreement outstanding on the Reference Date and (B) €225 million of the Existing First Lien Senior Secured Notes shall be deemed to be Incurred pursuant to clause (a) and shall constitute Secured Bank Indebtedness; provided further, however, that the Issuer shall not be permitted to reclassify all or any portion of any Secured Indebtedness Incurred pursuant to clause (a), (d), (r) or (y) of Permitted Debt, except that the Issuer may reclassify such Secured Indebtedness from clause (r) to clause (y) of Permitted Debt and \$425.0 million principal amount from clause (a) to clause (d) of Permitted Debt (which reclassification of \$425.0 million was done prior to the Original Issue Date in connection with the transactions described in clause (2) of the definition of “Transactions”); and
- (2) the Issuer will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs above, and in that connection shall be entitled to treat a portion of such Indebtedness as having been Incurred under the first paragraph above and thereafter the remainder of such Indebtedness having been Incurred under the second paragraph above.

Accrual of interest, the accretion of accreted value, the payment of interest or dividends in the form of additional Indebtedness Disqualified Stock or Preferred Stock, as applicable, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in

the exchange rate of currencies will not be deemed to be an Incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant. Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included in the determination of such amount of Indebtedness; provided that the Incurrence of the Indebtedness represented by such guarantee or letter of credit, as the case may be, was in compliance with this covenant.

For purposes of determining compliance with this covenant, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first drawn, in the case of Indebtedness Incurred under a revolving credit facility; provided that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Original Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Original Issue Date; and (c) if any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal, premium, if any, and interest on such Indebtedness, the amount of such Indebtedness and such interest and premium, if any, shall be determined after giving effect to all payments in respect thereof under such Currency Agreements.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and its Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The First Lien Senior Secured Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) Indebtedness as subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to security in the same collateral.

*Limitation on Restricted Payments.* The First Lien Senior Secured Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests or pay any amounts in respect of Subordinated Shareholder Funding, including any payment made in connection with any merger, amalgamation or consolidation involving the Issuer (other than (A) dividends or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer or in Subordinated Shareholder Funding of the Issuer; or (B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Restricted Subsidiary, the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities (except to the extent non pro rata payments of such dividends or distributions are required by law or under the terms of any agreement in effect on the Reference Date));
- (2) purchase or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;
- (3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment or scheduled maturity, any Subordinated Shareholder Funding or any Subordinated Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than the payment, redemption, repurchase, defeasance, acquisition or retirement of (A) Subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, redemption, repurchase, defeasance, acquisition or

retirement and (B) any Subordinated Indebtedness between the Issuer and the Restricted Subsidiaries or between any of the Restricted Subsidiaries); or

- (4) make any Restricted Investment,

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

- (a) no Default shall have occurred and be continuing or would occur as a consequence thereof;
- (b) immediately after giving effect to such transaction on a pro forma basis, the Issuer could Incur €1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under “Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; and
- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Reference Date (and not returned or rescinded) (including Restricted Payments permitted by clauses (1), (4) (only to the extent of one-half of the amounts paid pursuant to such clause), (6) and (8) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by such paragraph), is less than the amount equal to the Cumulative Credit; provided, however, that until the completion of a Qualifying IPO, unless the Senior Unsecured Leverage Ratio is less than or equal to 5.00 to 1.00, in no event shall any such Restricted Payment (other than any Restricted Payment to pay for the purchase, repurchase, retirement, defeasance, redemption or other acquisition for value of Equity Interests of the Issuer or any direct or indirect parent of the Issuer held by any future, present or former employee, director or consultant of the Issuer or any direct or indirect parent of the Issuer or any Subsidiary of the Issuer pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement) be made to any direct or indirect parent of the Issuer or any Affiliate of any direct or indirect parent of the Issuer (other than the Issuer or any Subsidiary of the Issuer). Notwithstanding the foregoing proviso, to the extent otherwise permitted pursuant to this paragraph, the Issuer shall be entitled to make any Restricted Payment necessary to pay the principal amount of the loans outstanding on the Original Issue Date (together with any pay-in-kind interest with respect thereto paid after the Original Issue Date), when due at maturity under the Holdco PIK Debt Instrument.

“Cumulative Credit” means the sum of (without duplication):

- (1) 50% of the Consolidated Net Profit of the Issuer for the period (taken as one accounting period, the “Reference Period”) beginning on the first day after the end of the Issuer’s second full fiscal quarter ending after the Reference Date to the end of the Issuer’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, in the case such Consolidated Net Profit for such period is a deficit, minus 100% of such deficit); plus
- (2) 100% of the aggregate net proceeds, including cash and the Fair Market Value (as determined in good faith by the Issuer) of property other than cash received by the Issuer after the Reference Date (other than net proceeds to the extent such net proceeds have been used to Incur Indebtedness, Disqualified Stock, or Preferred Stock pursuant to clause (v) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”) from the issue or sale of Equity Interests of the Issuer or Subordinated Shareholder Funding to the Issuer (excluding Refunding Capital Stock (as defined below), Designated Preferred Stock, Excluded Contributions, and Disqualified Stock), including Equity Interests issued upon exercise of warrants or options (other than an issuance or sale to a Restricted Subsidiary of the Issuer); plus
- (3) 100% of the aggregate amount of contributions to the capital of the Issuer received in cash and the Fair Market Value (as determined in good faith by the Issuer) of property other than cash after the Reference Date (other than Excluded Contributions, Refunding Capital Stock, Designated Preferred Stock, and

Disqualified Stock and other than contributions to the extent such contributions have been used to Incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (v) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”); plus

- (4) the principal amount of any Indebtedness, or the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock of the Issuer or any Restricted Subsidiary thereof issued after the Reference Date (other than Indebtedness or Disqualified Stock issued to a Restricted Subsidiary) which has been converted into or exchanged for Equity Interests in or Subordinated Shareholder Funding of the Issuer (other than Disqualified Stock) or any direct or indirect parent of the Issuer (provided in the case of any parent, such Indebtedness or Disqualified Stock is retired or extinguished); plus
- (5) 100% of the aggregate amount received by the Issuer or any Restricted Subsidiary in cash and the Fair Market Value (as determined in good faith by the Issuer) of property other than cash received by the Issuer or any Restricted Subsidiary after the Reference Date from:
  - (A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary of the Issuer) of Restricted Investments made by the Issuer and its Restricted Subsidiaries and from repurchases and redemptions of such Restricted Investments from the Issuer and its Restricted Subsidiaries by any Person (other than the Issuer or any of its Restricted Subsidiaries) and from repayments of loans or advances and releases of guarantees, which constituted Restricted Investments (other than in each case to the extent that the Restricted Investment was made pursuant to clause (7) or (10) of the succeeding paragraph),
  - (B) the sale (other than to the Issuer or a Restricted Subsidiary of the Issuer) of the Capital Stock of an Unrestricted Subsidiary, or
  - (C) a distribution or dividend from an Unrestricted Subsidiary; plus
- (6) in the event after the Reference Date any Unrestricted Subsidiary of the Issuer has been redesignated as a Restricted Subsidiary or has been merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary, the Fair Market Value (as determined in good faith by the Issuer or, if such Fair Market Value may exceed €20.0 million, in writing by an Independent Financial Advisor) of the Investment of the Issuer in such Unrestricted Subsidiary at the time of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable), after taking into account any Indebtedness associated with the Unrestricted Subsidiary so designated or combined or any Indebtedness associated with the assets so transferred or conveyed (other than in each case to the extent that the designation of such Subsidiary as an Unrestricted Subsidiary was made pursuant to clause (7) or (10) of the next succeeding paragraph or constituted a Permitted Investment).

The foregoing provisions will not prohibit:

- (1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the First Lien Senior Secured Indenture;
- (2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests (“Retired Capital Stock”) or Subordinated Indebtedness or Subordinated Shareholder Funding of the Issuer, any direct or indirect parent of the Issuer or any Secured Note Guarantor in exchange for, or out of the proceeds of, the substantially concurrent sale of, Equity Interests or Subordinated Shareholder Funding of the Issuer or any direct or indirect parent of the Issuer or contributions to the equity capital of the Issuer (other than any Disqualified Stock or any Equity Interests sold to a Subsidiary of the Issuer) (collectively, including any such contributions, “Refunding Capital Stock”), and

- (b) the declaration and payment of dividends on the Retired Capital Stock out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of Refunding Capital Stock;
- (3) the redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Indebtedness of the Issuer or any Secured Note Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer or a Secured Note Guarantor which is Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” so long as:
- (a) the principal amount (or accreted value, if applicable) of such new Indebtedness does not exceed the principal amount (or accreted value, if applicable), plus any accrued and unpaid interest, of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired for value (plus the amount of any premium required to be paid under the terms of the instrument governing the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired, any tender premiums, plus any defeasance costs, fees and expenses Incurred in connection therewith);
  - (b) such Indebtedness is subordinated to the New First Lien Senior Secured Notes or the related Secured Note Guarantee, as the case may be, at least to the same extent as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, defeased, acquired or retired for value;
  - (c) such Indebtedness has a final scheduled maturity date equal to or later than the earlier of (x) the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired or (y) 91 days following the maturity date of the New First Lien Senior Secured Notes; and
  - (d) such Indebtedness has a Weighted Average Life to Maturity at the time Incurred that is not less than the shorter of (x) the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired and (y) the Weighted Average Life to Maturity that would result if all payments of principal on the Subordinated Indebtedness being redeemed, repurchased, defeased, acquired or retired that were due on or after the date one year following the last maturity date of any New First Lien Senior Secured Notes then outstanding were instead due on such date one year following the last date of maturity of the New First Lien Senior Secured Notes;
- (4) a Restricted Payment to pay for the purchase, repurchase, retirement, defeasance, redemption or other acquisition for value of Equity Interests of the Issuer or any direct or indirect parent of the Issuer held by any future, present or former employee, director or consultant of the Issuer or any direct or indirect parent of the Issuer or any Subsidiary of the Issuer pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement; provided, however, that the aggregate Restricted Payments made under this clause (4) do not exceed €15.0 million in any calendar year commencing with 2006 (with unused amounts in any calendar year being permitted to be carried over for the two succeeding calendar years subject to a maximum payment (without giving effect to the following proviso) of €30.0 million in any calendar year); provided, further, however, that such amount in any calendar year may be increased by an amount not to exceed:
- (a) the cash proceeds received by the Issuer or any of its Restricted Subsidiaries from the sale of Equity Interests (other than Disqualified Stock) of the Issuer or any direct or indirect parent of the Issuer (to the extent contributed to the Issuer) to members of management, directors or consultants of the Issuer and its Restricted Subsidiaries or any direct or indirect parent of the Issuer that occurs after the Reference Date (provided that the amount of such cash proceeds utilized for any such repurchase, retirement, other acquisition or dividend will not increase the amount available for Restricted Payments under clause (c) of the first paragraph under “—Certain Covenants—Limitation on Restricted Payments”); plus

- (b) the cash proceeds of key man life insurance policies received by the Issuer or any direct or indirect parent of the Issuer (to the extent contributed to the Issuer) or the Issuer's Restricted Subsidiaries after the Reference Date;

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (a) and (b) above in any calendar year;

- (5) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries issued or Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (6) (a) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued after the Reference Date, (b) a Restricted Payment to any direct or indirect parent of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of any direct or indirect parent of the Issuer issued after the Reference Date and (c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph; provided, however, that, (x) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock, after giving effect to such issuance (and the payment of dividends or distributions) on a pro forma basis, the Issuer would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00 and (y) the aggregate amount of dividends declared and paid pursuant to (a) and (b) of this clause (6) does not exceed the net cash proceeds actually received by the Issuer from any such sale or issuance of Designated Preferred Stock (other than Disqualified Stock) issued after the Reference Date or contributed to Subordinated Shareholder Funding to the Issuer after the Reference Date;
- (7) Investments in Unrestricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (7) that are at that time outstanding, not to exceed the greater of €25.0 million and 1.0% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value);
- (8) the payment of dividends on the Issuer's common stock (or a Restricted Payment to any direct or indirect parent of the Issuer to fund the payment by such direct or indirect parent of the Issuer of dividends on such entity's common stock) of up to 6% per annum of the net proceeds received by the Issuer from any public offering of common stock of the Issuer or any direct or indirect parent of the Issuer;
- (9) Restricted Payments that are made with Excluded Contributions;
- (10) other Restricted Payments in an aggregate amount not to exceed the greater of €50.0 million and 2.0% of Total Assets at the time made;
- (11) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary of the Issuer by, Unrestricted Subsidiaries;
- (12) the payment of dividends or other distributions to any direct or indirect parent of the Issuer in amounts required for such parent to pay federal, state or local income taxes (as the case may be) imposed directly on such parent to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries (including, without limitation, by virtue of such parent being the common parent of a consolidated or combined tax group of which the Issuer and/or its Restricted Subsidiaries are members);
- (13) the payment of dividends, other distributions or other amounts or the making of loans or advances or any other Restricted Payment, if applicable;

- (a) in amounts required for any direct or indirect parent of the Issuer, if applicable, to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any direct or indirect parent of the Issuer, if applicable, and general corporate operating and overhead expenses of any direct or indirect parent of the Issuer, if applicable, in each case to the extent such fees and expenses are attributable to the ownership or operation of the Issuer, if applicable, and its Subsidiaries;
  - (b) in amounts required for any direct or indirect parent of the Issuer, if applicable, to pay interest and/or principal on Indebtedness the proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; and
  - (c) in amounts required for any direct or indirect parent of the Issuer to pay fees and expenses, other than to Affiliates of the Issuer, related to any unsuccessful equity or debt offering of such Parent;
- (14) any Restricted Payment used to fund the Transactions and the payment of fees and expenses Incurred in connection with the Transactions or owed by the Issuer or any direct or indirect parent of the Issuer, as the case may be, or Restricted Subsidiaries of the Issuer to Affiliates, in each case to the extent permitted by the covenant described under “—Certain Covenants—Transactions with Affiliates”;
  - (15) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;
  - (16) purchases of receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing and the payment or distribution of Receivables Fees;
  - (17) payments of cash, or dividends, distributions, advances or other Restricted Payments by the Issuer or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of any such Person;
  - (18) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness pursuant to the provisions similar to those described under the captions “—Change of Control” and “Certain Covenants—Asset Sales,” provided that all New First Lien Senior Secured Notes tendered by holders of the New First Lien Senior Secured Notes in connection with a Change of Control or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;
  - (19) any payments made, including any such payments made to any direct or indirect parent of the Issuer to enable it to make payments, in connection with the consummation of the Cash Debt Tender, the Apollo Exchange, the Exchange Offers, the Transactions or as contemplated by the Acquisition Documents (other than payments to any Permitted Holder or any Affiliate thereof); and
  - (20) payments or distributions to dissenting stockholders pursuant to applicable law or in connection with a consolidation, amalgamation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the covenant described under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets”; provided that as a result of such consolidation, amalgamation, merger or transfer of assets, the Issuer shall have made a Change of Control Offer (if required by the First Lien Senior Secured Indenture) and that all New First Lien Senior Secured Notes tendered by holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value;

provided, however, that (x) at the time of, and after giving effect to, any Restricted Payment permitted under clauses (10) and (11), no Default shall have occurred and be continuing or would occur as a consequence thereof and (y) except for any Restricted Payment permitted under clauses (2), (3), (4), (9), (12), (13), (14), (15), (16), (17), (18) and

(19), until the completion of a Qualifying IPO, unless the Senior Unsecured Leverage Ratio is less than or equal to 5.00 to 1.00, in no event shall any such Restricted Payment be made to any direct or indirect parent of the Issuer or any Affiliate of any direct or indirect parent of the Issuer (other than the Issuer or any Subsidiary of the Issuer). Notwithstanding clause (y) of the foregoing proviso, to the extent otherwise permitted pursuant to the third paragraph of this covenant, the Issuer shall be entitled to make any Restricted Payment necessary to pay the principal amount of the loans outstanding on the Original Issue Date (together with any pay-in-kind interest with respect thereto paid after the Original Issue Date), when due at maturity under the Holdco PIK Debt Instrument.

As of the closing date of this offering, all of the Issuer's Subsidiaries, other than the SPE, are Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investments." Such designation will only be permitted if a Restricted Payment in such amount would be permitted at such time and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

*Dividend and Other Payment Restrictions Affecting Subsidiaries.* The First Lien Senior Secured Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (a) (i) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries (1) on its Capital Stock; or (2) with respect to any other interest or participation in, or measured by, its profits; or (ii) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;
- (b) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or
- (c) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries;

except in each case for such encumbrances or restrictions existing under or by reason of:

- (1) contractual encumbrances or restrictions in effect on the Original Issue Date, including pursuant to the Credit Agreement, the other Credit Agreement Documents, the Senior Unsecured Facility, the other Senior Unsecured Facility Documents, the Existing Notes and guarantees thereof, the indentures governing the Existing Notes and any related security documents;
- (2) the First Lien Senior Secured Indenture, the New First Lien Senior Secured Notes (and guarantees thereof), the Security Documents, the Intercreditor Agreements, any Currency Agreement and any Additional Intercreditor Agreements;
- (3) applicable law or any applicable rule, regulation or order;
- (4) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary which was in existence at the time of such acquisition (but not created in contemplation thereof or to provide all or any portion of the funds or credit support utilized to consummate such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;
- (5) contracts or agreements for the sale of assets, including any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;
- (6) Secured Indebtedness otherwise permitted to be Incurred pursuant to the covenants described under "— Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and

Preferred Stock” and “—Certain Covenants—Liens” that limit the right of the debtor to dispose of the assets securing such Indebtedness;

- (7) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;
- (8) customary provisions in joint venture agreements, similar agreements relating solely to such joint venture and other similar agreements entered into in the ordinary course of business;
- (9) Capitalized Lease Obligations and purchase money obligations for property acquired in the ordinary course of business;
- (10) customary provisions contained in operating leases, licenses and other similar agreements entered into in the ordinary course of business;
- (11) any encumbrance or restriction of a Receivables Subsidiary effected in connection with a Qualified Receivables Financing; provided, however, that such restrictions apply only to such Receivables Subsidiary;
- (12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Original Issue Date by the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the New First Lien Senior Secured Notes than the encumbrances and restrictions contained in the Credit Agreement as of the Original Issue Date (as determined in good faith by the Issuer) or (ii) if such encumbrance or restriction is not materially more disadvantageous to the holders of the New First Lien Senior Secured Notes than is customary in comparable financings (as determined in good faith by the Issuer) and either (x) the Issuer determines that such encumbrance or restriction will not materially affect the Issuer’s ability to make principal or interest payments on the New First Lien Senior Secured Notes as and when they come due or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness;
- (13) any Restricted Investment not prohibited by the covenant described under “—Certain Covenants—Limitation on Restricted Payments” and any Permitted Investment; or
- (14) any encumbrances or restrictions of the type referred to in clauses (a), (b) and (c) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (13) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made to the Issuer or a Restricted Subsidiary of the Issuer to other Indebtedness Incurred by the Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

*Asset Sales.* The First Lien Senior Secured Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, cause or make an Asset Sale, unless (x) the Issuer or any of its Restricted Subsidiaries, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value (as determined in good faith by the Issuer) of the assets sold or otherwise disposed of, and (y) at least 75% of the

consideration therefor received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; provided that the amount of:

- (a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of the Issuer or any Restricted Subsidiary of the Issuer (other than liabilities that are by their terms subordinated to the New First Lien Senior Secured Notes or any Secured Note Guarantee) that are assumed by the transferee of any such assets,
- (b) any notes or other obligations or other securities or assets received by the Issuer or such Restricted Subsidiary of the Issuer from such transferee that are converted by the Issuer or such Restricted Subsidiary of the Issuer into cash within 180 days of the receipt thereof (to the extent of the cash received), and
- (c) any Designated Non-cash Consideration received by the Issuer or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of 1.5% of Total Assets and €35.0 million at the time of the receipt of such Designated Non-cash Consideration (with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value),

shall be deemed to be Cash Equivalents for the purposes of this provision.

Within 15 months after the Issuer's or any Restricted Subsidiary of the Issuer's receipt of the Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary of the Issuer may apply the Net Proceeds from such Asset Sale, at its option:

- (1) to repay and/or repurchase (a) Pari Passu Indebtedness constituting First Priority Lien Obligations (and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto), (b) Indebtedness of a Restricted Subsidiary that is not a Secured Note Guarantor, (c) Obligations under the New First Lien Senior Secured Notes or the Existing First Lien Senior Secured Notes or (d) other Pari Passu Indebtedness that is secured by a Lien that is senior or prior to the Lien securing the New First Lien Senior Secured Notes;
- (2) to make an investment in any one or more businesses (provided that if such investment is in the form of the acquisition of Capital Stock of a Person, such acquisition results in such Person becoming a Restricted Subsidiary of the Issuer), assets, or property or capital expenditures, in each case used or useful in a Similar Business; or
- (3) to make an investment in any one or more businesses (provided that if such investment is in the form of the acquisition of Capital Stock of a Person, such acquisition results in such Person becoming a Restricted Subsidiary of the Issuer), properties or assets that replace the properties and assets that are the subject of such Asset Sale.

In the case of clauses (2) and (3) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment; provided that in the event such binding commitment is later canceled or terminated for any reason before such Net Proceeds are so applied, the Issuer or such Restricted Subsidiary enters into another binding commitment (a "Second Commitment") within nine months of such cancellation or termination of the prior binding commitment; provided, further that the Issuer or such Restricted Subsidiary may only enter into a Second Commitment under the foregoing provision one time with respect to each Asset Sale.

Pending the final application of any such Net Proceeds, the Issuer or such Restricted Subsidiary of the Issuer may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise invest such Net Proceeds in Cash Equivalents or Investment Grade Securities. Any Net Proceeds from any Asset Sale that are not applied as provided and within the time period set forth in the immediately preceding paragraph (it being understood that any portion of such Net Proceeds used to make an offer to purchase New First Lien Senior Secured Notes, as described

in clause (1) above, shall be deemed to have been invested whether or not such offer is accepted) will be deemed to constitute “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds €20.0 million, the Issuer shall make an offer to all holders of New First Lien Senior Secured Notes (and, at the option of the Issuer, to holders of any Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes) (an “Asset Sale Offer”) to purchase the maximum principal amount of New First Lien Senior Secured Notes (and such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes), that is at least \$75,000 and an integral multiple of \$1,000, that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof (or, in the event such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes was issued with significant original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any (or, in respect of such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes, such lesser price, if any, as may be provided for by the terms of such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes), to the date fixed for the closing of such offer, in accordance with the procedures set forth in the First Lien Senior Secured Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within ten (10) Business Days after the date that Excess Proceeds exceeds €20.0 million by mailing the notice required pursuant to the terms of the First Lien Senior Secured Indenture, with a copy to the Trustee. To the extent that the aggregate amount of New First Lien Senior Secured Notes (and such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes ) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of New First Lien Senior Secured Notes (and such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes) surrendered by holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the New First Lien Senior Secured Notes to be purchased in the manner described below. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws or regulations are applicable in connection with the repurchase of the New First Lien Senior Secured Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the First Lien Senior Secured Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the First Lien Senior Secured Indenture by virtue thereof.

If more New First Lien Senior Secured Notes (and such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes) are tendered pursuant to an Asset Sale Offer than the Issuer is required to purchase, selection of such New First Lien Senior Secured Notes for purchase will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which such New First Lien Senior Secured Notes are listed, or if such New First Lien Senior Secured Notes are not so listed, on a pro rata basis, by lot or by such other method as the Trustee shall deem fair and appropriate (and in such manner as complies with applicable legal requirements); provided that no New First Lien Senior Secured Notes of \$75,000 or less shall be purchased in part. Selection of such Other Pari Passu Lien Obligations or Pari Passu Indebtedness secured by a Lien that is prior to the Lien securing the New First Lien Senior Secured Notes will be made pursuant to the terms of such Pari Passu Indebtedness.

An Asset Sale Offer insofar as it relates to the New First Lien Senior Secured Notes, will remain open for a period of not less than 20 Business Days following its commencement (the “Asset Sale Offer Period”). No later than five Business Days after the termination of the Asset Sale Offer Period the Issuer will purchase the principal amount of the New First Lien Senior Secured Notes (and purchase or repay any relevant Pari Passu Indebtedness required to be so purchased or repayed as set out above) validly tendered.

To the extent that any portion of the Net Proceeds payable in respect of the New First Lien Senior Secured Notes is denominated in a currency other than the currency in which the relevant New First Lien Senior Secured Notes are denominated, the amount payable in respect of such New First Lien Senior Secured Notes shall not exceed

the net amount of funds in the currency in which such New First Lien Senior Secured Notes are denominated as is actually received by the Issuer upon converting the relevant portion of the Net Proceeds into such currency.

Notices of an Asset Sale Offer shall be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the purchase date to each holder of New First Lien Senior Secured Notes at such holder's registered address. If any New First Lien Senior Secured Note is to be purchased in part only, any notice of purchase that relates to such New First Lien Senior Secured Note shall state the portion of the principal amount thereof that has been or is to be purchased.

*Transactions with Affiliates.* The First Lien Senior Secured Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of transactions, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "Affiliate Transaction") involving aggregate consideration in excess of €10.0 million, unless:

- (a) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and
- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20.0 million, the Issuer delivers to the Trustee a resolution adopted in good faith by the majority of the Board of Directors of the Issuer, approving such Affiliate Transaction and set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (a) above.

The foregoing provisions will not apply to the following:

- (1) transactions between or among the Issuer and/or any of its Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary as a result of such transaction) and/or between or among Restricted Subsidiaries or any Receivables Subsidiary and any merger, consolidation or amalgamation of the Issuer and any direct parent of the Issuer; provided that such parent shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer and such merger, consolidation or amalgamation is otherwise in compliance with the terms of the First Lien Senior Secured Indenture and effected for a bona fide business purpose;
- (2) Restricted Payments permitted by the provisions of the First Lien Senior Secured Indenture described above under the covenant "—Certain Covenants—Limitation on Restricted Payments" and Permitted Investments;
- (3) (x) the entering into of any agreement (and any amendment or modification of any such agreement) to pay, and the payment of, annual management, consulting, monitoring and advisory fees to the Sponsors in an aggregate amount in any fiscal year not to exceed the greater of (A) €3.0 million and (B) 1.5% of EBITDA of the Issuer and its Restricted Subsidiaries for the immediately preceding fiscal year, plus out-of-pocket expense reimbursement; provided, however, that any payment not made in any fiscal year commencing 2006 may be carried forward and paid in the following two fiscal years and (y) the payment of the present value of all amounts payable pursuant to any agreement described in clause (3)(x) in connection with the termination of such agreement;
- (4) the payment of reasonable and customary fees and reimbursement of expenses paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of the Issuer or any Restricted Subsidiary or any direct or indirect parent of the Issuer;
- (5) payments by the Issuer or any of its Restricted Subsidiaries to the Sponsors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with the Transactions, acquisitions or divestitures, which

payments are (x) made pursuant to the agreements with the Sponsors described in this offering circular or (y) approved by a majority of the Board of Directors of the Issuer in good faith;

- (6) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of the preceding paragraph;
- (7) payments or loans (or cancellation of loans) to directors, employees or consultants which are approved by a majority of the Board of Directors of the Issuer in good faith;
- (8) any agreement as in effect as of the Original Issue Date or any amendment thereto (so long as any such agreement together with all amendments thereto, taken as a whole, is not more disadvantageous to the holders of the New First Lien Senior Secured Notes in any material respect than the original agreement as in effect on the Original Issue Date) or any transaction contemplated thereby as determined in good faith by senior management or the Board of Directors of the Issuer;
- (9) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, the Acquisition Documents, the Credit Agreement Documents, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Original Issue Date or any other agreement or arrangement in existence on the Original Issue Date or described in this offering circular and, in each case, any amendment thereto or similar transactions, agreements or arrangements which it may enter into thereafter; provided, however, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under, any future amendment to any such existing transaction, agreement or arrangement or under any similar transaction, agreement or arrangement entered into after the Original Issue Date shall only be permitted by this clause (9) to the extent that the terms of any such existing transaction, agreement or arrangement together with all amendments thereto, taken as a whole, or new transaction, agreement or arrangement are not otherwise more disadvantageous to the holders of the New First Lien Senior Secured Notes in any material respect than the original transaction, agreement or arrangement as in effect on the Original Issue Date;
- (10) the execution of the Transactions and the payment of all fees and expenses related to the Transactions, including fees to the Sponsors, that are described in this offering circular or contemplated by the Acquisition Documents;
- (11)(a) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, or transactions otherwise relating to the purchase or sale of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the First Lien Senior Secured Indenture, which are fair to the Issuer and its Restricted Subsidiaries in the reasonable determination of the Board of Directors or the senior management of the Issuer, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party or (b) transactions with joint ventures or Unrestricted Subsidiaries entered into in the ordinary course of business;
- (12) any transaction effected as part of a Qualified Receivables Financing;
- (13) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or Subordinated Shareholder Funding to any Person;
- (14) the issuance of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock option and stock ownership plans or similar employee benefit plans approved by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer or of a Restricted Subsidiary of the Issuer, as appropriate;

- (15) the entering into of any tax sharing agreement or arrangement and any payments permitted by clause (12) of the third paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments”;
- (16) any contribution to the capital of the Issuer;
- (17) transactions permitted by, and complying with, the provisions of the covenant described under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets”;
- (18) transactions between the Issuer or any of its Restricted Subsidiaries and any Person, a director of which is also a director of the Issuer or any direct or indirect parent of the Issuer; provided, however, that such director abstains from voting as a director of the Issuer or such direct or indirect parent, as the case may be, on any matter involving such other Person;
- (19) pledges of Equity Interests of Unrestricted Subsidiaries;
- (20) the formation and maintenance of any consolidated group or subgroup for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (21) any employment agreements entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;
- (22) intercompany transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Issuer in an Officers’ Certificate) for the purpose of improving the consolidated tax efficiency of the Issuer and its Subsidiaries and not for the purpose of circumventing any covenant set forth in the First Lien Senior Secured Indenture; and
- (23) the payment of premiums, receipt of insurance proceeds and other insurance related transactions in each case on terms customary for such transactions between the Issuer or any Restricted Subsidiary of the Issuer and any Affiliate of the Issuer that is a “captive insurance” entity whose sole business is providing insurance to the Issuer and its Restricted Subsidiaries.

*Liens.* The First Lien Senior Secured Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur or suffer to exist any Lien on any asset or property of the Issuer or such Restricted Subsidiary other than (a) a Permitted Lien or (b) Liens that are junior in priority to the Liens on such assets or property securing the New First Lien Senior Secured Notes and Secured Note Guarantees and securing Indebtedness Incurred pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” .

*Admission to Trading.* The Issuer will use all commercially reasonable efforts to obtain and maintain the admission to and admission to trading on the Global Exchange Market of the Irish Stock Exchange; provided, however, that if the Issuer is unable to obtain admission to trading of the New First Lien Senior Secured Notes on the Global Exchange Market of the Irish Stock Exchange or if maintenance of such admission to trading becomes unduly onerous, it will use all commercially reasonable efforts to obtain and maintain an admission to trading of such New First Lien Senior Secured Notes on another recognized stock exchange.

*Reports and Other Information.* For so long as any New First Lien Senior Secured Notes are outstanding, the Issuer will provide to the Trustee the following reports:

- (1) within 120 days after the end of each of the Issuer’s fiscal years beginning with the fiscal year ending December 31, 2010, annual reports containing the following information in a level of detail that is comparable in all material respect to this offering circular: (a) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the three most recent fiscal years, including complete footnotes to

such financial statements and the report of the independent auditors on the financial statements; (b) pro forma income statement and balance sheet information of the Issuer (which need not comply with Article 11 of Regulation S-X under the Exchange Act, “Regulation S-X”), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year unless pro forma information has been provided in a previous report pursuant to clause (2) or (3) below; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management, management compensation and shareholders of the Issuer, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments (in each case to the extent such information would be required to be disclosed if the Issuer were a reporting company under the Exchange Act); (e) a description of material risk factors and material recent developments; (f) earnings before interest, taxes, depreciation and amortization; (g) capital expenditures; (h) depreciation and amortization; (i) income (loss) from operations; and (j) information for the guarantor, and the non-guarantor, Subsidiaries substantially consistent with the disclosure contained in footnotes (3) and (4) to the diagram under “Summary—Organizational Structure” in this offering circular; provided that any item of disclosure that complies in all material respects with the requirements that would be applicable under Form 20-F under the Exchange Act with respect to such item will be deemed to satisfy the Issuer’s obligations under this clause (1) with respect to such item;

- (2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Issuer all quarterly financial statements of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) pro forma income statement and balance sheet information of the Issuer (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year unless pro forma information has been provided in a previous report pursuant to clause (2) or (3); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; provided that that any item of disclosure that complies in all material respects with the requirements that would be applicable under Form 10-Q under the Exchange Act with respect to such item will be deemed to satisfy the Issuer’s obligations under this clause (2) with respect to such item; and
- (3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer and the Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements shall be for the Issuer and/or its Predecessor, as applicable. All financial statements and pro forma financial information shall be prepared in accordance with GAAP on a consistent basis for the periods presented and shall comply with the applicable requirements of any exchange on which the New First Lien Senior Secured Notes are listed; provided, however, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods, subject to the provisions of the First Lien Senior Secured Indenture. Except as provided for above, no report need include separate financial statements for the Issuer or Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering circular.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also (a) issue a press release through the newswire service of Bloomberg (or, if Bloomberg does not then operate, any similar agency) announcing the issuance of such report and setting forth summary financial information and (b) post such report on the Issuer’s website.

In the event that the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Issuer will, for so long as it continues to file the reports required by Section 13(a) with the SEC, make available to the Trustee the annual reports, information, documents and other reports that the Issuer is required to file with the SEC pursuant to such Section 13(a) or 15(d). By complying with the foregoing requirements of this paragraph, the Issuer will be deemed to have complied with the provisions contained in the preceding three paragraphs for the relevant period.

The First Lien Senior Secured Indenture will provides that, so long as any of the New First Lien Senior Secured Notes remain outstanding and during any period during which the Issuer is not subject to section 13 or 15(d) of the Exchange Act, or otherwise permitted to furnish the SEC with certain information pursuant to Rule 12g 3-2(b) of the Exchange Act, the Issuer will make available to the holders of the New First Lien Senior Secured Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Issuer will also make any of the foregoing information available during normal business hours at the offices of the Paying Agent in Dublin if and so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and are traded on the Global Exchange Market thereof and the guidelines of the stock exchange so require.

*Future Secured Note Guarantors.* The First Lien Senior Secured Indenture provides that the Issuer will not permit any of its Restricted Subsidiaries (unless such Subsidiary is a Receivables Subsidiary) that is not a Secured Note Guarantor to guarantee, assume or in any other manner become liable with respect to (i) any Credit Agreement of the Issuer or any Secured Note Guarantor or (ii) any Public Debt of the Issuer or any Secured Note Guarantor, unless such Subsidiary executes and delivers to the Trustee a supplemental indenture pursuant to which such Subsidiary will guarantee payment of the New First Lien Senior Secured Notes.

Notwithstanding the foregoing:

- (a) no Secured Note Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;
- (b) such Secured Note Guarantee need not be secured unless required pursuant to the “—Certain Covenants—Liens” covenant;
- (c) if such Indebtedness is by its terms expressly subordinated to the New First Lien Senior Secured Notes or any Secured Note Guarantee, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary’s Secured Note Guarantee of the New First Lien Senior Secured Notes at least to the same extent as such Indebtedness is subordinated to the New First Lien Senior Secured Notes or any other senior guarantee;
- (d) no Secured Note Guarantee shall be required as a result of any guarantee given to a bank or trust company incorporated in any member state of the European Union as of the date of the First Lien Senior Secured Indenture or any commercial banking institution that is a member of the U.S. Federal Reserve System, (or any branch, Subsidiary or Affiliate thereof) in each case having combined capital and surplus and undivided profits of not less than €500.0 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody’s, in connection with the operation of cash management programs established for the Issuer’s benefit or that of any Restricted Subsidiary;
- (e) no Secured Note Guarantee shall be required if such Secured Note Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Issuer or such Restricted Subsidiary, including, for the avoidance of doubt, “whitewash” or similar procedures or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Secured Note Guarantee,

which cannot be avoided through measures reasonably available to the Issuer or the Restricted Subsidiary;  
and

- (f) each such Secured Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Each Secured Note Guarantee shall be released in accordance with the provisions of the First Lien Senior Secured Indenture and the Intercreditor Agreements described under “—Secured Note Guarantees” and “Description of Other Indebtedness—Intercreditor Agreements.”

*Impairment of Security Interests.* Subject to the rights of the holders of Permitted Liens and to the provisions governing the release of Collateral as described under “—Release of Collateral,” the Issuer will not, and will not permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would or could reasonably be expected to have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Trustee and the Holders of the New First Lien Senior Secured Notes, unless such action or failure to take action is otherwise permitted or contemplated by the First Lien Senior Secured Indenture or the Security Documents. The Issuer shall not amend, modify or supplement, or permit or consent to any amendment, modification or supplement of, the Security Documents in any way that would be adverse to the holders of the New First Lien Senior Secured Notes in any material respect, except as described above under “—Security” or as permitted under “Amendments and Waivers” or under the Security Documents.

*After-Acquired Property.* Upon the acquisition by the Issuer or any Secured Note Guarantor of any property or assets (other than Excluded Property), the Issuer or such Secured Note Guarantor shall execute and deliver such mortgages, deeds of trust, security instruments, financing statements and certificates and opinions of counsel as shall be reasonably necessary to vest in the Trustee a first-priority perfected security interest, subject only to Permitted Liens, in such property and to have such property, added to the Collateral, and thereupon all provisions of the First Lien Senior Secured Indenture relating to the Collateral shall be deemed to relate to such property or assets to the same extent and with the same force and effect.

*Limitation on Issuer.* The Issuer will not (x) own any material assets or other property, other than (i) Capital Stock of Subsidiaries and joint ventures, (ii) Indebtedness or other obligations owing to the Issuer by Subsidiaries and joint ventures and (iii) Cash Equivalents, or (y) engage in any trade or conduct any business other than treasury, cash management, hedging and cash pooling activities and activities incidental thereto and activities related to being a holding company for its Subsidiaries (including the issuance from time to time of additional Capital Stock of the Issuer in accordance with the terms of the First Lien Senior Secured Indenture). The Issuer will not Incur any material liabilities or obligations other than its obligations pursuant to, or as permitted by, the New First Lien Senior Secured Notes, the First Lien Senior Secured Indenture, the Security Documents, the Existing Notes and any related security documents, the indentures governing the Existing Notes, the Credit Agreement, the Senior Unsecured Facility and other Indebtedness permitted to be Incurred by the Issuer as described under “—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and liabilities and obligations pursuant to business activities permitted by this covenant (including without limitation pursuant to agreements relating to investments in Subsidiaries and joint ventures permitted under the First Lien Senior Secured Indenture).

*Covenant Fall-Away.* If, on any date following the Original Issue Date, (i) the New First Lien Senior Secured Notes have Investment Grade Ratings from both Rating Agencies, and the Issuer has delivered written notice of such Investment Grade Ratings to the Trustee, and (ii) no Default has occurred and is continuing under the First Lien Senior Secured Indenture then, beginning on that day and continuing at all times thereafter regardless of any subsequent changes in the rating of the New First Lien Senior Secured Notes, the covenants specifically listed under the following captions in this “Description of the New First Lien Senior Secured Notes” section of this offering circular will no longer be applicable to the New First Lien Senior Secured Notes:

- (1) “—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (2) “—Limitation on Restricted Payments”;

- (3) “—Dividend and Other Payment Restrictions Affecting Subsidiaries”;
- (4) “—Asset Sales”;
- (5) “—Transactions with Affiliates”;
- (6) “—Future Secured Note Guarantors”;
- (7) “—Security”;
- (8) “—Impairment of Security Interests”;
- (9) “—After-Acquired Property”;

(10) clause (4) of the first paragraph of “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets.”

In addition, during any period of time that (i) the New First Lien Senior Secured Notes have Investment Grade Ratings from both Rating Agencies, and the Issuer has delivered written notice of such Investment Grade Ratings to the Trustee, and (ii) no Default has occurred and is continuing under the First Lien Senior Secured Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event”), the Issuer and its Restricted Subsidiaries will not be subject to the covenant described under “Change of Control” (the “Suspended Covenant”). In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenant with respect to the New First Lien Senior Secured Notes under the First Lien Senior Secured Indenture for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion Date”) one or both of the Rating Agencies (a) withdraw their Investment Grade Rating or downgrade the rating assigned to the New First Lien Senior Secured Notes below an Investment Grade Rating and/or (b) the Issuer or any of its Affiliates enters into an agreement to effect a transaction that would result in a Change of Control and one or more of the Rating Agencies indicate that if consummated, such transaction (alone or together with any related recapitalization or refinancing transactions) would cause such Rating Agency to withdraw its Investment Grade Rating or downgrade the ratings assigned to the New First Lien Senior Secured Notes below an Investment Grade Rating, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenant with respect to the New First Lien Senior Secured Notes under the First Lien Senior Secured Indenture with respect to future events, including, without limitation, a proposed transaction described in clause (b) above.

There can be no assurance that the New First Lien Senior Secured Notes will ever achieve or maintain Investment Grade Ratings.

### **Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets**

The First Lien Senior Secured Indenture provides that the Issuer may not, directly or indirectly, consolidate, amalgamate or merge with or into or wind up or convert into (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to any Person unless:

- (1) the Issuer is the surviving person or the Person formed by or surviving any such consolidation, amalgamation, merger, winding up or conversion (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership or limited liability company organized or existing under the laws of any member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof, (the Issuer or such Person, as the case may be, being herein called the “Successor Company”); provided that in the case where the surviving Person is not a corporation, a co-obligor of the New First Lien Senior Secured Notes is a corporation;

- (2) the Successor Company (if other than the Issuer) expressly assumes all the obligations of the Issuer under the First Lien Senior Secured Indenture, the New First Lien Senior Secured Notes and the Security Documents pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;
- (3) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any of its Restricted Subsidiaries as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction) no Default shall have occurred and be continuing;
- (4) immediately after giving pro forma effect to such transaction, as if such transaction had occurred at the beginning of the applicable four-quarter period (and treating any Indebtedness which becomes an obligation of the Successor Company or any of its Restricted Subsidiaries as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), either:
  - (a) the Successor Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; or
  - (b) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction;
- (5) each Secured Note Guarantor, unless it is the other party to the transactions described above, shall have by supplemental indenture confirmed that its Secured Note Guarantee shall apply to such Person’s obligations under the First Lien Senior Secured Indenture and the New First Lien Senior Secured Notes; and
- (6) the Issuer shall have delivered in form and substance reasonably satisfactory to the Trustee, an Officers’ Certificate and an Opinion of Counsel, in each case, stating that such consolidation, merger, amalgamation or transfer and such supplemental indentures (if any) comply with the First Lien Senior Secured Indenture.

The Successor Company (if other than the Issuer) will succeed to, and be substituted for, the Issuer under the First Lien Senior Secured Indenture and the New First Lien Senior Secured Notes, and in such event the Issuer will automatically be released and discharged from its obligations under the First Lien Senior Secured Indenture and the New First Lien Senior Secured Notes. Notwithstanding the foregoing clauses (3) and (4), (a) any Restricted Subsidiary may merge, consolidate or amalgamate with or transfer all or part of its properties and assets to the Issuer or to another Restricted Subsidiary, and (b) the Issuer may merge, consolidate or amalgamate with an Affiliate incorporated solely for the purpose of reincorporating the Issuer in another member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof, or may convert into a limited liability company, so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby. This “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets” will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Issuer and its Restricted Subsidiaries.

The First Lien Senior Secured Indenture further provides that, subject to certain limitations in the First Lien Senior Secured Indenture governing release of a Secured Note Guarantee upon the sale or disposition of a Restricted Subsidiary of the Issuer that is a Secured Note Guarantor, no Secured Note Guarantor will, and the Issuer will not permit any Secured Note Guarantor to, consolidate, amalgamate or merge with or into or wind up into (whether or not such Secured Note Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, any Person unless:

- (1) either (a) such Secured Note Guarantor is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than such Secured Note Guarantor) or to which such

sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership or limited liability company organized or existing under the laws of any member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof (such Secured Note Guarantor or such Person, as the case may be, being herein called the “Successor Secured Note Guarantor”), and the Successor Secured Note Guarantor (if other than such Secured Note Guarantor) expressly assumes all the obligations of such Secured Note Guarantor under the First Lien Senior Secured Indenture, such Secured Note Guarantors’ Secured Note Guarantee and the Security Documents pursuant to a supplemental indenture or other documents or instruments in form reasonably satisfactory to the Trustee, or (b) such sale or disposition or consolidation, amalgamation or merger is not in violation of the covenant described above under the caption “—Certain Covenants—Asset Sales”; and

- (2) the Successor Secured Note Guarantor (if other than such Secured Note Guarantor) shall have delivered or caused to be delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger or transfer and such supplemental indenture (if any) comply with the First Lien Senior Secured Indenture.

Subject to certain limitations described in the First Lien Senior Secured Indenture, the Successor Secured Note Guarantor (if other than such Secured Note Guarantor) will succeed to, and be substituted for, such Secured Note Guarantor under the First Lien Senior Secured Indenture and such Secured Note Guarantor’s Secured Note Guarantee, and such Secured Note Guarantor will automatically be released and discharged from its obligations under the First Lien Senior Secured Indenture and such Secured Note Guarantor’s Secured Note Guarantee. Notwithstanding the foregoing, (1) a Secured Note Guarantor may merge, amalgamate or consolidate with an Affiliate incorporated solely for the purpose of reincorporating such Secured Note Guarantor in another member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof, so long as the amount of Indebtedness of the Secured Note Guarantor is not increased thereby, and (2) a Secured Note Guarantor may merge, amalgamate or consolidate with another Secured Note Guarantor or the Issuer.

In addition, notwithstanding the foregoing, any Secured Note Guarantor may consolidate, amalgamate or merge with or into or wind up into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets (collectively, a “Transfer”) to (x) the Issuer or any Secured Note Guarantor or (y) any Restricted Subsidiary of the Issuer that is not a Secured Note Guarantor; provided that at the time of each such Transfer pursuant to clause (y) the aggregate amount of all such Transfers since the Original Issue Date shall not exceed 5.0% of the consolidated assets of the Issuer and the Secured Note Guarantors as shown on the most recent available balance sheet of the Issuer and the Restricted Subsidiaries after giving effect to each such Transfer and including all Transfers occurring from and after the Original Issue Date. Upon a permitted Transfer to a Restricted Subsidiary that is not a Secured Note Guarantor, any Collateral securing the New First Lien Senior Secured Notes will be automatically released and the New First Lien Senior Secured Notes shall no longer have the benefit of such Collateral.

*Additional Covenants.* The First Lien Senior Secured Indenture also contains covenants with respect to the following matters: (a) payment of the principal, premium, any Additional Amounts and interest; (b) maintenance of an office or agency in London; and (c) arrangements regarding the handling of money held in trust.

## **Defaults**

An Event of Default is defined in the First Lien Senior Secured Indenture as:

- (1) a default in any payment of interest on any New First Lien Senior Secured Note when due, continued for 30 days;
- (2) a default in the payment of principal or premium, if any, of any New First Lien Senior Secured Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

- (3) the failure by the Issuer or any of Restricted Subsidiaries to comply with the covenant described under “— Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets” above;
- (4) the failure by the Issuer or any of Restricted Subsidiaries to comply for 60 days after notice with its other agreements contained in the New First Lien Senior Secured Notes or the First Lien Senior Secured Indenture (other than those referred to in (1), (2), (3) above or (10) below);
- (5) the failure by the Issuer or any Significant Subsidiary to pay any Indebtedness (other than Indebtedness owing to the Issuer or a Restricted Subsidiary) within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default, in each case, if the total amount of such Indebtedness unpaid or accelerated exceeds €25.0 million or its foreign currency equivalent (the “cross-acceleration provision”);
- (6) certain events of bankruptcy, insolvency or reorganization of the Issuer or a Significant Subsidiary (the “bankruptcy provisions”);
- (7) failure by the Issuer or any Significant Subsidiary to pay final judgments aggregating in excess of €25.0 million or its foreign currency equivalent (net of any amounts which are covered by enforceable insurance policies issued by solvent carriers), which judgments are not discharged, waived or stayed for a period of 60 days (the “judgment default provision”);
- (8) any Secured Note Guarantee of a Significant Subsidiary ceases to be in full force and effect (except as contemplated by the terms thereof or the terms of the First Lien Senior Secured Indenture or the Intercreditor Agreements) with respect to the New First Lien Senior Secured Notes or any Secured Note Guarantor denies or disaffirms its obligations under the First Lien Senior Secured Indenture or any Secured Note Guarantee with respect to the New First Lien Senior Secured Notes and such Default continues for 20 days;
- (9) unless all of the Collateral has been released from the Liens in accordance with the provisions of the Security Documents, the Issuer shall assert or any Subsidiary shall assert, in any pleading in any court of competent jurisdiction, that any such security interest is invalid or unenforceable and, in the case of any such Subsidiary, the Issuer fails to cause such Subsidiary to rescind such assertions within 30 days after the Issuer has actual knowledge of such assertion; or
- (10) the failure by the Issuer or any Restricted Subsidiary to comply for 60 days after notice with its other agreements related to the Collateral contained in the First Lien Senior Secured Indenture or the Security Documents except for a failure that would not be material to the holders of the New First Lien Senior Secured Notes and would not materially affect the value of the second priority security interests in the Collateral taken as a whole (together with the defaults described in clause (9) the “security default provisions”).

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a default under clauses (4), (5), (7) or (10) will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of outstanding New First Lien Senior Secured Notes notify the Issuer of the default and the Issuer does not cure such default within the time specified in clause (4) hereof after receipt of such notice.

If an Event of Default (other than a Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer) occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of outstanding New First Lien Senior Secured Notes by notice to the Issuer may declare the principal of, premium, if any, and accrued but unpaid interest on all the New First Lien Senior Secured Notes to be due and payable; provided, however, that so long as any Bank Indebtedness remains outstanding, no such acceleration shall be

effective until the earlier of (1) five Business Days after the giving of written notice to the Issuer and the Representative under the Credit Agreement and (2) the day on which any Bank Indebtedness is accelerated. Upon such a declaration, such principal and interest with respect to the New First Lien Senior Secured Notes will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer occurs, the principal of, premium, if any, and interest on all the New First Lien Senior Secured Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holders. Under certain circumstances, the holders of a majority in principal amount of outstanding New First Lien Senior Secured Notes may rescind any such acceleration with respect to the New First Lien Senior Secured Notes and its consequences.

In the event of any Event of Default with respect to the New First Lien Senior Secured Notes specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the New First Lien Senior Secured Notes, if within 20 days after such Event of Default arose the Issuer delivers an Officers' Certificate to the Trustee stating that (x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged, (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the New First Lien Senior Secured Notes as described above be annulled, waived or rescinded upon the happening of any such events.

Subject to the provisions of the First Lien Senior Secured Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the First Lien Senior Secured Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no holder may pursue any remedy with respect to the First Lien Senior Secured Indenture or the New First Lien Senior Secured Notes unless:

- (1) such holder has previously given the Trustee notice that an Event of Default is continuing,
- (2) holders of at least 25% in principal amount of the outstanding New First Lien Senior Secured Notes have requested the Trustee to pursue the remedy,
- (3) such holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense,
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity, and
- (5) the holders of a majority in principal amount of the outstanding New First Lien Senior Secured Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of outstanding New First Lien Senior Secured Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the First Lien Senior Secured Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the First Lien Senior Secured Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The First Lien Senior Secured Indenture will provide that if a Default with respect to the New First Lien Senior Secured Notes occurs and is continuing and is actually known to the Trustee, the Trustee must mail to each holder of New First Lien Senior Secured Notes a notice of the Default within the earlier of 90 days after it occurs or 30 days after it is actually known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a

Default in the payment of principal of, premium (if any) or interest on any New First Lien Senior Secured Note, the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the holders of the New First Lien Senior Secured Notes. In addition, the Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

### **Intercreditor Agreements**

The First Lien Senior Secured Indenture (under which the New First Lien Senior Secured Notes will be issued) provides that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any Indebtedness permitted to be Incurred under the First Lien Senior Secured Indenture constituting Pari Passu Indebtedness (including First Priority Lien Obligations) or Subordinated Indebtedness of the Issuer or any Secured Note Guarantor, the Issuer, the relevant Restricted Subsidiaries and the Trustee shall enter into with the holder of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an “Additional Intercreditor Agreement”) on substantially the same terms as the Intercreditor Agreements (or terms not materially less favorable to the holders of the notes issued under the First Lien Senior Secured Indenture (including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby), including substantially the same terms with respect to the subordination, payment blockage, limitation on enforcement and release of Secured Note Guarantees; provided, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the First Lien Senior Secured Indenture or the Intercreditor Agreements .

The First Lien Senior Secured Indenture also provides that, at the direction of the Issuer and without the consent of noteholders, the Trustee shall from time to time enter into one or more amendments to the Intercreditor Agreements or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, mistake, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or a Restricted Subsidiary (including, with respect to any Intercreditor Agreement or any Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the New First Lien Senior Secured Notes, the New Senior Unsecured Notes and/or the Existing Notes), (3) add parties to the Intercreditor Agreements or an Additional Intercreditor Agreement, including Secured Note Guarantors, or successors, including successor trustees or other Representatives or (4) make any other change to any such agreement that does not adversely affect the notes issued under the New First Lien Senior Secured Indenture (including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby) in any material respect. The Issuer shall not otherwise direct the Trustee to enter into any amendment to the Intercreditor Agreements or Additional Intercreditor Agreement without the consent of the holders representing a majority in aggregate principal amount of the notes issued under the First Lien Senior Secured Indenture (including the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes offered hereby) then outstanding, except as otherwise permitted below under “Amendments and Waivers,” and the Issuer may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the First Lien Senior Secured Indenture or any Intercreditor Agreement.

With respect to all matters governed by the Senior/Subordinated Intercreditor Agreement, holders of the New First Lien Senior Secured Notes will vote together as a class with all other secured creditors, including the lenders under our Senior Secured Facilities, the holders of the New First Lien Senior Secured Notes, the holders of the Existing First Lien Senior Secured Notes, the holders of the First-and-a-Half Priority Notes and the holders of the Junior Priority Notes. With respect to all matters governed by the First/First-and-a-Half Lien Intercreditor Agreement, holders of the New First Lien Senior Secured Notes will vote together as a class with all other secured creditors other than holders of the First-and-a-Half Priority Notes and holders of secured debt that ranks equal or junior to the First-and-a-Half Priority Notes. With respect to all matters governed by the First/Junior Lien Intercreditor Agreement, holders of the New First Lien Senior Secured Notes will vote together as a class with all other secured creditors other than holders of the Junior Priority Notes and holders of secured debt that ranks equal or junior to the Junior Priority Notes.

The First Lien Senior Secured Indenture also provides that each noteholder, by accepting a New First Lien Senior Secured Note, shall be deemed to have agreed to and accepted the terms and conditions of any Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein). A copy of the Intercreditor Agreements shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Trustee and, for so long as any New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof at the offices of the Paying Agent in Dublin.

### **Amendments and Waivers**

Subject to certain exceptions, the First Lien Senior Secured Indenture and the Security Documents may be amended (including, consistent with the amendment and waiver provisions of the indentures governing the Existing First Lien Senior Secured Notes, Junior Priority Notes and First-and-a-Half Priority Notes, to release any and all Collateral other than in accordance with the First Lien Senior Secured Indenture or Security Documents) with the consent of the holders of a majority in principal amount of the New First Lien Senior Secured Notes then outstanding voting as a single class and any past default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the New First Lien Senior Secured Notes then outstanding voting as a single class. Notwithstanding the foregoing, without the consent of the holders of not less than 90% of the then outstanding aggregate principal amount of the New First Lien Senior Secured Notes affected, no amendment may:

- (1) reduce the amount of New First Lien Senior Secured Notes whose holders must consent to an amendment,
- (2) reduce the rate of or extend the time for payment of interest on any New First Lien Senior Secured Note,
- (3) reduce the principal of or extend the Stated Maturity of any New First Lien Senior Secured Note,
- (4) reduce the premium payable upon the redemption of any New First Lien Senior Secured Note or change the time at which any New First Lien Senior Secured Note may be redeemed as described under “—Optional Redemption” above,
- (5) make any New First Lien Senior Secured Note payable in money other than that stated in such New First Lien Senior Secured Note,
- (6) expressly subordinate the New First Lien Senior Secured Notes or any Secured Note Guarantee to any other Indebtedness of the Issuer or any Secured Note Guarantor not otherwise permitted by the First Lien Senior Secured Indenture,
- (7) impair the right of any holder to receive payment of principal of, premium, if any, and interest on such holder’s New First Lien Senior Secured Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder’s New First Lien Senior Secured Notes,
- (8) make any change in the amendment provisions which require the holder’s consent as described in this sentence or in the waiver provisions,
- (9) except to the extent expressly permitted by the First Lien Senior Secured Indenture, modify any Secured Note Guarantee in any manner adverse to the holders, or
- (10) make any change in the provisions in the Intercreditor Agreements or the First Lien Senior Secured Indenture dealing with the application of proceeds of Collateral that would adversely affect the holders of the New First Lien Senior Secured Notes.

Without the consent of any holder, the Issuer and Trustee may amend the First Lien Senior Secured Indenture, any Security Document or the Intercreditor Agreements to cure any ambiguity, omission, mistake, defect or inconsistency, to effect any provision of the First Lien Senior Secured Indenture (including the release of any

Secured Note Guarantees in accordance with the terms of the First Lien Senior Secured Indenture, and to comply with the covenant under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets”), to provide for the assumption by a Successor Company of the obligations of the Issuer under the First Lien Senior Secured Indenture and the New First Lien Senior Secured Notes, to provide for the assumption by a Successor Guarantor of the obligations of a Secured Note Guarantor under the First Lien Senior Secured Indenture and its Secured Note Guarantee, to provide for uncertificated New First Lien Senior Secured Notes in addition to or in place of certificated New First Lien Senior Secured Notes (provided that the uncertificated New First Lien Senior Secured Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated New First Lien Senior Secured Notes are described in Section 163(f)(2)(B) of the Code), to add a Secured Note Guarantee with respect to the New First Lien Senior Secured Notes, to secure the New First Lien Senior Secured Notes, to add assets as collateral, to release collateral from any Lien pursuant to the First Lien Senior Secured Indenture, any Security Document and the Intercreditor Agreements when permitted or required by the First Lien Senior Secured Indenture, to modify the Intercreditor Agreements to secure additional extensions of credit and add additional secured creditors holding secured obligations so long as such other secured obligations are not prohibited by the provisions of the Credit Agreement or the First Lien Senior Secured Indenture, to add to the covenants of the Issuer or any Secured Note Guarantor for the benefit of the holders or to surrender any right or power conferred upon the Issuer, to make any change that does not adversely affect the rights of any holder, to evidence and process for the acceptance and appointment under the First Lien Senior Secured Indenture and/or the Intercreditor Agreements of a successor Trustee, to provide for the accession of the Trustee to any instrument in connection with the New First Lien Senior Secured Notes or to make certain changes to the First Lien Senior Secured Indenture to provide for the issuance of Additional First Lien Senior Secured Notes or, at the Issuer’s election, to comply with any requirement of the SEC in connection with the qualification of the First Lien Senior Secured Indenture under the Trust Indenture Act of 1939, as amended, if such qualification is required. In addition, the First Lien Intercreditor Agreement provides that, subject to certain exceptions, any amendment, waiver or consent to any of the Security Documents with respect to the Senior Secured Facilities will also apply automatically to the comparable Security Documents with respect to the New First Lien Senior Secured Notes.

In formulating its opinion on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it reasonably deems appropriate, including an Opinion of Counsel and an Officers’ Certificate.

The consent of the noteholders is not necessary under the First Lien Senior Secured Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

The Issuer will, for so long as the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof, to the extent required by the guidelines of the Irish Stock Exchange, (i) inform the Irish Stock Exchange of any of the foregoing amendments, supplements and waivers and provide, if necessary, a supplement to this prospectus setting forth reasonable details in connection with any such amendments, supplements or waivers and (ii) deliver notice of any amendment, supplement and waiver to the Companies Announcement Office in Dublin.

After an amendment under the First Lien Senior Secured Indenture becomes effective with respect to the New First Lien Senior Secured Notes, the Issuer is required to mail to the noteholders a notice briefly describing such amendment. However, the failure to give such notice to all noteholders entitled to receive such notice, or any defect therein, will not impair or affect the validity of the amendment.

#### **No Personal Liability of Directors, Officers, Employees, Managers, Incorporators and Stockholders**

No director, officer, employee, manager, incorporator or holder of any Equity Interests in the Issuer or any direct or indirect parent corporation, as such, will have any liability for any obligations of the Issuer under the New First Lien Senior Secured Notes, the First Lien Senior Secured Indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of New First Lien Senior Secured Notes by accepting a New First Lien Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the New First Lien Senior Secured Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

## **Transfer and Exchange**

A noteholder may transfer or exchange New First Lien Senior Secured Notes in accordance with the First Lien Senior Secured Indenture. Upon any transfer or exchange, the registrar and the Trustee may require a noteholder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a noteholder to pay any taxes required by law or permitted by the First Lien Senior Secured Indenture. The Issuer is not required to transfer or exchange any New First Lien Senior Secured Note selected for redemption or to transfer or exchange any New First Lien Senior Secured Note for a period of 15 days prior to a selection of New First Lien Senior Secured Notes to be redeemed. The New First Lien Senior Secured Notes will be issued in registered form and the registered holder of a New First Lien Senior Secured Note will be treated as the owner of such New First Lien Senior Secured Note for all purposes.

## **Satisfaction and Discharge**

The First Lien Senior Secured Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration or transfer or exchange of New First Lien Senior Secured Notes, as expressly provided for in the First Lien Senior Secured Indenture) as to all outstanding New First Lien Senior Secured Notes when:

- (1) either (a) all the New First Lien Senior Secured Notes theretofore authenticated and delivered (except lost, stolen or destroyed New First Lien Senior Secured Notes which have been replaced or paid and New First Lien Senior Secured Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation or (b) all of the New First Lien Senior Secured Notes (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) if redeemable at the option of the Issuer, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the New First Lien Senior Secured Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the New First Lien Senior Secured Notes to the date of deposit together with irrevocable instructions from the Issuer directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;
- (2) the Issuer and/or the Secured Note Guarantors have paid all other sums payable under the First Lien Senior Secured Indenture; and
- (3) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under the First Lien Senior Secured Indenture relating to the satisfaction and discharge of the First Lien Senior Secured Indenture have been complied with.

## **Defeasance**

The Issuer at any time may terminate all its obligations under the New First Lien Senior Secured Notes, the Security Documents and the First Lien Senior Secured Indenture with respect to the New First Lien Senior Secured Notes ("legal defeasance"), and cure any existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the New First Lien Senior Secured Notes, to replace mutilated, destroyed, lost or stolen New First Lien Senior Secured Notes and to maintain a registrar and paying agent in respect of the New First Lien Senior Secured Notes. The Issuer at any time may terminate its obligations with respect to the New First Lien Senior Secured Notes under the covenants described under "—Certain Covenants," the operation of the cross acceleration provision, the security default provisions, the bankruptcy provisions with respect to Significant Subsidiaries, and the judgment default provision described under "Defaults" and the undertakings and covenants contained under "—Change of Control" and "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" ("covenant defeasance"). If the Issuer exercises its legal defeasance option or its covenant defeasance option with respect to the New First Lien Senior Secured Notes, each Secured Note Guarantor will be released from all of its obligations with respect to its

Secured Note Guarantee and the Issuer and each Secured Note Guarantor will be released from all of its obligations with respect to the Security Documents.

The Issuer may exercise its legal defeasance option with respect to the New First Lien Senior Secured Notes notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option with respect to the New First Lien Senior Secured Notes, payment of the New First Lien Senior Secured Notes may not be accelerated because of an Event of Default with respect thereto. If the Issuer exercises its covenant defeasance option with respect to the New First Lien Senior Secured Notes, payment of the New First Lien Senior Secured Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5), (6), (7) (with respect only to Significant Subsidiaries), (8), (9) or (10) under “Defaults” or because of the failure of the Issuer to comply with the first clause (4) under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets.”

In order to exercise its defeasance option, the Issuer must irrevocably deposit in trust (the “defeasance trust”) with the Trustee money in dollars or U.S. Government Obligations for the payment of principal, premium (if any) and interest (with the interest rate through redemption or maturity, as the case may be, calculated at the interest rate applicable on the date of such deposit) on the New First Lien Senior Secured Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that holders of the New First Lien Senior Secured Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or change in applicable U.S. Federal income tax law).

#### **Concerning the Trustee**

The Bank of New York Mellon is the Trustee under the First Lien Senior Secured Indenture and has been appointed by the Issuer as Registrar and Principal Paying Agent with regard to the New First Lien Senior Secured Notes.

#### **Notices**

All notices to noteholders will be validly given if mailed to them at their respective addresses in the register of the holders of the New First Lien Senior Secured Notes, if any, maintained by the Registrar. In addition, for so long as any of the New First Lien Senior Secured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of the Irish Stock Exchange so require, notices, with respect to the New First Lien Senior Secured Notes admitted to trading on the Irish Stock Exchange, will be published by delivery to the Companies Announcement Office in Dublin. In addition, for so long as any New First Lien Senior Secured Notes are represented by Global New First Lien Senior Secured Notes, all notices to holders of the New First Lien Senior Secured Notes will be delivered to DTC which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made, provided that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a noteholder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a noteholder or any defect in it shall not affect its sufficiency with respect to other noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

#### **Currency Indemnity and Calculation of Euro-denominated and Dollar-denominated Restrictions**

The U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer or any Secured Note Guarantor under or in connection with the New First Lien Senior Secured Notes, including damages. Any

amount received or recovered in a currency other than dollars, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Secured Note Guarantor or otherwise by any noteholder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any Secured Note Guarantor will only constitute a discharge to the Issuer or any Secured Note Guarantor to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient or the Trustee under any New First Lien Senior Secured Note, the Issuer and any Secured Note Guarantor will indemnify such recipient against any loss sustained by it as a result. In any event, the relevant Issuer and any Secured Note Guarantor will indemnify the recipient against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the holder of a New First Lien Senior Secured Note or the Trustee to certify in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer and any Secured Note Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder of a New First Lien Senior Secured Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any New First Lien Senior Secured Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated or U.S. dollar-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency, or the Dollar Equivalent amount for purposes hereof that is denominated in a non-U.S.-dollar currency, as applicable, shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount or non-dollar amount, as the case may be, is Incurred or made, as the case may be.

### **Consent to Jurisdiction and Service**

Each of the Issuer and the Secured Note Guarantors will irrevocably and unconditionally: (1) submit itself and its property in any legal action or proceeding relating to the First Lien Senior Secured Indenture to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the general jurisdiction of the Courts of the State of New York, sitting in the Borough of Manhattan, The City of New York, the courts of the United States of America for the Southern District of New York, appellate courts from any thereof and courts of its own corporate domicile, with respect to actions brought against it as defendant; (2) consent that any such action or proceeding may be brought in such courts and waive any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; and (3) appoint CT Corporation System, currently having an office at 111 Eighth Avenue, New York, New York 10011, as its agent to receive on its behalf service of all process in any such action or proceeding, such service being hereby acknowledged by each of the Issuer and the Secured Note Guarantors to be effective and binding in every respect.

### **Enforceability of Judgments**

Since many of the assets of the Issuer and the Secured Note Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Secured Note Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, redemption price and any purchase price with respect to the New First Lien Senior Secured Notes, may not be collectable within the United States.

### **Governing Law**

The First Lien Senior Secured Indenture, the Security Documents, the Intercreditor Agreements and the New First Lien Senior Secured Notes are governed by, and construed in accordance with, the laws of the State of New York (or, to the extent required, the law of the jurisdiction in which the Collateral is located). See "Certain Insolvency Law Considerations" and "Risk Factors—Risks Specifically Related to the New First Lien Senior Secured Notes—Enforcing your rights as a holder of the notes or under the guarantees or, as applicable, security documents across multiple jurisdictions may be difficult."

## **Book-Entry, Delivery and Form**

### ***General***

The New First Lien Senior Secured Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will be represented by one or more global New First Lien Senior Secured Notes in registered form without interest coupons attached (collectively, the “Rule 144A Global New First Lien Senior Secured Notes”). The Rule 144A Global New First Lien Senior Secured Notes will be deposited upon issuance with a custodian for The Depository Trust Company (“DTC”) and registered in the name of Cede & Co., as nominee of DTC.

The New First Lien Senior Secured Notes sold outside the United States in reliance on Regulation S under the Securities Act will be represented by one or more global New First Lien Senior Secured Notes in registered form without interest coupons attached (collectively, the “Regulation S Global New First Lien Senior Secured Notes” and together with the Rule 144A Global New First Lien Senior Secured Notes, the “Global New First Lien Senior Secured Notes”). The Regulation S Global New First Lien Senior Secured Notes will be deposited upon issuance with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. Beneficial ownership interests in the Regulation S Global New First Lien Senior Secured Notes may be exchanged for interests in the Rule 144A Global New First Lien Senior Secured Notes or a Definitive Registered New First Lien Senior Secured Note only after the 40th day after the issuance of the New First Lien Senior Secured Notes, and then only in the case of an exchange for a Definitive Registered New First Lien Senior Secured Note, in compliance with the requirements described under “—Transfers.”

In the event that Additional First Lien Senior Secured Notes are issued pursuant to the terms of the First Lien Senior Secured Indenture, the Issuer may, in its sole discretion, cause some or all of such Additional First Lien Senior Secured Notes, if any, to be issued in the form of one or more global New First Lien Senior Secured Notes (the “Additional Global New First Lien Senior Secured Notes”) and registered in the name of and deposited with the nominee of DTC.

Ownership of beneficial interests in each Rule 144A Global New First Lien Senior Secured Note (“Restricted Book-Entry Interests”) and ownership of interests in each Regulation S Global New First Lien Senior Secured Note (the “Unrestricted Book-Entry Interests”) and ownership of interests in each Additional Global New First Lien Senior Secured Note (the “Additional First Lien Senior Secured Notes Book-Entry Interests” and, together with the Restricted Book-Entry Interests and the Unrestricted Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with the Depository or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by the Depository and its participants. As used in this section, “Depository” means, with respect to the Global New First Lien Senior Secured Notes and the Additional Global New First Lien Senior Secured Notes, if any, DTC.

The Book-Entry Interests will not be held in definitive form. Instead, the Depository will credit on its book-entry registration and transfer systems a participant’s account with the interests beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge or grant any other security interest in Book-Entry Interests. In addition, while the New First Lien Senior Secured Notes are in global form, “holders” of Book-Entry Interests may not be considered the owners or “holders” of New First Lien Senior Secured Notes for purposes of the First Lien Senior Secured Indenture.

So long as the New First Lien Senior Secured Notes and any Additional First Lien Senior Secured Notes are held in global form, DTC (or its nominee), may be considered the sole holder of Global New First Lien Senior Secured Notes for all purposes under the First Lien Senior Secured Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the First Lien Senior Secured Indenture.

The Issuer and the Trustee and their respective agents will not have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

#### ***Issuance of Definitive Registered New First Lien Senior Secured Notes***

Under the terms of the First Lien Senior Secured Indenture, owners of Book-Entry Interests will not receive definitive New First Lien Senior Secured Notes in registered form (“Definitive Registered New First Lien Senior Secured Notes”) in exchange for their Book-Entry Interests unless (a) the Issuer has consented thereto in writing, or such transfer or exchange is made pursuant to one of clauses (i), (ii) or (iii) of this paragraph and (b) such transfer or exchange is in accordance with the applicable rules and procedures of the Depositary and the applicable provisions of the First Lien Senior Secured Indenture. Subject to applicable provisions of the First Lien Senior Secured Indenture, Definitive Registered New First Lien Senior Secured Notes shall be transferred to all owners of Book-Entry Interests in the relevant Global New First Lien Senior Secured Note if:

(i) the Issuer notifies the Trustee in writing that the applicable Depositary or Depositaries are unwilling or unable to continue to act as depositary and the Issuer does not appoint a successor depositary within 120 days;

(ii) any Depositary so requests if an event of default under the First Lien Senior Secured Indenture has occurred and is continuing; or

(iii) the Issuer, at its option, notifies the Trustee in writing that it elects to issue Definitive Registered New First Lien Senior Secured Notes under the First Lien Senior Secured Indenture.

In such an event, Definitive Registered New First Lien Senior Secured Notes will be issued and registered in the name or names and issued in any approved denominations, requested by or on behalf of the Depositary, as applicable (in accordance with its customary procedures and certain certification requirements and based upon directions received from participants reflecting the beneficial ownership of the Book-Entry Interests), and such Definitive Registered New First Lien Senior Secured Notes will bear the restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by the First Lien Senior Secured Indenture or applicable law. Payment of principal of, and premium, if any, and interest on the New First Lien Senior Secured Notes shall be payable at the place of payment designated by the Issuer pursuant to the First Lien Senior Secured Indenture; provided, however, that at the Issuer’s option, payment of interest on a New First Lien Senior Secured Note may be made by check mailed to the person entitled thereto to such address as shall appear on the New First Lien Senior Secured Note register.

#### ***Redemption of the Global New First Lien Senior Secured Notes***

In the event any Global New First Lien Senior Secured Note, or any portion thereof, is redeemed, the Depositary will distribute the amount received by it in respect of the Global New First Lien Senior Secured Note so redeemed to the holders of the Book-Entry Interests in such Global New First Lien Senior Secured Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by the Depositary in connection with the redemption of such Global New First Lien Senior Secured Note (or any portion thereof). We understand that under existing practices of DTC, if fewer than all of the New First Lien Senior Secured Notes are to be redeemed at any time, DTC will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of less than \$75,000 in principal amount may be redeemed in part.

#### ***Payments on Global New First Lien Senior Secured Notes***

Payments of any amounts owing in respect of the Global New First Lien Senior Secured Notes (including principal, premium, interest and Additional Amounts) will be made by the Issuer in U.S. dollars, in each case to the paying agents under the First Lien Senior Secured Indenture. The paying agents will, in turn, make such payments to the Depositary or its nominee, as the case may be, which will distribute such payments to their respective participants in accordance with their respective procedures.

Under the terms of the First Lien Senior Secured Indenture, the Issuer, the Trustee and the paying agents will treat the registered holders of the Global New First Lien Senior Secured Notes as the owners thereof for the purpose of receiving payments and other purposes under the First Lien Senior Secured Indenture. Consequently, the Issuer, the Trustee and the paying agents and their respective agents have not and will not have any responsibility or liability for:

- any aspect of the records of the Depository or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by the Depository or any participant or indirect participants, or maintaining, supervising or reviewing the records of the Depository or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- the Depository or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is the case with securities held for the accounts of customers registered in “street name.”

#### ***Action by Owners of Book-Entry Interests***

We understand that the Depository will take any action permitted to be taken by a holder of New First Lien Senior Secured Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global New First Lien Senior Secured Notes are credited and only in respect of such portion of the aggregate principal amount of New First Lien Senior Secured Notes as to which such participant or participants has or have given such direction. The Depository will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global New First Lien Senior Secured Notes. However, if there is an event of default under the New First Lien Senior Secured Notes, the Depository reserves the right to exchange the Global New First Lien Senior Secured Notes for Definitive Registered New First Lien Senior Secured Notes in certificated form, and to distribute such Definitive Registered New First Lien Senior Secured Notes to its respective participants.

#### ***Transfers***

Each Global New First Lien Senior Secured Note will bear a legend to the effect set forth under the caption “Transfer Restrictions.”

Transfers of Global New First Lien Senior Secured Notes shall be limited to transfers of such Global New First Lien Senior Secured Note in whole, but (subject to the provisions described above under “—Book-Entry, Delivery and Form—Issuance of Definitive Registered New First Lien Senior Secured Notes,” to provisions described below in this section “—Transfers” and the applicable provisions of the First Lien Senior Secured Indenture) not in part, to the Depository, its successors or their respective nominees or transfers between the Depository for the Rule 144A Global New First Lien Senior Secured Notes (initially DTC) and the Depository for the Regulation S Global New First Lien Senior Secured Notes (initially DTC).

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of Unrestricted Book-Entry Interests only upon delivery by the transferor of a written certification (as provided in the First Lien Senior Secured Indenture) to the effect that such transfer is made in accordance with Regulation S under the Securities Act or otherwise in accordance with the transfer restrictions described under “Transfer Restrictions” and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Unrestricted Book-Entry Interests may be transferred to a person who takes delivery in the form of Restricted Book-Entry Interests only upon delivery by the transferor of a written certification (as provided in the First Lien Senior Secured Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “Transfer Restrictions” and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Subject to the foregoing, and as set forth in “Transfer Restrictions,” Book-Entry Interests may be transferred and exchanged in a manner otherwise in accordance with the terms of the First Lien Senior Secured Indenture. Any Book-Entry Interest in one of the Global New First Lien Senior Secured Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in another Global New First Lien Senior Secured Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global New First Lien Senior Secured Note and become a Book-Entry Interest in the relevant Global New First Lien Senior Secured Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global New First Lien Senior Secured Note for as long as that person retains such Book-Entry Interests.

Definitive Registered New First Lien Senior Secured Notes, if any, may be transferred and exchanged for Book-Entry Interests in a Global New First Lien Senior Secured Note only pursuant to the terms of the First Lien Senior Secured Indenture and, if required, only after the transferor first delivers to the Trustee a written certificate (in the form provided in the First Lien Senior Secured Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such New First Lien Senior Secured Notes. See “Transfer Restrictions.”

### ***Global Clearance and Settlement Under the Book-Entry System***

#### *Initial Settlement*

Initial settlement for the New First Lien Senior Secured Notes will be made in U.S. Dollars. Book-Entry Interests owned through Depository accounts will follow the settlement procedures applicable to conventional dollar denominated bonds in registered form. In the case of Book-Entry Interests held through DTC, such Book-Entry Interests will be credited to the securities custody account of DTC holders on the business day following the settlement date against payment for value on the settlement date.

#### *Secondary Market Trading*

The Book-Entry Interests will trade through participants of the Depository, and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading any Book-Entry Interests where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

#### *Information Concerning DTC*

All Book-Entry Interests will be subject to the operations and procedures of DTC. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the initial purchaser is responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under New York Banking Law;
- a “banking organization” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the U.S. Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include

securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

The information in this section concerning DTC and its book-entry system has been obtained from sources we believe to be reliable, but we take no responsibility for the accuracy thereof.

### **Certain Definitions**

"2006 Notes" means the 2006 Senior Notes and the 2006 Senior Subordinated Notes.

"2006 Senior Notes" means the €505 million principal amount of 8 1/2% Senior Notes due 2014 of the Issuer issued on December 6, 2006.

"2006 Senior Subordinated Notes" means the €225 million principal amount of 10% Senior Subordinated Notes due 2016 of the Issuer issued on December 6, 2006.

"2007 Notes" means \$400 million aggregate principal amount of 10% Second-Priority Senior Secured Notes due 2014 of the Issuer issued on August 13, 2007 and the 12% Second-Priority Senior Secured Notes due 2014 issued by the Issuer in the Exchange Offers.

"2007 U.S. Collateral Agreement" means the U.S. collateral agreement dated as of November 4, 2006, as supplemented by the Supplement to the U.S. collateral agreement dated as of August 2, 2007, among CEVA Logistics U.S. Holdings Inc. (formerly, Louis U.S. Holdco, Inc.), as U.S. borrower, each subsidiary of the U.S. Borrower party thereto, CEVA Ltd. (formerly, Louis No. 3 Limited) and Credit Suisse, as administrative agent.

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

- (1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Acquisition Agreements" means the Apollo Acquisition Agreement and the EGL Acquisition Agreement.

"Acquisition Documents" means the Acquisition Agreements and any other document entered into in connection therewith, in each case as amended, supplemented or modified from time to time prior to August 13, 2007 or thereafter (so long as any amendment, supplement or modification after August 13, 2007, together with all other amendments, supplements and modifications after the Original Issue Date, taken as a whole, is not more disadvantageous to the holders of the New First Lien Senior Secured Notes in any material respect than the Acquisition Documents as in effect on August 13, 2007).

"Additional Intercreditor Agreement" has the meaning specified under "—Intercreditor Agreements."

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

"Apollo Acquisition" means the acquisition by Affiliates of the Sponsors of substantially all of the outstanding shares of capital stock of the Issuer, pursuant to the Apollo Acquisition Agreement.

“Apollo Acquisition Agreement” means that certain Agreement for the Sale and Purchase of All the Issued and Outstanding Shares in the Capital of TNT Logistics Holdings B.V. and the SNCF Business, dated August 23, 2006, by and between TNT N.V. and UK Bidco.

“Apollo Exchange” means the exchange of (1) €73 million of the 2006 Senior Notes for €73 million of 8½% Senior Notes due June 30, 2018 of the Issuer (the “Apollo Senior Notes”), (2) €57 million of the 2006 Senior Subordinated Notes for €57 million of 10% Senior Subordinated Notes due June 30, 2018 of the Issuer (the “Apollo Senior Subordinated Notes”) and (3) \$629 million of loans under the Senior Unsecured Facility for \$629 million of loans under the Senior Unsecured Facility with a maturity date of June 30, 2018 (the “Apollo Senior Unsecured Loans”), in the case of each of clauses (1), (2) and (3), held by the Apollo Sponsors, in each case, which exchange occurred on March 24, 2010.

“Applicable Authorized Representative” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“Applicable Premium” means, with respect to any New First Lien Senior Secured Note on any applicable redemption date, the greater of

- (1) 1% of the then outstanding principal amount of the New First Lien Senior Secured Note; and
- (2) the excess of
  - (a) the present value at such redemption date of (i) the redemption price of such New First Lien Senior Secured Note, at December 1, 2013 (such redemption price being set forth in the applicable table appearing above under “—Optional Redemption”) plus (ii) all required interest payments due on the New First Lien Senior Secured Note through December 1, 2013 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over
  - (b) the then outstanding principal amount of the New First Lien Senior Secured Note.

“Asset Sale” means:

- (1) the sale, conveyance, transfer or other disposition (whether in a single transaction or a series of related transactions) of property or assets (including by way of a Sale/Leaseback Transaction) outside the ordinary course of business of the Issuer or any Restricted Subsidiary of the Issuer (each referred to in this definition as a “disposition”) or
- (2) the issuance or sale of Equity Interests (other than directors’ qualifying shares and shares issued to foreign nationals or other third parties to the extent required by applicable law) of any Restricted Subsidiary (other than to the Issuer or another Restricted Subsidiary of the Issuer) (whether in a single transaction or a series of related transactions),

in each case other than:

- (a) a disposition of Cash Equivalents or Investment Grade Securities or obsolete, surplus or worn-out property or equipment in the ordinary course of business;
- (b) transactions permitted pursuant to the provisions described above under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets” or any disposition that constitutes a Change of Control;
- (c) any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under the covenant described above under “—Certain Covenants—Limitation on Restricted Payments”;

- (d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary, which assets or Equity Interests so disposed or issued have an aggregate Fair Market Value of less than €7.5 million;
- (e) any disposition of property or assets, or the issuance of securities, by a Restricted Subsidiary of the Issuer to the Issuer or by the Issuer or a Restricted Subsidiary of the Issuer to a Restricted Subsidiary of the Issuer;
- (f) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Similar Business of comparable or greater market value or usefulness to the business of the Issuer and its Restricted Subsidiaries as a whole, as determined in good faith by the Issuer;
- (g) foreclosure or any similar action with respect to any property or any other asset of the Issuer or any of its Restricted Subsidiaries;
- (h) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;
- (i) the lease, assignment or sublease of any real or personal property in the ordinary course of business;
- (j) any sale of inventory, trading stock or other assets in the ordinary course of business;
- (k) any grant in the ordinary course of business of any license of patents, trademarks, know how or any other intellectual property;
- (l) an issuance of Capital Stock pursuant to an equity incentive or compensation plan approved by the Board of Directors;
- (m) dispositions consisting of the granting of Permitted Liens;
- (n) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (o) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (p) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;
- (q) a transfer of accounts receivable and related assets of the type specified in the definition of “Receivables Financing” (or a fractional undivided interest therein) by a Receivables Subsidiary or any Restricted Subsidiary (x) in a Qualified Receivables Financing or (y) pursuant to any other factoring on arm’s length terms or (z) in the ordinary course of business;
- (r) the sale of any property in a Sale/Leaseback Transaction within six months of the acquisition of such property; and
- (s) in the ordinary course of business, any swap of assets, or any lease, assignment or sublease of any real or personal property, in exchange for services (including in connection with any outsourcing arrangements) of comparable or greater value or usefulness to the business of the Issuer and the Restricted Subsidiaries taken as a whole, as determined in good faith by the Issuer; provided, that any

cash or Cash Equivalents received must be applied in accordance with the covenant described under “—Certain Covenants—Asset Sales.”

“Bank Indebtedness” means any and all amounts payable under or in respect of the Credit Agreement and the other Credit Agreement Documents as amended, restated, supplemented, waived, replaced, restructured, repaid, refunded, refinanced or otherwise modified from time to time (including after termination of the Credit Agreement), including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees and all other amounts payable thereunder or in respect thereof.

“Bankruptcy Case” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

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

“Board of Directors” means, as to any Person, the board of directors or managers, as applicable, of such Person (or, if such Person is a partnership, the board of directors or other governing body of the general partner of such Person) or any duly authorized committee thereof.

“Book-Entry Interests” has the meaning specified under “—Book-Entry, Delivery and Form.”

“Business Day” means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York City and London.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock or shares;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Capitalized Lease Obligation” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

“Cash Debt Tender” means the cash debt tender offer and related consent solicitation made by the Issuer pursuant to an Offer to Purchase dated February 24, 2010, as amended, to purchase the 2007 Notes for cash, and the concurrent exchange by the Apollo Sponsors with respect to the 2007 Notes held by them, in each case, which closed on March 24, 2010.

“Cash Equivalents” means:

- (1) U.S. dollars, pounds sterling, euro, the national currency of any member state in the European Union or, in the case of any Restricted Subsidiary that is not organized or existing under the laws of the United States, any member state of the European Union or any state or territory thereof, such local currencies held by it from time to time in the ordinary course of business;

- (2) securities issued or directly and fully guaranteed or insured by the U.S., Canadian, Swiss or Japanese government or any country that is a member of the European Union or any agency or instrumentality thereof in each case maturing not more than two years from the date of acquisition;
- (3) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances, in each case with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank whose long-term debt is rated "A" or the equivalent thereof by Moody's or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency);
- (4) repurchase obligations for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper issued by a corporation (other than an Affiliate of the Issuer) rated at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's (or reasonably equivalent ratings of another internationally recognized ratings agency) and in each case maturing within one year after the date of acquisition;
- (6) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Monetary Union, Switzerland or Norway or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency) in each case with maturities not exceeding two years from the date of acquisition;
- (7) Indebtedness issued by Persons (other than the Sponsors or any of their Affiliates) with a rating of "A" or higher from S&P or "A-2" or higher from Moody's in each case with maturities not exceeding two years from the date of acquisition;
- (8) for the purpose of paragraph (a) of the definition of "Asset Sale," any marketable securities of third parties owned by the Issuer and/or its Restricted Subsidiaries on the Reference Date;
- (9) interest in investment funds investing at least 95% of their assets in securities of the types described in clauses (1) through (7) above; and
- (10) instruments equivalent to those referred to in clauses (1) through (8) above denominated in euro or any other foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Subsidiary organized in such jurisdiction.

"Code" means the Internal Revenue Code of 1986, as amended.

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

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

- (1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Profit (including amortization of original issue discount, the interest component of Capitalized Lease Obligations, and net payments and receipts (if any) pursuant to interest rate Hedging Obligations and excluding amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and expensing of any bridge commitment or other financing fees); plus

- (2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (but excluding any capitalizing interest on Subordinated Shareholder Funding); plus
- (3) commissions, discounts, yield and other fees and charges Incurred in connection with any Receivables Financing which are payable to Persons other than the Issuer and its Restricted Subsidiaries; minus
- (4) interest income for such period.

“Consolidated Net Profit” means, with respect to any Person for any period, the aggregate of the Net Profit of such Person and its Restricted Subsidiaries for such period, on a consolidated basis; provided, however, that:

- (1) any net after-tax extraordinary, nonrecurring or unusual gains or losses or income, expenses or charges (less all fees and expenses relating thereto), any severance expenses and expenses or charges related to any Equity Offering, Permitted Investment, acquisition or Indebtedness permitted to be Incurred by the First Lien Senior Secured Indenture (in each case, whether or not successful), including any such fees, expenses, charges or change in control payments made under the Acquisition Documents or otherwise related to the Transactions, in each case, shall be excluded;
- (2) any increase in amortization or depreciation or any one-time non-cash charges or increases or reductions in Net Profit, in each case resulting from purchase accounting in connection with the Transactions or any acquisition that is consummated after the Reference Date shall be excluded;
- (3) the Net Profit for such period shall not include the cumulative effect of a change in accounting principles during such period;
- (4) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations shall be excluded;
- (5) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by the Board of Directors of the Issuer) shall be excluded;
- (6) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness or Hedging Obligations or other derivative instruments shall be excluded;
- (7) the Net Profit for such period of any Person that is not a Subsidiary of such Person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;
- (8) solely for the purpose of determining the amount available for Restricted Payments under clause (1) of the definition of Cumulative Credit contained in “—Certain Covenants—Limitation on Restricted Payments,” the Net Profit for such period of any Restricted Subsidiary (other than any Secured Note Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of its Net Profit is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally waived; provided that the Consolidated Net Profit of such Person shall be increased by the amount of dividends or other distributions or other payments actually paid in cash (or converted into cash) by any such Restricted Subsidiary to such Person, to the extent not already included therein;

- (9) an amount equal to the amount of Tax Distributions actually made to any parent of such Person in respect of such period in accordance with clause (12) of the second paragraph under “—Certain Covenants—Limitation on Restricted Payments” shall be included as though such amounts had been paid as income taxes directly by such Person for such period;
- (10) any non-cash impairment charges or asset write-offs, and the amortization of intangibles arising in each case pursuant to GAAP or the pronouncements of the IASB shall be excluded;
- (11) any non-cash expense realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, grants and sales of stock, stock appreciation or similar rights, stock options or other rights to officers, directors and employees shall be excluded;
- (12) any (a) severance or relocation costs or expenses, (b) one-time non-cash compensation charges, (c) the costs and expenses after the Reference Date related to employment of terminated employees, (d) costs or expenses realized in connection with, resulting from or in anticipation of the Transactions or (e) costs or expenses realized in connection with or resulting from stock appreciation or similar rights, stock options or other rights existing on the Reference Date of officers, directors and employees, in each case of such Person or any of its Restricted Subsidiaries, shall be excluded;
- (13) accruals and reserves that are established or adjusted as a result of the Transactions (including as a result of the adoption or modification of accounting policies in connection with the Transactions) within 12 months after the Reference Date, and that are so required to be established in accordance with GAAP shall be excluded;
- (14) solely for purposes of calculating EBITDA, (a) the Net Profit of any Person and its Restricted Subsidiaries shall be calculated without deducting the income attributable to, or adding the losses attributable to, the minority equity interests of third parties in any non-wholly owned Restricted Subsidiary except to the extent of dividends declared or paid in respect of such period or any prior period on the shares of Capital Stock of such Restricted Subsidiary held by such third parties and (b) any ordinary course dividend, distribution or other payment paid in cash and received from any Person in excess of amounts included in clause (7) above shall be included;
- (15) (a) (i) the non-cash portion of “straight-line” rent expense shall be excluded and (ii) the cash portion of “straight-line” rent expense that exceeds the amount expensed in respect of such rent expense shall be included and (b) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP shall be excluded;
- (16) unrealized gains and losses relating to hedging transactions and mark-to-market of Indebtedness denominated in foreign currencies resulting from the applications of the applicable standard under GAAP shall be excluded;
- (17) any expenses incurred in the 18 months following the Reference Date that constitute transition expenses attributable to the Issuer becoming an independent operating company in connection with the Transactions (including without limitation re-branding costs) shall be excluded; and
- (18) solely for the purpose of calculating Restricted Payments, the difference, if positive, of the Consolidated Taxes of the Issuer calculated in accordance with GAAP and the actual Consolidated Taxes paid in cash by the Issuer during any Reference Period shall be included.

Notwithstanding the foregoing, for the purpose of the covenant described under “—Certain Covenants—Limitation on Restricted Payments” only, there shall be excluded from Consolidated Net Profit any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries of the Issuer or a Restricted Subsidiary of the Issuer to the extent such dividends, repayments or transfers increase the amount of Restricted Payments permitted under such covenant pursuant to clauses (4) and (5) of the definition of Cumulative Credit contained therein.

“Consolidated Non-cash Charges” means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Profit of such Person for such period on a consolidated basis and otherwise determined in accordance with GAAP, but excluding any such charge which consists of or requires an accrual of, or cash reserve for, anticipated cash charges for any future period.

“Consolidated Taxes” means provision for taxes based on income, profits or capital, including, without limitation, state, franchise and similar taxes and any Tax Distributions taken into account in calculating Consolidated Net Profit.

“Contingent Obligations” means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
  - (a) for the purchase or payment of any such primary obligation, or
  - (b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“Controlling Secured Party” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“Credit Agreement” means (i) the credit agreement entered into on November 4, 2006, as amended and restated in connection with, and on or prior to, the consummation of the EGL Acquisition, as further amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, increased as permitted under clause (a) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or indenture or indentures or any successor or replacement agreement or agreements or indenture or indentures or increasing the amount loaned or issued thereunder or altering the maturity thereof, among the Issuer, the guarantors named therein, the financial institutions named therein, and Credit Suisse, as Administrative Agent, and (ii) whether or not the credit agreement referred to in clause (i) remains outstanding, if designated by the Issuer to be included in the definition of “Credit Agreement,” one or more (A) debt facilities or commercial paper facilities, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables) or letters of credit, (B) debt securities, indentures or other forms of debt financing (including convertible or exchangeable debt instruments or bank guarantees or bankers’ acceptances) or (C) instruments or agreements evidencing any other Indebtedness, in each case, with the same or different borrowers or issuers and, in each case, as amended, supplemented, modified, extended, restructured, renewed, refinanced, restated, replaced or refunded in whole or in part from time to time.

“Credit Agreement Documents” means the collective reference to the Credit Agreement, any notes issued pursuant thereto and the guarantees thereof, and the collateral documents relating thereto, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified from time to time.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“Cut-Off Date” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“Designated Non-cash Consideration” means the Fair Market Value of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officers’ Certificate, setting forth the basis of such valuation, less the amount of Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

“Designated Preferred Stock” means Preferred Stock of the Issuer or any direct or indirect parent of the Issuer (other than Disqualified Stock), that is issued for cash (other than to the Issuer or any of its Subsidiaries or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officers’ Certificate, on the issuance date thereof.

“DIP Financing” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“DIP Financing Liens” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“DIP Lenders” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is redeemable or exchangeable), or upon the happening of any event:

- (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale, provided that the relevant asset sale or change of control provisions, taken as a whole, are not materially more disadvantageous to the holders of the New First Lien Senior Secured Notes than is customary in comparable transactions (as determined in good faith by the Issuer));
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock of such Person; or
- (3) is redeemable at the option of the holder thereof, in whole or in part (other than solely as a result of a change of control or asset sale),

in each case prior to 91 days after the maturity date of the New First Lien Senior Secured Notes or the date the New First Lien Senior Secured Notes are no longer outstanding; provided, however, that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock; provided, further, however, that if such Capital Stock is issued to any employee or to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability; provided, further, that any class of Capital Stock of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Capital Stock that is not Disqualified Stock shall not be deemed to be Disqualified Stock.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time of determination by the Issuer or the Trustee, the amount of U.S. dollars obtained by converting such currency other than U.S. dollars involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable currency other than U.S. dollars as published in The Financial Times in the “Currency

Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

“EBITDA” means, with respect to any Person for any period, the Consolidated Net Profit of such Person for such period plus, without duplication, to the extent the same was deducted in calculating Consolidated Net Profit:

- (1) Consolidated Taxes; plus
- (2) Consolidated Interest Expense; plus
- (3) Consolidated Non-cash Charges; plus
- (4) business optimization expenses and other restructuring charges or expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory or service optimization programs, site closures, retention, systems establishment costs and excess pension charges); provided that with respect to each business optimization expense or other restructuring charge, the Issuer shall have delivered to the Trustee an Officers’ Certificate specifying and quantifying such expense or charge and stating that such expense or charge is a business optimization expense or other restructuring charge, as the case may be; plus
- (5) the amount of management, monitoring, consulting and advisory fees and related expenses paid to the Sponsors (or any accruals relating to such fees and related expenses) during such period pursuant to the terms of the agreements between the Sponsors and the Issuer and its Subsidiaries as described with particularity in this offering circular and was in effect on the Reference Date;

less, without duplication,

- (6) non-cash items increasing Consolidated Net Profit for such period (excluding the recognition of deferred revenue or any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDA in any prior period and any items for which cash was received in a prior period).

“EGL Acquisition” means the acquisition of EGL, Inc. by the Issuer, pursuant to the EGL Acquisition Agreement.

“EGL Acquisition Agreement” means that certain Agreement and Plan of Merger, dated as of May 24, 2007, among the Issuer, CEVA Texas Holdco Inc., and EGL, Inc., as amended, supplemented or modified from time to time on or prior to August 13, 2007.

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

“Equity Offering” means any public or private sale after the Original Issue Date of common stock or Preferred Stock of the Issuer or any direct or indirect parent of the Issuer, as applicable (other than Disqualified Stock), other than:

- (1) public offerings with respect to the Issuer’s or such direct or indirect parent’s common stock registered on Form S-8; and
- (2) any such public or private sale that constitutes an Excluded Contribution.

“Euro Equivalent” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the “Currency Rates” section (or, if The Financial

Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

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

“Exchange Offers” means the issuance by the Issuer on July 22, 2009 of (1) €120 million principal amount of 12% Second-Priority Senior Secured Notes due 2014 in exchange for €153 million principal amount of the Issuer’s 2006 Senior Notes and €50 million principal amount of the Issuer’s 2006 Senior Subordinated Notes and (2) \$127 million principal amount of 12% Second-Priority Senior Secured Notes due 2014 in exchange for \$205 million of loans under the Senior Unsecured Facility.

“Excluded Contributions” means the Cash Equivalents or other assets (valued at their Fair Market Value as determined in good faith by senior management or the Board of Directors of the Issuer) received by the Issuer after the Reference Date from:

- (1) contributions to its common equity capital and
- (2) the sale (other than to a Subsidiary of the Issuer or to any Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case designated as Excluded Contributions pursuant to an Officers’ Certificate executed by an Officer of the Issuer on or promptly after the date such capital contributions are made or the date such Capital Stock is sold, as the case may be.

“Excluded Property” means (a) any vehicle covered by a certificate of title or ownership, whether now owned or hereafter acquired, (b) any assets not required to be pledged as collateral under the 2007 U.S. Collateral Agreement (regardless of whether the 2007 U.S. Collateral Agreement has been terminated), (c) any Letter of Credit Rights (as defined in the New York Uniform Commercial Code) to the extent the Issuer or any Guarantor, is required by applicable law to apply the proceeds of a drawing of such Letter of Credit for a specified purpose, (d) any right, title or interest in any license, contract or agreement or any of its right, title or interest thereunder to the extent, but only to the extent, that such a grant would, under the terms of such license, contract or agreement, result in a breach of the terms of, or constitute a default under, or result in the abandonment, invalidation or unenforceability of, any license, contract or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the New York Uniform Commercial Code or any other applicable law (including, without limitation, Title 11 of the United States Code) or principles of equity), (e) any Equipment ((as defined in the New York Uniform Commercial Code) that is subject to a purchase money lien or a Capital Lease Obligation if the contract or other agreement in which such Lien is granted (or the documentation providing for such Capital Lease Obligation) prohibits or requires the consent of any person other than the applicable Issuer or the Guarantor as a condition to the creation of any other security interest on such Equipment, (f) any property that is not required to become subject to Liens in favor of the Collateral Agent as set forth in the Security Documents or (g) with respect to any property which would not be subject to the U.S. Collateral Agreements, any property that would not be required to be pledged as security pursuant to the Senior Secured Facilities, if the documentation governing the Senior Secured Facilities as of the Original Issue Date was then in effect. For purposes of this definition, "Capital Lease Obligations" means the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP.

“Existing First Lien Senior Secured Notes” means the \$450,000,000 aggregate principal amount of 8<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2017 of the Issuer issued on December 14, 2010.

“Existing First Lien Senior Secured Notes Offering Circular” means the final confidential offering circular dated December 10, 2010 relating to the offering of the Existing First Lien Senior Secured Notes.

“Existing Notes” means the Issuer’s Junior Priority Notes, First-and-a-Half Priority Notes, 2007 Notes, Apollo Senior Notes, Apollo Senior Subordinated Notes and 2006 Notes.

“Fair Market Value” means, with respect to any asset or property, the price that could be negotiated in an arm’s length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction (as determined by the Issuer).

“First/First-and-a-Half Lien Intercreditor Agreement” means the Lien Subordination and Intercreditor Agreement, dated as of October 6, 2009, as acceded to by the Trustee and Collateral Agent on the Original Issue Date, among the Issuer, the subsidiaries of the Issuer party thereto, Credit Suisse, as intercreditor agent, the trustee and collateral agent for the First-and-a-Half Priority Notes and the Trustee and Collateral Agent, as it may be amended, restated or replaced from time to time in accordance with the First Lien Senior Secured Indenture.

“First/Junior Lien Intercreditor Agreement” means the Lien Subordination and Intercreditor Agreement, dated as of August 13, 2007, as acceded to by the Trustee and Collateral Agent on the Original Issue Date, among the Issuer, the subsidiaries of the Issuer party thereto, Credit Suisse, as intercreditor agent, the trustee and collateral agent for the Junior Priority Notes, the trustee and collateral agent for the First-and-a-Half Priority Notes and the Trustee and Collateral Agent, as it may be amended, restated or replaced from time to time in accordance with the First Lien Senior Secured Indenture.

“First Lien Intercreditor Agreement” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“First Priority Lien Obligations” means (i) all Secured Bank Indebtedness secured by a Lien that is pari passu or senior to the Lien securing the New First Lien Senior Secured Notes, (ii) all other Obligations (not constituting Indebtedness) of the Issuer and its Restricted Subsidiaries under the agreements governing Indebtedness described in clause (i), (iii) all other Obligations of the Issuer or any of its Restricted Subsidiaries in respect of Hedging Obligations or Obligations in respect of cash management services, in each case owing to a Person that is a holder of Indebtedness described in clause (i) or Obligations described in clause (ii) or an Affiliate of such holder at the time of entry into such Hedging Obligations or Obligations in respect of cash management services, (iv) all other Bank Indebtedness that is secured by a Permitted Lien (other than a Permitted Lien Incurred or deemed Incurred pursuant to clause (6)(B) of the definition of Permitted Lien) that is pari passu or senior to the Lien securing the New First Lien Senior Secured Notes, (v) the New First Lien Senior Secured Notes and the Secured Note Guarantees, (vi) all other Obligations (not constituting Indebtedness) of the Issuer and its Restricted Subsidiaries under the agreements governing the New First Lien Senior Secured Notes and the Secured Note Guarantees and (vii) all other Obligations of the Issuer or any of its Restricted Subsidiaries in respect of Hedging Obligations or Obligations in respect of cash management services, in each case owing to a Person that is a holder of Indebtedness described in clause (v) or Obligations described in clause (vi) or an Affiliate of such holder at the time of entry into such Hedging Obligations or Obligations in respect of cash management services.

“First-and-a-Half Priority Notes” means the \$210,000,000 aggregate principal amount of 11½% Senior Secured Notes due 2016 of the Issuer issued on October 6, 2009.

“Fixed Charge Coverage Ratio” means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness (other than in the case of revolving credit borrowings or revolving advances in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during the applicable period) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, including the Transactions and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, including the Transactions, discontinued operations and operational changes (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as set forth in an Officers’ Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in footnote (2) in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” in the Existing First Lien Senior Secured Notes Offering Circular, to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

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

- (1) Consolidated Interest Expense of such Person for such period; and
- (2) all cash dividend payments (excluding items eliminated in consolidation) on any series of Preferred Stock or Disqualified Stock of such Person and its Restricted Subsidiaries.

“GAAP” means the International Financial Reporting Standards (“IFRS”) as in effect (except as otherwise provided in the First Lien Senior Secured Indenture) on the Reference Date. Except as otherwise expressly provided in the First Lien Senior Secured Indenture, all ratios and calculations based on GAAP contained in the First Lien Senior Secured Indenture shall be computed in conformity with GAAP. At any time after the Reference Date, the Issuer may elect to apply generally accepted accounting principles in the U.S. (“U.S. GAAP”) in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean U.S. GAAP as in effect (except as otherwise provided in the First Lien Senior Secured Indenture) on the date of such election; provided that any such election, once made, shall be irrevocable and that, upon first reporting its fiscal year results under U.S. GAAP it shall restate its financial statements on the basis of U.S. GAAP for the fiscal year ending immediately prior

to the first fiscal year for which financial statements have been prepared on the basis of U.S. GAAP. The Issuer shall give notice of any such election to the Trustee and the noteholders.

“guarantee” means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

“Hedging Obligations” means, with respect to any Person, the obligations of such Person under:

- (1) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements; and
- (2) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices.

“Holdco PIK Debt Instrument” means the Debt Instrument Agreement dated as of February 15, 2007, as amended and restated on June 2, 2008, among CEVA Investments Limited (formerly Louis Topco Limited), the holders of debt instruments party thereto, and Credit Suisse, as Administrative Agent, as in effect on the Original Issue Date.

“holder” or “noteholder” means the Person in whose name a New First Lien Senior Secured Note is registered on the Registrar’s books.

“IASB” means the International Accounting Standards Board and any other organization or agency that shall issue pronouncements regarding the application of GAAP.

“Incur” means issue, assume, guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary.

“Indebtedness” means, with respect to any Person (without duplication):

- (1) the principal and premium (if any) of any indebtedness of such Person, whether or not contingent, (a) in respect of borrowed money, (b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers’ acceptances (or, without duplication, reimbursement agreements in respect thereof), (c) representing the deferred and unpaid purchase price of any property (except (i) any such balance that constitutes a trade payable or similar obligation to a trade creditor Incurred in the ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP), (d) in respect of Capitalized Lease Obligations or (e) representing any Hedging Obligations, if and to the extent that any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;
- (2) to the extent not otherwise included, any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the obligations referred to in clause (1) of another Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business);
- (3) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); provided, however, that the amount of such Indebtedness will be the lesser of: (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Person; and
- (4) to the extent not otherwise included, with respect to the Issuer and its Restricted Subsidiaries, the amount then outstanding (i.e., advanced, and received by, and available for use by, the Issuer or any of its

Restricted Subsidiaries) under any Receivables Financing (as set forth in the books and records of the Issuer or any Restricted Subsidiary and confirmed by the agent, trustee or other representative of the institution or group providing such Receivables Financing) where there is recourse to the Issuer or its Restricted Subsidiaries (as that term is understood in the context of recourse and non-recourse receivable financings);

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (1) Contingent Obligations Incurred in the ordinary course of business and not in respect of borrowed money; (2) deferred or prepaid revenues; (3) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller; (4) Obligations under or in respect of Qualified Receivables Financing; (5) obligations under the Acquisition Documents; or (6) Subordinated Shareholder Funding.

Notwithstanding anything in the First Lien Senior Secured Indenture to the contrary, Indebtedness shall not include, and shall be calculated without giving effect to, the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the First Lien Senior Secured Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness; and any such amounts that would have constituted Indebtedness under the First Lien Senior Secured Indenture but for the application of this sentence shall not be deemed an Incurrence of Indebtedness under the First Lien Senior Secured Indenture.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm or consultant, in each case of nationally recognized standing, that is, in the good faith determination of the Issuer, qualified to perform the task for which it has been engaged.

“Intercreditor Agreements” means the First Lien Intercreditor Agreement, the Senior/Subordinated Intercreditor Agreement, the First/Junior Lien Intercreditor Agreement and the First/First-and-a-Half Lien Intercreditor Agreement.

“Investment Grade Rating” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

“Investment Grade Securities” means:

- (1) securities issued or directly and fully guaranteed or insured by the U.S., Canadian or Japanese government or any member state of the European Monetary Union or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities that have a rating equal to or higher than Baa3 (or equivalent) by Moody’s or BBB- (or equivalent) by S&P, or an equivalent rating by any other Rating Agency, but excluding any debt securities or loans or advances between and among the Issuer and its Subsidiaries;
- (3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment and/or distribution; and
- (4) corresponding instruments in countries other than the United States customarily utilized for high quality investments and in each case with maturities not exceeding two years from the date of acquisition.

“Investments” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit and advances to customers and commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes

of the definition of “Unrestricted Subsidiary” and the covenant described under “—Certain Covenants—Limitation on Restricted Payments”:

- (1) “Investments” shall include the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary equal to an amount (if positive) equal to:
  - (a) the Issuer’s “Investment” in such Subsidiary at the time of such redesignation; less
  - (b) the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and
- (2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

“Junior Priority Notes” means the \$701,833,690 aggregate principal amount of 11 1/2% Junior Priority Senior Secured Notes due 2018 of the Issuer issued on March 10, 2010.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any other agreement to give a security interest and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction); provided that in no event shall an operating lease be deemed to constitute a Lien.

“Management Group” means the group consisting of the directors, executive officers and other management personnel of the Issuer or any direct or indirect parent of the Issuer, as the case may be, on the Original Issue Date together with (1) any new directors whose election by such boards of directors or whose nomination for election by the shareholders of the Issuer or any direct or indirect parent of the Issuer, as applicable, was approved by a vote of a majority of the directors of the Issuer or any direct or indirect parent of the Issuer, as applicable, then still in office who were either directors on the Original Issue Date or whose election or nomination was previously so approved and (2) executive officers and other management personnel of the Issuer or any direct or indirect parent of the Issuer, as applicable, hired at a time when the directors on the Original Issue Date together with the directors so approved constituted a majority of the directors of the Issuer or any direct or indirect parent of the Issuer, as applicable.

“Moody’s” means Moody’s Investors Service, Inc. or any successor to the rating agency business thereof.

“Net Proceeds” means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received in respect of or upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale and any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding the assumption by the acquiring person of Indebtedness relating to the disposed assets or other consideration received in any other non-cash form), net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration (including, without limitation, legal, accounting and investment banking fees, and brokerage and sales commissions), any relocation expenses Incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements related thereto), amounts required to be applied to the repayment of principal, premium (if any) and interest on Indebtedness required (other than pursuant to the second paragraph of the covenant described under “—Certain Covenants—Asset Sales”) to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and

liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

“Net Profit” means, with respect to any Person, the Net Profit (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

“New Senior Unsecured Notes” means the 12<sup>3</sup>/<sub>4</sub>% Senior Unsecured Notes due 2020 of the Issuer to be issued on the issue date of the New First Lien Senior Secured Notes.

“Non-Controlling Representative” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“Non-Controlling Secured Party” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers’ acceptances), damages and other liabilities payable under the documentation governing any Indebtedness; provided that Obligations with respect to the New First Lien Senior Secured Notes shall not include fees or indemnifications in favor of the Trustee and other third parties other than the holders of the New First Lien Senior Secured Notes.

“Officer” of any Person means the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of such Person or any other person that the board of directors of such person shall designate for such purpose.

“Officers’ Certificate” means a certificate signed on behalf of the Issuer by two Officers of the Issuer or of a Subsidiary or parent of the Issuer that is designated by the Issuer, one of whom must be the principal executive officer, the principal financial officer, the treasurer, the principal accounting officer or similar position of the Issuer or such Subsidiary or parent that meets the requirements set forth in the First Lien Senior Secured Indenture.

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee (acting reasonably). The counsel may be an employee of or counsel to the Issuer or the Trustee.

“Original Issue Date” means December 14, 2010, the date on which the Existing First Lien Senior Secured Notes were originally issued.

“Other Pari Passu Lien Obligations” means other Indebtedness of the Issuer and the Restricted Subsidiaries that is equally and ratably secured with the New First Lien Senior Secured Notes and is designated by the Issuer as an Other Pari Passu Lien Obligation.

“Pari Passu Indebtedness” means:

- (1) with respect to the Issuer, the New First Lien Senior Secured Notes and any Indebtedness that ranks pari passu in right of payment to the New First Lien Senior Secured Notes; and
- (2) with respect to any Secured Note Guarantor, its Secured Note Guarantee and any Indebtedness that ranks pari passu in right of payment to such Secured Note Guarantor’s Secured Note Guarantee.

“Permitted Holders” means, at any time, each of (i) the Sponsors, (ii) the Management Group, (iii) TNT N.V. and its Affiliates, (iv) AlpInvest Partners Beheer 2006 Ltd and its Affiliates and (v) AAA Guarantor Co-Invest VI, L.P. and its Affiliates. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the First Lien Senior Secured Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“Permitted Investments” means:

- (1) any Investment in the Issuer or any Restricted Subsidiary;
- (2) any Investment in Cash Equivalents or Investment Grade Securities;
- (3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person if as a result of such Investment (a) such Person becomes a Restricted Subsidiary of the Issuer, or (b) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;
- (4) any Investment in securities or other assets not constituting Cash Equivalents and received in connection with an Asset Sale made pursuant to the provisions of “—Certain Covenants—Asset Sales” or any other disposition of assets not constituting an Asset Sale;
- (5) any Investment existing on, or made pursuant to binding commitments existing on, the Original Issue Date or an Investment consisting of any extension, modification or renewal of any Investment existing on the Original Issue Date; provided that the amount of any such Investment only may be increased as required by the terms of such Investment as in existence on the Original Issue Date;
- (6) advances to officers, directors or employees, taken together with all other advances made pursuant to this clause (6), not to exceed €15.0 million at any one time outstanding;
- (7) any Investment acquired by the Issuer or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (8) Hedging Obligations permitted under clause (j) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (9) any Investment by the Issuer or any of its Restricted Subsidiaries in a Similar Business having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (9) that are at that time outstanding, not to exceed the greater of (x) €150.0 million and (y) 7.50% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); provided, however, that if any Investment pursuant to this clause (9) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (9) for so long as such Person continues to be a Restricted Subsidiary;
- (10) additional Investments by the Issuer or any of its Restricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (10) that are at that time outstanding, not to exceed the greater of (x) €100.0 million and (y) 5% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); provided, however, that if any Investment pursuant to this clause (10) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (10) for so long as such Person continues to be a Restricted Subsidiary;

- (11) loans and advances to officers, directors or employees for business-related travel expenses, moving expenses and other similar expenses, in each case Incurred in the ordinary course of business or consistent with past practice or to fund such person's purchase of Equity Interests of the Issuer or any direct or indirect parent of the Issuer;
- (12) Investments the payment for which consists of Equity Interests or Subordinated Shareholder Funding of the Issuer (other than Disqualified Stock) or any direct or indirect parent of the Issuer, as applicable; provided, however, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the definition of Cumulative Credit contained in "Certain Covenants—Limitation on Restricted Payments";
- (13) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under "Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2), (6), (7) and (11)(b) of such paragraph);
- (14) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;
- (15) guarantees issued in accordance with the covenants described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Future Secured Note Guarantors";
- (16) Investments consisting of or to finance purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights or licenses or leases of intellectual property;
- (17) any Investment in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing or any related Indebtedness; provided, however, that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables or an equity interest;
- (18) any Investment in an entity or purchase of a business or assets in each case owned (or previously owned) by a customer of a Restricted Subsidiary as a condition or in connection with such customer (or any member of such customer's group) contracting with a Restricted Subsidiary, in each case in the ordinary course of business;
- (19) any Investment in an entity which is not a Restricted Subsidiary to which a Restricted Subsidiary sells accounts receivable pursuant to a Receivables Financing;
- (20) additional Investments in joint ventures of the Issuer or any of its Restricted Subsidiaries existing on the Original Issue Date not to exceed at any one time in the aggregate outstanding, €50.0 million; provided, however, that if any Investment pursuant to this clause (20) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (20) for so long as such Person continues to be a Restricted Subsidiary; and
- (21) Investments of a Restricted Subsidiary of the Issuer acquired after the Original Issue Date or of an entity merged into, amalgamated with, or consolidated with the Issuer or a Restricted Subsidiary of the Issuer in a transaction that is not prohibited by the covenant described under "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" after the Original Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation.

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

- (1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (2) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;
- (3) Liens for taxes, assessments or other governmental charges not yet due or payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings;
- (4) Liens in favor of issuers of performance and surety bonds or bid bonds or with respect to other regulatory requirements or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (6) (A) Liens on assets of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of such Restricted Subsidiary permitted to be Incurred pursuant to the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," (B) Liens securing an aggregate principal amount of Bank Indebtedness and other Obligations of the type specified in clauses (ii), (iii), (vi) and (vii) of the definition of First Priority Lien Obligations not to exceed the greater of (x) the aggregate amount of Indebtedness permitted to be Incurred (and so Incurred) pursuant to clause (a) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," and (y) the maximum principal amount of Indebtedness that, as of the date such Indebtedness was Incurred, and after giving effect to the Incurrence of such Indebtedness and the application of proceeds therefrom on such date, would not cause the Secured Indebtedness Leverage Ratio of the Issuer to exceed 3.00 to 1.00; provided, however, that such Indebtedness is Incurred pursuant to clause (a) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," and (C) Liens securing Indebtedness Incurred pursuant to clause (d), (r) or (y) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; provided, however, that the amount of Indebtedness Incurred or deemed Incurred after August 13, 2007 pursuant to clause (d) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," that is secured by a Permitted Lien (excluding the amount of the Indebtedness described in the following proviso and excluding Capitalized Lease Obligations) shall not exceed (x) €400 million at any one time outstanding if after giving effect to the incurrence of such Secured Indebtedness and the application of the proceeds therefrom the Senior Secured Indebtedness Leverage Ratio of the Issuer is no greater than 3.00 to 1.00 or (y) otherwise, €50.0 million at any one time outstanding (the "PM Lien Amount"), which PM Lien Amount shall be reduced by the amount of any Secured Indebtedness outstanding that is secured pursuant to clause (20)(z); provided further, however, the foregoing proviso shall not prohibit the Incurrence of a Permitted Lien under this clause 6(C) as a result of a reclassification of \$425.0 million principal amount of Bank Indebtedness outstanding on August 13, 2007 from clause (a) to clause (d) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", which reclassification of \$425 million was done prior to the

Original Issue Date in connection with the transactions described in clause (2) of the definition of “Transactions”; provided further, however, that if the use of proceeds of any Indebtedness secured by a Lien Incurred pursuant to this clause (6) is to refinance, refund, extend, renew or replace (or successively refinance, refund, renew, extend, renew or replace), as a whole, or in part, any unsecured Indebtedness or any Indebtedness secured by a Lien that is pari passu or junior to the Lien securing the New First Lien Senior Secured Notes, then such new Lien Incurred pursuant to this clause (6) shall not be permitted to have priority over, or rank ahead of, or otherwise be senior to the Lien securing the New First Lien Senior Secured Notes;

- (7) Liens existing on the Original Issue Date, including Liens securing the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Notes and the Junior Priority Notes (other than Liens described in clause (6));
- (8) Liens on assets, property or shares of stock of a Person at the time such Person becomes a Subsidiary; provided, however, that such Liens are not created or Incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; provided, further, however, that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary of the Issuer;
- (9) Liens on assets or property at the time the Issuer or a Restricted Subsidiary of the Issuer acquired the assets or property, including any acquisition by means of a merger, amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary of the Issuer; provided, however, that such Liens are not created or Incurred in connection with, or in contemplation of, such acquisition; provided, further, however, that the Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary of the Issuer;
- (10) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary of the Issuer permitted to be Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (11) Liens securing Hedging Obligations not Incurred in violation of the First Lien Senior Secured Indenture; provided that with respect to Hedging Obligations relating to Indebtedness, such Lien extends only to the property securing such Indebtedness;
- (12) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person’s obligations in respect of bankers’ acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (13) leases and subleases of real property which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries;
- (14) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;
- (15) Liens in favor of the Issuer or any Secured Note Guarantor;
- (16) Liens on accounts receivable and related assets of the type specified in the definition of “Receivables Financing” Incurred in connection with a Qualified Receivables Financing, including any Liens incurred in connection with a Qualified Receivables Financing under this clause (16), the proceeds of which Qualified Receivables Financing are used to refinance, refund, extend, renew or replace Indebtedness secured by any Lien (or successive refinancings, refundings, extensions, renewals or replacements);
- (17) deposits made in the ordinary course of business to secure liability to insurance carriers;
- (18) Liens on the Equity Interests of Unrestricted Subsidiaries;

- (19) grants of software and other technology licenses in the ordinary course of business;
- (20) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (6), (7), (8), (9), (10), (11), (15) and (20); provided, however, that (x) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (7), (8), (9), (10), (11), (15) and (20) at the time the original Lien became a Permitted Lien under the First Lien Senior Secured Indenture and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement and (z) such new Lien shall not rank *pari passu* with, or have priority over, or rank ahead of, or otherwise be senior pursuant to the First Lien Intercreditor Agreement or any other intercreditor agreement to the Lien securing the New First Lien Senior Secured Notes (but may have priority over, or rank ahead of, or otherwise be senior pursuant to the First Lien Intercreditor Agreement or any other intercreditor agreement to the original Lien securing the Indebtedness being refinanced, refunded, extended, renewed or replaced) unless (A) the new Lien being created, Incurred or existing pursuant to this clause (20) is being created, Incurred or existing to secure Indebtedness being Incurred to refinance, refund, extend, renew or replace Indebtedness that is secured by a Lien that has priority over, or ranks ahead of, or otherwise is senior pursuant to the First Lien Intercreditor Agreement or any other intercreditor agreement to the Lien securing the New First Lien Senior Secured Notes, in which case such new Lien may have priority over, or rank ahead of, or otherwise be senior pursuant to the First Lien Intercreditor Agreement or any other intercreditor agreement to the original Lien securing the New First Lien Senior Secured Notes, (B) the new Lien being created, Incurred or existing pursuant to this clause (20) is being created, Incurred or existing to secure Indebtedness being Incurred to refinance, refund, extend, renew or replace Indebtedness that is secured by a Lien that ranks *pari passu* pursuant to the First Lien Intercreditor Agreement or any other intercreditor agreement to the Lien securing the New First Lien Senior Secured Notes, in which case such new Lien may rank *pari passu* pursuant to the First Lien Intercreditor Agreement or any other intercreditor agreement to the original Lien securing the New First Lien Senior Secured Notes or (C) the new Lien being created, Incurred or existing pursuant to this clause (20) ranks *pari passu* pursuant to the First Lien Intercreditor Agreement or any other intercreditor agreement to the original Lien securing the New First Lien Senior Secured Notes and (A) after giving effect to the Incurrence of such Secured Indebtedness and the application of the proceeds therefrom the Senior Secured Indebtedness Leverage Ratio of the Issuer would be no greater than 3.00 to 1.00 or (B) the amount of Indebtedness (excluding Capitalized Lease Obligations) secured by such new Lien, together with the PM Lien Amount, does not exceed €50.0 million at any one time outstanding; provided further, however, that in the case of any Liens to secure any refinancing, refunding, extension or renewal of Indebtedness secured by a Lien referred to in clause (6), the principal amount of any Indebtedness Incurred for such refinancing, refunding, extension or renewal shall be deemed secured by a Lien under clause (6) and not this clause (20) for purposes of determining the principal amount of Indebtedness outstanding under clause (6), and for purposes of the definition of Secured Bank Indebtedness;
- (21) Liens on equipment of the Issuer or any Restricted Subsidiary granted in the ordinary course of business to the Issuer's or such Restricted Subsidiary's client at which such equipment is located;
- (22) judgment and attachment Liens not giving rise to an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (23) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (24) liens arising by virtue of any statutory or common law provisions relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;

- (25) any interest or title of a lessor under any Capitalized Lease Obligation;
- (26) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (27) Liens Incurred to secure cash management services or to implement cash pooling arrangements in the ordinary course of business; and
- (28) other Liens securing obligations Incurred in the ordinary course of business which obligations do not exceed €20.0 million at any one time outstanding.

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

“Preferred Stock” means any Equity Interest with preferential right of payment of dividends or upon liquidation, dissolution, or winding-up.

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act or (b) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S of such Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC. The term “Public Debt” (i) shall not include the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes or any Additional First Lien Senior Secured Notes and (ii) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (provided that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not to be underwritten), or any Indebtedness under the Credit Agreement, commercial bank or similar Indebtedness, Capitalized Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness Incurred in a manner not customarily viewed as a “securities offering.”

“Purchase Money Note” means a promissory note of a Receivables Subsidiary evidencing a line of credit, which may be irrevocable, from the Issuer or any Subsidiary of the Issuer to a Receivables Subsidiary in connection with a Qualified Receivables Financing, which note is intended to finance that portion of the purchase price that is not paid by cash or a contribution of equity.

“Qualifying IPO” means one or more underwritten primary or secondary public offering or offerings of common equity of the Issuer or any direct or indirect parent of the Issuer pursuant to an effective registration statement under the Securities Act or other distribution method involving a listing of such common equity on an established international securities exchange that, when taken together, result in cumulative gross proceeds of not less than \$250.0 million.

“Qualified Receivables Financing” means any Receivables Financing that meets the following conditions:

- (1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer or, as the case may be, the Subsidiary in question;
- (2) all sales of accounts receivable and related assets are made at Fair Market Value (as determined in good faith by the Issuer); and
- (3) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Subsidiaries (other than a Receivables Subsidiary or the Subsidiary undertaking such Receivables Financing) to secure Bank Indebtedness, Indebtedness in respect of the New First Lien Senior Secured Notes or any Refinancing Indebtedness with respect to the New First Lien Senior Secured Notes shall not be deemed a Qualified Receivables Financing. As of the Original Issue Date, the ABL Facility shall constitute a Qualified Receivables Financing (and shall continue to constitute a Qualified Receivables Financing so long as it continues to satisfy the conditions set forth in clauses (1) through (3) above).

“Rating Agency” means (1) each of Moody’s and S&P and (2) if Moody’s or S&P ceases to rate the New First Lien Senior Secured Notes for reasons outside of the Issuer’s control, a “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer or any direct or indirect parent of the Issuer as a replacement agency for Moody’s or S&P, as the case may be.

“Receivables Fees” means distributions or payments made directly or by means of discounts with respect to any participation interests issued or sold in connection with, and all other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

“Receivables Financing” means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

“Receivables Repurchase Obligation” means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“Receivables Subsidiary” means a Wholly Owned Subsidiary of the Issuer (including CEVA US Receivables, LLC or any other Person formed for the purposes of engaging in Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Restricted Subsidiary of the Issuer transfers accounts receivable and related assets) that engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and that is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

- (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is with recourse to or obligates the Issuer or any other Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iii) subjects any property or asset of the Issuer or any other Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (b) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

- (c) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions; provided, however, that no such designation by the Board of Directors of the Issuer shall be required in the case of designating CEVA US Receivables, LLC, which shall be deemed a Receivables Subsidiary as of the Original Issue Date (and shall continue to be deemed a Receivables Subsidiary so long as it continues to satisfy the conditions set forth in clauses (a) through (c) above).

"Recovery" has the meaning specified under "—Security Documents and Intercreditor Agreements."

"Reference Date" means December 6, 2006.

"Refinancing Indebtedness" has the meaning given to it in paragraph (m) of "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

"Representative" means the trustee, agent or representative (if any) for an issue of Indebtedness; provided that if, and for so long as, such Indebtedness lacks such a Representative, then the Representative for such Indebtedness shall at all times constitute the holder or holders of a majority in outstanding principal amount of obligations under such Indebtedness.

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

"Restricted Subsidiary" means, with respect to any Person, any Subsidiary of such Person other than an Unrestricted Subsidiary of such Person. Unless otherwise indicated in this "Description of the New First Lien Senior Secured Notes," all references to Restricted Subsidiaries shall mean Restricted Subsidiaries of the Issuer.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Issuer or a Restricted Subsidiary whereby the Issuer or a Restricted Subsidiary transfers such property to a Person and the Issuer or such Restricted Subsidiary leases it from such Person, other than leases between the Issuer and a Restricted Subsidiary of the Issuer or between Restricted Subsidiaries of the Issuer.

"S&P" means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

"SEC" means the Securities and Exchange Commission.

"Secured Bank Indebtedness" means any Bank Indebtedness that is secured by a Permitted Lien Incurred or deemed Incurred pursuant to clause (6)(B) of the definition of Permitted Lien.

"Secured Indebtedness" means any Indebtedness secured by a Lien.

"Secured Indebtedness Leverage Ratio" means, with respect to any Person, at any date the ratio of (i) Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) that constitutes Secured Bank Indebtedness to (ii) EBITDA of such Person for the four full fiscal quarters for which internal financial statements are available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Secured Indebtedness Leverage Ratio is being calculated but prior to the event for which the calculation of the Secured Indebtedness Leverage Ratio is made (the "Secured Leverage Calculation Date"), then the Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter period; provided that the Issuer may elect pursuant to an Officers' Certificate delivered to the Trustee to treat all or

any portion of the commitment under any Indebtedness as being Incurred at such time, in which case any subsequent Incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an Incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions) and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or have made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Secured Leverage Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions), discontinued operations and other operational changes (and the change of any associated Indebtedness and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as set forth in an Officers’ Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in footnote (2) in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” in the Existing First Lien Senior Secured Notes Offering Circular, to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

“Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Security Documents” means the Intercreditor Agreements, security agreements, pledge agreements, collateral assignments and related agreements, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the First Lien Senior Secured Indenture or any of the foregoing.

“Secured Note Guarantee” means any guarantee of the obligations of the Issuer under the First Lien Senior Secured Indenture, the Existing First Lien Senior Secured Notes and the New First Lien Senior Secured Notes by any Person in accordance with the provisions of the First Lien Senior Secured Indenture.

“Secured Note Guarantor” means any Person that Incurs a Secured Note Guarantee; provided that upon the release or discharge of such Person from its Secured Note Guarantee in accordance with the First Lien Senior Secured Indenture, such Person ceases to be a Secured Note Guarantor.

“Senior Secured Indebtedness” means any Indebtedness (other than Capitalized Lease Obligations) that is secured by a Permitted Lien on any Collateral that ranks pari passu or senior in priority to the Lien securing the New First Lien Senior Secured Notes pursuant to the Intercreditor Agreements or any other intercreditor agreement, including the New First Lien Senior Secured Notes and any Other Pari Passu Lien Obligations. In accordance with the definition of “Indebtedness”, Obligations under or in respect of a Qualified Receivables Financing shall not constitute Indebtedness and shall not constitute Senior Secured Indebtedness.

“Senior Secured Indebtedness Leverage Ratio” means, with respect to any Person, at any date the ratio of (i) Senior Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) to (ii) EBITDA of such Person for the four full fiscal quarters for which internal financial statements are available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Senior Secured Indebtedness Leverage Ratio is being calculated but prior to the event for which the calculation of the Senior Secured Indebtedness Leverage Ratio is made (the “Senior Secured Leverage Calculation Date”), then the Senior Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter period; provided that the Company may elect pursuant to an Officers’ Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being Incurred at such time, in which case any subsequent Incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an Incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions) and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or have made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Senior Secured Leverage Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions), discontinued operations and other operational changes (and the change of any associated Indebtedness and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Senior Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Company. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Company as set forth in an Officers’ Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in footnote (2) in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” in the Existing First Lien Senior Secured Notes Offering Circular, to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

“Senior/Subordinated Intercreditor Agreement” means the intercreditor agreement dated November 4, 2006, as amended and restated on December 6, 2006, among the Issuer, the other companies party thereto, the financial institutions thereto, and Credit Suisse, as secured senior agent, unsecured senior bridge agent and security agent, as it may be amended, restated or replaced from time to time in accordance with the First Lien Senior Secured Indenture and as parties may accede to it from time to time.

“Senior Unsecured Leverage Ratio” means, with respect to any Person, at any date the ratio of (i) the sum of (A) Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) and (B) any Indebtedness that constitutes Pari Passu Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) to (ii) EBITDA of such Person for the four full fiscal quarters for which internal financial statements are available immediately preceding such date on which such additional

Indebtedness is Incurred. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Senior Unsecured Indebtedness Leverage Ratio is being calculated but prior to the event for which the calculation of the Senior Unsecured Indebtedness Leverage Ratio is made (the “Senior Unsecured Leverage Calculation Date”), then the Senior Unsecured Indebtedness Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter period; provided that the Issuer may elect pursuant to an Officers’ Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being Incurred at such time, in which case any subsequent Incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an Incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions) and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or have made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Senior Unsecured Leverage Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions), discontinued operations and other operational changes (and the change of any associated Indebtedness and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Senior Unsecured Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as set forth in an Officers’ Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in footnote (2) in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” in the Existing First Lien Senior Secured Notes Offering Circular, to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

“Senior Unsecured Facility” means the Senior Bridge Loan Agreement, dated as of August 2, 2007, as amended, among the Issuer, the lenders party thereto, Credit Suisse, as administrative agent thereof and the other agents party thereto.

“Senior Unsecured Facility Documents” means the collective reference to the Senior Unsecured Facility, any notes issued pursuant thereto and the guarantees thereof, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified from time to time.

“Shared Collateral” has the meaning specified under “—Security Documents and Intercreditor Agreements.”

“Significant Subsidiary” means any Restricted Subsidiary that meets any of the following conditions:

- (1) the Issuer’s and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

- (2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Issuer's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

“Similar Business” means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries on the Original Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“SPE” has the meaning specified under “—Security.”

“Sponsors” means (i) Apollo Management, L.P., and any of its Affiliates (collectively, the “Apollo Sponsors”) and (ii) any Person that forms a group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) with any Apollo Sponsors; provided that any Apollo Sponsor (x) owns a majority of the voting power and (y) controls a majority of the Board of Directors of the Issuer.

“Standard Securitization Undertakings” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing including, without limitation, those relating to the servicing of the assets of a Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

“Subordinated Indebtedness” means (a) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the New First Lien Senior Secured Notes and (b) with respect to any Secured Note Guarantor, any Indebtedness of such Secured Note Guarantor which is by its terms subordinated in right of payment to its Secured Note Guarantee.

“Subordinated Shareholder Funding” means, collectively, any funds provided to the Issuer by any parent of the Issuer, any Affiliate of such parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the New First Lien Senior Secured Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the New First Lien Senior Secured Notes is restricted by the Intercreditor Agreements, an Additional Intercreditor Agreement or another intercreditor agreement;
- (2) does not require, prior to the first anniversary of the Stated Maturity of the New First Lien Senior Secured Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash

amounts or that the making of any such payment prior to the first anniversary of the Stated Maturity of the New First Lien Senior Secured Notes is restricted by the Intercreditor Agreements or an Additional Intercreditor Agreement;

- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment (in each case, prior to the first anniversary of the Stated Maturity of the New First Lien Senior Secured Notes) or the payment of any amount as a result of any such action or provision, or the exercise of any rights or enforcement action (in each case, prior to the first anniversary of the Stated Maturity of the New First Lien Senior Secured Notes) is restricted by the Intercreditor Agreements or an Additional Intercreditor Agreement;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and
- (5) pursuant to its terms or to the Intercreditor Agreements, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the New First Lien Senior Secured Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreements as in effect on the Reference Date with respect to the “Subordinated Debt” (as defined therein).

“Subsidiary” means, with respect to any Person, (1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, and (2) any partnership, joint venture or limited liability company of which (x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (y) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Tax Distributions” means any distributions described in clause (12) of the covenant entitled “—Certain Covenants—Limitation on Restricted Payments.”

“Taxes” means all present and future taxes, levies, imposts, deductions, charges, duties, assessments, governmental charges of whatever nature and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed, levied, collected, withheld or assessed by any government or other taxing authority.

“Total Assets” means the total consolidated assets of the Issuer and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Issuer.

“Transactions” means (1) the Apollo Acquisition and the transactions related thereto (including the transactions contemplated in that certain Memorandum on Structure dated as of November 1, 2006, prepared by PricewaterhouseCoopers), the issuance and sale of the 2006 Notes on the Reference Date and borrowings made pursuant to the Credit Agreement on the Reference Date and (2) the EGL Acquisition and the transactions related thereto (including the transactions contemplated in that certain Memorandum on Structure dated as of August 2, 2007, prepared by PricewaterhouseCoopers), the issuance and sale of the Issuer’s 10% Second-Priority Senior Secured Notes due 2014 on August 13, 2007 and borrowings made pursuant to the Senior Unsecured Facility and the Credit Agreement on August 2, 2007.

“Transfer” has the meaning specified under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets.”

“Treasury Rate” means, as of any redemption date, the yield to maturity as of such date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the date the redemption notice is mailed (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to December 1, 2013; provided, that if the period from the redemption date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Trust Officer” means any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee (1) who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject, and (2) who shall have direct responsibility for the administration of the First Lien Senior Secured Indenture.

“Trustee” means the party named as such in the First Lien Senior Secured Indenture until a successor replaces it and, thereafter, means the successor.

“UK Bidco” means CEVA Ltd. (formerly known as Louis No. 3 Ltd.), a private limited liability company organized under the laws of England and Wales.

“Unrestricted Subsidiary” means:

- (1) (x) CEVA US Receivables, LLC and (y) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary of the Issuer) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on any property of, the Issuer or any other Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that the Subsidiary to be so designated and its Subsidiaries do not at the time of designation have and do not thereafter Incur any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any of its Restricted Subsidiaries; provided, further, however, that either:

- (a) the Subsidiary to be so designated has total consolidated assets of €1,000 or less; or
- (b) if such Subsidiary has consolidated assets greater than £1,000, then such designation would be permitted under the covenant described under “—Certain Covenants—Limitation on Restricted Payments.”

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation:

- (x) (1) the Issuer could Incur €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” or (2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a pro forma basis taking into account such designation; and

(y) no Event of Default shall have occurred and be continuing.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Collateral Agreements" means each of (1) the U.S. collateral agreement dated as of the Original Issue Date, among CEVA Limited, each subsidiary of CEVA Limited party thereto and the Collateral Agent and (2) the Single Grantor U.S. collateral agreement dated as of the Original Issue Date, between CEVA International Inc. and the Collateral Agent, as they may be amended, restated or replaced from time to time in accordance with the First Lien Senior Secured Indenture and First Lien Intercreditor Agreement.

"U.S. Government Obligations" means any security that is (1) a direct obligation of the United States of America, for the payment of which its full faith and credit is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness or Disqualified Stock, as the case may be, at any date, the quotient obtained by dividing (1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock multiplied by the amount of such payment, by (2) the sum of all such payments.

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

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or other similar shares required pursuant to applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

## DESCRIPTION OF THE NEW SENIOR UNSECURED NOTES

### General

CEVA Group Plc, a public limited liability company organized under the laws of England and Wales (the “Issuer”), will issue notes under an indenture (the “New Senior Unsecured Indenture”), to be dated as of February 1, 2012, by and among itself, the New Unsecured Note Guarantors, The Bank of New York Mellon, as Trustee, and The Bank of New York Mellon (Ireland) Limited, as Irish Paying Agent.

The following summary of certain provisions of the New Senior Unsecured Indenture and the New Senior Unsecured Notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the New Senior Unsecured Indenture. Capitalized terms used in this “Description of the New Senior Unsecured Notes” section and not otherwise defined have the meanings set forth in the section “—Certain Definitions.” As used in this “Description of the New Senior Unsecured Notes” section, “we,” “us” and “our” mean the Issuer and its Subsidiaries.

On the Issue Date, the Issuer will issue 12¾% Senior Notes due 2020 in an initial aggregate principal amount of approximately \$620 million (the “New Senior Unsecured Notes”), consisting of \$475 million aggregate principal amount of New Senior Unsecured Notes issued pursuant to this offering and approximately \$145 million aggregate principal amount of New Senior Unsecured Notes issued pursuant to the Apollo New Senior Unsecured Note Exchange (as defined below) (assuming that the exchange rate in effect on the date prior to the Issue Date is the same exchange rate as in effect on January 26, 2012). The Issuer may issue additional New Senior Unsecured Notes from time to time after this offering (collectively, “Additional New Senior Unsecured Notes”). Any offering of Additional New Senior Unsecured Notes is subject to the covenants described below under the captions “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “—Certain Covenants—Liens.” The New Senior Unsecured Notes and any Additional New Senior Unsecured Notes subsequently issued under the New Senior Unsecured Indenture will be treated as a single class for all purposes under the New Senior Unsecured Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, *provided, however*, that if the Additional New Senior Unsecured Notes are not fungible with the New Senior Unsecured Notes issued hereby for U.S. federal income tax purposes, the Additional New Senior Unsecured Notes will have a separate CUSIP number. Unless the context otherwise requires, for all purposes of the New Senior Unsecured Indenture and this “Description of the New Senior Unsecured Notes,” references to the New Senior Unsecured Notes include any New Senior Unsecured Notes and Additional New Senior Unsecured Notes actually issued.

Principal of, premium, if any, and interest on the New Senior Unsecured Notes will be payable, and the New Senior Unsecured Notes may be exchanged or transferred, at the office or agency designated by the Issuer (which initially shall be the principal corporate trust office of the Trustee).

The New Senior Unsecured Notes will be issued only in fully registered form, without coupons, in minimum denominations of \$200,000 and any integral multiple of \$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of New Senior Unsecured Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

### Terms of the New Senior Unsecured Notes

The New Senior Unsecured Notes will be senior unsecured obligations of the Issuer and will mature on March 31, 2020. Interest on the New Senior Unsecured Notes will accrue at a rate per annum equal to 12¾%, and will be payable in cash. Each New Senior Unsecured Note will bear interest from the Issue Date or the most recent date to which interest has been paid or provided for, payable semi-annually to holders of record at the close of business on March 15 or September 15 immediately preceding the interest payment date on March 31 and September 30 of each year, commencing September 30, 2012. Interest will be computed on the basis of a 360 day year comprised of twelve 30-day months.

The rights of holders of beneficial interests in the New Senior Unsecured Notes to receive the payments of interest on the New Senior Unsecured Notes are subject to applicable procedures of DTC.

### **Paying Agent and Registrar for the New Senior Unsecured Notes**

The Issuer will maintain a paying agent for the New Senior Unsecured Notes in (i) the City of London, (ii) the Borough of Manhattan, City of New York and (iii) for so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and its guidelines so require, Dublin, Ireland. The Issuer will also undertake under the New Senior Unsecured Indenture that it will ensure, to the extent practicable, that it maintains a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 regarding the taxation of savings income (the “Directive”). The initial Paying Agents will be The Bank of New York Mellon, London Branch, in London, The Bank of New York Mellon, New York, in the Borough of Manhattan, City of New York and The Bank of New York Mellon (Ireland) Limited in Dublin (each, a “Paying Agent”).

The Issuer will also maintain one or more registrars (each, a “Registrar”) and the initial Registrar will be The Bank of New York Mellon, New York. The Issuer will also maintain a transfer agent in each of (i) the City of London; (ii) the Borough of Manhattan, City of New York and (iii) for so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and its guidelines so require, Dublin, Ireland. The initial transfer agents will be The Bank of New York Mellon, London Branch, in London and The Bank of New York Mellon, New York, in the Borough of Manhattan, City of New York. The Registrar will maintain a register outside the UK reflecting ownership of Definitive Registered New Senior Unsecured Notes outstanding from time to time and the transfer agents in each of London, New York and Dublin will facilitate transfers of Definitive Registered New Senior Unsecured Notes on behalf of the relevant Issuer. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for the New Senior Unsecured Notes without prior notice to the noteholders. However, for so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of the Irish Stock Exchange so require, the relevant Issuer will deliver notice of the change in a Paying Agent, Registrar or transfer agent to the Companies Announcement Office in Dublin. The Issuer or any of its Subsidiaries may act as Paying Agent (other than with respect to Global New Senior Unsecured Notes) or Registrar.

### **Optional Redemption**

On or after March 31, 2015, the Issuer may redeem New Senior Unsecured Notes at its option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days’ prior notice mailed by first-class mail to each holder’s registered address, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on March 31 of the years set forth below:

<b>Period</b>	<b>Redemption Price</b>
2015 .....	109.563%
2016 .....	106.375%
2017 .....	103.188%
2018 and thereafter .....	100.000%

In addition, prior to March 31, 2015, the Issuer may redeem New Senior Unsecured Notes at its option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days’ prior notice mailed by first-class mail to each holder’s registered address, at a redemption price equal to 100% of the principal amount of the New Senior Unsecured Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if

any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notwithstanding the foregoing, at any time and from time to time on or prior to March 31, 2015, the Issuer may redeem in the aggregate up to 40% of the original aggregate principal amount of New Senior Unsecured Notes (calculated after giving effect to any issuance of any Additional New Senior Unsecured Notes) with the net cash proceeds of one or more Equity Offerings (1) by the Issuer or (2) by any direct or indirect parent of the Issuer, in each case to the extent the net cash proceeds thereof are contributed to the common equity capital of the Issuer or used to purchase Capital Stock (other than Disqualified Stock) of the Issuer from it, at a redemption price (expressed as a percentage of principal amount thereof) of 112.750%, plus accrued and unpaid interest and other amounts, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 60% of the original aggregate principal amount of the New Senior Unsecured Notes (calculated after giving effect to any issuance of any Additional New Senior Unsecured Notes) remains outstanding after each such redemption; provided, further, that such redemption shall occur within 90 days after the date on which any such Equity Offering is consummated upon not less than 30 nor more than 60 days' notice mailed to each holder of New Senior Unsecured Notes being redeemed and otherwise in accordance with the procedures set forth in the New Senior Unsecured Indenture.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering.

If the Issuer effects an optional redemption of New Senior Unsecured Notes, it will, for so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and are admitted to trading on the Global Exchange Market thereof, inform the Irish Stock Exchange of such optional redemption and confirm the aggregate principal amount of the New Senior Unsecured Notes that will remain outstanding immediately after such redemption.

#### **Selection and Notice**

If less than all of the New Senior Unsecured Notes are to be redeemed or are required to be repurchased at any time, the Trustee will select New Senior Unsecured Notes for redemption or repurchase in compliance with the requirements of the Irish Stock Exchange or any other principal national securities exchange, if any, on which the New Senior Unsecured Notes are then admitted to trading, and in compliance with the requirements of DTC, or, if the New Senior Unsecured Notes are not so admitted to trading or such exchange prescribes no method of selection and the New Senior Unsecured Notes are not held through DTC, or DTC prescribes no method of selection, on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion deems fair and appropriate (and in such manner as complies with applicable legal and exchange requirements); provided, however, that no New Senior Unsecured Note of \$200,000 in aggregate principal amount or less, or other than in an integral multiple of \$1,000 in excess thereof, shall be redeemed in part. The Trustee will not be liable for selections made by it in accordance with this paragraph.

For so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of the Irish Stock Exchange so require, the Issuer shall deliver notice of redemption to the Companies Announcement Office in Dublin and, with respect to Definitive Registered New Senior Unsecured Notes only, mail such notice to noteholders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar, in each case not less than 30 nor more than 60 days prior to the redemption date.

If any New Senior Unsecured Notes are to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered New Senior Unsecured Note, a new New Senior Unsecured Note in principal amount equal to the unredeemed portion of the original New Senior Unsecured Note will be issued in the name of the noteholder thereof upon cancellation of the original New Senior Unsecured Note. In the case of a Global New Senior Unsecured Note, an appropriate notation will be made on such New Senior Unsecured Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, New Senior Unsecured

Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on New Senior Unsecured Notes or portions of them called for redemption.

### **Mandatory Redemption; Offers to Purchase; Open Market Purchases**

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the New Senior Unsecured Notes. However, under certain circumstances, the Issuer may be required to offer to purchase New Senior Unsecured Notes as described under the captions “—Change of Control” and “—Certain Covenants—Asset Sales.” We or our affiliates may at any time and from time to time purchase New Senior Unsecured Notes in the open market, negotiated transactions or otherwise.

### **Redemption for Taxation Reasons**

The Issuer may redeem the New Senior Unsecured Notes, at its option, in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days’ notice to the noteholders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a “Tax Redemption Date”) (subject to the right of noteholders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined under “—Withholding Taxes” below), if any, then due and that will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under “—Withholding Taxes” below) affecting taxation; or
- (2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a “Change in Tax Law”),

the Issuer, with respect to its New Senior Unsecured Notes, or any New Unsecured Note Guarantor, with respect to a New Unsecured Note Guarantee, as the case may be, is, or on the next interest payment date in respect of the New Senior Unsecured Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or such New Unsecured Note Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent or, where such payment would be reasonable, the payment through the Issuer or a New Unsecured Note Guarantor).

In the case of the Issuer or any New Unsecured Note Guarantor as of the Issue Date, the Change in Tax Law must become effective on or after the date of this offering circular. In the case of any Person becoming a New Unsecured Note Guarantor after the Issue Date or in the case of any successor of any Person specified in the preceding sentence, the Change in Tax Law must become effective on or after the date that such Person became a New Unsecured Note Guarantor or such a successor. Notice of redemption for taxation reasons will be published in accordance with the procedures described under “—Selection and Notice.” Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the New Senior Unsecured Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officers’ Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the circumstances referred to above exist. The Trustee will accept such Officers’ Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the noteholders.

### **Withholding Taxes**

All payments made by the Issuer, any New Unsecured Note Guarantor or a successor of any of the foregoing (each, a “Payor”) on the New Senior Unsecured Notes or the New Unsecured Note Guarantees will be made free

and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) the United Kingdom or any political subdivision or governmental authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the New Senior Unsecured Notes or any New Unsecured Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which the Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax,

(each of clause (1), (2) and (3), a “Relevant Taxing Jurisdiction”), will at any time be required from any payments made with respect to the New Senior Unsecured Notes, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in respect of such payments by the noteholders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts that would have been received in respect of such payments on the New Senior Unsecured Notes in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable for or on account of

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant noteholder, if the relevant noteholder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such New Senior Unsecured Note or the receipt of any payment in respect thereof;
- (2) any Taxes that would not have been so imposed if the holder of the New Senior Unsecured Note had reasonably cooperated with the Issuer in completing any claims or other procedural requirements necessary for the Issuer to obtain authorization from the Relevant Taxing Jurisdiction to make such payment without such a deduction or withholding of any Taxes;
- (3) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the New Senior Unsecured Notes or under any New Unsecured Note Guarantee;
- (4) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;
- (5) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to the Directive (as defined under “—Paying Agent and Registrar for the New Senior Unsecured Notes”) or any law implementing, or introduced in order to conform to, the Directive;
- (6) except in the case of the liquidation, dissolution or winding-up of the Payor, any Taxes imposed in connection with a New Senior Unsecured Note presented for payment by or on behalf of a noteholder or beneficial owner who would have been able to avoid such Tax by presenting the relevant New Senior Unsecured Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union; or
- (7) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the New Senior Unsecured Note for payment (where presentation is required) within 30 days after the relevant payment was first made available for payment to the noteholder or (y) where, had the beneficial owner of the New Senior Unsecured Note been the holder of the New Senior Unsecured Note, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (7) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to the Trustee. Such copies shall be made available to the noteholders upon request and will be made available at the offices of the Irish Paying Agent if the New Senior Unsecured Notes are then admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of New Senior Unsecured Notes then outstanding and (y) the amount of such withholding Taxes paid per \$1,000 principal amount of the New Senior Unsecured Notes.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on the New Senior Unsecured Notes, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officers' Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to noteholders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor shall deliver such Officers' Certificate as promptly as practicable after the date that is 30 days prior to the payment date).

Wherever in the New Senior Unsecured Indenture, the New Senior Unsecured Notes, any New Unsecured Note Guarantee or this "Description of the New Senior Unsecured Notes" there are mentioned, in any context:

- (1) the payment of principal,
- (2) redemption prices or purchase prices in connection with a redemption or purchase of New Senior Unsecured Notes,
- (3) interest, or
- (4) any other amount payable on or with respect to any of the New Senior Unsecured Notes or any New Unsecured Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies that arise in any jurisdiction from the execution, delivery, registration or enforcement of any New Senior Unsecured Notes, the New Senior Unsecured Indenture, or any other document or instrument in relation thereto (other than a transfer of the New Senior Unsecured Notes) excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the noteholders for any such taxes paid by such noteholders. The foregoing obligations will survive any termination, defeasance or discharge of the New Senior Unsecured Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor or any New Unsecured Note Guarantor is organized or any political subdivision or taxing authority or agency thereof or therein.

## Ranking

The indebtedness evidenced by the New Senior Unsecured Notes will be senior Indebtedness of the Issuer, will be equal in right of payment to all existing and future Pari Passu Indebtedness of the Issuer and will be senior in right of payment to all future Subordinated Indebtedness of the Issuer. The New Senior Unsecured Notes will be effectively subordinated to all Secured Indebtedness of the Issuer or any Subsidiary of the Issuer, to the extent of the value of the assets securing such Indebtedness (unless such assets also secured the New Senior Unsecured Notes on an equal and ratable basis). In the event of bankruptcy or insolvency, the holders of such Secured Indebtedness will have a prior secured claim to any collateral securing the debt owed to them. The holders of the Issuer's existing Secured Indebtedness have a security interest in substantially all of the assets of the Issuer and certain of its Subsidiaries incorporated in the United States of America, the United Kingdom, Australia and Canada and in certain assets of subsidiaries incorporated elsewhere. The indebtedness evidenced by the New Unsecured Note Guarantees will be senior unsecured Indebtedness of the applicable New Unsecured Note Guarantor, will be equal in right of payment to all existing and future Pari Passu Indebtedness of such New Unsecured Note Guarantor and will be senior in right of payment to all future Subordinated Indebtedness of such New Unsecured Note Guarantor.

At September 30, 2011, on a pro forma basis after giving effect to the Transactions:

- (1) the Issuer and its Restricted Subsidiaries would have had €1,665 million of Secured Indebtedness outstanding (excluding €177 million of letters of credit issued but undrawn under our synthetic letter of credit facility), consisting of €353 million of senior secured term loans, €242 million of the New First Lien Senior Secured Notes, €335 million of the Existing First Lien Senior Secured Notes, €57 million of existing finance lease obligations and other debt, €156 million of First-and-a-Half Priority Notes and €522 million of Junior Priority Notes;
- (2) the Issuer and its Restricted Subsidiaries would have had €639 million of Senior Indebtedness that does not constitute Secured Indebtedness, consisting of €461 million of the New Senior Unsecured Notes, €84 million of the Extended Unsecured Loans, €11 million of the 2007 Notes and €83 million of existing finance lease obligations and other debt; and
- (3) the Issuer and its Restricted Subsidiaries would have had no Subordinated Indebtedness outstanding.

The amounts above do not include the total outstanding borrowings under the ABL Facility of \$109 million as of September 30, 2011 (with the committed amount of the ABL Facility being \$250 million as of September 30, 2011), since the SPE is not a Restricted Subsidiary. Although the New Senior Unsecured Indenture will limit the Incurrence of Indebtedness by the Issuer and its Restricted Subsidiaries and the issuance of Disqualified Stock and Preferred Stock by the Restricted Subsidiaries, such limitation is subject to a number of significant qualifications and exceptions. Under certain circumstances, the Issuer and its Subsidiaries may be able to incur substantial amounts of Indebtedness. Such Indebtedness may be Secured Indebtedness. See “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.”

Substantially all of the operations of the Issuer are conducted through its Subsidiaries. Unless a Subsidiary is a New Unsecured Note Guarantor, claims of creditors of such Subsidiary, including trade creditors, and claims of preferred stockholders (if any) of such Subsidiary generally will have priority with respect to the assets and earnings of such Subsidiary over the claims of creditors of the Issuer, including holders of the New Senior Unsecured Notes. The New Senior Unsecured Notes, therefore, will be effectively subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Subsidiaries of the Issuer that are not New Unsecured Note Guarantors. As of December 31, 2010, CEVA's subsidiaries that will not be New Unsecured Note Guarantors, including the SPE, had €323 million of long-term debt, excluding intercompany balances.

See “Risk Factors—Risks Related to the Notes” and “Risk Factors—Risks Specifically Related to the New Senior Unsecured Notes.”

## **New Unsecured Note Guarantees**

Each of the Issuer's direct and indirect Restricted Subsidiaries on the Issue Date that guarantee Indebtedness under the Credit Agreement will jointly and severally irrevocably and unconditionally guarantee on a senior basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all obligations of the Issuer under the New Senior Unsecured Indenture and the New Senior Unsecured Notes, whether for payment of principal of, premium, if any, or interest on the New Senior Unsecured Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such New Unsecured Note Guarantors being herein called the "Guaranteed Obligations"). The Guaranteed Obligations of each New Unsecured Note Guarantor will be unsecured. Such New Unsecured Note Guarantors will agree to pay, in addition to the amount stated above, any and all expenses (including reasonable counsel fees and expenses) incurred by the Trustee or the holders in enforcing any rights under the New Unsecured Note Guarantees.

The New Unsecured Note Guarantees will be effectively subordinated to any existing and future secured Indebtedness of the New Unsecured Note Guarantors, to the extent of the value of the assets securing such Indebtedness. In the event of a bankruptcy or insolvency, each New Unsecured Note Guarantor's secured lenders will have a prior secured claim to any collateral of such New Unsecured Note Guarantor securing the debt owed to them.

The obligations of the New Unsecured Note Guarantors under their New Unsecured Note Guarantees will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. See "Risk Factors—Risks Related to the Notes— Because each guarantor's liability under its guarantee or, as applicable, security may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors" and "Certain Insolvency Law Considerations." After the Issue Date, the Issuer will cause each Restricted Subsidiary (unless such Subsidiary is a Receivables Subsidiary) that guarantees certain Indebtedness to execute and deliver to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will guarantee payment of the New Senior Unsecured Notes on the same senior basis. See "—Certain Covenants—Future New Unsecured Note Guarantors."

Each New Unsecured Note Guarantee will be a continuing guarantee and shall:

- (1) remain in full force and effect until payment in full of all the Guaranteed Obligations;
- (2) subject to the next succeeding paragraph, be binding upon each such New Unsecured Note Guarantor and its successors; and
- (3) inure to the benefit of and be enforceable by the Trustee, the holders and their successors, transferees and assigns.

Subject to the Intercreditor Agreement, a New Unsecured Note Guarantee of a New Unsecured Note Guarantor will be automatically released with respect to the New Senior Unsecured Notes upon:

- (1) the sale, disposition, exchange or other transfer (including through merger, consolidation or otherwise) of the Capital Stock (including any sale, disposition or other transfer following which the applicable New Unsecured Note Guarantor is no longer a Restricted Subsidiary), of the applicable New Unsecured Note Guarantor if such sale, disposition, exchange or other transfer is made in compliance with, and the release is otherwise in compliance with, the New Senior Unsecured Indenture and the Intercreditor Agreement;
- (2) the Issuer designating such New Unsecured Note Guarantor to be an Unrestricted Subsidiary in accordance with the covenants described under "—Certain Covenants—Limitation on Restricted Payments" and the definition of "Unrestricted Subsidiary";

- (3) in the case of any Restricted Subsidiary that after the Issue Date is required to guarantee the New Senior Unsecured Notes pursuant to the covenant described under “—Certain Covenants—Future New Unsecured Note Guarantors,” the release or discharge of the guarantee by such Restricted Subsidiary of Indebtedness which resulted in the obligation to guarantee such New Senior Unsecured Notes; and
- (4) the Issuer’s exercise of its legal defeasance option or covenant defeasance option as described under “Defeasance,” or if the Issuer’s obligations under the New Senior Unsecured Indenture are discharged in accordance with the terms of the New Senior Unsecured Indenture.

A New Unsecured Note Guarantee also will be automatically released upon the applicable Subsidiary ceasing to be a Subsidiary as a result of any foreclosure of any pledge or security interest securing Secured Indebtedness.

### **Change of Control**

Upon the occurrence of any of the following events (each, a “Change of Control”), each holder will have the right to require the Issuer to repurchase all or any part of such holder’s New Senior Unsecured Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Issuer has previously elected to redeem such New Senior Unsecured Notes as described under “—Optional Redemption”:

- (1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all the assets of the Issuer and its Subsidiaries, taken as a whole, to a Person other than any of the Permitted Holders; or
- (2) the Issuer becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than any of the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), of more than 50% of the total voting power of the Voting Stock of the Issuer or any direct or indirect parent of the Issuer.

In the event that at the time of such Change of Control the terms of the Bank Indebtedness restrict or prohibit the repurchase of New Senior Unsecured Notes pursuant to this covenant, then prior to the mailing of the notice to holders provided for in the immediately following paragraph but in any event within 45 days following any Change of Control, the Issuer shall:

- (1) repay in full all Bank Indebtedness or, if doing so will allow the purchase of New Senior Unsecured Notes, offer to repay in full all Bank Indebtedness and repay the Bank Indebtedness of each lender that has accepted such offer; or
- (2) obtain the requisite consent under the agreements governing the Bank Indebtedness to permit the repurchase of the New Senior Unsecured Notes as provided for in the immediately following paragraph.

See “Risk Factors—Risks Related to the Notes—We may not be able to repurchase notes upon a change of control.”

Within 45 days following any Change of Control, except to the extent that the Issuer has exercised its right to redeem the New Senior Unsecured Notes by delivery of a notice of redemption as described under “—Optional Redemption,” or all conditions to such redemption have been satisfied or waived, the Issuer shall mail a notice (a “Change of Control Offer”) to each holder with a copy to the Trustee stating:

- (1) that a Change of Control has occurred and that such holder has the right to require the Issuer to repurchase such holder's New Senior Unsecured Notes at a repurchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");
- (2) the circumstances and relevant facts and financial information regarding such Change of Control (the "Change of Control Payment Date");
- (3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and
- (4) the instructions determined by the Issuer, consistent with this covenant, that a holder must follow in order to have its New Senior Unsecured Notes purchased.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

In addition, the Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the New Senior Unsecured Indenture applicable to a Change of Control Offer made by the Issuer and purchases all New Senior Unsecured Notes validly tendered and not withdrawn under such Change of Control Offer.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

- (1) accept for payment all New Senior Unsecured Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all New Senior Unsecured Notes so tendered;
- (3) deliver or cause to be delivered to the Trustee an Officers' Certificate stating the New Senior Unsecured Notes or portions of the New Senior Unsecured Notes being purchased by the Issuer in the Change of Control Offer;
- (4) in the case of Global New Senior Unsecured Notes, deliver, or cause to be delivered, to the principal Paying Agent the Global New Senior Unsecured Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and
- (5) in the case of Definitive Registered New Senior Unsecured Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered New Senior Unsecured Notes accepted for purchase by the Issuer.

The Paying Agent will promptly mail to each holder of New Senior Unsecured Notes so tendered the Change of Control Payment for such New Senior Unsecured Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder of New Senior Unsecured Notes a new New Senior Unsecured Note equal in principal amount to the unpurchased portion of the New Senior Unsecured Notes surrendered, if any; provided that each such new New Senior Unsecured Note will be in a principal amount that is at least \$200,000 and integral multiples of \$1,000 in excess thereof.

For so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of such exchange so

require, the Issuer will give notice with respect to the results of the Change of Control Offer to the Companies Announcement Office in Dublin.

New Senior Unsecured Notes repurchased by the Issuer pursuant to a Change of Control Offer will have the status of New Senior Unsecured Notes issued but not outstanding or will be retired and canceled at the option of the Issuer. New Senior Unsecured Notes purchased by a third party pursuant to the preceding paragraph will have the status of New Senior Unsecured Notes issued and outstanding.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of New Senior Unsecured Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

This Change of Control repurchase provision is a result of negotiations between the Issuer and the initial purchasers. The Issuer has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Issuer could decide to do so in the future. Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the New Senior Unsecured Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the Issuer's capital structure or credit rating.

The occurrence of events that would constitute a Change of Control would constitute a default under the Credit Agreement and require an offer to purchase the Existing Notes and require an offer to purchase the Existing Notes and an offer to prepay the loans under the Senior Unsecured Facility. Future Bank Indebtedness and other Indebtedness of the Issuer may contain prohibitions on certain events that would constitute a Change of Control or require such Bank Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Issuer to repurchase the New Senior Unsecured Notes, the New First Lien Senior Secured Notes and the Existing Notes or require us to prepay the loans under the Senior Unsecured Facility could cause a default under such Bank Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "Risk Factors—Risks Related to the Notes—We may not be able to repurchase notes upon a change of control."

The definition of Change of Control includes a phrase relating to the sale, lease or transfer of "all or substantially all" the assets of the Issuer and its Subsidiaries taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of New Senior Unsecured Notes to require the Issuer to repurchase such New Senior Unsecured Notes as a result of a sale, lease or transfer of less than all of the assets of the Issuer and its Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the New Senior Unsecured Indenture relating to the Issuer's obligation to make an offer to repurchase the New Senior Unsecured Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the New Senior Unsecured Notes.

### **Certain Covenants**

Set forth below are summaries of certain covenants that will be contained in the New Senior Unsecured Indenture.

*Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.* The New Senior Unsecured Indenture will provide that:

- (1) the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) or issue any shares of Disqualified Stock; and

- (2) the Issuer will not permit any of its Restricted Subsidiaries (other than a New Unsecured Note Guarantor) to issue any shares of Preferred Stock;

provided, however, that the Issuer may Incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock or issue shares of Preferred Stock, in each case if the Fixed Charge Coverage Ratio of the Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00 determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; provided, that the amount of Indebtedness that may be Incurred and Disqualified Stock or Preferred Stock that may be issued pursuant to the foregoing by Restricted Subsidiaries that are not New Unsecured Note Guarantors shall not exceed €150.0 million at any one time outstanding (the “Non-Guarantor Exception”).

The foregoing limitations will not apply to (collectively, “Permitted Debt”):

- (a) the Incurrence by the Issuer or its Restricted Subsidiaries of Indebtedness under the Credit Agreement and the issuance and creation of letters of credit and bankers’ acceptances thereunder (with letters of credit and bankers’ acceptances being deemed to have a principal amount equal to the face amount thereof) in the aggregate principal amount of €1,005.0 million plus an aggregate additional principal amount outstanding at any one time that does not cause the Secured Indebtedness Leverage Ratio of the Issuer to exceed 3.00 to 1.00 determined on a pro forma basis (including a pro forma application of the net proceeds therefrom);
- (b) the Incurrence by the Issuer and the New Unsecured Note Guarantors of Indebtedness represented by (i) the New Senior Unsecured Notes (not including any New Senior Unsecured Additional Notes) and the New Unsecured Note Guarantees, and (ii) the New First Lien Senior Secured Notes (not including any additional New First Lien Senior Secured Notes) and the New First Lien Note Guarantees (as defined under “Description of the New First Lien Senior Secured Notes”);
- (c) Indebtedness existing on the Issue Date, including the Existing Notes and related guarantees and the indebtedness under the Senior Unsecured Facility (other than Indebtedness described in clauses (a) and (b));
- (d) Indebtedness (including Capitalized Lease Obligations) Incurred by the Issuer or any of its Restricted Subsidiaries, Disqualified Stock issued by the Issuer or any of its Restricted Subsidiaries and Preferred Stock issued by any Restricted Subsidiaries of the Issuer to finance (whether prior to or within 270 days after) the purchase, lease, construction or improvement of property (real or personal) or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets); provided that if, immediately after Incurring such Indebtedness, the Secured Indebtedness Leverage Ratio would be greater than 3.00 to 1.00, then the aggregate amount of all Indebtedness Incurred pursuant to this clause (d) shall not exceed the greater of €100.0 million and 4.25% of Total Assets;
- (e) Indebtedness Incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit and bank guarantees issued in the ordinary course of business, including without limitation letters of credit in respect of workers’ compensation claims, health, disability or other benefits to employees or former employees or their families or property, casualty or liability insurance or self-insurance, and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses from governmental authorities, or other Indebtedness with respect to reimbursement type obligations regarding workers’ compensation claims;
- (f) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred in connection with the Transactions or any other acquisition or disposition of any business, assets or a Subsidiary of the Issuer in accordance with the terms of the New Senior Unsecured Indenture, other than guarantees of

Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition;

- (g) Indebtedness of the Issuer to a Restricted Subsidiary; provided, that except in respect of intercompany loans to effect a push-down of indebtedness incurred in connection with the Transactions within 180 days after the Issue Date and intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Subsidiaries, any such Indebtedness owed to a Restricted Subsidiary that is not a New Unsecured Note Guarantor shall, to the extent legally permitted, be subordinated in right of payment to the obligations of the Issuer under the New Senior Unsecured Notes; provided, further, that any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) shall be deemed, in each case, to be an Incurrence of such Indebtedness not permitted by this clause (g);
- (h) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; provided that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary that holds such shares of Preferred Stock of another Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an issuance of shares of Preferred Stock not permitted by this clause (h);
- (i) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; provided, that except in respect of intercompany loans to effect a push-down of indebtedness incurred in connection with the Transactions within 180 days after the Issue Date and intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Subsidiaries, if a New Unsecured Note Guarantor Incurs such Indebtedness to a Restricted Subsidiary that is not a New Unsecured Note Guarantor, such Indebtedness shall, to the extent legally permitted, be subordinated in right of payment to the New Unsecured Note Guarantee of such New Unsecured Note Guarantor; provided, further, that any subsequent issuance or transfer of any Capital Stock or any other event that results in any Restricted Subsidiary holding such Indebtedness ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien) shall be deemed, in each case, to be an Incurrence of such Indebtedness not permitted by this clause (i);
- (j) Hedging Obligations that are Incurred not for speculative purposes but (1) for the purpose of fixing or hedging interest rate risk with respect to any Indebtedness that is permitted by the terms of the New Senior Unsecured Indenture to be outstanding; (2) for the purpose of fixing or hedging currency exchange rate risk with respect to any currency exchanges; or (3) for the purpose of fixing or hedging commodity price risk with respect to any commodity purchases or sales;
- (k) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice;
- (l) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any of its Restricted Subsidiaries so long as the Incurrence of such Indebtedness Incurred by the Issuer or such Restricted Subsidiary is permitted under the terms of the New Senior Unsecured Indenture; provided that (i) if such Indebtedness is by its express terms subordinated in right of payment to the New Senior Unsecured Notes or the New Unsecured Note Guarantee of such Restricted Subsidiary, as applicable, any such guarantee of the Issuer or such New Unsecured Note Guarantor with respect to such Indebtedness shall be subordinated in right of payment to the New Senior Unsecured Notes or such New Unsecured Note Guarantor's New Unsecured Note Guarantee with respect to the New Senior Unsecured Notes, as applicable, substantially to the same extent as such Indebtedness is subordinated to the New Senior Unsecured Notes or the New Unsecured Note Guarantee of such Restricted Subsidiary, as applicable, and (ii) if such guarantee is of Indebtedness of the Issuer or a Guarantor, such guarantee is Incurred in

accordance with the covenant described under “—Certain Covenants—Future New Unsecured Note Guarantors”;

- (m) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary of the Issuer that serves to refund, refinance or defease any Indebtedness Incurred or Disqualified Stock or Preferred Stock issued as permitted under the first paragraph of this covenant and clauses (a), (b), (c), (d), (m), and (n) of this paragraph or any Indebtedness, Disqualified Stock or Preferred Stock Incurred to so refund or refinance such Indebtedness, Disqualified Stock or Preferred Stock, including any additional Indebtedness, Disqualified Stock or Preferred Stock Incurred to pay premiums (including tender premium), defeasance costs and fees in connection therewith (subject to the following proviso, “Refinancing Indebtedness”) prior to its respective maturity; provided, however, that such Indebtedness will be Refinancing Indebtedness if and to the extent it:
- (1) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred that is not less than the shorter of (x) the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded, refinanced or defeased and (y) the Weighted Average Life to Maturity that would result if all payments of principal on the Indebtedness, Disqualified Stock and Preferred Stock being refunded or refinanced that were due on or after the date one year following the last maturity date of any New Senior Unsecured Notes then outstanding were instead due on such date one year following the last date of maturity of the New Senior Unsecured Notes;
  - (2) has a Stated Maturity that is not earlier than the earlier of (x) the Stated Maturity of the Indebtedness being refunded or refinanced or (y) 91 days following the maturity date of the New Senior Unsecured Notes;
  - (3) refinances (a) Indebtedness junior to the New Senior Unsecured Notes or the New Unsecured Note Guarantee of such Restricted Subsidiary, as applicable, such Refinancing Indebtedness is junior to the New Senior Unsecured Notes or the New Unsecured Note Guarantee of such Restricted Subsidiary, as applicable, or (b) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Disqualified Stock or Preferred Stock;
  - (4) does not include (x) Indebtedness of a Restricted Subsidiary of the Issuer that is not a New Unsecured Note Guarantor that refinances Indebtedness of the Issuer or a New Unsecured Note Guarantor, or (y) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary; and
  - (5) refinances Indebtedness under the Credit Agreement at a time when the Issuer or any of its Restricted Subsidiaries is not able to Incur such Refinancing Indebtedness as Indebtedness under the Credit Agreement pursuant to clause (a) of this paragraph; provided that although such Refinancing Indebtedness shall be permitted to be Incurred as Refinancing Indebtedness under this paragraph (m), such Refinancing Indebtedness shall be (x) deemed to be Indebtedness under the Credit Agreement Incurred by the Issuer or any of its Restricted Subsidiaries under clause (a) of this paragraph for the purpose of measuring the Secured Indebtedness Leverage Ratio and (y) permitted to be secured by a Permitted Lien deemed Incurred pursuant to clause 6(B) of the definition of a Permitted Lien;

provided, further, that subclauses (1) and (2) of this clause (m) will not apply to any refunding or refinancing of any Secured Indebtedness.

- (n) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuer or any of its Restricted Subsidiaries Incurred to finance an acquisition or (y) Persons that are acquired by the Issuer or any of its Restricted Subsidiaries or merged, consolidated or amalgamated with or into the Issuer or any of its Restricted Subsidiaries in accordance with the terms of the New Senior Unsecured Indenture; provided, however, that after giving effect to such acquisition or merger, consolidation or amalgamation either:

- (1) the Issuer would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant; or
- (2) the Fixed Charge Coverage Ratio of the Issuer would be greater than immediately prior to such acquisition or merger, consolidation or amalgamation;
- (o) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing that is not with recourse to the Issuer or any Restricted Subsidiary other than a Receivables Subsidiary (except for Standard Securitization Undertakings);
- (p) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five Business Days of its Incurrence;
- (q) Indebtedness of the Issuer or any Restricted Subsidiary supported by a letter of credit or bank guarantee issued pursuant to the Credit Agreement, in a principal amount not in excess of the stated amount of such letter of credit;
- (r) Indebtedness of a Restricted Subsidiary of the Issuer that is not a New Unsecured Note Guarantor; provided, however, that the aggregate principal amount of Indebtedness Incurred under this clause (r) then outstanding, when aggregated with the principal amount of all other Indebtedness then outstanding and Incurred by Restricted Subsidiaries that are not New Unsecured Note Guarantors in respect of the Non-Guarantor Exception or under clause (y) of this paragraph, does not exceed the greater of €100.0 million and 4.25% of Total Assets at the time of Incurrence (subject to the third paragraph under this covenant, it being understood that any Indebtedness Incurred under this clause (r) shall cease to be deemed Incurred or outstanding for purposes of this clause (r) but shall be deemed Incurred for purposes of the first paragraph of this covenant from and after the first date on which the Issuer, or the Restricted Subsidiary, as the case may be, could have Incurred such Indebtedness under the first paragraph of this covenant without reliance upon this clause (r));
- (s) Indebtedness of the Issuer or any Restricted Subsidiary consisting of (1) the financing of insurance premiums or (2) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;
- (t) Indebtedness Incurred on behalf of, or representing guarantees of Indebtedness of, joint ventures of the Issuer or any Restricted Subsidiary not in excess, at any one time outstanding, of the greater of €50.0 million and 2.00% of Total Assets at the time of Incurrence;
- (u) Indebtedness under daylight borrowing facilities Incurred in connection with the Transactions or any refinancing (including by way of setoff or exchange) so long as any such Indebtedness is repaid within three Business Days of the date on which such Indebtedness is Incurred;
- (v) Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer and Preferred Stock of any Restricted Subsidiary of the Issuer not otherwise permitted hereunder in an aggregate principal amount or liquidation preference not exceeding at any one time outstanding 200.0% of the net cash proceeds received by the Issuer and the Restricted Subsidiaries since immediately after the Reference Date from the issue or sale of Equity Interests or Subordinated Shareholder Funding of the Issuer or any direct or indirect parent entity of the Issuer (which proceeds are contributed to the Issuer or a Restricted Subsidiary) or cash contributed to the capital of the Issuer (in each case other than proceeds of Disqualified Stock or sales of Equity Interests to, or contributions received from, the Issuer or any of its Subsidiaries) as determined in accordance with clauses (2) and (3) of the definition of “Cumulative Credit” to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the third paragraph of “—Certain Covenants—Limitation on Restricted Payments” or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof);

- (w) Indebtedness arising as a result of implementing composite accounting or other cash pooling arrangements involving solely the Issuer and the Restricted Subsidiaries or solely among Restricted Subsidiaries and entered into in the ordinary course of business;
- (x) Indebtedness consisting of Indebtedness issued by the Issuer or a Restricted Subsidiary of the Issuer to current or former officers, directors and employees thereof or any direct or indirect parent thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any of its direct or indirect parent companies to the extent described in clause (4) of the third paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments”; and
- (y) Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer and Preferred Stock of any Restricted Subsidiary of the Issuer not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount or liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and Incurred pursuant to this clause (y), does not exceed the greater of €100.0 million and 4.25% of Total Assets at the time of Incurrence (subject to the third paragraph under this covenant, it being understood that any Indebtedness Incurred under this clause (y) shall cease to be deemed Incurred or outstanding for purposes of this clause (y) but shall be deemed Incurred for purposes of the first paragraph of this covenant from and after the first date on which the Issuer, or the Restricted Subsidiary, as the case may be, could have Incurred such Indebtedness under the first paragraph of this covenant without reliance upon this clause (y)).

For purposes of determining compliance with this covenant:

- (1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness described in clauses (a) through (y) above or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Issuer shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant; provided, however, that (A) all Indebtedness under the Credit Agreement outstanding on the Reference Date shall be deemed to have been Incurred pursuant to clause (a) and the Issuer shall not be permitted to reclassify all or any portion of such Indebtedness under the Credit Agreement outstanding on the Reference Date and (B) €225 million of the Existing First Lien Senior Secured Notes and €190 million of the New First Lien Senior Secured Notes shall be deemed to be Incurred pursuant to clause (a) and shall constitute Secured Bank Indebtedness; provided further, however, that the Issuer shall not be permitted to reclassify all or any portion of any Secured Indebtedness Incurred pursuant to clause (a), (d), (r) or (y) of Permitted Debt, except that the Issuer may reclassify such Secured Indebtedness from clause (r) to clause (y) of Permitted Debt and \$425.0 million principal amount from clause (a) to clause (d) of Permitted Debt (which reclassification of \$425.0 million was done prior to the Issue Date in connection with the transactions described in clause (2) of the definition of “Transactions”); and
- (2) the Issuer will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs above, and in that connection shall be entitled to treat a portion of such Indebtedness as having been Incurred under the first paragraph above and thereafter the remainder of such Indebtedness having been Incurred under the second paragraph above.

Accrual of interest, the accretion of accreted value, the payment of interest or dividends in the form of additional Indebtedness Disqualified Stock or Preferred Stock, as applicable, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies will not be deemed to be an Incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant. Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included in the determination of such amount of Indebtedness; provided that the Incurrence of the Indebtedness represented by such guarantee or letter of credit, as the case may be, was in compliance with this covenant.

For purposes of determining compliance with this covenant, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first drawn, in the case of Indebtedness Incurred under a revolving credit facility; provided that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal, premium, if any, and interest on such Indebtedness, the amount of such Indebtedness and such interest and premium, if any, shall be determined after giving effect to all payments in respect thereof under such Currency Agreements.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer and its Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The New Senior Unsecured Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) Indebtedness as subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to security in the same collateral.

*Limitation on Restricted Payments.* The New Senior Unsecured Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests or pay any amounts in respect of Subordinated Shareholder Funding, including any payment made in connection with any merger, amalgamation or consolidation involving the Issuer (other than (A) dividends or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer or in Subordinated Shareholder Funding of the Issuer; or (B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Restricted Subsidiary, the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities (except to the extent non pro rata payments of such dividends or distributions are required by law or under the terms of any agreement in effect on the Reference Date));
- (2) purchase or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;
- (3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment or scheduled maturity, any Subordinated Shareholder Funding or any Subordinated Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than the payment, redemption, repurchase, defeasance, acquisition or retirement of (A) Subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, redemption, repurchase, defeasance, acquisition or retirement and (B) any Subordinated Indebtedness between the Issuer and the Restricted Subsidiaries or between any of the Restricted Subsidiaries); or
- (4) make any Restricted Investment,

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

- (a) no Default shall have occurred and be continuing or would occur as a consequence thereof;
- (b) immediately after giving effect to such transaction on a pro forma basis, the Issuer could Incur €1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under “Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; and
- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Reference Date (and not returned or rescinded) (including Restricted Payments permitted by clauses (1), (4) (only to the extent of one-half of the amounts paid pursuant to such clause), (6) and (8) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by such paragraph), is less than the amount equal to the Cumulative Credit; provided, however, that until the completion of a Qualifying IPO, unless the Senior Unsecured Leverage Ratio is less than or equal to 4.00 to 1.00, in no event shall any such Restricted Payment (other than any Restricted Payment to pay for the purchase, repurchase, retirement, defeasance, redemption or other acquisition for value of Equity Interests of the Issuer or any direct or indirect parent of the Issuer held by any future, present or former employee, director or consultant of the Issuer or any direct or indirect parent of the Issuer or any Subsidiary of the Issuer pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement) be made to any direct or indirect parent of the Issuer or any Affiliate of any direct or indirect parent of the Issuer (other than the Issuer or any Subsidiary of the Issuer). Notwithstanding the foregoing proviso, to the extent otherwise permitted pursuant to this paragraph, the Issuer shall be entitled to make any Restricted Payment necessary to pay the principal amount of the loans outstanding on the Issue Date (together with any pay-in-kind interest with respect thereto paid after the Issue Date), when due at maturity under the Holdco PIK Debt Instrument.

“Cumulative Credit” means the sum of (without duplication):

- (1) 50% of the Consolidated Net Profit of the Issuer for the period (taken as one accounting period, the “Reference Period”) beginning on the first day after the end of the Issuer’s second full fiscal quarter ending after the Reference Date to the end of the Issuer’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, in the case such Consolidated Net Profit for such period is a deficit, minus 100% of such deficit); plus
- (2) 100% of the aggregate net proceeds, including cash and the Fair Market Value (as determined in good faith by the Issuer) of property other than cash received by the Issuer after the Reference Date (other than net proceeds to the extent such net proceeds have been used to Incur Indebtedness, Disqualified Stock, or Preferred Stock pursuant to clause (v) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”) from the issue or sale of Equity Interests of the Issuer or Subordinated Shareholder Funding to the Issuer (excluding Refunding Capital Stock (as defined below), Designated Preferred Stock, Excluded Contributions, and Disqualified Stock), including Equity Interests issued upon exercise of warrants or options (other than an issuance or sale to a Restricted Subsidiary of the Issuer); plus
- (3) 100% of the aggregate amount of contributions to the capital of the Issuer received in cash and the Fair Market Value (as determined in good faith by the Issuer) of property other than cash after the Reference Date (other than Excluded Contributions, Refunding Capital Stock, Designated Preferred Stock, and Disqualified Stock and other than contributions to the extent such contributions have been used to Incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (v) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”); plus
- (4) the principal amount of any Indebtedness, or the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock of the Issuer or any Restricted Subsidiary thereof issued after

the Reference Date (other than Indebtedness or Disqualified Stock issued to a Restricted Subsidiary) which has been converted into or exchanged for Equity Interests in or Subordinated Shareholder Funding of the Issuer (other than Disqualified Stock) or any direct or indirect parent of the Issuer (provided in the case of any parent, such Indebtedness or Disqualified Stock is retired or extinguished); plus

- (5) 100% of the aggregate amount received by the Issuer or any Restricted Subsidiary in cash and the Fair Market Value (as determined in good faith by the Issuer) of property other than cash received by the Issuer or any Restricted Subsidiary after the Reference Date from:
  - (A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary of the Issuer) of Restricted Investments made by the Issuer and its Restricted Subsidiaries and from repurchases and redemptions of such Restricted Investments from the Issuer and its Restricted Subsidiaries by any Person (other than the Issuer or any of its Restricted Subsidiaries) and from repayments of loans or advances and releases of guarantees, which constituted Restricted Investments (other than in each case to the extent that the Restricted Investment was made pursuant to clause (7) or (10) of the succeeding paragraph),
  - (B) the sale (other than to the Issuer or a Restricted Subsidiary of the Issuer) of the Capital Stock of an Unrestricted Subsidiary, or
  - (C) a distribution or dividend from an Unrestricted Subsidiary; plus
- (6) in the event after the Reference Date any Unrestricted Subsidiary of the Issuer has been redesignated as a Restricted Subsidiary or has been merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary, the Fair Market Value (as determined in good faith by the Issuer or, if such Fair Market Value may exceed €20.0 million, in writing by an Independent Financial Advisor) of the Investment of the Issuer in such Unrestricted Subsidiary at the time of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable), after taking into account any Indebtedness associated with the Unrestricted Subsidiary so designated or combined or any Indebtedness associated with the assets so transferred or conveyed (other than in each case to the extent that the designation of such Subsidiary as an Unrestricted Subsidiary was made pursuant to clause (7) or (10) of the next succeeding paragraph or constituted a Permitted Investment).

The foregoing provisions will not prohibit:

- (1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the New Senior Unsecured Indenture;
- (2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests (“Retired Capital Stock”) or Subordinated Indebtedness or Subordinated Shareholder Funding of the Issuer, any direct or indirect parent of the Issuer or any New Unsecured Note Guarantor in exchange for, or out of the proceeds of, the substantially concurrent sale of, Equity Interests or Subordinated Shareholder Funding of the Issuer or any direct or indirect parent of the Issuer or contributions to the equity capital of the Issuer (other than any Disqualified Stock or any Equity Interests sold to a Subsidiary of the Issuer) (collectively, including any such contributions, “Refunding Capital Stock”), and  
  
(b) the declaration and payment of dividends on the Retired Capital Stock out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of Refunding Capital Stock;
- (3) the redemption, repurchase, defeasance or other acquisition or retirement of Subordinated Indebtedness of the Issuer or any New Unsecured Note Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer or a New Unsecured Note Guarantor which is Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” so long as:

- (a) the principal amount (or accreted value, if applicable) of such new Indebtedness does not exceed the principal amount (or accreted value, if applicable), plus any accrued and unpaid interest, of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired for value (plus the amount of any premium required to be paid under the terms of the instrument governing the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired, any tender premiums, plus any defeasance costs, fees and expenses Incurred in connection therewith);
  - (b) such Indebtedness is subordinated to the New Senior Unsecured Notes or the related New Unsecured Note Guarantee, as the case may be, at least to the same extent as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, defeased, acquired or retired for value;
  - (c) such Indebtedness has a final scheduled maturity date equal to or later than the earlier of (x) the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired or (y) 91 days following the maturity date of the New Senior Unsecured Notes; and
  - (d) such Indebtedness has a Weighted Average Life to Maturity at the time Incurred that is not less than the shorter of (x) the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired and (y) the Weighted Average Life to Maturity that would result if all payments of principal on the Subordinated Indebtedness being redeemed, repurchased, defeased, acquired or retired that were due on or after the date one year following the last maturity date of any New Senior Unsecured Notes then outstanding were instead due on such date one year following the last date of maturity of the New Senior Unsecured Notes;
- (4) a Restricted Payment to pay for the purchase, repurchase, retirement, defeasance, redemption or other acquisition for value of Equity Interests of the Issuer or any direct or indirect parent of the Issuer held by any future, present or former employee, director or consultant of the Issuer or any direct or indirect parent of the Issuer or any Subsidiary of the Issuer pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement; provided, however, that the aggregate Restricted Payments made under this clause (4) do not exceed €15.0 million in any calendar year commencing with 2006 (with unused amounts in any calendar year being permitted to be carried over for the two succeeding calendar years subject to a maximum payment (without giving effect to the following proviso) of €30.0 million in any calendar year); provided, further, however, that such amount in any calendar year may be increased by an amount not to exceed:
- (a) the cash proceeds received by the Issuer or any of its Restricted Subsidiaries from the sale of Equity Interests (other than Disqualified Stock) of the Issuer or any direct or indirect parent of the Issuer (to the extent contributed to the Issuer) to members of management, directors or consultants of the Issuer and its Restricted Subsidiaries or any direct or indirect parent of the Issuer that occurs after the Reference Date (provided that the amount of such cash proceeds utilized for any such repurchase, retirement, other acquisition or dividend will not increase the amount available for Restricted Payments under clause (c) of the first paragraph under “—Certain Covenants—Limitation on Restricted Payments”); plus
  - (b) the cash proceeds of key man life insurance policies received by the Issuer or any direct or indirect parent of the Issuer (to the extent contributed to the Issuer) or the Issuer’s Restricted Subsidiaries after the Reference Date;

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (a) and (b) above in any calendar year;

- (5) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries issued or Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;

- (6) (a) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued after the Reference Date, (b) a Restricted Payment to any direct or indirect parent of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of any direct or indirect parent of the Issuer issued after the Reference Date and (c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph; provided, however, that, (x) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock, after giving effect to such issuance (and the payment of dividends or distributions) on a pro forma basis, the Issuer would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00 and (y) the aggregate amount of dividends declared and paid pursuant to (a) and (b) of this clause (6) does not exceed the net cash proceeds actually received by the Issuer from any such sale or issuance of Designated Preferred Stock (other than Disqualified Stock) issued after the Reference Date or contributed to Subordinated Shareholder Funding to the Issuer after the Reference Date;
- (7) Investments in Unrestricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (7) that are at that time outstanding, not to exceed the greater of €25.0 million and 1.0% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value);
- (8) the payment of dividends on the Issuer's common stock (or a Restricted Payment to any direct or indirect parent of the Issuer to fund the payment by such direct or indirect parent of the Issuer of dividends on such entity's common stock) of up to 6% per annum of the net proceeds received by the Issuer from any public offering of common stock of the Issuer or any direct or indirect parent of the Issuer;
- (9) Restricted Payments that are made with Excluded Contributions;
- (10) other Restricted Payments in an aggregate amount not to exceed the greater of €50.0 million and 2.0% of Total Assets at the time made;
- (11) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary of the Issuer by, Unrestricted Subsidiaries;
- (12) the payment of dividends or other distributions to any direct or indirect parent of the Issuer in amounts required for such parent to pay federal, state or local income taxes (as the case may be) imposed directly on such parent to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries (including, without limitation, by virtue of such parent being the common parent of a consolidated or combined tax group of which the Issuer and/or its Restricted Subsidiaries are members);
- (13) the payment of dividends, other distributions or other amounts or the making of loans or advances or any other Restricted Payment, if applicable:
  - (a) in amounts required for any direct or indirect parent of the Issuer, if applicable, to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any direct or indirect parent of the Issuer, if applicable, and general corporate operating and overhead expenses of any direct or indirect parent of the Issuer, if applicable, in each case to the extent such fees and expenses are attributable to the ownership or operation of the Issuer, if applicable, and its Subsidiaries;
  - (b) in amounts required for any direct or indirect parent of the Issuer, if applicable, to pay interest and/or principal on Indebtedness the proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of,

- the Issuer Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; and
- (c) in amounts required for any direct or indirect parent of the Issuer to pay fees and expenses, other than to Affiliates of the Issuer, related to any unsuccessful equity or debt offering of such Parent;
  - (14) any Restricted Payment used to fund the Transactions and the payment of fees and expenses Incurred in connection with the Transactions or owed by the Issuer or any direct or indirect parent of the Issuer, as the case may be, or Restricted Subsidiaries of the Issuer to Affiliates, in each case to the extent permitted by the covenant described under “—Certain Covenants—Transactions with Affiliates”;
  - (15) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;
  - (16) purchases of receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing and the payment or distribution of Receivables Fees;
  - (17) payments of cash, or dividends, distributions, advances or other Restricted Payments by the Issuer or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of any such Person;
  - (18) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness pursuant to the provisions similar to those described under the captions “—Change of Control” and “Certain Covenants—Asset Sales,” provided that all New Senior Unsecured Notes tendered by holders of the New Senior Unsecured Notes in connection with a Change of Control or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;
  - (19) any payments made, including any such payments made to any direct or indirect parent of the Issuer to enable it to make payments, in connection with the consummation of the Cash Debt Tender, the Apollo Exchange, the Exchange Offers, the Transactions or as contemplated by the Acquisition Documents (other than payments to any Permitted Holder or any Affiliate thereof); and
  - (20) payments or distributions to dissenting stockholders pursuant to applicable law or in connection with a consolidation, amalgamation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the covenant described under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets”; provided that as a result of such consolidation, amalgamation, merger or transfer of assets, the Issuer shall have made a Change of Control Offer (if required by the New Senior Unsecured Indenture) and that all New Senior Unsecured Notes tendered by holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value;

provided, however, that (x) at the time of, and after giving effect to, any Restricted Payment permitted under clauses (10) and (11), no Default shall have occurred and be continuing or would occur as a consequence thereof and (y) except for any Restricted Payment permitted under clauses (2), (3), (4), (9), (12), (13), (14), (15), (16), (17), (18) and (19), until the completion of a Qualifying IPO, unless the Senior Unsecured Leverage Ratio is less than or equal to 4.00 to 1.00, in no event shall any such Restricted Payment be made to any direct or indirect parent of the Issuer or any Affiliate of any direct or indirect parent of the Issuer (other than the Issuer or any Subsidiary of the Issuer). Notwithstanding clause (y) of the foregoing proviso, to the extent otherwise permitted pursuant to the third paragraph of this covenant, the Issuer shall be entitled to make any Restricted Payment necessary to pay the principal amount of the loans outstanding on the Issue Date (together with any pay-in-kind interest with respect thereto paid after the Issue Date), when due at maturity under the Holdco PIK Debt Instrument.

As of the Issue Date, all of the Issuer’s Subsidiaries, other than the SPE, will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the definition of “Unrestricted Subsidiary.” For purposes of designating any Restricted Subsidiary as an Unrestricted

Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of “Investments.” Such designation will only be permitted if a Restricted Payment in such amount would be permitted at such time and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

*Dividend and Other Payment Restrictions Affecting Subsidiaries.* The New Senior Unsecured Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (a) (i) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries (1) on its Capital Stock; or (2) with respect to any other interest or participation in, or measured by, its profits; or (ii) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;
- (b) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or
- (c) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries;

except in each case for such encumbrances or restrictions existing under or by reason of:

- (1) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Credit Agreement, the other Credit Agreement Documents, the Senior Unsecured Facility, the other Senior Unsecured Facility Documents, the Existing Notes and guarantees thereof, the indentures governing the Existing Notes and any related security documents;
- (2) (i) the New Senior Unsecured Indenture, the New Senior Unsecured Notes (and guarantees thereof), the Intercreditor Agreement, any Currency Agreement and any Additional Intercreditor Agreement and (ii) the indenture governing the New First Lien Senior Secured Notes and the New First Lien Senior Secured Notes and guarantees thereof;
- (3) applicable law or any applicable rule, regulation or order;
- (4) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary which was in existence at the time of such acquisition (but not created in contemplation thereof or to provide all or any portion of the funds or credit support utilized to consummate such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;
- (5) contracts or agreements for the sale of assets, including any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;
- (6) Secured Indebtedness otherwise permitted to be Incurred pursuant to the covenants described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “—Certain Covenants—Liens” that limit the right of the debtor to dispose of the assets securing such Indebtedness;
- (7) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;
- (8) customary provisions in joint venture agreements, similar agreements relating solely to such joint venture and other similar agreements entered into in the ordinary course of business;

- (9) Capitalized Lease Obligations and purchase money obligations for property acquired in the ordinary course of business;
- (10) customary provisions contained in operating leases, licenses and other similar agreements entered into in the ordinary course of business;
- (11) any encumbrance or restriction of a Receivables Subsidiary effected in connection with a Qualified Receivables Financing; provided, however, that such restrictions apply only to such Receivables Subsidiary;
- (12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date by the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the New Senior Unsecured Notes than the encumbrances and restrictions contained in the Credit Agreement as of the Issue Date (as determined in good faith by the Issuer) or (ii) if such encumbrance or restriction is not materially more disadvantageous to the holders of the New Senior Unsecured Notes than is customary in comparable financings (as determined in good faith by the Issuer) and either (x) the Issuer determines that such encumbrance or restriction will not materially affect the Issuer’s ability to make principal or interest payments on the New Senior Unsecured Notes as and when they come due or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness;
- (13) any Restricted Investment not prohibited by the covenant described under “—Certain Covenants—Limitation on Restricted Payments” and any Permitted Investment; or
- (14) any encumbrances or restrictions of the type referred to in clauses (a), (b) and (c) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (13) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made to the Issuer or a Restricted Subsidiary of the Issuer to other Indebtedness Incurred by the Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

*Asset Sales.* The New Senior Unsecured Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, cause or make an Asset Sale, unless (x) the Issuer or any of its Restricted Subsidiaries, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value (as determined in good faith by the Issuer) of the assets sold or otherwise disposed of, and (y) at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; provided that the amount of:

- (a) any liabilities (as shown on the Issuer’s or such Restricted Subsidiary’s most recent balance sheet or in the notes thereto) of the Issuer or any Restricted Subsidiary of the Issuer (other than liabilities that are by their terms subordinated to the New Senior Unsecured Notes or any New Unsecured Note Guarantee) that are assumed by the transferee of any such assets,

- (b) any notes or other obligations or other securities or assets received by the Issuer or such Restricted Subsidiary of the Issuer from such transferee that are converted by the Issuer or such Restricted Subsidiary of the Issuer into cash within 180 days of the receipt thereof (to the extent of the cash received), and
- (c) any Designated Non-cash Consideration received by the Issuer or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of 1.5% of Total Assets and €35.0 million at the time of the receipt of such Designated Non-cash Consideration (with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value),

shall be deemed to be Cash Equivalents for the purposes of this provision.

Within 15 months after the Issuer's or any Restricted Subsidiary of the Issuer's receipt of the Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary of the Issuer may apply the Net Proceeds from such Asset Sale, at its option:

- (1) to repay and/or repurchase (a) Indebtedness constituting First Priority Lien Obligations (and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) and other Pari Passu Indebtedness that is secured by a Lien as permitted under the New Senior Unsecured Indenture (including the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Notes and the Junior Priority Notes), (b) Indebtedness of a Restricted Subsidiary that is not a New Unsecured Note Guarantor, (c) Obligations under the New Senior Unsecured Notes or (d) other Pari Passu Indebtedness (provided that if the Issuer or any New Unsecured Note Guarantor shall so reduce Obligations under unsecured Pari Passu Indebtedness, the Issuer will equally and ratably reduce Obligations under the New Senior Unsecured Notes through open-market purchases (provided that such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders to purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, the pro rata principal amount of New Senior Unsecured Notes), in each case, other than Indebtedness owed to the Issuer or an Affiliate of the Issuer;
- (2) to make an investment in any one or more businesses (provided that if such investment is in the form of the acquisition of Capital Stock of a Person, such acquisition results in such Person becoming a Restricted Subsidiary of the Issuer), assets, or property or capital expenditures, in each case used or useful in a Similar Business; or
- (3) to make an investment in any one or more businesses (provided that if such investment is in the form of the acquisition of Capital Stock of a Person, such acquisition results in such Person becoming a Restricted Subsidiary of the Issuer), properties or assets that replace the properties and assets that are the subject of such Asset Sale.

In the case of clauses (2) and (3) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment; provided that in the event such binding commitment is later canceled or terminated for any reason before such Net Proceeds are so applied, the Issuer or such Restricted Subsidiary enters into another binding commitment (a "Second Commitment") within nine months of such cancellation or termination of the prior binding commitment; provided, further that the Issuer or such Restricted Subsidiary may only enter into a Second Commitment under the foregoing provision one time with respect to each Asset Sale.

Pending the final application of any such Net Proceeds, the Issuer or such Restricted Subsidiary of the Issuer may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise invest such Net Proceeds in Cash Equivalents or Investment Grade Securities. Any Net Proceeds from any Asset Sale that are not applied as provided and within the time period set forth in the immediately preceding paragraph (it being understood that any portion of such Net Proceeds used to make an offer to purchase New Senior Unsecured Notes, as described in clause (1) above, shall be deemed to have been invested whether or not such offer is accepted) will be deemed to constitute

“Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds €20.0 million, the Issuer shall make an offer to all holders of New Senior Unsecured Notes (and, at the option of the Issuer, to holders of any Pari Passu Indebtedness) (an “Asset Sale Offer”) to purchase the maximum principal amount of New Senior Unsecured Notes (and such Pari Passu Indebtedness), that is at least \$200,000 and an integral multiple of \$1,000, that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof (or, in the event such Pari Passu Indebtedness was issued with significant original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any (or, in respect of such Pari Passu Indebtedness, such lesser price, if any, as may be provided for by the terms of such Pari Passu Indebtedness), to the date fixed for the closing of such offer, in accordance with the procedures set forth in the New Senior Unsecured Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within ten (10) Business Days after the date that Excess Proceeds exceeds €20.0 million by mailing the notice required pursuant to the terms of the New Senior Unsecured Indenture, with a copy to the Trustee. To the extent that the aggregate amount of New Senior Unsecured Notes (and such Pari Passu Indebtedness) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of New Senior Unsecured Notes (and such Pari Passu Indebtedness) surrendered by holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the New Senior Unsecured Notes to be purchased in the manner described below. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws or regulations are applicable in connection with the repurchase of the New Senior Unsecured Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the New Senior Unsecured Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the New Senior Unsecured Indenture by virtue thereof.

If more New Senior Unsecured Notes (and such Pari Passu Indebtedness) are tendered pursuant to an Asset Sale Offer than the Issuer is required to purchase, selection of such New Senior Unsecured Notes for purchase will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which such New Senior Unsecured Notes are listed, or if such New Senior Unsecured Notes are not so listed, on a pro rata basis, by lot or by such other method as the Trustee shall deem fair and appropriate (and in such manner as complies with applicable legal requirements); provided that no New Senior Unsecured Notes of \$200,000 or less shall be purchased in part. Selection of such Pari Passu Indebtedness will be made pursuant to the terms of such Pari Passu Indebtedness.

An Asset Sale Offer insofar as it relates to the New Senior Unsecured Notes, will remain open for a period of not less than 20 Business Days following its commencement (the “Asset Sale Offer Period”). No later than five Business Days after the termination of the Asset Sale Offer Period the Issuer will purchase the principal amount of the New Senior Unsecured Notes (and purchase or repay any relevant Pari Passu Indebtedness required to be so purchased or repayed as set out above) validly tendered.

To the extent that any portion of the Net Proceeds payable in respect of the New Senior Unsecured Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount payable in respect of such New Senior Unsecured Notes shall not exceed the net amount of funds in the currency in which such New Senior Unsecured Notes are denominated as is actually received by the Issuer upon converting the relevant portion of the Net Proceeds into such currency.

Notices of an Asset Sale Offer shall be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the purchase date to each holder of New Senior Unsecured Notes at such holder’s registered address. If any New Senior Unsecured Note is to be purchased in part only, any notice of purchase that relates to such New Senior Unsecured Note shall state the portion of the principal amount thereof that has been or is to be purchased.

*Transactions with Affiliates.* The New Senior Unsecured Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of transactions, contract, agreement, understanding, loan, advance or guarantee

with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an “Affiliate Transaction”) involving aggregate consideration in excess of €10.0 million, unless:

- (a) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and
- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20.0 million, the Issuer delivers to the Trustee a resolution adopted in good faith by the majority of the Board of Directors of the Issuer, approving such Affiliate Transaction and set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with clause (a) above.

The foregoing provisions will not apply to the following:

- (1) transactions between or among the Issuer and/or any of its Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary as a result of such transaction) and/or between or among Restricted Subsidiaries or any Receivables Subsidiary and any merger, consolidation or amalgamation of the Issuer and any direct parent of the Issuer; provided that such parent shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer and such merger, consolidation or amalgamation is otherwise in compliance with the terms of the New Senior Unsecured Indenture and effected for a bona fide business purpose;
- (2) Restricted Payments permitted by the provisions of the New Senior Unsecured Indenture described above under the covenant “—Certain Covenants—Limitation on Restricted Payments” and Permitted Investments;
- (3) (x) the entering into of any agreement (and any amendment or modification of any such agreement) to pay, and the payment of, annual management, consulting, monitoring and advisory fees to the Sponsors in an aggregate amount in any fiscal year not to exceed the greater of (A) €3.0 million and (B) 1.5% of EBITDA of the Issuer and its Restricted Subsidiaries for the immediately preceding fiscal year, plus out-of-pocket expense reimbursement; provided, however, that any payment not made in any fiscal year commencing 2006 may be carried forward and paid in the following two fiscal years and (y) the payment of the present value of all amounts payable pursuant to any agreement described in clause (3)(x) in connection with the termination of such agreement;
- (4) the payment of reasonable and customary fees and reimbursement of expenses paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of the Issuer or any Restricted Subsidiary or any direct or indirect parent of the Issuer;
- (5) payments by the Issuer or any of its Restricted Subsidiaries to the Sponsors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with the Transactions, acquisitions or divestitures, which payments are (x) made pursuant to the agreements with the Sponsors described in this offering circular or (y) approved by a majority of the Board of Directors of the Issuer in good faith;
- (6) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of the preceding paragraph;
- (7) payments or loans (or cancellation of loans) to directors, employees or consultants which are approved by a majority of the Board of Directors of the Issuer in good faith;
- (8) any agreement as in effect as of the Issue Date or any amendment thereto (so long as any such agreement together with all amendments thereto, taken as a whole, is not more disadvantageous to the holders of the

New Senior Unsecured Notes in any material respect than the original agreement as in effect on the Issue Date) or any transaction contemplated thereby as determined in good faith by senior management or the Board of Directors of the Issuer;

- (9) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, the Acquisition Documents, the Credit Agreement Documents, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date or any other agreement or arrangement in existence on the Issue Date or described in this offering circular and, in each case, any amendment thereto or similar transactions, agreements or arrangements which it may enter into thereafter; provided, however, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under, any future amendment to any such existing transaction, agreement or arrangement or under any similar transaction, agreement or arrangement entered into after the Issue Date shall only be permitted by this clause (9) to the extent that the terms of any such existing transaction, agreement or arrangement together with all amendments thereto, taken as a whole, or new transaction, agreement or arrangement are not otherwise more disadvantageous to the holders of the New Senior Unsecured Notes in any material respect than the original transaction, agreement or arrangement as in effect on the Issue Date;
- (10) the execution of the Transactions and the payment of all fees and expenses related to the Transactions, including fees to the Sponsors, that are described in this offering circular or contemplated by the Acquisition Documents;
- (11)(a) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, or transactions otherwise relating to the purchase or sale of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the New Senior Unsecured Indenture, which are fair to the Issuer and its Restricted Subsidiaries in the reasonable determination of the Board of Directors or the senior management of the Issuer, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party or (b) transactions with joint ventures or Unrestricted Subsidiaries entered into in the ordinary course of business;
- (12) any transaction effected as part of a Qualified Receivables Financing;
- (13) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or Subordinated Shareholder Funding to any Person;
- (14) the issuance of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock option and stock ownership plans or similar employee benefit plans approved by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer or of a Restricted Subsidiary of the Issuer, as appropriate;
- (15) the entering into of any tax sharing agreement or arrangement and any payments permitted by clause (12) of the third paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments”;
- (16) any contribution to the capital of the Issuer;
- (17) transactions permitted by, and complying with, the provisions of the covenant described under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets”;
- (18) transactions between the Issuer or any of its Restricted Subsidiaries and any Person, a director of which is also a director of the Issuer or any direct or indirect parent of the Issuer; provided, however, that such director abstains from voting as a director of the Issuer or such direct or indirect parent, as the case may be, on any matter involving such other Person;
- (19) pledges of Equity Interests of Unrestricted Subsidiaries;

- (20) the formation and maintenance of any consolidated group or subgroup for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (21) any employment agreements entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;
- (22) intercompany transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Issuer in an Officers' Certificate) for the purpose of improving the consolidated tax efficiency of the Issuer and its Subsidiaries and not for the purpose of circumventing any covenant set forth in the New Senior Unsecured Indenture;
- (23) the payment of premiums, receipt of insurance proceeds and other insurance related transactions in each case on terms customary for such transactions between the Issuer or any Restricted Subsidiary of the Issuer and any Affiliate of the Issuer that is a "captive insurance" entity whose sole business is providing insurance to the Issuer and its Restricted Subsidiaries; and
- (24) the consummation of the Concurrent Transactions, the offering of the New First Lien Senior Secured Notes and the New Senior Unsecured Notes and the application of the net proceeds therefrom as contemplated by this offering circular, including the payment of all fees and expenses related thereto.

*Liens.* The New Senior Unsecured Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur or suffer to exist any Lien, other than a Permitted Lien, on any asset or property of the Issuer or such Restricted Subsidiary securing indebtedness (an "Initial Lien") unless the New Senior Unsecured Notes are equally and ratably secured with (or on a senior basis to, in the case of obligations subordinated in right of payment to the New Senior Unsecured Notes) the obligations so secured until such time as such obligations are no longer secured by a Lien.

Any Lien created for the benefit of the holders pursuant to this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged (a) upon the release and discharge of the Initial Lien, (b) upon the sale or other disposition of the assets subject to such Initial Lien (or the sale or other disposition of the Person that owns such assets) in compliance with the terms of the New Senior Unsecured Indenture and the Intercreditor Agreement, (c) upon the designation of a Restricted Subsidiary whose property or assets secure such Initial Lien as an Unrestricted Subsidiary in accordance with the terms of the New Senior Unsecured Indenture or (d) upon the effectiveness of any defeasance or satisfaction and discharge of the New Senior Unsecured Notes as specified in the New Senior Unsecured Indenture.

*Admission to Trading.* The Issuer will use all commercially reasonable efforts to obtain and maintain the admission to and admission to trading on the Global Exchange Market of the Irish Stock Exchange; provided, however, that if the Issuer is unable to obtain admission to trading of the New Senior Unsecured Notes on the Global Exchange Market of the Irish Stock Exchange or if maintenance of such admission to trading becomes unduly onerous, it will use all commercially reasonable efforts to obtain and maintain an admission to trading of such New Senior Unsecured Notes on another recognized stock exchange.

*Reports and Other Information.* For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

- (1) within 120 days after the end of each of the Issuer's fiscal years beginning with the fiscal year ending December 31, 2011, annual reports containing the following information in a level of detail that is comparable in all material respect to this offering circular: (a) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) pro forma income statement and balance sheet information of the Issuer (which need not comply with Article 11 of Regulation S-X under the Exchange Act, "Regulation S-X"), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the

most recently completed fiscal year unless pro forma information has been provided in a previous report pursuant to clause (2) or (3) below; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management, management compensation and shareholders of the Issuer, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments (in each case to the extent such information would be required to be disclosed if the Issuer were a reporting company under the Exchange Act); (e) a description of material risk factors and material recent developments; (f) earnings before interest, taxes, depreciation and amortization; (g) capital expenditures; (h) depreciation and amortization; (i) income (loss) from operations; and (j) information for the guarantor, and the non-guarantor, Subsidiaries substantially consistent with the disclosure contained in footnotes (3) and (4) to the diagram under “Summary—Organizational Structure” in this offering circular; provided that any item of disclosure that complies in all material respects with the requirements that would be applicable under Form 20-F under the Exchange Act with respect to such item will be deemed to satisfy the Issuer’s obligations under this clause (1) with respect to such item;

- (2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Issuer all quarterly financial statements of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) pro forma income statement and balance sheet information of the Issuer (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year unless pro forma information has been provided in a previous report pursuant to clause (2) or (3); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; provided that that any item of disclosure that complies in all material respects with the requirements that would be applicable under Form 10-Q under the Exchange Act with respect to such item will be deemed to satisfy the Issuer’s obligations under this clause (2) with respect to such item; and
- (3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer and the Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements shall be for the Issuer and/or its Predecessor, as applicable. All financial statements and pro forma financial information shall be prepared in accordance with GAAP on a consistent basis for the periods presented and shall comply with the applicable requirements of any exchange on which the New Senior Unsecured Notes are listed; provided, however, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods, subject to the provisions of the New Senior Unsecured Indenture. Except as provided for above, no report need include separate financial statements for the Issuer or Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering circular.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also (a) issue a press release through the newswire service of Bloomberg (or, if Bloomberg does not then operate, any similar agency) announcing the issuance of such report and setting forth summary financial information and (b) post such report on the Issuer’s website.

In the event that the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, the Issuer will, for so long as it continues to file the reports required by Section 13(a) with the SEC, make available to the Trustee the annual reports, information, documents and other reports that the Issuer is required to file with the SEC pursuant to such Section 13(a) or 15(d). By

complying with the foregoing requirements of this paragraph, the Issuer will be deemed to have complied with the provisions contained in the preceding three paragraphs for the relevant period.

The New Senior Unsecured Indenture will also provide that, so long as any of the New Senior Unsecured Notes remain outstanding and during any period during which the Issuer is not subject to section 13 or 15(d) of the Exchange Act, or otherwise permitted to furnish the SEC with certain information pursuant to Rule 12g 3-2(b) of the Exchange Act, the Issuer will make available to the holders of the New Senior Unsecured Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Issuer will also make any of the foregoing information available during normal business hours at the offices of the Paying Agent in Dublin if and so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and are traded on the Global Exchange Market thereof and the guidelines of the stock exchange so require.

*Future New Unsecured Note Guarantors.* The New Senior Unsecured Indenture will provide that the Issuer will not permit any of its Restricted Subsidiaries (unless such Subsidiary is a Receivables Subsidiary) that is not a New Unsecured Note Guarantor to guarantee, assume or in any other manner become liable with respect to (i) any Credit Agreement of the Issuer or any New Unsecured Note Guarantor or (ii) any Public Debt of the Issuer or any New Unsecured Note Guarantor, unless such Subsidiary executes and delivers to the Trustee a supplemental indenture pursuant to which such Subsidiary will guarantee payment of the New Senior Unsecured Notes.

Notwithstanding the foregoing:

- (a) no New Unsecured Note Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;
- (b) such New Unsecured Note Guarantee need not be secured unless required pursuant to the “—Certain Covenants—Liens” covenant;
- (c) if such Indebtedness is by its terms expressly subordinated to the New Senior Unsecured Notes or any New Unsecured Note Guarantee, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary’s New Unsecured Note Guarantee of the New Senior Unsecured Notes at least to the same extent as such Indebtedness is subordinated to the New Senior Unsecured Notes or any other senior guarantee;
- (d) no New Unsecured Note Guarantee shall be required as a result of any guarantee given to a bank or trust company incorporated in any member state of the European Union as of the date of the New Senior Unsecured Indenture or any commercial banking institution that is a member of the U.S. Federal Reserve System, (or any branch, Subsidiary or Affiliate thereof) in each case having combined capital and surplus and undivided profits of not less than €500.0 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody’s, in connection with the operation of cash management programs established for the Issuer’s benefit or that of any Restricted Subsidiary;
- (e) no New Unsecured Note Guarantee shall be required if such New Unsecured Note Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Issuer or such Restricted Subsidiary, including, for the avoidance of doubt, “whitewash” or similar procedures or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such New Unsecured Note Guarantee, which cannot be avoided through measures reasonably available to the Issuer or the Restricted Subsidiary; and

- (f) each such New Unsecured Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Each New Unsecured Note Guarantee shall be released in accordance with the provisions of the New Senior Unsecured Indenture and the Intercreditor Agreement described under “—New Unsecured Note Guarantees” and “Description of Other Indebtedness—Intercreditor Agreements—Senior/Subordinated Intercreditor Agreement.”

*Limitation on Issuer.* The Issuer will not (x) own any material assets or other property, other than (i) Capital Stock of Subsidiaries and joint ventures, (ii) Indebtedness or other obligations owing to the Issuer by Subsidiaries and joint ventures and (iii) Cash Equivalents, or (y) engage in any trade or conduct any business other than treasury, cash management, hedging and cash pooling activities and activities incidental thereto and activities related to being a holding company for its Subsidiaries (including the issuance from time to time of additional Capital Stock of the Issuer in accordance with the terms of the New Senior Unsecured Indenture). The Issuer will not incur any material liabilities or obligations other than its obligations pursuant to, or as permitted by, the New Senior Unsecured Notes, the New Senior Unsecured Indenture, the New First Lien Senior Secured Notes, the Existing Notes and any related security documents, the indentures governing the New First Lien Senior Secured Notes and the Existing Notes, the Credit Agreement, the Senior Unsecured Facility and other Indebtedness permitted to be Incurred by the Issuer as described under “—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and liabilities and obligations pursuant to business activities permitted by this covenant (including without limitation pursuant to agreements relating to investments in Subsidiaries and joint ventures permitted under the New Senior Unsecured Indenture).

*Covenant Fall-Away.* If, on any date following the Issue Date, (i) the New Senior Unsecured Notes have Investment Grade Ratings from both Rating Agencies, and the Issuer has delivered written notice of such Investment Grade Ratings to the Trustee, and (ii) no Default has occurred and is continuing under the New Senior Unsecured Indenture then, beginning on that day and continuing at all times thereafter regardless of any subsequent changes in the rating of the New Senior Unsecured Notes, the covenants specifically listed under the following captions in this “Description of the New Senior Unsecured Notes” section of this offering circular will no longer be applicable to the New Senior Unsecured Notes:

- (1) “—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (2) “—Limitation on Restricted Payments”;
- (3) “—Dividend and Other Payment Restrictions Affecting Subsidiaries”;
- (4) “—Asset Sales”;
- (5) “—Transactions with Affiliates”;
- (6) “—Future New Unsecured Note Guarantors”; and
- (7) clause (4) of the first paragraph of “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets.”

In addition, during any period of time that (i) the New Senior Unsecured Notes have Investment Grade Ratings from both Rating Agencies, and the Issuer has delivered written notice of such Investment Grade Ratings to the Trustee, and (ii) no Default has occurred and is continuing under the New Senior Unsecured Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Suspension Event”), the Issuer and its Restricted Subsidiaries will not be subject to the covenant described under “Change of Control” (the “Suspended Covenant”). In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenant with respect to the New Senior Unsecured Notes under the New Senior Unsecured Indenture for any period of time as a result of the foregoing, and on any subsequent date (the “Reversion

Date”) one or both of the Rating Agencies (a) withdraw their Investment Grade Rating or downgrade the rating assigned to the New Senior Unsecured Notes below an Investment Grade Rating and/or (b) the Issuer or any of its Affiliates enters into an agreement to effect a transaction that would result in a Change of Control and one or more of the Rating Agencies indicate that if consummated, such transaction (alone or together with any related recapitalization or refinancing transactions) would cause such Rating Agency to withdraw its Investment Grade Rating or downgrade the ratings assigned to the New Senior Unsecured Notes below an Investment Grade Rating, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenant with respect to the New Senior Unsecured Notes under the New Senior Unsecured Indenture with respect to future events, including, without limitation, a proposed transaction described in clause (b) above.

There can be no assurance that the New Senior Unsecured Notes will ever achieve or maintain Investment Grade Ratings.

### **Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets**

The New Senior Unsecured Indenture will provide that the Issuer may not, directly or indirectly, consolidate, amalgamate or merge with or into or wind up or convert into (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to any Person unless:

- (1) the Issuer is the surviving person or the Person formed by or surviving any such consolidation, amalgamation, merger, winding up or conversion (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership or limited liability company organized or existing under the laws of any member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof, (the Issuer or such Person, as the case may be, being herein called the “Successor Company”); provided that in the case where the surviving Person is not a corporation, a co-obligor of the New Senior Unsecured Notes is a corporation;
- (2) the Successor Company (if other than the Issuer) expressly assumes all the obligations of the Issuer under the New Senior Unsecured Indenture and the New Senior Unsecured Notes pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;
- (3) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any of its Restricted Subsidiaries as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction) no Default shall have occurred and be continuing;
- (4) immediately after giving pro forma effect to such transaction, as if such transaction had occurred at the beginning of the applicable four-quarter period (and treating any Indebtedness which becomes an obligation of the Successor Company or any of its Restricted Subsidiaries as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), either:
  - (a) the Successor Company would be permitted to Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; or
  - (b) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction;

- (5) each New Unsecured Note Guarantor, unless it is the other party to the transactions described above, shall have by supplemental indenture confirmed that its New Unsecured Note Guarantee shall apply to such Person's obligations under the New Senior Unsecured Indenture and the New Senior Unsecured Notes; and
- (6) the Issuer shall have delivered in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and Opinion of Counsel, in each case, stating that such consolidation, amalgamation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the New Senior Unsecured Indenture relating to such transaction have been satisfied and that the New Senior Unsecured Indenture and the New Senior Unsecured Notes constitute legal, valid and binding obligations of the Issuer or the Successor Issuer (as applicable) enforceable in accordance with their terms (provided that any such Opinion of Counsel may assume matters of fact, including as a factual matter that one or more conditions precedent have occurred).

The Successor Company (if other than the Issuer) will succeed to, and be substituted for, the Issuer under the New Senior Unsecured Indenture and the New Senior Unsecured Notes, and in such event the Issuer will automatically be released and discharged from its obligations under the New Senior Unsecured Indenture and the New Senior Unsecured Notes. Notwithstanding the foregoing clauses (3) and (4), (a) any Restricted Subsidiary may merge, consolidate or amalgamate with or transfer all or part of its properties and assets to the Issuer or to another Restricted Subsidiary, and (b) the Issuer may merge, consolidate or amalgamate with an Affiliate incorporated solely for the purpose of reincorporating the Issuer in another member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof, or may convert into a limited liability company, so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby. This "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Issuer and its Restricted Subsidiaries.

The New Senior Unsecured Indenture will further provide that, subject to certain limitations in the New Senior Unsecured Indenture governing release of a New Unsecured Note Guarantee upon the sale or disposition of a Restricted Subsidiary of the Issuer that is a New Unsecured Note Guarantor, no New Unsecured Note Guarantor will, and the Issuer will not permit any New Unsecured Note Guarantor to, consolidate, amalgamate or merge with or into or wind up into (whether or not such New Unsecured Note Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, any Person unless:

- (1) either (a) such New Unsecured Note Guarantor is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than such New Unsecured Note Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership or limited liability company organized or existing under the laws of any member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof (such New Unsecured Note Guarantor or such Person, as the case may be, being herein called the "Successor New Unsecured Note Guarantor"), and the Successor New Unsecured Note Guarantor (if other than such New Unsecured Note Guarantor) expressly assumes all the obligations of such New Unsecured Note Guarantor under the New Senior Unsecured Indenture and such New Unsecured Note Guarantors' New Unsecured Note Guarantee pursuant to a supplemental indenture or other documents or instruments in form reasonably satisfactory to the Trustee, or (b) such sale or disposition or consolidation, amalgamation or merger is not in violation of the covenant described above under the caption "—Certain Covenants—Asset Sales"; and
- (2) the Successor New Unsecured Note Guarantor (if other than such New Unsecured Note Guarantor) shall have delivered or caused to be delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger or transfer and such supplemental indenture (if any) comply with the New Senior Unsecured Indenture.

Subject to certain limitations described in the New Senior Unsecured Indenture, the Successor New Unsecured Note Guarantor (if other than such New Unsecured Note Guarantor) will succeed to, and be substituted for, such New Unsecured Note Guarantor under the New Senior Unsecured Indenture and such New Unsecured Note

Guarantor's New Unsecured Note Guarantee, and such New Unsecured Note Guarantor will automatically be released and discharged from its obligations under the New Senior Unsecured Indenture and such New Unsecured Note Guarantor's New Unsecured Note Guarantee. Notwithstanding the foregoing, (1) a New Unsecured Note Guarantor may merge, amalgamate or consolidate with an Affiliate incorporated solely for the purpose of reincorporating such New Unsecured Note Guarantor in another member state of the European Union that was a member state on January 1, 2004, the United States, the District of Columbia, or any state or territory thereof, so long as the amount of Indebtedness of the New Unsecured Note Guarantor is not increased thereby, and (2) a New Unsecured Note Guarantor may merge, amalgamate or consolidate with another New Unsecured Note Guarantor or the Issuer.

In addition, notwithstanding the foregoing, any New Unsecured Note Guarantor may consolidate, amalgamate or merge with or into or wind up into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets (collectively, a "Transfer") to (x) the Issuer or any New Unsecured Note Guarantor or (y) any Restricted Subsidiary of the Issuer that is not a New Unsecured Note Guarantor; provided that at the time of each such Transfer pursuant to clause (y) the aggregate amount of all such Transfers since the Issue Date shall not exceed 5.0% of the consolidated assets of the Issuer and the New Unsecured Note Guarantors as shown on the most recent available balance sheet of the Issuer and the Restricted Subsidiaries after giving effect to each such Transfer and including all Transfers occurring from and after the Issue Date.

*Additional Covenants.* The New Senior Unsecured Indenture will also contain covenants with respect to the following matters: (a) payment of the principal, premium, any Additional Amounts and interest; (b) maintenance of an office or agency in London; and (c) arrangements regarding the handling of money held in trust.

## **Defaults**

An Event of Default will be defined in the New Senior Unsecured Indenture as:

- (1) a default in any payment of interest on any New Senior Unsecured Note when due, continued for 30 days;
- (2) a default in the payment of principal or premium, if any, of any New Senior Unsecured Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) the failure by the Issuer or any of Restricted Subsidiaries to comply with the covenant described under "— Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" above;
- (4) the failure by the Issuer or any of Restricted Subsidiaries to comply for 60 days after notice with its other agreements contained in the New Senior Unsecured Notes or the New Senior Unsecured Indenture (other than those referred to in (1), (2) or (3) above);
- (5) the failure by the Issuer or any Significant Subsidiary to pay any Indebtedness (other than Indebtedness owing to the Issuer or a Restricted Subsidiary) within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default, in each case, if the total amount of such Indebtedness unpaid or accelerated exceeds €25.0 million or its foreign currency equivalent (the "cross-acceleration provision");
- (6) certain events of bankruptcy, insolvency or reorganization of the Issuer or a Significant Subsidiary (the "bankruptcy provisions");
- (7) failure by the Issuer or any Significant Subsidiary to pay final judgments aggregating in excess of €25.0 million or its foreign currency equivalent (net of any amounts which are covered by enforceable insurance policies issued by solvent carriers), which judgments are not discharged, waived or stayed for a period of 60 days (the "judgment default provision"); or
- (8) any New Unsecured Note Guarantee of a Significant Subsidiary ceases to be in full force and effect (except as contemplated by the terms thereof or the terms of the New Senior Unsecured Indenture or the

Intercreditor Agreement) with respect to the New Senior Unsecured Notes or any New Unsecured Note Guarantor denies or disaffirms its obligations under the New Senior Unsecured Indenture or any New Unsecured Note Guarantee with respect to the New Senior Unsecured Notes and such Default continues for 20 days.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a default under clauses (4), (5) or (7) will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of outstanding New Senior Unsecured Notes notify the Issuer of the default and the Issuer does not cure such default within the time specified in clause (4) hereof after receipt of such notice.

If an Event of Default (other than a Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer) occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of outstanding New Senior Unsecured Notes by notice to the Issuer may declare the principal of, premium, if any, and accrued but unpaid interest on all the New Senior Unsecured Notes to be due and payable; provided, however, that so long as any Bank Indebtedness remains outstanding, no such acceleration shall be effective until the earlier of (1) five Business Days after the giving of written notice to the Issuer and the Representative under the Credit Agreement and (2) the day on which any Bank Indebtedness is accelerated. Upon such a declaration, such principal and interest with respect to the New Senior Unsecured Notes will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer occurs, the principal of, premium, if any, and interest on all the New Senior Unsecured Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holders. Under certain circumstances, the holders of a majority in principal amount of outstanding New Senior Unsecured Notes may rescind any such acceleration with respect to the New Senior Unsecured Notes and its consequences.

In the event of any Event of Default with respect to the New Senior Unsecured Notes specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the New Senior Unsecured Notes, if within 20 days after such Event of Default arose the Issuer delivers an Officers' Certificate to the Trustee stating that (x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged, (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the New Senior Unsecured Notes as described above be annulled, waived or rescinded upon the happening of any such events.

Subject to the provisions of the New Senior Unsecured Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the New Senior Unsecured Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no holder may pursue any remedy with respect to the New Senior Unsecured Indenture or the New Senior Unsecured Notes unless:

- (1) such holder has previously given the Trustee notice that an Event of Default is continuing,
- (2) holders of at least 25% in principal amount of the outstanding New Senior Unsecured Notes have requested the Trustee to pursue the remedy,
- (3) such holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense,
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity, and

- (5) the holders of a majority in principal amount of the outstanding New Senior Unsecured Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of outstanding New Senior Unsecured Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the New Senior Unsecured Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the New Senior Unsecured Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The New Senior Unsecured Indenture will provide that if a Default with respect to the New Senior Unsecured Notes occurs and is continuing and is actually known to the Trustee, the Trustee must mail to each holder of New Senior Unsecured Notes a notice of the Default within the earlier of 90 days after it occurs or 30 days after it is actually known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any New Senior Unsecured Note, the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the holders of the New Senior Unsecured Notes. In addition, the Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

#### **Intercreditor Agreement**

The New Senior Unsecured Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any Indebtedness permitted to be Incurred under the New Senior Unsecured Indenture constituting Pari Passu Indebtedness (including First Priority Lien Obligations) or Subordinated Indebtedness of the Issuer or any New Unsecured Note Guarantor, the Issuer, the relevant Restricted Subsidiaries and the Trustee shall enter into with the holder of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an “Additional Intercreditor Agreement”) on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the holders of the New Senior Unsecured Notes), including substantially the same terms with respect to the subordination, payment blockage, limitation on enforcement and release of New Unsecured Note Guarantees; provided, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the New Senior Unsecured Indenture or the Intercreditor Agreement .

The New Senior Unsecured Indenture will also provide that, at the direction of the Issuer and without the consent of noteholders, the Trustee shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, mistake, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or a Restricted Subsidiary (including, with respect to any Intercreditor Agreement or any Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the New Senior Unsecured Notes, the New First Lien Senior Secured Notes and/or the Existing Notes), (3) add parties to the Intercreditor Agreement or an Additional Intercreditor Agreement, including New Unsecured Note Guarantors, or successors, including successor trustees or other Representatives, (4) secure the New Senior Unsecured Notes (including Additional New Senior Unsecured Notes or any Subordinated Indebtedness, to the extent permitted hereunder), (5) make provision for equal and ratable pledges of any collateral to secure the New Senior Unsecured Notes or any Additional New Senior Unsecured Notes or (6) make any other change to any such agreement that does not adversely affect the New Senior Unsecured Notes in any material respect. The Issuer shall not otherwise direct the Trustee to enter into any amendment to the Intercreditor Agreement or Additional Intercreditor Agreement without the consent of the holders representing a majority in aggregate principal amount of the New Senior Unsecured Notes then outstanding, except as otherwise permitted below under “Amendments and Waivers,” and the Issuer may only direct the Trustee to enter into any amendment to the extent

such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the New Senior Unsecured Indenture or any Intercreditor Agreement.

With respect to all matters governed by the Intercreditor Agreement, holders of the New Senior Unsecured Notes will vote together as a class with all other senior creditors, including the lenders under our Senior Secured Facilities, the holders of the New First Lien Senior Secured Notes and the holders of the Existing Notes.

The New Senior Unsecured Indenture also will provide that each noteholder, by accepting a New Senior Unsecured Note, shall be deemed to have agreed to and accepted the terms and conditions of any Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein). A copy of the Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Trustee and, for so long as any New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof at the offices of the Paying Agent in Dublin.

### **Amendments and Waivers**

Subject to certain exceptions, the New Senior Unsecured Indenture may be amended with the consent of the holders of a majority in principal amount of the New Senior Unsecured Notes then outstanding voting as a single class and any past default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the New Senior Unsecured Notes then outstanding voting as a single class. Notwithstanding the foregoing, without the consent of the holders of not less than 90% of the then outstanding aggregate principal amount of the New Senior Unsecured Notes affected, no amendment may:

- (1) reduce the amount of New Senior Unsecured Notes whose holders must consent to an amendment,
- (2) reduce the rate of or extend the time for payment of interest on any New Senior Unsecured Note,
- (3) reduce the principal of or extend the Stated Maturity of any New Senior Unsecured Note,
- (4) reduce the premium payable upon the redemption of any New Senior Unsecured Note or change the time at which any New Senior Unsecured Note may be redeemed as described under “—Optional Redemption” above,
- (5) make any New Senior Unsecured Note payable in money other than that stated in such New Senior Unsecured Note,
- (6) expressly subordinate the New Senior Unsecured Notes or any New Unsecured Note Guarantee to any other Indebtedness of the Issuer or any New Unsecured Note Guarantor not otherwise permitted by the New Senior Unsecured Indenture,
- (7) impair the right of any holder to receive payment of principal of, premium, if any, and interest on such holder’s New Senior Unsecured Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder’s New Senior Unsecured Notes,
- (8) make any change in the amendment provisions which require the holder’s consent as described in this sentence or in the waiver provisions, or
- (9) except to the extent expressly permitted by the New Senior Unsecured Indenture, modify any New Unsecured Note Guarantee in any manner adverse to the holders.

Without the consent of any holder, the Issuer and Trustee may amend the New Senior Unsecured Indenture or the Intercreditor Agreement to cure any ambiguity, omission, mistake, defect or inconsistency, to effect any provision of the New Senior Unsecured Indenture (including the release of any New Unsecured Note Guarantees in

accordance with the terms of the New Senior Unsecured Indenture, and to comply with the covenant under “— Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets”), to provide for the assumption by a Successor Company of the obligations of the Issuer under the New Senior Unsecured Indenture and the New Senior Unsecured Notes, to provide for the assumption by a Successor Guarantor of the obligations of a New Unsecured Note Guarantor under the New Senior Unsecured Indenture and its New Unsecured Note Guarantee, to provide for uncertificated New Senior Unsecured Notes in addition to or in place of certificated New Senior Unsecured Notes (provided that the uncertificated New Senior Unsecured Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated New Senior Unsecured Notes are described in Section 163(f)(2)(B) of the Code), to add a New Unsecured Note Guarantee with respect to the New Senior Unsecured Notes, to secure the New Senior Unsecured Notes, to add assets as collateral, to release collateral from any Lien pursuant to the New Senior Unsecured Indenture and the Intercreditor Agreement when permitted or required by the New Senior Unsecured Indenture, to modify the Intercreditor Agreement to secure additional extensions of credit and add additional secured creditors holding secured obligations so long as such other secured obligations are not prohibited by the provisions of the Credit Agreement or the New Senior Unsecured Indenture, to add to the covenants of the Issuer or any New Unsecured Note Guarantor for the benefit of the holders or to surrender any right or power conferred upon the Issuer, to make any change that does not adversely affect the rights of any holder, to evidence and process for the acceptance and appointment under the New Senior Unsecured Indenture and/or the Intercreditor Agreement of a successor Trustee, to provide for the accession of the Trustee to any instrument in connection with the New Senior Unsecured Notes or to make certain changes to the New Senior Unsecured Indenture to provide for the issuance of Additional New Senior Unsecured Notes or, at the Issuer’s election, to comply with any requirement of the SEC in connection with the qualification of the New Senior Unsecured Indenture under the Trust Indenture Act of 1939, as amended, if such qualification is required.

In formulating its opinion on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it reasonably deems appropriate, including an Opinion of Counsel and an Officers’ Certificate.

The consent of the noteholders is not necessary under the New Senior Unsecured Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

The Issuer will, for so long as the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof, to the extent required by the guidelines of the Irish Stock Exchange, (i) inform the Irish Stock Exchange of any of the foregoing amendments, supplements and waivers and provide, if necessary, a supplement to this prospectus setting forth reasonable details in connection with any such amendments, supplements or waivers and (ii) deliver notice of any amendment, supplement and waiver to the Companies Announcement Office in Dublin.

After an amendment under the New Senior Unsecured Indenture becomes effective with respect to the New Senior Unsecured Notes, the Issuer is required to mail to the noteholders a notice briefly describing such amendment. However, the failure to give such notice to all noteholders entitled to receive such notice, or any defect therein, will not impair or affect the validity of the amendment.

#### **No Personal Liability of Directors, Officers, Employees, Managers, Incorporators and Stockholders**

No director, officer, employee, manager, incorporator or holder of any Equity Interests in the Issuer or any direct or indirect parent corporation, as such, will have any liability for any obligations of the Issuer under the New Senior Unsecured Notes, the New Senior Unsecured Indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of New Senior Unsecured Notes by accepting a New Senior Unsecured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the New Senior Unsecured Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

#### **Transfer and Exchange**

A noteholder may transfer or exchange New Senior Unsecured Notes in accordance with the New Senior Unsecured Indenture. Upon any transfer or exchange, the registrar and the Trustee may require a noteholder, among

other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a noteholder to pay any taxes required by law or permitted by the New Senior Unsecured Indenture. The Issuer is not required to transfer or exchange any New Senior Unsecured Note selected for redemption or to transfer or exchange any New Senior Unsecured Note for a period of 15 days prior to a selection of New Senior Unsecured Notes to be redeemed. The New Senior Unsecured Notes will be issued in registered form and the registered holder of a New Senior Unsecured Note will be treated as the owner of such New Senior Unsecured Note for all purposes.

### **Satisfaction and Discharge**

The New Senior Unsecured Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration or transfer or exchange of New Senior Unsecured Notes, as expressly provided for in the New Senior Unsecured Indenture) as to all outstanding New Senior Unsecured Notes when:

- (1) either (a) all the New Senior Unsecured Notes theretofore authenticated and delivered (except lost, stolen or destroyed New Senior Unsecured Notes which have been replaced or paid and New Senior Unsecured Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation or (b) all of the New Senior Unsecured Notes (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) if redeemable at the option of the Issuer, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the New Senior Unsecured Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the New Senior Unsecured Notes to the date of deposit together with irrevocable instructions from the Issuer directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;
- (2) the Issuer and/or the New Unsecured Note Guarantors have paid all other sums payable under the New Senior Unsecured Indenture; and
- (3) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under the New Senior Unsecured Indenture relating to the satisfaction and discharge of the New Senior Unsecured Indenture have been complied with.

### **Defeasance**

The Issuer at any time may terminate all its obligations under the New Senior Unsecured Notes and the New Senior Unsecured Indenture with respect to the New Senior Unsecured Notes ("legal defeasance"), and cure any existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the New Senior Unsecured Notes, to replace mutilated, destroyed, lost or stolen New Senior Unsecured Notes and to maintain a registrar and paying agent in respect of the New Senior Unsecured Notes. The Issuer at any time may terminate its obligations with respect to the New Senior Unsecured Notes under the covenants described under "—Certain Covenants," the operation of the cross acceleration provision, the bankruptcy provisions with respect to Significant Subsidiaries, and the judgment default provision described under "Defaults" and the undertakings and covenants contained under "—Change of Control" and "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" ("covenant defeasance"). If the Issuer exercises its legal defeasance option or its covenant defeasance option with respect to the New Senior Unsecured Notes, each New Unsecured Note Guarantor will be released from all of its obligations with respect to its New Unsecured Note Guarantee.

The Issuer may exercise its legal defeasance option with respect to the New Senior Unsecured Notes notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option with respect to the New Senior Unsecured Notes, payment of the New Senior Unsecured Notes may not be accelerated because of an Event of Default with respect thereto. If the Issuer exercises its covenant defeasance option with respect to the New Senior Unsecured Notes, payment of the New Senior Unsecured Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5), (6), (7) (with respect only to Significant

Subsidiaries) or (8) under “Defaults” or because of the failure of the Issuer to comply with the first clause (4) under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets.”

In order to exercise its defeasance option, the Issuer must irrevocably deposit in trust (the “defeasance trust”) with the Trustee money in dollars or U.S. Government Obligations for the payment of principal, premium (if any) and interest (with the interest rate through redemption or maturity, as the case may be, calculated at the interest rate applicable on the date of such deposit) on the New Senior Unsecured Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that holders of the New Senior Unsecured Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or change in applicable U.S. Federal income tax law).

### **Concerning the Trustee**

The Bank of New York Mellon is the Trustee under the New Senior Unsecured Indenture and has been appointed by the Issuer as Registrar and Principal Paying Agent with regard to the New Senior Unsecured Notes.

### **Notices**

All notices to noteholders will be validly given if mailed to them at their respective addresses in the register of the holders of the New Senior Unsecured Notes, if any, maintained by the Registrar. In addition, for so long as any of the New Senior Unsecured Notes are admitted to trading on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and the guidelines of the Irish Stock Exchange so require, notices, with respect to the New Senior Unsecured Notes admitted to trading on the Irish Stock Exchange, will be published by delivery to the Companies Announcement Office in Dublin. In addition, for so long as any New Senior Unsecured Notes are represented by Global New Senior Unsecured Notes, all notices to holders of the New Senior Unsecured Notes will be delivered to DTC which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made, provided that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a noteholder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a noteholder or any defect in it shall not affect its sufficiency with respect to other noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

### **Currency Indemnity and Calculation of Euro-denominated and Dollar-denominated Restrictions**

The U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer or any New Unsecured Note Guarantor under or in connection with the New Senior Unsecured Notes, including damages. Any amount received or recovered in a currency other than dollars, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any New Unsecured Note Guarantor or otherwise by any noteholder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or any New Unsecured Note Guarantor will only constitute a discharge to the Issuer or any New Unsecured Note Guarantor to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient or the Trustee under any New Senior Unsecured Note, the Issuer and any New Unsecured Note Guarantor will indemnify such recipient against any loss sustained by it as a result. In any event, the relevant Issuer and any New Unsecured Note Guarantor will indemnify the recipient against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the holder of a New Senior Unsecured Note or the

Trustee to certify in a manner satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer and any New Unsecured Note Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder of a New Senior Unsecured Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any New Senior Unsecured Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated or U.S. dollar-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency, or the Dollar Equivalent amount for purposes hereof that is denominated in a non-U.S.-dollar currency, as applicable, shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount or non-dollar amount, as the case may be, is Incurred or made, as the case may be.

### **Consent to Jurisdiction and Service**

Each of the Issuer and the New Unsecured Note Guarantors will irrevocably and unconditionally: (1) submit itself and its property in any legal action or proceeding relating to the New Senior Unsecured Indenture to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the general jurisdiction of the Courts of the State of New York, sitting in the Borough of Manhattan, The City of New York, the courts of the United States of America for the Southern District of New York, appellate courts from any thereof and courts of its own corporate domicile, with respect to actions brought against it as defendant; (2) consent that any such action or proceeding may be brought in such courts and waive any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; and (3) appoint CT Corporation System, currently having an office at 111 Eighth Avenue, New York, New York 10011, as its agent to receive on its behalf service of all process in any such action or proceeding, such service being hereby acknowledged by each of the Issuer and the New Unsecured Note Guarantors to be effective and binding in every respect.

### **Enforceability of Judgments**

Since many of the assets of the Issuer and the New Unsecured Note Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any New Unsecured Note Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, redemption price and any purchase price with respect to the New Senior Unsecured Notes, may not be collectable within the United States.

### **Governing Law**

The New Senior Unsecured Indenture, the Intercreditor Agreement and the New Senior Unsecured Notes will be governed by, and construed in accordance with, the laws of the State of New York. See "Certain Insolvency Law Considerations" and "Risk Factors— Risks Specifically Related to the New First Lien Senior Secured Notes— Enforcing your rights as a holder of the notes or under the guarantees or, as applicable, security documents across multiple jurisdictions may be difficult."

### **Book-Entry, Delivery and Form**

#### ***General***

The New Senior Unsecured Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will be represented by one or more global New Senior Unsecured Notes in registered form without interest coupons attached (collectively, the "Rule 144A Global New Senior Unsecured Notes"). The Rule 144A Global New Senior Unsecured Notes will be deposited upon issuance with a custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC.

The New Senior Unsecured Notes sold outside the United States in reliance on Regulation S under the Securities Act will be represented by one or more global New Senior Unsecured Notes in registered form without interest coupons attached (collectively, the “Regulation S Global New Senior Unsecured Notes” and together with the Rule 144A Global New Senior Unsecured Notes, the “Global New Senior Unsecured Notes”). The Regulation S Global New Senior Unsecured Notes will be deposited upon issuance with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. Beneficial ownership interests in the Regulation S Global New Senior Unsecured Notes may be exchanged for interests in the Rule 144A Global New Senior Unsecured Notes or a Definitive Registered New Senior Unsecured Note only after the 40th day after the issuance of the New Senior Unsecured Notes, and then only in the case of an exchange for a Definitive Registered New Senior Unsecured Note, in compliance with the requirements described under “—Transfers.”

In the event that Additional New Senior Unsecured Notes are issued pursuant to the terms of the New Senior Unsecured Indenture, the Issuer may, in its sole discretion, cause some or all of such Additional New Senior Unsecured Notes, if any, to be issued in the form of one or more global New Senior Unsecured Notes (the “Additional Global New Senior Unsecured Notes”) and registered in the name of and deposited with the nominee of DTC.

Ownership of beneficial interests in each Rule 144A Global New Senior Unsecured Note (“Restricted Book-Entry Interests”) and ownership of interests in each Regulation S Global New Senior Unsecured Note (the “Unrestricted Book-Entry Interests”) and ownership of interests in each Additional Global New Senior Unsecured Note (the “Additional Notes Book-Entry Interests” and, together with the Restricted Book-Entry Interests and the Unrestricted Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with the Depository or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by the Depository and its participants. As used in this section, “Depository” means, with respect to the Global New Senior Unsecured Notes and the Additional Global New Senior Unsecured Notes, if any, DTC.

The Book-Entry Interests will not be held in definitive form. Instead, the Depository will credit on its book-entry registration and transfer systems a participant’s account with the interests beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge or grant any other security interest in Book-Entry Interests. In addition, while the New Senior Unsecured Notes are in global form, “holders” of Book-Entry Interests may not be considered the owners or “holders” of New Senior Unsecured Notes for purposes of the New Senior Unsecured Indenture.

So long as the New Senior Unsecured Notes and any Additional New Senior Unsecured Notes are held in global form, DTC (or its nominee), may be considered the sole holder of Global New Senior Unsecured Notes for all purposes under the New Senior Unsecured Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the New Senior Unsecured Indenture.

The Issuer and the Trustee and their respective agents will not have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

#### ***Issuance of Definitive Registered New Senior Unsecured Notes***

Under the terms of the New Senior Unsecured Indenture, owners of Book-Entry Interests will not receive definitive Notes New Senior Unsecured in registered form (“Definitive Registered New Senior Unsecured Notes”) in exchange for their Book-Entry Interests unless (a) the Issuer has consented thereto in writing, or such transfer or exchange is made pursuant to one of clauses (i), (ii) or (iii) of this paragraph and (b) such transfer or exchange is in accordance with the applicable rules and procedures of the Depository and the applicable provisions of the New Senior Unsecured Indenture. Subject to applicable provisions of the New Senior Unsecured Indenture, Definitive Registered New Senior Unsecured Notes shall be transferred to all owners of Book-Entry Interests in the relevant Global New Senior Unsecured Note if:

(i) the Issuer notifies the Trustee in writing that the applicable Depository or Depositories are unwilling or unable to continue to act as depository and the Issuer does not appoint a successor depository within 120 days;

(ii) any Depository so requests if an event of default under the New Senior Unsecured Indenture has occurred and is continuing; or

(iii) the Issuer, at its option, notifies the Trustee in writing that it elects to issue Definitive Registered New Senior Unsecured Notes under the New Senior Unsecured Indenture.

In such an event, Definitive Registered New Senior Unsecured Notes will be issued and registered in the name or names and issued in any approved denominations, requested by or on behalf of the Depository, as applicable (in accordance with its customary procedures and certain certification requirements and based upon directions received from participants reflecting the beneficial ownership of the Book-Entry Interests), and such Definitive Registered New Senior Unsecured Notes will bear the restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by the New Senior Unsecured Indenture or applicable law. Payment of principal of, and premium, if any, and interest on the New Senior Unsecured Notes shall be payable at the place of payment designated by the Issuer pursuant to the New Senior Unsecured Indenture; provided, however, that at the Issuer’s option, payment of interest on a New Senior Unsecured Note may be made by check mailed to the person entitled thereto to such address as shall appear on the New Senior Unsecured Note register.

#### ***Redemption of the Global New Senior Unsecured Notes***

In the event any Global New Senior Unsecured Note, or any portion thereof, is redeemed, the Depository will distribute the amount received by it in respect of the Global New Senior Unsecured Note so redeemed to the holders of the Book-Entry Interests in such Global New Senior Unsecured Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by the Depository in connection with the redemption of such Global New Senior Unsecured Note (or any portion thereof). We understand that under existing practices of DTC, if fewer than all of the New Senior Unsecured Notes are to be redeemed at any time, DTC will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of less than \$200,000 in principal amount may be redeemed in part.

#### ***Payments on Global New Senior Unsecured Notes***

Payments of any amounts owing in respect of the Global New Senior Unsecured Notes (including principal, premium, interest and Additional Amounts) will be made by the Issuer in U.S. dollars, in each case to the paying agents under the New Senior Unsecured Indenture. The paying agents will, in turn, make such payments to the Depository or its nominee, as the case may be, which will distribute such payments to their respective participants in accordance with their respective procedures.

Under the terms of the New Senior Unsecured Indenture, the Issuer, the Trustee and the paying agents will treat the registered holders of the Global New Senior Unsecured Notes as the owners thereof for the purpose of receiving payments and other purposes under the New Senior Unsecured Indenture. Consequently, the Issuer, the Trustee and the paying agents and their respective agents have not and will not have any responsibility or liability for:

- any aspect of the records of the Depository or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by the Depository or any participant or indirect participants, or maintaining, supervising or reviewing the records of the Depository or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- the Depository or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is the case with securities held for the accounts of customers registered in “street name.”

### ***Action by Owners of Book-Entry Interests***

We understand that the Depositary will take any action permitted to be taken by a holder of New Senior Unsecured Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global New Senior Unsecured Notes are credited and only in respect of such portion of the aggregate principal amount of New Senior Unsecured Notes as to which such participant or participants has or have given such direction. The Depositary will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global New Senior Unsecured Notes. However, if there is an event of default under the New Senior Unsecured Notes, the Depositary reserves the right to exchange the Global New Senior Unsecured Notes for Definitive Registered New Senior Unsecured Notes in certificated form, and to distribute such Definitive Registered New Senior Unsecured Notes to its respective participants.

### ***Transfers***

Each Global New Senior Unsecured Note will bear a legend to the effect set forth under the caption “Transfer Restrictions.”

Transfers of Global New Senior Unsecured Notes shall be limited to transfers of such Global New Senior Unsecured Note in whole, but (subject to the provisions described above under “—Book-Entry, Delivery and Form—Issuance of Definitive Registered New Senior Unsecured Notes,” to provisions described below in this section “—Transfers” and the applicable provisions of the New Senior Unsecured Indenture) not in part, to the Depositary, its successors or their respective nominees or transfers between the Depositary for the Rule 144A Global New Senior Unsecured Notes (initially DTC) and the Depositary for the Regulation S Global New Senior Unsecured Notes (initially DTC).

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of Unrestricted Book-Entry Interests only upon delivery by the transferor of a written certification (as provided in the New Senior Unsecured Indenture) to the effect that such transfer is made in accordance with Regulation S under the Securities Act or otherwise in accordance with the transfer restrictions described under “Transfer Restrictions” and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Unrestricted Book-Entry Interests may be transferred to a person who takes delivery in the form of Restricted Book-Entry Interests only upon delivery by the transferor of a written certification (as provided in the New Senior Unsecured Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “Transfer Restrictions” and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Subject to the foregoing, and as set forth in “Transfer Restrictions,” Book-Entry Interests may be transferred and exchanged in a manner otherwise in accordance with the terms of the New Senior Unsecured Indenture. Any Book-Entry Interest in one of the Global New Senior Unsecured Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in another Global New Senior Unsecured Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global New Senior Unsecured Note and become a Book-Entry Interest in the relevant Global New Senior Unsecured Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global New Senior Unsecured Note for as long as that person retains such Book-Entry Interests.

Definitive Registered New Senior Unsecured Notes, if any, may be transferred and exchanged for Book-Entry Interests in a Global New Senior Unsecured Note only pursuant to the terms of the New Senior Unsecured Indenture and, if required, only after the transferor first delivers to the Trustee a written certificate (in the form provided in the New Senior Unsecured Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such New Senior Unsecured Notes. See “Transfer Restrictions.”

## ***Global Clearance and Settlement Under the Book-Entry System***

### ***Initial Settlement***

Initial settlement for the New Senior Unsecured Notes will be made in U.S. Dollars. Book-Entry Interests owned through Depository accounts will follow the settlement procedures applicable to conventional dollar denominated bonds in registered form. In the case of Book-Entry Interests held through DTC, such Book-Entry Interests will be credited to the securities custody account of DTC holders on the business day following the settlement date against payment for value on the settlement date.

### ***Secondary Market Trading***

The Book-Entry Interests will trade through participants of the Depository, and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading any Book-Entry Interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

### ***Information Concerning DTC***

All Book-Entry Interests will be subject to the operations and procedures of DTC. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the initial purchaser is responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under New York Banking Law;
- a “banking organization” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the U.S. Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

The information in this section concerning DTC and its book-entry system has been obtained from sources we believe to be reliable, but we take no responsibility for the accuracy thereof.

### **Certain Definitions**

“12% Senior Notes” means the 12% Senior Notes due 2014 (formerly known as the 12% Second-Priority Senior Secured Notes due 2014 but which became unsecured as a result of the completion of the Cash Debt Tender) issued by the Issuer that remain outstanding as of the Issue Date.

“2006 Notes” means the 2006 Senior Notes and the 2006 Senior Subordinated Notes.

“2006 Senior Notes” means the €505 million principal amount of 8 1/2% Senior Notes due 2014 of the Issuer issued on December 6, 2006.

“2006 Senior Subordinated Notes” means the €225 million principal amount of 10% Senior Subordinated Notes due 2016 of the Issuer issued on December 6, 2006.

“2007 Notes” means \$400 million aggregate principal amount of 10% Second-Priority Senior Secured Notes due 2014 of the Issuer issued on August 13, 2007 and the 12% Second-Priority Senior Secured Notes due 2014 issued by the Issuer in the Exchange Offers.

“2007 U.S. Collateral Agreement” means the U.S. collateral agreement dated as of November 4, 2006, as supplemented by the Supplement to the U.S. collateral agreement dated as of August 2, 2007, among CEVA Logistics U.S. Holdings Inc. (formerly, Louis U.S. Holdco, Inc.), as U.S. borrower, each subsidiary of the U.S. Borrower party thereto, CEVA Ltd. (formerly, Louis No. 3 Limited) and Credit Suisse, as administrative agent.

“Acquired Indebtedness” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Acquisition Agreements” means the Apollo Acquisition Agreement and the EGL Acquisition Agreement.

“Acquisition Documents” means the Acquisition Agreements and any other document entered into in connection therewith, in each case as amended, supplemented or modified from time to time prior to August 13, 2007 or thereafter (so long as any amendment, supplement or modification after August 13, 2007, together with all other amendments, supplements and modifications after the Issue Date, taken as a whole, is not more disadvantageous to the holders of the New Senior Unsecured Notes in any material respect than the Acquisition Documents as in effect on August 13, 2007).

“Additional Intercreditor Agreement” has the meaning specified under “—Intercreditor Agreement.”

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

“Apollo Acquisition” means the acquisition by Affiliates of the Sponsors of substantially all of the outstanding shares of capital stock of the Issuer, pursuant to the Apollo Acquisition Agreement.

“Apollo Acquisition Agreement” means that certain Agreement for the Sale and Purchase of All the Issued and Outstanding Shares in the Capital of TNT Logistics Holdings B.V. and the SNCF Business, dated August 23, 2006, by and between TNT N.V. and UK Bidco.

“Apollo Exchange” means the exchange of (1) €73 million of the 2006 Senior Notes for €73 million of 8 1/2% Senior Notes due June 30, 2018 of the Issuer (the “Apollo Senior Notes”), (2) €57 million of the 2006 Senior Subordinated Notes for €57 million of 10% Senior Subordinated Notes due June 30, 2018 of the Issuer (the “Apollo Senior Subordinated Notes”) and (3) \$629 million of loans under the Senior Unsecured Facility for \$629 million of loans under the Senior Unsecured Facility with a maturity date of June 30, 2018 (the “Apollo Senior Unsecured Loans”), in the case of each of clauses (1), (2) and (3), held by the Apollo Sponsors, in each case, which exchange occurred on March 24, 2010.

“Apollo Equity Investment” means the exchange of the Apollo Senior Notes, the Apollo Senior Subordinated Notes, a portion of the Apollo Senior Unsecured Loans and a portion of the indebtedness outstanding under the Holdco PIK Debt Instrument held by the Apollo Sponsors for class B ordinary shares of CEVA Investments Limited on the Issue Date.

“Apollo New Senior Unsecured Note Exchange” means the exchange to be consummated on the Issue Date of €109 million principal amount of the 2006 Senior Notes and 2006 Senior Subordinated Notes for New Senior Unsecured Notes at an exchange ratio equal to 100% divided by the issue price (expressed as a percentage) appearing on the cover page of this offering circular and using the exchange rate in effect on the day prior to the closing of this offering.

“Applicable Premium” means, with respect to any New Senior Unsecured Note on any applicable redemption date, the greater of

- (1) 1% of the then outstanding principal amount of the New Senior Unsecured Note; and
- (2) the excess of
  - (a) the present value at such redemption date of (i) the redemption price of such Note, at March 31, 2015 (such redemption price being set forth in the applicable table appearing above under “—Optional Redemption”) plus (ii) all required interest payments due on the New Senior Unsecured Note through March 31, 2015 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over
  - (b) the then outstanding principal amount of the New Senior Unsecured Note.

“Asset Sale” means:

- (1) the sale, conveyance, transfer or other disposition (whether in a single transaction or a series of related transactions) of property or assets (including by way of a Sale/Leaseback Transaction) outside the ordinary course of business of the Issuer or any Restricted Subsidiary of the Issuer (each referred to in this definition as a “disposition”) or
- (2) the issuance or sale of Equity Interests (other than directors’ qualifying shares and shares issued to foreign nationals or other third parties to the extent required by applicable law) of any Restricted Subsidiary (other than to the Issuer or another Restricted Subsidiary of the Issuer) (whether in a single transaction or a series of related transactions),

in each case other than:

- (a) a disposition of Cash Equivalents or Investment Grade Securities or obsolete, surplus or worn-out property or equipment in the ordinary course of business;
- (b) transactions permitted pursuant to the provisions described above under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets” or any disposition that constitutes a Change of Control;
- (c) any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under the covenant described above under “—Certain Covenants—Limitation on Restricted Payments”;
- (d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary, which assets or Equity Interests so disposed or issued have an aggregate Fair Market Value of less than €7.5 million;

- (e) any disposition of property or assets, or the issuance of securities, by a Restricted Subsidiary of the Issuer to the Issuer or by the Issuer or a Restricted Subsidiary of the Issuer to a Restricted Subsidiary of the Issuer;
- (f) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Similar Business of comparable or greater market value or usefulness to the business of the Issuer and its Restricted Subsidiaries as a whole, as determined in good faith by the Issuer;
- (g) foreclosure or any similar action with respect to any property or any other asset of the Issuer or any of its Restricted Subsidiaries;
- (h) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;
- (i) the lease, assignment or sublease of any real or personal property in the ordinary course of business;
- (j) any sale of inventory, trading stock or other assets in the ordinary course of business;
- (k) any grant in the ordinary course of business of any license of patents, trademarks, know how or any other intellectual property;
- (l) an issuance of Capital Stock pursuant to an equity incentive or compensation plan approved by the Board of Directors;
- (m) dispositions consisting of the granting of Permitted Liens;
- (n) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (o) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (p) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;
- (q) a transfer of accounts receivable and related assets of the type specified in the definition of "Receivables Financing" (or a fractional undivided interest therein) by a Receivables Subsidiary or any Restricted Subsidiary (x) in a Qualified Receivables Financing or (y) pursuant to any other factoring on arm's length terms or (z) in the ordinary course of business;
- (r) the sale of any property in a Sale/Leaseback Transaction within six months of the acquisition of such property; and
- (s) in the ordinary course of business, any swap of assets, or any lease, assignment or sublease of any real or personal property, in exchange for services (including in connection with any outsourcing arrangements) of comparable or greater value or usefulness to the business of the Issuer and the Restricted Subsidiaries taken as a whole, as determined in good faith by the Issuer; provided, that any cash or Cash Equivalents received must be applied in accordance with the covenant described under "—Certain Covenants—Asset Sales."

“Bank Indebtedness” means any and all amounts payable under or in respect of the Credit Agreement and the other Credit Agreement Documents as amended, restated, supplemented, waived, replaced, restructured, repaid, refunded, refinanced or otherwise modified from time to time (including after termination of the Credit Agreement), including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees and all other amounts payable thereunder or in respect thereof.

“Board of Directors” means, as to any Person, the board of directors or managers, as applicable, of such Person (or, if such Person is a partnership, the board of directors or other governing body of the general partner of such Person) or any duly authorized committee thereof.

“Book-Entry Interests” has the meaning specified under “—Book-Entry, Delivery and Form.”

“Business Day” means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York City and London.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock or shares;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Capitalized Lease Obligation” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

“Cash Debt Tender” means the cash debt tender offer and related consent solicitation made by the Issuer pursuant to an Offer to Purchase dated February 24, 2010, as amended, to purchase the 2007 Notes for cash, and the concurrent exchange by the Apollo Sponsors with respect to the 2007 Notes held by them, in each case, which closed on March 24, 2010.

“Cash Equivalents” means:

- (1) U.S. dollars, pounds sterling, euro, the national currency of any member state in the European Union or, in the case of any Restricted Subsidiary that is not organized or existing under the laws of the United States, any member state of the European Union or any state or territory thereof, such local currencies held by it from time to time in the ordinary course of business;
- (2) securities issued or directly and fully guaranteed or insured by the U.S., Canadian, Swiss or Japanese government or any country that is a member of the European Union or any agency or instrumentality thereof in each case maturing not more than two years from the date of acquisition;
- (3) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances, in each case with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank whose long-term debt is rated “A” or the equivalent thereof by Moody’s or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency);

- (4) repurchase obligations for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper issued by a corporation (other than an Affiliate of the Issuer) rated at least “A-2” or the equivalent thereof by S&P or “P-2” or the equivalent thereof by Moody’s (or reasonably equivalent ratings of another internationally recognized ratings agency) and in each case maturing within one year after the date of acquisition;
- (6) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Monetary Union, Switzerland or Norway or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody’s or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency) in each case with maturities not exceeding two years from the date of acquisition;
- (7) Indebtedness issued by Persons (other than the Sponsors or any of their Affiliates) with a rating of “A” or higher from S&P or “A-2” or higher from Moody’s in each case with maturities not exceeding two years from the date of acquisition;
- (8) for the purpose of paragraph (a) of the definition of “Asset Sale,” any marketable securities of third parties owned by the Issuer and/or its Restricted Subsidiaries on the Issue Date;
- (9) interest in investment funds investing at least 95% of their assets in securities of the types described in clauses (1) through (7) above; and
- (10) instruments equivalent to those referred to in clauses (1) through (8) above denominated in euro or any other foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Subsidiary organized in such jurisdiction.

“Code” means the Internal Revenue Code of 1986, as amended.

“Concurrent Transactions” means the Apollo New Senior Unsecured Note Exchange, the Apollo Equity Investment, the capital contribution to be made to the Issuer by the Issuer’s parent, CEVA Investments Limited on the Issue Date and the amendment of the Senior Unsecured Facility on the Issue Date to permit the offering of the New Senior Unsecured Notes and the New First Lien Senior Secured Notes, in each case, as described or contemplated by this offering circular.

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

- (1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Profit (including amortization of original issue discount, the interest component of Capitalized Lease Obligations, and net payments and receipts (if any) pursuant to interest rate Hedging Obligations and excluding amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and expensing of any bridge commitment or other financing fees); plus
- (2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (but excluding any capitalizing interest on Subordinated Shareholder Funding); plus
- (3) commissions, discounts, yield and other fees and charges Incurred in connection with any Receivables Financing which are payable to Persons other than the Issuer and its Restricted Subsidiaries; minus
- (4) interest income for such period.

“Consolidated Net Profit” means, with respect to any Person for any period, the aggregate of the Net Profit of such Person and its Restricted Subsidiaries for such period, on a consolidated basis; provided, however, that:

- (1) any net after-tax extraordinary, nonrecurring or unusual gains or losses or income, expenses or charges (less all fees and expenses relating thereto), any severance expenses and expenses or charges related to any Equity Offering, Permitted Investment, acquisition or Indebtedness permitted to be Incurred by the New Senior Unsecured Indenture (in each case, whether or not successful), including any such fees, expenses, charges or change in control payments made under the Acquisition Documents or otherwise related to the Transactions, in each case, shall be excluded;
- (2) any increase in amortization or depreciation or any one-time non-cash charges or increases or reductions in Net Profit, in each case resulting from purchase accounting in connection with the Transactions or any acquisition that is consummated after the Reference Date shall be excluded;
- (3) the Net Profit for such period shall not include the cumulative effect of a change in accounting principles during such period;
- (4) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations shall be excluded;
- (5) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by the Board of Directors of the Issuer) shall be excluded;
- (6) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness or Hedging Obligations or other derivative instruments shall be excluded;
- (7) the Net Profit for such period of any Person that is not a Subsidiary of such Person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;
- (8) solely for the purpose of determining the amount available for Restricted Payments under clause (1) of the definition of Cumulative Credit contained in “—Certain Covenants—Limitation on Restricted Payments,” the Net Profit for such period of any Restricted Subsidiary (other than any New Unsecured Note Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of its Net Profit is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally waived; provided that the Consolidated Net Profit of such Person shall be increased by the amount of dividends or other distributions or other payments actually paid in cash (or converted into cash) by any such Restricted Subsidiary to such Person, to the extent not already included therein;
- (9) an amount equal to the amount of Tax Distributions actually made to any parent of such Person in respect of such period in accordance with clause (12) of the second paragraph under “—Certain Covenants—Limitation on Restricted Payments” shall be included as though such amounts had been paid as income taxes directly by such Person for such period;
- (10) any non-cash impairment charges or asset write-offs, and the amortization of intangibles arising in each case pursuant to GAAP or the pronouncements of the IASB shall be excluded;

- (11) any non-cash expense realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, grants and sales of stock, stock appreciation or similar rights, stock options or other rights to officers, directors and employees shall be excluded;
- (12) any (a) severance or relocation costs or expenses, (b) one-time non-cash compensation charges, (c) the costs and expenses after the Reference Date related to employment of terminated employees, (d) costs or expenses realized in connection with, resulting from or in anticipation of the Transactions or (e) costs or expenses realized in connection with or resulting from stock appreciation or similar rights, stock options or other rights existing on the Reference Date of officers, directors and employees, in each case of such Person or any of its Restricted Subsidiaries, shall be excluded;
- (13) accruals and reserves that are established or adjusted as a result of the Transactions (including as a result of the adoption or modification of accounting policies in connection with the Transactions) within 12 months after the Reference Date, and that are so required to be established in accordance with GAAP shall be excluded;
- (14) solely for purposes of calculating EBITDA, (a) the Net Profit of any Person and its Restricted Subsidiaries shall be calculated without deducting the income attributable to, or adding the losses attributable to, the minority equity interests of third parties in any non-wholly owned Restricted Subsidiary except to the extent of dividends declared or paid in respect of such period or any prior period on the shares of Capital Stock of such Restricted Subsidiary held by such third parties and (b) any ordinary course dividend, distribution or other payment paid in cash and received from any Person in excess of amounts included in clause (7) above shall be included;
- (15) (a) (i) the non-cash portion of “straight-line” rent expense shall be excluded and (ii) the cash portion of “straight-line” rent expense that exceeds the amount expensed in respect of such rent expense shall be included and (b) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP shall be excluded;
- (16) unrealized gains and losses relating to hedging transactions and mark-to-market of Indebtedness denominated in foreign currencies resulting from the applications of the applicable standard under GAAP shall be excluded;
- (17) any expenses incurred in the 18 months following the Reference Date that constitute transition expenses attributable to the Issuer becoming an independent operating company in connection with the Transactions (including without limitation re-branding costs) shall be excluded; and
- (18) solely for the purpose of calculating Restricted Payments, the difference, if positive, of the Consolidated Taxes of the Issuer calculated in accordance with GAAP and the actual Consolidated Taxes paid in cash by the Issuer during any Reference Period shall be included.

Notwithstanding the foregoing, for the purpose of the covenant described under “—Certain Covenants—Limitation on Restricted Payments” only, there shall be excluded from Consolidated Net Profit any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries of the Issuer or a Restricted Subsidiary of the Issuer to the extent such dividends, repayments or transfers increase the amount of Restricted Payments permitted under such covenant pursuant to clauses (4) and (5) of the definition of Cumulative Credit contained therein.

“Consolidated Non-cash Charges” means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Profit of such Person for such period on a consolidated basis and otherwise determined in accordance with GAAP, but excluding any such charge which consists of or requires an accrual of, or cash reserve for, anticipated cash charges for any future period.

“Consolidated Taxes” means provision for taxes based on income, profits or capital, including, without limitation, state, franchise and similar taxes and any Tax Distributions taken into account in calculating Consolidated Net Profit.

“Contingent Obligations” means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
  - (a) for the purchase or payment of any such primary obligation, or
  - (b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“Credit Agreement” means (i) the credit agreement entered into on November 4, 2006, as amended and restated in connection with, and on or prior to, the consummation of the EGL Acquisition, as further amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, increased as permitted under clause (a) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or indenture or indentures or any successor or replacement agreement or agreements or indenture or indentures or increasing the amount loaned or issued thereunder or altering the maturity thereof, among the Issuer, the guarantors named therein, the financial institutions named therein, and Credit Suisse, as Administrative Agent, and (ii) whether or not the credit agreement referred to in clause (i) remains outstanding, if designated by the Issuer to be included in the definition of “Credit Agreement,” one or more (A) debt facilities or commercial paper facilities, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables) or letters of credit, (B) debt securities, indentures or other forms of debt financing (including convertible or exchangeable debt instruments or bank guarantees or bankers’ acceptances) or (C) instruments or agreements evidencing any other Indebtedness, in each case, with the same or different borrowers or issuers and, in each case, as amended, supplemented, modified, extended, restructured, renewed, refinanced, restated, replaced or refunded in whole or in part from time to time.

“Credit Agreement Documents” means the collective reference to the Credit Agreement, any notes issued pursuant thereto and the guarantees thereof, and the collateral documents relating thereto, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified from time to time.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“Designated Non-cash Consideration” means the Fair Market Value of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-

cash Consideration pursuant to an Officers' Certificate, setting forth the basis of such valuation, less the amount of Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"Designated Preferred Stock" means Preferred Stock of the Issuer or any direct or indirect parent of the Issuer (other than Disqualified Stock), that is issued for cash (other than to the Issuer or any of its Subsidiaries or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officers' Certificate, on the issuance date thereof.

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is redeemable or exchangeable), or upon the happening of any event:

- (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale, provided that the relevant asset sale or change of control provisions, taken as a whole, are not materially more disadvantageous to the holders of the New Senior Unsecured Notes than is customary in comparable transactions (as determined in good faith by the Issuer));
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock of such Person; or
- (3) is redeemable at the option of the holder thereof, in whole or in part (other than solely as a result of a change of control or asset sale),

in each case prior to 91 days after the maturity date of the New Senior Unsecured Notes or the date the New Senior Unsecured Notes are no longer outstanding; provided, however, that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock; provided, further, however, that if such Capital Stock is issued to any employee or to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability; provided, further, that any class of Capital Stock of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Capital Stock that is not Disqualified Stock shall not be deemed to be Disqualified Stock.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time of determination by the Issuer or the Trustee, the amount of U.S. dollars obtained by converting such currency other than U.S. dollars involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable currency other than U.S. dollars as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

"EBITDA" means, with respect to any Person for any period, the Consolidated Net Profit of such Person for such period plus, without duplication, to the extent the same was deducted in calculating Consolidated Net Profit:

- (1) Consolidated Taxes; plus
- (2) Consolidated Interest Expense; plus
- (3) Consolidated Non-cash Charges; plus
- (4) business optimization expenses and other restructuring charges or expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory or service optimization programs, site closures, retention, systems establishment costs and excess pension charges); provided that with respect to each business optimization expense or other restructuring charge, the Issuer shall have delivered to the Trustee an Officers' Certificate specifying and quantifying such expense or charge and stating that such expense or charge is a business optimization expense or other restructuring charge, as the case may be; plus

- (5) the amount of management, monitoring, consulting and advisory fees and related expenses paid to the Sponsors (or any accruals relating to such fees and related expenses) during such period pursuant to the terms of the agreements between the Sponsors and the Issuer and its Subsidiaries as described with particularity in this offering circular and as such agreements were in effect on the Issue Date;

less, without duplication,

- (6) non-cash items increasing Consolidated Net Profit for such period (excluding the recognition of deferred revenue or any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDA in any prior period and any items for which cash was received in a prior period).

“EGL Acquisition” means the acquisition of EGL, Inc. by the Issuer, pursuant to the EGL Acquisition Agreement.

“EGL Acquisition Agreement” means that certain Agreement and Plan of Merger, dated as of May 24, 2007, among the Issuer, CEVA Texas Holdco Inc., and EGL, Inc., as amended, supplemented or modified from time to time on or prior to August 13, 2007.

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

“Equity Offering” means any public or private sale after the Issue Date of common stock or Preferred Stock of the Issuer or any direct or indirect parent of the Issuer, as applicable (other than Disqualified Stock), other than:

- (1) public offerings with respect to the Issuer’s or such direct or indirect parent’s common stock registered on Form S-8; and
- (2) any such public or private sale that constitutes an Excluded Contribution.

“Euro Equivalent” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

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

“Exchange Offers” means the issuance by the Issuer on July 22, 2009 of (1) €120 million principal amount of 12% Second-Priority Senior Secured Notes due 2014 in exchange for €153 million principal amount of the Issuer’s 2006 Senior Notes and €50 million principal amount of the Issuer’s 2006 Senior Subordinated Notes and (2) \$127 million principal amount of 12% Second-Priority Senior Secured Notes due 2014 in exchange for \$205 million of loans under the Senior Unsecured Facility.

“Excluded Contributions” means the Cash Equivalents or other assets (valued at their Fair Market Value as determined in good faith by senior management or the Board of Directors of the Issuer) received by the Issuer after the Reference Date from:

- (1) contributions to its common equity capital and
- (2) the sale (other than to a Subsidiary of the Issuer or to any Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case designated as Excluded Contributions pursuant to an Officers' Certificate executed by an Officer of the Issuer on or promptly after the date such capital contributions are made or the date such Capital Stock is sold, as the case may be.

"Existing First Lien Senior Secured Notes" means the \$450,000,000 aggregate principal amount of 8<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2017 of the Issuer issued on December 14, 2010.

"Existing Notes" means the Issuer's Existing First Lien Senior Secured Notes, Junior Priority Notes, First-and-a-Half Priority Notes and 12% Senior Notes.

"Fair Market Value" means, with respect to any asset or property, the price that could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction (as determined by the Issuer).

"First Priority Lien Obligations" means (i) all Secured Bank Indebtedness, (ii) all other Obligations (not constituting Indebtedness) of the Issuer and its Restricted Subsidiaries under the agreements governing Secured Bank Indebtedness and (iii) all other Obligations of the Issuer or any of its Restricted Subsidiaries in respect of Hedging Obligations or Obligations in respect of cash management services, in each case owing to a Person that is a holder of Indebtedness described in clause (i) or Obligations described in clause (ii) or an Affiliate of such holder at the time of entry into such Hedging Obligations or Obligations in respect of cash management services.

"First-and-a-Half Priority Notes" means the \$210,000,000 aggregate principal amount of 11<sup>5</sup>/<sub>8</sub>% Senior Secured Notes due 2016 of the Issuer issued on October 6, 2009.

"Fixed Charge Coverage Ratio" means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness (other than in the case of revolving credit borrowings or revolving advances in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during the applicable period) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, including the Transactions and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date (each, for purposes of this definition, a "pro forma event") shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, including the Transactions, discontinued operations and operational changes (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as

set forth in an Officers' Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of "Pro Forma Adjusted EBITDA" as set forth in footnote (2) in "Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios" in this offering circular, to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

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

- (1) Consolidated Interest Expense of such Person for such period; and
- (2) all cash dividend payments (excluding items eliminated in consolidation) on any series of Preferred Stock or Disqualified Stock of such Person and its Restricted Subsidiaries.

"GAAP" means the International Financial Reporting Standards ("IFRS") as in effect (except as otherwise provided in the New Senior Unsecured Indenture) on the Reference Date. Except as otherwise expressly provided in the New Senior Unsecured Indenture, all ratios and calculations based on GAAP contained in the New Senior Unsecured Indenture shall be computed in conformity with GAAP. At any time after the Reference Date, the Issuer may elect to apply generally accepted accounting principles in the U.S. ("U.S. GAAP") in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean U.S. GAAP as in effect (except as otherwise provided in the New Senior Unsecured Indenture) on the date of such election; provided that any such election, once made, shall be irrevocable and that, upon first reporting its fiscal year results under U.S. GAAP it shall restate its financial statements on the basis of U.S. GAAP for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of U.S. GAAP. The Issuer shall give notice of any such election to the Trustee and the noteholders.

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

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

- (1) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements; and
- (2) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices.

"Holdco PIK Debt Instrument" means the Debt Instrument Agreement dated as of February 15, 2007, as amended and restated on June 2, 2008, among CEVA Investments Limited (formerly Louis Topco Limited), the holders of debt instruments party thereto, and Credit Suisse, as Administrative Agent, as in effect on the Issue Date.

“holder” or “noteholder” means the Person in whose name a New Senior Unsecured Note is registered on the Registrar’s books.

“IASB” means the International Accounting Standards Board and any other organization or agency that shall issue pronouncements regarding the application of GAAP.

“Incur” means issue, assume, guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary.

“Indebtedness” means, with respect to any Person (without duplication):

- (1) the principal and premium (if any) of any indebtedness of such Person, whether or not contingent, (a) in respect of borrowed money, (b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers’ acceptances (or, without duplication, reimbursement agreements in respect thereof), (c) representing the deferred and unpaid purchase price of any property (except (i) any such balance that constitutes a trade payable or similar obligation to a trade creditor Incurred in the ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP), (d) in respect of Capitalized Lease Obligations or (e) representing any Hedging Obligations, if and to the extent that any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;
- (2) to the extent not otherwise included, any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the obligations referred to in clause (1) of another Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business);
- (3) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); provided, however, that the amount of such Indebtedness will be the lesser of: (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Person; and
- (4) to the extent not otherwise included, with respect to the Issuer and its Restricted Subsidiaries, the amount then outstanding (i.e., advanced, and received by, and available for use by, the Issuer or any of its Restricted Subsidiaries) under any Receivables Financing (as set forth in the books and records of the Issuer or any Restricted Subsidiary and confirmed by the agent, trustee or other representative of the institution or group providing such Receivables Financing) where there is recourse to the Issuer or its Restricted Subsidiaries (as that term is understood in the context of recourse and non-recourse receivable financings);

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (1) Contingent Obligations Incurred in the ordinary course of business and not in respect of borrowed money; (2) deferred or prepaid revenues; (3) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller; (4) Obligations under or in respect of Qualified Receivables Financing; (5) obligations under the Acquisition Documents; or (6) Subordinated Shareholder Funding.

Notwithstanding anything in the New Senior Unsecured Indenture to the contrary, Indebtedness shall not include, and shall be calculated without giving effect to, the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the New Senior Unsecured Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness; and any such amounts that would have constituted Indebtedness under the New Senior Unsecured Indenture but for the application of this sentence shall not be deemed an Incurrence of Indebtedness under the New Senior Unsecured Indenture.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm or consultant, in each case of nationally recognized standing, that is, in the good faith determination of the Issuer, qualified to perform the task for which it has been engaged.

“Intercreditor Agreement” means the intercreditor agreement dated November 4, 2006, as amended and restated on December 6, 2006, among the Issuer, the other companies party thereto, the financial institutions thereto, and Credit Suisse, as secured senior agent, unsecured senior bridge agent and security agent, as it may be amended, restated or replaced from time to time in accordance with the New Senior Unsecured Indenture and as parties may accede to it from time to time.

“Investment Grade Rating” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

“Investment Grade Securities” means:

- (1) securities issued or directly and fully guaranteed or insured by the U.S., Canadian or Japanese government or any member state of the European Monetary Union or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities that have a rating equal to or higher than Baa3 (or equivalent) by Moody’s or BBB- (or equivalent) by S&P, or an equivalent rating by any other Rating Agency, but excluding any debt securities or loans or advances between and among the Issuer and its Subsidiaries;
- (3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment and/or distribution; and
- (4) corresponding instruments in countries other than the United States customarily utilized for high quality investments and in each case with maturities not exceeding two years from the date of acquisition.

“Investments” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit and advances to customers and commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of “Unrestricted Subsidiary” and the covenant described under “—Certain Covenants—Limitation on Restricted Payments”:

- (1) “Investments” shall include the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary equal to an amount (if positive) equal to:
  - (a) the Issuer’s “Investment” in such Subsidiary at the time of such redesignation; less
  - (b) the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and
- (2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

“Issue Date” means the date on which the New Senior Unsecured Notes are originally issued.

“Junior Priority Notes” means the \$701,833,690 aggregate principal amount of 11 1/2% Junior Priority Senior Secured Notes due 2018 of the Issuer issued on March 10, 2010.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any other agreement to give a security interest and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction); provided that in no event shall an operating lease be deemed to constitute a Lien.

“Management Group” means the group consisting of the directors, executive officers and other management personnel of the Issuer or any direct or indirect parent of the Issuer, as the case may be, on the Issue Date together with (1) any new directors whose election by such boards of directors or whose nomination for election by the shareholders of the Issuer or any direct or indirect parent of the Issuer, as applicable, was approved by a vote of a majority of the directors of the Issuer or any direct or indirect parent of the Issuer, as applicable, then still in office who were either directors on the Issue Date or whose election or nomination was previously so approved and (2) executive officers and other management personnel of the Issuer or any direct or indirect parent of the Issuer, as applicable, hired at a time when the directors on the Issue Date together with the directors so approved constituted a majority of the directors of the Issuer or any direct or indirect parent of the Issuer, as applicable.

“Moody’s” means Moody’s Investors Service, Inc. or any successor to the rating agency business thereof.

“Net Proceeds” means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received in respect of or upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale and any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding the assumption by the acquiring person of Indebtedness relating to the disposed assets or other consideration received in any other non-cash form), net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration (including, without limitation, legal, accounting and investment banking fees, and brokerage and sales commissions), any relocation expenses Incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements related thereto), amounts required to be applied to the repayment of principal, premium (if any) and interest on Indebtedness required (other than pursuant to the second paragraph of the covenant described under “—Certain Covenants—Asset Sales”) to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

“Net Profit” means, with respect to any Person, the Net Profit (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

“New First Lien Senior Secured Notes” means the 8% Senior Secured Notes due 2017 of the Issuer to be issued on the Issue Date.

“New Unsecured Note Guarantee” means any guarantee of the obligations of the Issuer under the New Senior Unsecured Indenture and the New Senior Unsecured Notes by any Person in accordance with the provisions of the New Senior Unsecured Indenture.

“New Unsecured Note Guarantor” means any Person that Incurs a New Unsecured Note Guarantee; provided that upon the release or discharge of such Person from its New Unsecured Note Guarantee in accordance with the New Senior Unsecured Indenture, such Person ceases to be a New Unsecured Note Guarantor.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers’ acceptances), damages and other liabilities payable under the documentation governing any Indebtedness; provided that Obligations with respect to the New Senior Unsecured Notes shall not include fees or indemnifications in favor of the Trustee and other third parties other than the holders of the New Senior Unsecured Notes.

“Officer” of any Person means the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of such Person or any other person that the board of directors of such person shall designate for such purpose.

“Officers’ Certificate” means a certificate signed on behalf of the Issuer by two Officers of the Issuer or of a Subsidiary or parent of the Issuer that is designated by the Issuer, one of whom must be the principal executive officer, the principal financial officer, the treasurer, the principal accounting officer or similar position of the Issuer or such Subsidiary or parent that meets the requirements set forth in the New Senior Unsecured Indenture.

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee (acting reasonably). The counsel may be an employee of or counsel to the Issuer or the Trustee.

“Pari Passu Indebtedness” means:

- (1) with respect to the Issuer, the New Senior Unsecured Notes and any Indebtedness that ranks pari passu in right of payment to the New Senior Unsecured Notes; and
- (2) with respect to any New Unsecured Note Guarantor, its New Unsecured Note Guarantee and any Indebtedness that ranks pari passu in right of payment to such New Unsecured Note Guarantor’s New Unsecured Note Guarantee.

“Permitted Holders” means, at any time, each of (i) the Sponsors, (ii) the Management Group, (iii) TNT N.V. and its Affiliates, (iv) AlpInvest Partners Beheer 2006 Ltd and its Affiliates and (v) AAA Guarantor Co-Invest VI, L.P. and its Affiliates. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the New Senior Unsecured Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“Permitted Investments” means:

- (1) any Investment in the Issuer or any Restricted Subsidiary;
- (2) any Investment in Cash Equivalents or Investment Grade Securities;
- (3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person if as a result of such Investment (a) such Person becomes a Restricted Subsidiary of the Issuer, or (b) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;
- (4) any Investment in securities or other assets not constituting Cash Equivalents and received in connection with an Asset Sale made pursuant to the provisions of “—Certain Covenants—Asset Sales” or any other disposition of assets not constituting an Asset Sale;
- (5) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date or an Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; provided that the amount of any such Investment only may be increased as required by the terms of such Investment as in existence on the Issue Date;

- (6) advances to officers, directors or employees, taken together with all other advances made pursuant to this clause (6), not to exceed €15.0 million at any one time outstanding;
- (7) any Investment acquired by the Issuer or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (8) Hedging Obligations permitted under clause (j) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (9) any Investment by the Issuer or any of its Restricted Subsidiaries in a Similar Business having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (9) that are at that time outstanding, not to exceed the greater of (x) €150.0 million and (y) 7.50% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); provided, however, that if any Investment pursuant to this clause (9) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (9) for so long as such Person continues to be a Restricted Subsidiary;
- (10) additional Investments by the Issuer or any of its Restricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (10) that are at that time outstanding, not to exceed the greater of (x) €100.0 million and (y) 5% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); provided, however, that if any Investment pursuant to this clause (10) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (10) for so long as such Person continues to be a Restricted Subsidiary;
- (11) loans and advances to officers, directors or employees for business-related travel expenses, moving expenses and other similar expenses, in each case Incurred in the ordinary course of business or consistent with past practice or to fund such person’s purchase of Equity Interests of the Issuer or any direct or indirect parent of the Issuer;
- (12) Investments the payment for which consists of Equity Interests or Subordinated Shareholder Funding of the Issuer (other than Disqualified Stock) or any direct or indirect parent of the Issuer, as applicable; provided, however, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the definition of Cumulative Credit contained in “Certain Covenants—Limitation on Restricted Payments”;
- (13) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under “Certain Covenants—Transactions with Affiliates” (except transactions described in clauses (2), (6), (7) and (11)(b) of such paragraph);
- (14) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

- (15) guarantees issued in accordance with the covenants described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “—Certain Covenants—Future New Unsecured Note Guarantors”;
- (16) Investments consisting of or to finance purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights or licenses or leases of intellectual property;
- (17) any Investment in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing or any related Indebtedness; provided, however, that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables or an equity interest;
- (18) any Investment in an entity or purchase of a business or assets in each case owned (or previously owned) by a customer of a Restricted Subsidiary as a condition or in connection with such customer (or any member of such customer’s group) contracting with a Restricted Subsidiary, in each case in the ordinary course of business;
- (19) any Investment in an entity which is not a Restricted Subsidiary to which a Restricted Subsidiary sells accounts receivable pursuant to a Receivables Financing;
- (20) additional Investments in joint ventures of the Issuer or any of its Restricted Subsidiaries existing on the Issue Date not to exceed at any one time in the aggregate outstanding, €50.0 million; provided, however, that if any Investment pursuant to this clause (20) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (20) for so long as such Person continues to be a Restricted Subsidiary; and
- (21) Investments of a Restricted Subsidiary of the Issuer acquired after the Issue Date or of an entity merged into, amalgamated with, or consolidated with the Issuer or a Restricted Subsidiary of the Issuer in a transaction that is not prohibited by the covenant described under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation.

“Permitted Liens” means, with respect to any Person:

- (1) pledges or deposits by such Person under workmen’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (2) Liens imposed by law, such as carriers’, warehousemen’s and mechanics’ Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;
- (3) Liens for taxes, assessments or other governmental charges not yet due or payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings;

- (4) Liens in favor of issuers of performance and surety bonds or bid bonds or with respect to other regulatory requirements or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (6) (A) Liens on assets of a Restricted Subsidiary that is not a New Senior Unsecured Note Guarantor securing Indebtedness of such Restricted Subsidiary permitted to be Incurred pursuant to the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” (B) Liens securing an aggregate principal amount of First Priority Lien Obligations not to exceed the greater of (x) the aggregate amount of Indebtedness permitted to be Incurred (and so Incurred) pursuant to clause (a) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” and (y) the maximum principal amount of Indebtedness that, as of the date such Indebtedness was Incurred, and after giving effect to the Incurrence of such Indebtedness and the application of proceeds therefrom on such date, would not cause the Secured Indebtedness Leverage Ratio of the Issuer to exceed 3.00 to 1.00; provided, however, that such Indebtedness is Incurred pursuant to clause (a) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” and (C) Liens securing Indebtedness Incurred pursuant to clause (d), (r) or (y) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; provided, however, that the amount of Indebtedness Incurred or deemed Incurred after August 13, 2007 pursuant to clause (d) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” that is secured by a Permitted Lien (excluding the amount of the Indebtedness described in the following proviso and excluding Capitalized Lease Obligations) shall not exceed (x) €400 million at any one time outstanding if after giving effect to the incurrence of such Secured Indebtedness and the application of the proceeds therefrom the Senior Secured Indebtedness Leverage Ratio of the Issuer is no greater than 4.00 to 1.00 or (y) otherwise, €50 million at any one time outstanding; provided further, however, the foregoing proviso shall not prohibit the Incurrence of a Permitted Lien under this clause 6(C) as a result of a reclassification of \$425.0 million principal amount of Bank Indebtedness outstanding on August 13, 2007 from clause (a) to clause (d) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”, which reclassification of \$425 million was done prior to the Issue Date in connection with the transactions described in clause (2) of the definition of “Transactions”;
- (7) Liens existing on the Issue Date, including Liens securing the New First Lien Senior Secured Notes, the Existing First Lien Senior Secured Notes, the First-and-a-Half Priority Notes and the Junior Priority Notes (other than Liens described in clause (6));
- (8) Liens on assets, property or shares of stock of a Person at the time such Person becomes a Subsidiary; provided, however, that such Liens are not created or Incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; provided, further, however, that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary of the Issuer;
- (9) Liens on assets or property at the time the Issuer or a Restricted Subsidiary of the Issuer acquired the assets or property, including any acquisition by means of a merger, amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary of the Issuer; provided, however, that such Liens are not created or Incurred in connection with, or in contemplation of, such acquisition; provided, further, however, that the Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary of the Issuer;

- (10) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary of the Issuer permitted to be Incurred in accordance with the covenant described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (11) Liens securing Hedging Obligations not Incurred in violation of the New Senior Unsecured Indenture; provided that with respect to Hedging Obligations relating to Indebtedness, such Lien extends only to the property securing such Indebtedness;
- (12) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person’s obligations in respect of bankers’ acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (13) leases and subleases of real property which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries;
- (14) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;
- (15) Liens in favor of the Issuer or any New Unsecured Note Guarantor;
- (16) Liens on accounts receivable and related assets of the type specified in the definition of “Receivables Financing” Incurred in connection with a Qualified Receivables Financing, including any Liens incurred in connection with a Qualified Receivables Financing under this clause (16), the proceeds of which Qualified Receivables Financing are used to refinance, refund, extend, renew or replace Indebtedness secured by any Lien (or successive refinancings, refundings, extensions, renewals or replacements);
- (17) deposits made in the ordinary course of business to secure liability to insurance carriers;
- (18) Liens on the Equity Interests of Unrestricted Subsidiaries;
- (19) grants of software and other technology licenses in the ordinary course of business;
- (20) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (6), (7), (8), (9), (10), (11), (15) and (20); provided, however, that (x) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property) and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (7), (8), (9), (10), (11), (15) and (20) at the time the original Lien became a Permitted Lien under the New Senior Unsecured Indenture and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement; provided further, however, that in the case of any Liens to secure any refinancing, refunding, extension or renewal of Indebtedness secured by a Lien referred to in clause (6) (B), the principal amount of any Indebtedness Incurred for such refinancing, refunding, extension or renewal shall be deemed secured by a Lien under clause (6)(B) and not this clause (20) for purposes of determining the principal amount of Indebtedness outstanding under clause (6)(B), and for purposes of the definition of Secured Bank Indebtedness;
- (21) Liens on equipment of the Issuer or any Restricted Subsidiary granted in the ordinary course of business to the Issuer’s or such Restricted Subsidiary’s client at which such equipment is located;
- (22) judgment and attachment Liens not giving rise to an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

- (23) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (24) liens arising by virtue of any statutory or common law provisions relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (25) any interest or title of a lessor under any Capitalized Lease Obligation;
- (26) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (27) Liens Incurred to secure cash management services or to implement cash pooling arrangements in the ordinary course of business; and
- (28) other Liens securing obligations Incurred in the ordinary course of business which obligations do not exceed €20.0 million at any one time outstanding.

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

“Preferred Stock” means any Equity Interest with preferential right of payment of dividends or upon liquidation, dissolution, or winding-up.

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the Securities Act or (b) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S of such Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC. The term “Public Debt” (i) shall not include the New Senior Unsecured Notes (or any Additional New Senior Unsecured Notes) and (ii) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (provided that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not to be underwritten), or any Indebtedness under the Credit Agreement, commercial bank or similar Indebtedness, Capitalized Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness Incurred in a manner not customarily viewed as a “securities offering.”

“Purchase Money Note” means a promissory note of a Receivables Subsidiary evidencing a line of credit, which may be irrevocable, from the Issuer or any Subsidiary of the Issuer to a Receivables Subsidiary in connection with a Qualified Receivables Financing, which note is intended to finance that portion of the purchase price that is not paid by cash or a contribution of equity.

“Qualifying IPO” means one or more underwritten primary public offering or offerings of common equity of the Issuer or any direct or indirect parent of the Issuer (the proceeds of which are contributed to the capital of the Issuer or used to repay, redeem, repurchase, defease or otherwise retire any indebtedness of such parent or the Issuer other than Subordinated Shareholder Funding) pursuant to an effective registration statement under the Securities Act or pursuant to any other distribution method involving a listing of such common equity on an established international securities exchange that, when taken together, result in cumulative gross proceeds of not less than \$500.0 million.

“Qualified Receivables Financing” means any Receivables Financing that meets the following conditions:

- (1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer or, as the case may be, the Subsidiary in question;
- (2) all sales of accounts receivable and related assets are made at Fair Market Value (as determined in good faith by the Issuer); and
- (3) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Subsidiaries (other than a Receivables Subsidiary or the Subsidiary undertaking such Receivables Financing) to secure Bank Indebtedness, Indebtedness in respect of the New Senior Unsecured Notes or any Refinancing Indebtedness with respect to the New Senior Unsecured Notes shall not be deemed a Qualified Receivables Financing. As of the Issue Date, the ABL Facility shall constitute a Qualified Receivables Financing (and shall continue to constitute a Qualified Receivables Financing so long as it continues to satisfy the conditions set forth in clauses (1) through (3) above).

“Rating Agency” means (1) each of Moody’s and S&P and (2) if Moody’s or S&P ceases to rate the New Senior Unsecured Notes for reasons outside of the Issuer’s control, a “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer or any direct or indirect parent of the Issuer as a replacement agency for Moody’s or S&P, as the case may be.

“Receivables Fees” means distributions or payments made directly or by means of discounts with respect to any participation interests issued or sold in connection with, and all other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

“Receivables Financing” means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

“Receivables Repurchase Obligation” means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“Receivables Subsidiary” means a Wholly Owned Subsidiary of the Issuer (including CEVA US Receivables, LLC or any other Person formed for the purposes of engaging in Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Restricted Subsidiary of the Issuer transfers accounts receivable and related assets) that engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and that is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

- (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is with recourse to or obligates the Issuer or any other Subsidiary of the Issuer in any way other than

pursuant to Standard Securitization Undertakings, or (iii) subjects any property or asset of the Issuer or any other Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

- (b) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and
- (c) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions; provided, however, that no such designation by the Board of Directors of the Issuer shall be required in the case of designating CEVA US Receivables, LLC, which shall be deemed a Receivables Subsidiary as of the Issue Date (and shall continue to be deemed a Receivables Subsidiary so long as it continues to satisfy the conditions set forth in clauses (a) through (c) above).

"Reference Date" means December 6, 2006.

"Refinancing Indebtedness" has the meaning given to it in paragraph (m) of "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

"Representative" means the trustee, agent or representative (if any) for an issue of Indebtedness; provided that if, and for so long as, such Indebtedness lacks such a Representative, then the Representative for such Indebtedness shall at all times constitute the holder or holders of a majority in outstanding principal amount of obligations under such Indebtedness.

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

"Restricted Subsidiary" means, with respect to any Person, any Subsidiary of such Person other than an Unrestricted Subsidiary of such Person. Unless otherwise indicated in this "Description of the New Senior Unsecured Notes," all references to Restricted Subsidiaries shall mean Restricted Subsidiaries of the Issuer.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Issuer or a Restricted Subsidiary whereby the Issuer or a Restricted Subsidiary transfers such property to a Person and the Issuer or such Restricted Subsidiary leases it from such Person, other than leases between the Issuer and a Restricted Subsidiary of the Issuer or between Restricted Subsidiaries of the Issuer.

"S&P" means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

"SEC" means the Securities and Exchange Commission.

"Secured Bank Indebtedness" means any Bank Indebtedness that is secured by a Permitted Lien Incurred or deemed Incurred pursuant to clause (6)(B) of the definition of Permitted Lien.

"Secured Indebtedness" means any Indebtedness secured by a Lien.

"Secured Indebtedness Leverage Ratio" means, with respect to any Person, at any date the ratio of (i) Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) that constitutes First Priority Lien Obligations (with any Pari Passu Indebtedness Incurred or deemed Incurred pursuant to clause (a) of the second paragraph of the covenant described

under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” deemed to be Secured Bank Indebtedness solely for the purpose of measuring this Secured Indebtedness Leverage Ratio, whether or not such Pari Passu Indebtedness is secured by a Permitted Lien Incurred or deemed Incurred pursuant to clause (6)(B) of the definition of Permitted Lien) to (ii) EBITDA of such Person for the four full fiscal quarters for which internal financial statements are available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Secured Indebtedness Leverage Ratio is being calculated but prior to the event for which the calculation of the Secured Indebtedness Leverage Ratio is made (the “Secured Leverage Calculation Date”), then the Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter period; provided that the Issuer may elect pursuant to an Officers’ Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being Incurred at such time, in which case any subsequent Incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an Incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions) and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or have made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Secured Leverage Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions), discontinued operations and other operational changes (and the change of any associated Indebtedness and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as set forth in an Officers’ Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in footnote (2) in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” in this offering circular, to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

“Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Senior Secured Indebtedness” means any Indebtedness, whether or not such Indebtedness is Public Debt (other than Capitalized Lease Obligations and letters of credit to the extent undrawn), that is secured by a Permitted Lien on any asset that is also subject to a Lien securing Public Debt of the Issuer or any Guarantor. In accordance with the definition of “Indebtedness”, Obligations under or in respect of a Qualified Receivables Financing shall not constitute Indebtedness and shall not constitute Senior Secured Indebtedness.

“Senior Secured Indebtedness Leverage Ratio” means, with respect to any Person, at any date the ratio of (i) Senior Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) to (ii) EBITDA of such Person for the four full

fiscal quarters for which internal financial statements are available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Senior Secured Indebtedness Leverage Ratio is being calculated but prior to the event for which the calculation of the Senior Secured Indebtedness Leverage Ratio is made (the “*Senior Secured Leverage Calculation Date*”), then the Senior Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter period; *provided* that the Issuer may elect pursuant to an Officers’ Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being Incurred at such time, in which case any subsequent Incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an Incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions) and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or have made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Senior Secured Leverage Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions), discontinued operations and other operational changes (and the change of any associated Indebtedness and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Senior Secured Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as set forth in an Officers’ Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in footnote (2) in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” in the offering circular to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

“Senior Unsecured Leverage Ratio” means, with respect to any Person, at any date the ratio of (i) the sum of (A) Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) and (B) any Indebtedness that constitutes *Pari Passu* Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) to (ii) EBITDA of such Person for the four full fiscal quarters for which internal financial statements are available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Senior Unsecured Indebtedness Leverage Ratio is being calculated but prior to the event for which the calculation of the Senior Unsecured Indebtedness Leverage Ratio is made (the “*Senior Unsecured Leverage Calculation Date*”), then the Senior Unsecured Indebtedness Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter period; *provided* that the Issuer may elect pursuant to an Officers’ Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being Incurred at such time, in which case any subsequent Incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an Incurrence at such subsequent time.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions) and discontinued operations (as determined in accordance with GAAP), in each case with respect to an operating unit of a business, and any operational changes that the Issuer or any of its Restricted Subsidiaries has determined to make and/or have made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Senior Unsecured Leverage Calculation Date (each, for purposes of this definition, a “pro forma event”) shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations (including the Transactions), discontinued operations and other operational changes (and the change of any associated Indebtedness and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, discontinued operation or operational change, in each case with respect to an operating unit of a business, that would have required adjustment pursuant to this definition, then the Senior Unsecured Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation or operational change had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuer as set forth in an Officers’ Certificate, to reflect (1) operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable pro forma event (including, to the extent applicable, from the Transactions) and (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in footnote (2) in “Summary—Summary Historical and Pro Forma Consolidated Financial Data—Pro Forma Financial Information and Ratios” in this offering circular, to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

“Senior Unsecured Facility” means the Senior Bridge Loan Agreement, dated as of August 2, 2007, as amended, among the Issuer, the lenders party thereto, Credit Suisse, as administrative agent thereof and the other agents party thereto as in effect on the Issue Date.

“Senior Unsecured Facility Documents” means the collective reference to the Senior Unsecured Facility, any notes issued pursuant thereto and the guarantees thereof, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified from time to time.

“Significant Subsidiary” means any Restricted Subsidiary that meets any of the following conditions:

- (1) the Issuer’s and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;
- (2) the Issuer’s and its Restricted Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Issuer’s and its Restricted Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

“Similar Business” means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“SPE” has the meaning specified under “—Security.”

“Sponsors” means (i) Apollo Management, L.P., and any of its Affiliates (collectively, the “Apollo Sponsors”) and (ii) any Person that forms a group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) with any Apollo Sponsors; provided that any Apollo Sponsor (x) owns a majority of the voting power and (y) controls a majority of the Board of Directors of the Issuer.

“Standard Securitization Undertakings” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing including, without limitation, those relating to the servicing of the assets of a Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

“Subordinated Indebtedness” means (a) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the New Senior Unsecured Notes and (b) with respect to any New Unsecured Note Guarantor, any Indebtedness of such New Unsecured Note Guarantor which is by its terms subordinated in right of payment to its New Unsecured Note Guarantee.

“Subordinated Shareholder Funding” means, collectively, any funds provided to the Issuer by any parent of the Issuer, any Affiliate of such parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the New Senior Unsecured Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the New Senior Unsecured Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;
- (2) does not require, prior to the first anniversary of the Stated Maturity of the New Senior Unsecured Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or that the making of any such payment prior to the first anniversary of the Stated Maturity of the New Senior Unsecured Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;
- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment (in each case, prior to the first anniversary of the Stated Maturity of the New Senior Unsecured Notes) or the payment of any amount as a result of any such action or provision, or the exercise of any rights or enforcement action (in each case, prior to the first anniversary of the Stated Maturity of the New Senior Unsecured Notes) is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

- (5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the New Senior Unsecured Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Reference Date with respect to the “Subordinated Debt” (as defined therein).

“Subsidiary” means, with respect to any Person, (1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, and (2) any partnership, joint venture or limited liability company of which (x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (y) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Tax Distributions” means any distributions described in clause (12) of the covenant entitled “—Certain Covenants—Limitation on Restricted Payments.”

“Taxes” means all present and future taxes, levies, imposts, deductions, charges, duties, assessments, governmental charges of whatever nature and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed, levied, collected, withheld or assessed by any government or other taxing authority.

“Total Assets” means the total consolidated assets of the Issuer and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Issuer.

“Transactions” means (1) the Apollo Acquisition and the transactions related thereto (including the transactions contemplated in that certain Memorandum on Structure dated as of November 1, 2006, prepared by PricewaterhouseCoopers), the issuance and sale of the 2006 Notes on the Reference Date and borrowings made pursuant to the Credit Agreement on the Reference Date and (2) the EGL Acquisition and the transactions related thereto (including the transactions contemplated in that certain Memorandum on Structure dated as of August 2, 2007, prepared by PricewaterhouseCoopers), the issuance and sale of the Issuer’s 10% Second-Priority Senior Secured Notes due 2014 on August 13, 2007 and borrowings made pursuant to the Senior Unsecured Facility and the Credit Agreement on August 2, 2007.

“Transfer” has the meaning specified under “—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets.”

“Treasury Rate” means, as of any redemption date, the yield to maturity as of such date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the date the redemption notice is mailed (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to March 31, 2015; provided, that if the period from the redemption date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Trust Officer” means any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee (1) who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject, and (2) who shall have direct responsibility for the administration of the New Senior Unsecured Indenture.

“Trustee” means the party named as such in the New Senior Unsecured Indenture until a successor replaces it and, thereafter, means the successor.

“UK Bidco” means CEVA Ltd. (formerly known as Louis No. 3 Ltd.), a private limited liability company organized under the laws of England and Wales.

“Unrestricted Subsidiary” means:

- (1) (x) CEVA US Receivables, LLC and (y) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary of the Issuer) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on any property of, the Issuer or any other Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that the Subsidiary to be so designated and its Subsidiaries do not at the time of designation have and do not thereafter Incur any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any of its Restricted Subsidiaries; provided, further, however, that either:

- (a) the Subsidiary to be so designated has total consolidated assets of €1,000 or less; or
- (b) if such Subsidiary has consolidated assets greater than £1,000, then such designation would be permitted under the covenant described under “—Certain Covenants—Limitation on Restricted Payments.”

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation:

- (x) (1) the Issuer could Incur €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described under “—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock,” or (2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a pro forma basis taking into account such designation; and
- (y) no Event of Default shall have occurred and be continuing.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the foregoing provisions.

“U.S. Government Obligations” means any security that is (1) a direct obligation of the United States of America, for the payment of which its full faith and credit is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness or Disqualified Stock, as the case may be, at any date, the quotient obtained by dividing (1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or

redemption or similar payment with respect to such Disqualified Stock multiplied by the amount of such payment, by (2) the sum of all such payments.

“Wholly Owned Restricted Subsidiary” is any Wholly Owned Subsidiary that is a Restricted Subsidiary.

“Wholly Owned Subsidiary” of any Person means a Subsidiary of such Person 100% of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares or other similar shares required pursuant to applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

### Circular 230 Notice

**The tax discussion contained in this document is not given in the form of a covered opinion within the meaning of Circular 230 issued by the U.S. Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any advice contained in this document for the purpose of avoiding U.S. federal tax penalties. The tax discussion contained in this document was written to support the promotion or marketing of the transactions or matters described in this document. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.**

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes by U.S. Holders (as defined below) but does not purport to be a complete analysis of all the potential tax considerations. This summary is based upon the Internal Revenue Code of 1986, as amended, (the "Code"), the Treasury Regulations, (the "Regulations"), promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change, possibly on a retroactive basis. This summary is limited to the tax consequences of those persons who are original beneficial owners of the notes, who purchase notes at their issue price (as defined below) for cash, and who hold such notes as capital assets within the meaning of Section 1221 of the Code, which we refer to as "Holders." This summary does not purport to deal with all aspects of U.S. federal income taxation that might be relevant to particular U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax consequences that may be relevant to particular persons (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities, expatriates, banks, real estate investment trusts, regulated investment companies, tax-exempt organizations and U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, or persons in special situations, such as those who have elected to mark securities to market or those who hold notes as part of a straddle, hedge, conversion transaction or other integrated investment). In addition, this summary does not address U.S. federal alternative minimum, estate and gift tax consequences or consequences under the tax laws of any state, local or foreign jurisdiction. We have not sought any ruling from the Internal Revenue Service (the "IRS"), with respect to the statements made and the conclusions reached in this summary, and we cannot assure you that the IRS will agree with such statements and conclusions.

This summary is for general information only. Prospective purchasers of the notes are urged to consult their independent tax advisors concerning the U.S. federal income taxation and other tax consequences to them of acquiring, owning and disposing of the notes, as well as the application of state, local and foreign income and other tax laws.

For purposes of the following summary, a "U.S. Holder" is a Holder that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States; (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all its substantial decisions or if a valid election to be treated as a U.S. person is in effect with respect to such trust.

If a partnership (or other entity treated as a partnership) holds notes, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding notes, you should consult your tax advisor.

### **U.S. Federal Income Taxation of U.S. Holders**

#### ***Taxation of stated interest***

Payments of stated interest will be taxable to a U.S. Holder as ordinary income at the time they are received or accrued in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Interest generally will be income from sources outside the United States and for purposes of the U.S. foreign tax credit, generally will be considered “passive category income.” The rules governing foreign tax credits are complex, and U.S. Holders are strongly urged to consult their independent tax advisors regarding the availability of foreign tax credits in their particular circumstances.

#### ***Pre-Issuance Accrued Interest***

The Issuer will pay interest on the New First Lien Senior Secured Notes on each March 1 and September 1, and at maturity. The first interest payment on the New First Lien Senior Secured Notes shall be made on March 1, 2012 and interest will accrue from September 1, 2011. For this reason, a portion of a U.S. Holder’s purchase price for New First Lien Senior Secured Notes will be attributable to the amount of interest accrued prior to the date the New First Lien Senior Secured Notes are issued (such amount is referred to here as “pre-issuance accrued interest”). Applicable Treasury Regulations provide that the New First Lien Senior Secured Notes may be treated for U.S. federal income tax purposes as having been sold to such holder for an amount that excludes any pre-issuance accrued interest. If the New First Lien Senior Secured Notes are so treated, then a portion of the first stated interest payment equal to any excluded pre-issuance accrued interest will be treated as a return of such pre-issuance accrued interest and will not be taxable as interest on the New First Lien Senior Secured Notes.

#### ***Disposition of notes***

Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between (i) the sum of cash plus the fair market value of all other property received on such disposition (except to the extent such cash or property is attributable to accrued but unpaid stated interest, which is taxable in the manner described above) and (ii) such Holder’s adjusted tax basis in the note. A U.S. Holder’s adjusted tax basis in a note generally will equal the cost of the note to such Holder (excluding any pre-issuance accrued interest).

Gain or loss recognized on the disposition of a note generally will be U.S. source capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder’s holding period for the note is more than one year. Otherwise, such gain or loss will be short-term capital gain or loss. Under current law, U.S. Holders that are individuals are eligible for favorable tax rates on long-term capital gains. The deductibility of capital losses by U.S. Holders is subject to limitations.

#### ***Information Reporting and Backup Withholding***

For each calendar year in which the notes are outstanding, we generally are required to provide the IRS with certain information, including the beneficial owner’s name, address and taxpayer identification number, the aggregate amount of interest paid to that beneficial owner during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to payments to certain U.S. Holders, provided that they establish entitlement to an exemption.

In the event that a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law, or underreports its tax liability, we, our agent or paying agents, or a broker may be required to “backup” withhold a tax (currently at a rate of 28%) on each payment of interest and principal on the notes and on the proceeds from a sale of the notes. The backup withholding obligation, however, does not apply with respect to payments to certain U.S. Holders, including tax-exempt organizations, provided that they establish entitlement to an exemption. This backup withholding is not an additional tax and may be refunded or credited against the U.S. Holder’s U.S. federal income tax liability, provided that the required information is furnished to the IRS.

U.S. Holders should consult their own tax advisors regarding their qualifications for an exemption from backup withholding and the procedure for obtaining such exemption, if applicable.

Effective for taxable years ending after December 19, 2011, individuals will be required to attach certain information regarding such assets to their U.S. federal income tax returns for any year in which the aggregate value

of all such assets held by such individuals exceeds \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year (higher thresholds apply for certain married individuals filing joint returns). For taxable years beginning after December 31, 2011, these rules may also apply to certain domestic entities that hold an interest in a “specified foreign financial asset.” A “specified foreign financial asset” includes any depository or custodial accounts at foreign financial institutions, and to the extent not held in an account at a financial institution, (1) stocks or securities issued by non-U.S. persons, and (2) any interest in a non-U.S. entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Holders should consult their tax advisors regarding the potential application of these new rules to their ownership of a note.

## **UNITED KINGDOM TAXATION**

The following is a summary of certain aspects of the United Kingdom taxation treatment based on current United Kingdom law and the practice of Her Majesty’s Revenue and Customs (“HMRC”) at the date hereof in relation to payments of principal and interest in respect of the Notes and the United Kingdom stamp duties treatment at the date hereof in relation to the issue of the Notes and issue of the Note Guarantee. In addition, this section comments on the taxation of United Kingdom taxpayers in respect of the holding and disposal of the Notes. The comments below are of a general nature and are not intended to be exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of persons such as dealers, certain professional investors, and persons connected with the Issuer. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### **UK withholding tax on UK source interest**

Interest on the Notes may be subject to withholding or deduction for or on account of United Kingdom income tax in circumstances where such interest has a United Kingdom source (“UK Interest”). Interest on the Notes may have a United Kingdom source where, for example, the Notes are issued by an issuer which is tax resident (as in this case) in, or is acting through a branch in, the United Kingdom or the interest is paid out of funds maintained in the United Kingdom. However, the obligation to withhold or deduct United Kingdom income tax from payments of UK Interest is subject to certain exemptions.

The Notes will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 provided they are and continue to be listed on a recognized stock exchange within the meaning of section 1005 Income Tax Act 2007. HMRC may designate certain exchanges as recognized stock exchanges. Securities which are to be listed on a recognized stock exchange means securities which are admitted to trading on that exchange and which are included in the official UK list or are listed in a qualifying country outside the UK in accordance with provisions corresponding to those generally applicable in EEA States. The Irish Stock Exchange is a recognized stock exchange, and securities listed on the Global Exchange Market meet the definition of “listed.” Application will be made to the Irish Stock Exchange for admission of the Notes to the Official List and to trading on the Global Exchange Market for these purposes. While the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes by the Issuer can be made without withholding or deduction for or on account of United Kingdom income tax.

In addition to the exemption from withholding tax for interest payments on quoted Eurobonds (the “Quoted Eurobond Exemption”), there will be no withholding tax on interest payments by the Issuer where the Issuer reasonably believes that the person beneficially entitled to the interest is:

- (a) A company resident in the United Kingdom;
- (b) A company not resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and the interest falls to be brought into account in computing its profits chargeable to United Kingdom corporation tax; or
- (c) A partnership each member of which is a company mentioned in (a) or (b) above or a combination of companies referred to in (a) or (b) above,

and HMRC has not given a direction that the interest should be paid under deduction of tax.

In cases falling outside the Quoted Eurobond Exemption and the exception for payments between companies set out above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

If the duty to deduct or withhold United Kingdom income tax applies, additional amounts will be paid in respect of the Notes in accordance with the provisions described in “Description of the New First Lien Senior Secured Notes—Withholding Taxes” and “Description of the New Senior Unsecured Notes—Withholding Taxes,” subject to the exceptions detailed therein.

#### **Payments by Note Guarantor**

If a Note Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for such Notes) and such payments have a UK source, then United Kingdom withholding tax may be deducted at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply although such payment by the Note Guarantor may not be eligible for the exemptions described above in “UK withholding tax on UK source interest.”

#### **Other rules relating to United Kingdom withholding tax**

Notes may be issued at an issue price of less than 100% of their principal amount (see below). Any discount element on such Notes will not be subject to any United Kingdom withholding tax, but may be subject to reporting requirements as outlined below.

Where Notes are, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above and reporting requirements as outlined below. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” in this “United Kingdom Taxation” section mean “interest” as understood in United Kingdom tax law. The statements do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

#### **Taxation of United Kingdom Corporation Tax Payers**

UK resident corporate Noteholders, and corporate Noteholders trading in the UK through a permanent establishment to which the Notes are attributable are subject to a particular UK legislative regime relating to “loan relationships.” Such companies will generally be charged to tax as income on all returns, profits or gains on

(including any discount element), and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with generally accepted accounting practice.

## **Taxation of United Kingdom Individuals**

### ***Taxation of Chargeable Gains***

Individual holders of Notes may be subject to United Kingdom taxation on capital gains on a disposal (including a redemption) of Notes if they are resident or ordinarily resident for tax purposes in the United Kingdom or if they carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable or in some cases if they are generally UK tax resident except for a period of less than five years. In calculating any gain or loss on disposal of a Note, sterling values are compared at acquisition and transfer. Accordingly, a taxable profit can arise even where the foreign currency amount received on a disposal (including a redemption) is less than or the same as the amount paid for the Note. However, should the Notes constitute “deeply discounted securities” (as mentioned below) they will be treated as “qualifying corporate bonds” (even where they are not denominated in Sterling) and thus no chargeable gain and no allowable loss would arise on a disposal (including a redemption) of such Notes.

### ***Taxation of Interest***

Noteholders who are either individuals or trustees and are resident or ordinarily resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable will generally be liable to United Kingdom tax on the amount of interest received on the Notes.

### ***Accrued Income Scheme***

The provisions of the accrued income scheme (the “Scheme”) may apply to individuals (who are resident or ordinarily resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable) transferring Notes or to individuals to whom Notes are transferred. The charge to tax on income that may arise under the Scheme will be in respect of an amount representing interest on the Notes which has accrued since the preceding interest payment date. However, the Scheme will not apply if the Notes constitute “deeply discounted securities” (see below).

### ***Taxation of Discount***

Where the Notes are issued at an issue price of less than 100% of their redemption amount, they may constitute “deeply discounted securities” for the purpose of Chapter 8 Part 4 Income Tax (Trading and Other Income) Act 2005, depending on the level of the discount.

Where Notes constitute “deeply discounted securities,” an individual holder of such Notes who is within the scope of United Kingdom income tax may be liable to United Kingdom income tax on any profit (the amount by which any sum payable on the transfer or redemption of the Note exceeds its acquisition price) made on the sale or other disposal (including redemption) of such Notes. A loss on a “deeply discounted security” is not allowable for UK tax purposes. In calculating any gain or loss on disposal of a Note, sterling values are compared at acquisition and transfer. Accordingly, a taxable profit can arise even where the foreign currency amount received on a disposal (including a redemption) is less than or the same as the amount paid for the Note. Noteholders who are in doubt as to the taxation of the Notes should consult their professional advisers.

### ***Reporting Requirements***

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to, or receiving such amounts on behalf of, another person who is an individual, may be required to provide certain information to HM

Revenue and Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes, Her Majesty's Revenue and Customs' published practice indicates that it will not exercise its power to obtain information where such amounts are paid or received on or before April 5, 2012.

### **Stamp Duty and Stamp Duty Reserve Tax**

The United Kingdom stamp duty and stamp duty reserve tax ("SDRT") analysis applicable to a particular series of notes will depend on the precise terms and conditions of those notes.

No United Kingdom stamp duty or SDRT should arise in connection with the issue or transfer (or issue into DTC) of any of the Notes provided that the following conditions are met in respect of the Notes:

- (a) the Notes are not convertible into, and do not carry the right to acquire, other shares or securities;
- (b) the rate of interest on the Notes does not exceed a reasonable commercial return on the nominal amount of the capital;
- (c) the rate of interest is not determined by reference to the results of a business or the value of property;
- (d) the Notes do not carry a right to repayment of an amount in excess of the nominal amount of the capital where that amount is not reasonably comparable to that which is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the London Stock Exchange.

The Issuer expects these conditions to be met in respect of the Notes and, therefore, that no stamp duty or SDRT will be payable on the issue or transfer of the Notes.

### **European Union Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income payments ("Savings Income") made by a person within its jurisdiction to or collected by such a person for an individual or to certain other persons, resident in that other Member State (interest payments on the Notes will for these purposes be Savings Income). However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at 35%. This transitional period will terminate at the end of the first fiscal year following agreement with certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted and implemented similar measures (either provision of information or transitional withholding) in relation to payments of Savings Income made by a person within its jurisdiction to an individual, or to certain other persons, resident in a Member State. In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of Savings Income made by a person in a Member State to an individual, or to certain other persons, resident in certain dependent or associated territories or non-EU countries.

Where an individual Noteholder receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual Noteholder may be able to elect not to have tax withheld. The formal requirements may vary slightly from jurisdiction to jurisdiction. They generally require the individual Noteholder to produce certain information (such as his tax number) and consent to details of payments and other information being transmitted to the tax authorities in his home state. Provided that the other Tax Authority receives all of the necessary information the payment will not suffer a withholding under EC Council Directive 2003/48/EC or the relevant law conforming with the directive in a dependent or associated territory.

The directive is currently the subject of a review which may lead to it being amended and which may broaden the scope of the requirements described above. Any changes could apply to Notes that have already been issued at the date of the amendment of the directive.

## PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated January 27, 2012, we have agreed to sell to the initial purchasers, for whom Credit Suisse Securities (USA) LLC is acting as representative, and subject to certain conditions contained therein, each initial purchaser has agreed to purchase from us, the following respective principal amount of notes:

<b>Initial Purchasers</b>	<b>Principal Amount of New First Lien Senior Secured Notes</b>	<b>Principal Amount of New Senior Unsecured Notes</b>
Credit Suisse Securities (USA) LLC .....	\$ 92,625,000	\$ 135,375,000
Deutsche Bank Securities Inc. ....	\$ 40,218,750	\$ 58,781,250
Goldman, Sachs & Co. ....	\$ 40,218,750	\$ 58,781,250
J.P. Morgan Securities LLC .....	\$ 55,250,000	\$ 80,750,000
Morgan Stanley & Co. LLC .....	\$ 40,218,750	\$ 58,781,250
UBS Securities LLC .....	\$ 40,218,750	\$ 58,781,250
Apollo Global Securities, LLC .....	\$ 16,250,000	\$ 23,750,000
Total .....	<b>\$ 325,000,000</b>	<b>\$ 475,000,000</b>

The purchase agreement provides that the initial purchasers are obligated to purchase all of the notes, if any are purchased. The purchase agreement also provides that if an initial purchaser defaults, the purchase commitments of nondefaulting initial purchasers may be increased or, in some cases, the offering may be terminated.

The initial purchasers propose to offer the notes initially at the offering prices set forth on the cover page of this offering circular and may also offer the notes to selling group members at the offering price less a selling concession. After the initial offering, the offering price may be changed. The price of the notes may be different than on the cover page. The initial purchasers may make offers and sales outside the United States through their broker/dealer affiliates. The initial purchasers may purchase a portion of the notes for their own investment and account. The offering of the notes by the initial purchasers is subject to receipt and acceptance and subject to the initial purchaser's right to reject any order in whole or in part.

The notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to persons in offshore transactions in reliance on Regulation S under the Securities Act. Each of the initial purchasers has agreed that, except as permitted by the purchase agreement, it will not offer, sell or deliver the notes (1) as part of its distribution at any time or (2) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each broker/dealer to which it sells notes in reliance on Regulation S during such 40-day period, a confirmation or other notice detailing the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Resales of the notes are restricted as described under "Transfer Restrictions."

In addition, until 40 days after the commencement of the offering, an offer or sale of the notes within the United States by a broker/dealer (whether or not it is participating in the offering), may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A under the Securities Act.

Persons who purchase notes from the initial purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page of this offering circular.

The Issuer and the guarantors have agreed that, for a period of 60 days after the date of the initial offering of the notes by the initial purchasers, they will not offer, sell, contract to sell, pledge, or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to any debt securities issued or guaranteed by any of them and their respective subsidiaries and having a maturity of more than one year from the date of issuance, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without

the prior written consent of Credit Suisse Securities (USA) LLC. The Issuer and the guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbor of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the notes.

The notes are a new issue of securities for which there currently is no market. Application will be made to the Irish Stock Exchange for admission of the notes to trading on the Global Exchange Market thereof. However, we cannot assure you that the notes will be admitted to trading or that such admission to trading will be maintained. The initial purchasers of the notes have advised us that their affiliates intend to make a market in the notes as permitted by applicable law. The initial purchasers are not obligated, however, to make a market in the notes, and any market-making activity may be discontinued at any time at their sole discretion without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Securities Exchange Act. Accordingly, we cannot assure you that any market for the notes will develop, or that it will be liquid if it does develop, or that you will be able to sell any notes at a particular time or at a price which will be favorable to you.

The initial purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the United States Exchange Act.

- Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchasers.
- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions.
- Penalty bids permit the initial purchasers to reclaim a selling concession from a broker/dealer when the notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The initial purchasers have represented and agreed that:

- they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by them in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any guarantor; and
- they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the notes in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of the notes that are the subject of the offering contemplated in this offering circular to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from

and including the Relevant Implementation Date, make an offer of such notes to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of notes shall require the Issuer or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a prospectus supplement pursuant to Article 16 of the Prospectus Directive.

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

Notwithstanding the foregoing, the notes may not be offered in the Netherlands other than to qualified investors as defined in the Prospectus Directive (as defined immediately above).

As described under “Use of Proceeds,” we intend to use a portion of the net proceeds of the offering of the notes, together with cash on hand, to repay a portion of the indebtedness under our Senior Secured Facilities (and possibly our ABL Facility) and to redeem all of the outstanding 8½% Senior Notes and Senior Subordinated Notes not held by Apollo. Several of the initial purchasers and their respective affiliates are lenders under our Senior Secured Facilities and our ABL Facility or may hold any of the 8½% Senior Notes and Senior Subordinated Notes being redeemed and in connection with the repayment of a portion of our outstanding borrowings under the Senior Secured Facilities and the ABL Facility or the redemption of such 8½% Senior Notes and Senior Subordinated Notes may receive proceeds from the offering.

We have agreed to indemnify and hold harmless the several initial purchasers against certain liabilities or to contribute to payments that they may be required to make in that respect.

We have agreed to pay the initial purchasers certain customary fees for their services in connection with this offering and to reimburse them for certain out-of-pocket expenses.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the initial purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer, for which they received or will receive customary fees and expenses. Affiliates of Credit Suisse Securities (USA) LLC acted as joint bookrunners and initial purchasers in connection with our offerings of the Unsecured Notes, the 10% Second-Priority Notes, the 12% Second-Priority Notes, the Junior Lien Notes and the First-and-a-Half Priority Lien Notes, and acted as a dealer manager in connection with the Exchange Offers and the Cash Debt Tender. In addition, Credit Suisse Securities (USA) LLC acted as joint lead arranger and syndication agent and Credit Suisse acted as a lender under the Senior Unsecured Facility, the Senior Secured Facilities, the PIK Loan Facility and the 2006 bridge facilities entered into in connection with the offering of the Unsecured Notes. Also, J.P. Morgan Securities Inc. acted as joint bookrunner

under the Senior Unsecured Facility and the Senior Secured Facilities. The 2006 bridge facilities were repaid with net proceeds of the offering of the Unsecured Notes. Credit Suisse acted as administrative agent under the Senior Secured Facilities, the Senior Unsecured Facility, the 2006 bridge facilities and the PIK Loan Facility. Credit Suisse Securities (USA) LLC also acted as sole lead bookrunner and sole lead arranger and Credit Suisse acted as administrative agent under the ABL Facility. J.P. Morgan Securities Inc. acted as joint bookrunner and initial purchaser, and Morgan Stanley & Co. LLC and UBS Securities LLC acted as joint lead managers and initial purchasers, in connection with our offering of the 10% Second-Priority Notes. Morgan Stanley & Co. LLC acted as joint lead manager and initial purchaser in connection with our offering of the Junior Priority Notes. Affiliates of Morgan Stanley & Co. LLC acted as joint lead arranger and joint bookrunner for the Senior Secured Facilities and J.P. Morgan Securities Inc. acted as joint bookrunner for the Senior Unsecured Facilities. Goldman, Sachs & Co. acted as a joint lead manager and initial purchaser in connection with our offering of the 10% Second-Priority Notes. Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and UBS Securities LLC acted as joint book-running managers and initial purchasers in connection with our offering of the Existing First Lien Senior Secured Notes. J.P. Morgan Securities Inc. acted as joint lead manager in connection with the offering of the Junior Lien Notes. Morgan Stanley Bank International Limited and Morgan Stanley Funding, Inc., affiliates of Morgan Stanley & Co. LLC, UBS Loan Finance LLC, an affiliate of UBS Securities LLC, and Deutsche Bank AG, London Branch, an affiliate of Deutsche Bank Securities Inc., are lenders under the Senior Secured Facilities. Affiliates of Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and UBS Securities LLC are lenders under the ABL Facility. Apollo Global Securities, LLC, which is one of the initial purchasers in this offering, is an affiliate of Apollo, which is our controlling shareholder. In addition, certain of the initial purchasers and their affiliates have committed to, or expect to participate in, the Incremental Revolver.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuer. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## TRANSFER RESTRICTIONS

We have not registered the notes under the Securities Act or any state securities laws and, therefore, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the notes are only to be offered and sold to:

- qualified institutional buyers (“QIBs”) (as defined in Rule 144A) in compliance with Rule 144A; and
- in offers and sales that occur outside the United States to foreign purchasers, that is, purchasers who are not U.S. persons in reliance upon Regulation S under the Securities Act (“Regulation S”).

The term “foreign purchasers” includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust, in offshore transactions meeting the requirements of Rule 903 of Regulation S. We use the terms “offshore transaction,” “U.S. person” and “United States” with the meanings given to them in Regulation S.

If you purchase notes, you will be deemed to have represented and agreed as follows:

- (1) You understand and acknowledge that the notes have not been registered under the Securities Act or any other applicable securities laws and that the notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) You are not our “affiliate” (as defined in Rule 144), you are not acting on our behalf and you are either:
  - (a) a QIB and are aware that any sale of these notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or
  - (b) not a “U.S. person” as defined in Regulation S or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are purchasing notes in an offshore transaction in accordance with Regulation S.
- (3) You acknowledge that neither us, any of the initial purchasers nor any other person has made any representation to you with respect to us or the offer or sale of any of the notes, other than the information contained in this offering circular, which offering circular has been delivered to you and upon which you are relying in making your investment decision with respect to the notes. You acknowledge that no person other than us makes any representation or warranty as to the accuracy or completeness of this offering circular. You have had access to such financial and other information concerning us and the notes, including an opportunity to ask questions of, and request information from, us and the initial purchasers.
- (4) You are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the notes, and each subsequent holder of these notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these notes and the last date on which we or any of our affiliates were the owner of such

notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the “Resale Restriction Termination Date”) only:

- (a) to us;
- (b) pursuant to a registration statement which has been declared effective under the Securities Act;
- (c) for so long as the notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of another QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;
- (d) pursuant to offers and sales to non-U.S. persons occurring outside the United States within the meaning of Regulation S; or
- (e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of the seller’s property or the property of an investor account or accounts be within the seller or account’s control, and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that the trustee, the registrar, the transfer agent and we reserve the right prior to any offer, sale or other transfer of the notes pursuant to clause (d) above prior to the end of the 40-day distribution compliance period within the meaning of Regulation S or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the trustee, the registrar and the transfer agent.

Each purchaser acknowledges that each note will contain a legend substantially in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT (“RULE 144A”)) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE U.S. SECURITIES ACT (“REGULATION S”), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT IT WILL NOT, PRIOR TO (X) THE DATE WHICH IS ONE YEAR (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE U.S. SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS SECURITY) OR THE LAST DAY ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE “RESALE RESTRICTION TERMINATION DATE”), OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN

RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE COMPANY, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S OR PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S.

If you purchase notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these notes as well as to holders of these notes.

- (1) You acknowledge that the registrar will not be required to accept for registration of transfer any notes acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.
- (2) You acknowledge that:
  - (a) we, the initial purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the initial purchasers promptly in writing; and
  - (b) if you are acquiring any notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
    - (i) you have sole investment discretion; and
    - (ii) you have full power to make the foregoing acknowledgements, representations and agreements.
- (3) You agree that you will give to each person to whom you transfer these notes notice of any restrictions on the transfer of the notes.
- (4) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "distribution compliance period" (as defined below), you shall not make any offer or sale of these notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act. The "distribution compliance period" means the 40-day period following the issue date for the notes.
- (5) You understand that no action has been taken in any jurisdiction (including the United States) by us or the initial purchasers that would permit a public offering of the notes or the possession, circulation or distribution of this offering circular or any other material relating to us or the notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the notes will be subject to the selling restrictions set forth under "Notice to Investors," "Notice to U.S. Investors," "Notice to Singapore Investors," "Notice to Certain European Investors," "Notice to Certain Investors in Hong Kong," "Notice to New Hampshire Residents" and "Plan of Distribution."

Each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the notes constitutes assets of any “employee benefit plan” as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) that is subject to Title I of ERISA, (ii) any plan, individual retirement account or other arrangement subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder (the “Code”), (iii) a plan, individual retirement account or other arrangement that is subject to the provisions under any federal, state, local, non-United States or other laws, rules or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Law”), (iv) any entity whose underlying assets are considered to include the assets of any such plan, account or arrangement described in (i), (ii) or (iii) by reason of such entity’s investment in an entity described in (i), (ii) or (iii) or (v) the purchase and holding of the notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406, 407 or 408 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law.

### **LEGAL MATTERS**

Certain legal matters in connection with this offering will be passed upon for us by Akin Gump Strauss Hauer & Feld LLP, as to matters of U.S. federal and New York law and by Akin Gump LLP and Ashurst LLP, as to certain matters of the laws of England and Wales. The initial purchasers have been represented by Davis Polk & Wardwell LLP, as to matters of U.S. federal and New York law, and by Linklaters LLP, as to matters of the laws of England and Wales.

### **INDEPENDENT AUDITOR**

The consolidated financial statements of CEVA Group Plc prepared in accordance with IFRS as adopted by the E.U., as of and for the years ended December 31, 2010 and 2009 incorporated by reference into this offering circular, have been audited by PricewaterhouseCoopers LLP, independent auditors, as set forth in their report thereon. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.

In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, the independent auditors’ report states that: the report, including the opinion, has been prepared for and only for CEVA Group Plc’s members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose; and the independent auditors do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person to whom the report is shown or into whose hands it may come, save where expressly agreed by their prior consent in writing.

In making these statements the independent auditors assert that they do not accept or assume any liability to parties such as holders of notes with respect to the report and to the independent auditors’ audit work and opinions. The U.S. Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, holders of notes may not have any recourse against the independent auditors based on their report or the consolidated financial statements to which it relates.

### **ENFORCEMENT OF CIVIL LIABILITIES**

We are incorporated and existing under the laws of England and Wales, and a majority of our directors and executive officers live outside the United States. A substantial portion of our assets, and those of our directors who are not U.S. residents, are located outside the United States. As a result:

- it may not be possible for investors to effect service of process within the United States on us or on these directors; or
- it may not be possible for investors to enforce against them judgments of U.S. courts based on the civil liability provisions of U.S. federal or state securities laws.

There are similar uncertainties and limitations in relation to the enforcement in the courts of Australia, Belgium, Brazil, Canada, Cayman Islands, Germany, Hong Kong, Luxembourg and The Netherlands of judgments obtained from U.S. federal or state courts and no assurance can be given that such judgments are, and judgments for which enforcement is sought in other jurisdictions, including those in which the assets of subsidiaries that may guarantee the notes in the future are located, will be, enforceable.

In addition, we have been advised that:

- it is not certain that a final judgment for a definite sum of money obtained in the federal or state courts of New York based upon the civil liability provisions of the federal securities laws of the United States would be enforceable in England. There is no reciprocal enforcement regime in place between the United States and the United Kingdom, but, provided the judgment creditor satisfies certain conditions, it may be possible to indirectly enforce a judgment of the federal or state courts of New York in the English courts;
- subject to various conditions and exceptions, including the need to establish the jurisdiction of the English court over the parties, an English court could give effect to the provisions of an agreement governed by and construed in accordance with the laws of the State of New York;
- it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England founded solely upon U.S. federal securities law;
- the enforcement of any foreign decision in Brazil against Brazilian subsidiaries shall depend upon a formal procedure (*homologação*) to be carried out by the Superior Court of Justice, which may take additional time and may prejudice the enforcement of security over collateral located in Brazil.

#### **CERTAIN INSOLVENCY LAW CONSIDERATIONS**

The following is a summary description of certain insolvency law considerations in each of the jurisdictions in which the Issuer and the subsidiary guarantors are incorporated or organized. The description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the notes, the guarantees and, as applicable, the security interests. Prospective investors in the notes should consult their own legal advisors with respect to such limitations and considerations. See also “Risk Factors—Risks Relating to the Notes” and the other risk factors set forth in this offering circular.

##### **Australia**

Some of the guarantors are incorporated under the laws of Australia. In the event that an Australian guarantor becomes insolvent, insolvency proceedings in respect of that guarantor will be governed by Australian laws. Australian insolvency laws are different from the insolvency laws of certain other jurisdictions. In particular, the voluntary administration procedure under the Corporations Act 2001, which provides for the potential reorganization of an insolvent company while imposing a temporary enforcement moratorium, differs significantly from Chapter 11 under the U.S. Bankruptcy Code and may differ from similar provisions under the insolvency laws of other non-Australian jurisdictions. If an Australian guarantor becomes insolvent, the treatment and ranking of holders of the notes and each Australian guarantor’s shareholders under Australian law may be different from the treatment and ranking of holders of the notes and each Australian guarantor’s shareholders if each Australian guarantor were subject to the bankruptcy laws of the U.S. or the insolvency laws of certain other jurisdictions. As a general proposition, however, under Australian insolvency laws secured creditors rank ahead of unsecured creditors in respect of secured assets (with some exceptions relating to employees’ entitlements and some other preferred creditors) and all creditors, including subordinated creditors, rank ahead of shareholders.

In Australia there are insolvency laws relating to unfair preferences, uncommercial transactions and unfair loans, and other types of transactions, whether similar or dissimilar to the foregoing, which in some circumstances may affect the validity of transactions of the type that will be entered into by the Australian guarantors in connection with the notes and the Incremental Revolver. It is permissible for the Australian companies to act in the best interests of any company of which it is a wholly owned subsidiary.

The directors of the Australian guarantors must also consider whether the transactions the companies enter into in connection with the notes are in the best interests of such companies and for a proper purpose. If the transactions are not in the best interests of the companies and entered into for a proper purpose, there is a risk that such transactions may not be effective.

The *Personal Property Securities Act 2009* (Cth) of Australia (the “PPSA”) is scheduled to come into effect in January 2012. It classifies a wide range of transactions as security interests, and introduces a new national register of security interests and a system of priority and other provisions which will affect most collateral other than land. Among other things, security interests perfected by control over financial assets like ADI accounts and purchase money security interests (including leases and retention of title arrangements) registered as such would, in most circumstances, rank in priority over prior security interests regardless of notice. In addition, in certain circumstances, purchasers and lessees of collateral can acquire it free of a security interest even when they had notice of that security interest.

## **Belgium**

Some of the guarantors are organized under the laws of Belgium. In the event of an insolvency of any of the guarantors organized under the laws of Belgium, insolvency proceedings will, as a rule and assuming that their centre of main interests is located in Belgium, be initiated in Belgium. The procedural and substantive provisions of Belgian insolvency laws may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions.

Belgian insolvency laws provide for two insolvency procedures: a judicial reorganization (*gerechtelijke reorganisatie / réorganisation judiciaire*) and a bankruptcy (*faillissement / faillite*). Conditions for a bankruptcy order (*déclaration de faillite / aangifte van faillissement*) are that the debtor must be in a situation of cessation of payments (*cessation de paiements / staking van betaling*) and be unable to obtain further credit (*ébranlement de crédit / wiens krediet geschokt is*). In addition, voluntary liquidation in deficit is generally allowed under Belgian law. In this type of proceeding, a creditor whose rights are adversely affected can request the opening of bankruptcy procedure, if the conditions for bankruptcy have been met.

### *Bankruptcy*

As a rule, under Belgian law all transactions (including guarantees) prior to the date of bankruptcy remain valid. However, a Belgian bankruptcy judgment may contain a hardening period of a maximum of six months prior to the bankruptcy judgment (save for fraud). Certain transactions that occur during this hardening period can be declared unenforceable against the bankrupt estate. Such a hardening period can only be imposed by a court decision when there are clear indications that the Belgian guarantor was in a situation of cessation of payments (*cessation de paiements / staking van betaling*) before the date of the court decision declaring the Belgian guarantor bankrupt.

The receiver of the bankrupt Belgian guarantors may request the court to declare the guarantee unenforceable against the bankrupt estate (article 17 Bankruptcy Law) if the guarantee has been entered into during the hardening period and can be qualified as:

- (i) a transaction with third parties which is entered into without due consideration or on extremely beneficial terms;
- (ii) a payment which was not yet due or a payment other than in cash for debts due; and
- (iii) a security interest which is provided during the hardening period for old debts.

In addition, the receiver may request the court to declare the guarantee which could be qualified as a payment of due debts or a transaction for consideration by the Belgian guarantor unenforceable against the bankrupt estate if the third party was aware of the suspension of payment of the company (article 18 Bankruptcy Law).

Whatever the time they were entered into (*i.e.* even before any hardening period), fraudulent transactions entered into with prejudice to other creditors may be declared unenforceable against the bankrupt estate (article 20 Bankruptcy Law).

Certain secured and privileged creditors shall enjoy special rights in the event of a bankruptcy of a Belgian guarantor, and their claims shall enjoy a higher ranking than unsecured claims. Furthermore, certain types of secured creditors, for example creditors benefiting from security interests over financial instruments, are able to enforce their rights notwithstanding any bankruptcy proceedings.

#### *Judicial reorganization*

The obligations of the Belgian guarantors may be frozen and reduced in accordance with Belgian moratorium procedures pursuant to the Belgian Law on Continuity of Enterprises.

Under this Law, Belgian distressed companies can opt for an amicable settlement (during the pre-procedural phase) or can choose to enter into a judicial reorganization.

The debtor is offered the possibility to reach an amicable settlement with two or more (and up to all) of its creditors without entering into a judicial organization. In case of bankruptcy, the amicable settlements can not be subject to the articles 17, 2° and 18 of the Belgian Bankruptcy Law (as mentioned above) provided that they have been filed with the Clerk of the Commercial Court and the parties have expressly stated that they entered into the amicable settlement with a view to redress the debtor's financial position or to reorganize the latter's undertaking.

The debtor can apply for three types of judicial reorganization when his business is at risk: (i) judicial reorganization through amicable settlement with two or more creditors (and up to all), (ii) judicial reorganization through a collective agreement with his creditors and (iii) judicial reorganization through a transfer of all or part of its assets under judicial supervision. As from the moment that a request for a judicial reorganization is filed, the debtor may not be declared bankrupt, may not be judicially dissolved and settled and none of its assets may be sold following a means of execution, pending the decision of the court.

If the court grants the judicial reorganization, it imposes a suspension period of maximum six months, during which there is no right of recourse to the assets of the debtor (with the exception of, under certain circumstances, the right of recourse to certain financial collateral and the rights of certain other categories of secured creditors), such assets may not be seized and the debtor cannot be declared bankrupt. The suspension period may be extended, but the total duration of the suspension period may not, as a rule, exceed one year as from the judgment granting judicial reorganization. In exceptional circumstances and if allowed in the interest of creditors, the term may be extended by another maximum six months.

#### **Brazil**

Brazilian bankruptcy law has been recently changed to meet business modern needs, following the modernization of insolvency laws in certain other countries. Brazilian Decree-Law 7,661 of June 21, 1945 regulated bankruptcy (*falência*) and restructuring of a company's unsecured debt (*concordata*) proceedings. Such legal framework, however, did not provide adequate protection to creditors or satisfactory mechanisms to preserve viable enterprises.

After ten years under discussions in the Brazilian National Congress, a new bankruptcy law, Federal Law 11,101, dated February 9, 2005, was enacted. Law 11,101 provides a new legal regime applicable to reorganizations (both in and out of court) and bankruptcies in Brazil. The most significant change imposed by the new law refers to reorganizations. This remedy is largely based on the provisions of modern bankruptcy laws, including Chapter 11 of the U.S. Bankruptcy Code, and is a significant improvement *vis-à-vis concordata*.

Among the various key provisions of Law 11,101 relating to judicial reorganizations, the most significant are those providing more process control to creditors, who are represented by a creditors committee. All existing

creditors at the date of filing of court reorganization request are subject to the proceeding, even if their debts are not due at such (pursuant to Section 49 of Law 11,101). Tax debts are not subject to court reorganization.

The court reorganization request must be filed by the debtor with an analysis of its financial and economic condition and the feasibility of its business. After court reorganization is granted by the court, the debtor must present a reorganization plan to creditors within 60 days (according to Section 53 of Law 11,101). Under the new Bankruptcy Law, approval of the court reorganization request by the court suspends the course of all lawsuits filed against the debtor for the maximum period of 180 days (the “stay period”) (pursuant to § 4º of Section 6º of Law 11,101). During the stay-period, foreclosure of collateral may be subject to certain restrictions. For instance, (a) Section 49, §3th restricts the foreclosure of assets that are deemed to be essential to carry out debtor’s activities and (b) Section 49, §5th establishes that any credit rights and receivables pledged on behalf of creditors shall be deposited into a judicial account and shall not be withdrawn during the stay-period.

The reorganization plan in court reorganization must be approved by the following classes of creditors during a Creditors’ Meeting: (i) labor creditors (including a majority of voting creditors); (ii) secured creditors (including a majority of both credits value and voting creditors); and (iii) unsecured, subordinated (as per defined in Section 83, VIII a) and b) of Law 11,101, which includes the subordinated credits as determined by law or contract or the credits held by the stakeholders and managers of the debtor) and special and general privilege creditors (including a majority of both credits value and voting creditors). However, the plan may be approved in a “cramdown” proceeding (pursuant to Section 58 of Law 11,101) even though it was rejected by one class of creditors if it (i) was approved by the vote of creditors that represent more than 50% of the total claims presented at the Creditors’ Meeting by all classes of creditors; (ii) was approved by two classes of creditors; and (iii) received a favorable vote of more than one-third of the creditors in the class in which it was rejected.

The approval of a reorganization plan is considered a novation and it is mandatory for the debtor and all creditors subject to it, without prejudice to the former guarantees if some requirements are fulfilled (in accordance with Section 59 of Law 11,101). The parties are free to negotiate how court reorganization is implemented, including, for instance, the reduction of liability and priority of repayment. Debtors may carry out corporate actions to facilitate recovery. Examples include spin-offs, mergers, transfers or leases, conclusion of collective labor agreements, sale of assets, issue of debentures, replacement of guarantees and other analogous measures (according to Section 50 of Law 11,101). An important change brought by the new bankruptcy law is that an acquirer of assets will not be held liable for any liabilities (including tax and labor liabilities) of the debtor selling the assets. This rule is applicable to the sale of branches or isolated production units only and cannot be applied to the sale of the whole business (according to Section 60, sole paragraph of Law 11,101).

The out-of-court reorganization may affect participating or non-participating creditors if the claims of the non-participating creditors are dealt with in the reorganization plan and the reorganization plan is duly signed by creditors representing three-fifths of each class of claims treated therein. Claims arising from labor and tax matters cannot be governed by such reorganization. Once approved, the plan will apply to all creditors who adhered to it and will be binding on all creditors included in its scope, whether or not they signed the plan.

Finally, the bankruptcy is a procedure carried out in the collective interest of the creditors of a certain debtor. The main purpose of court liquidation is to wind up and sell the assets of the debtor in order to satisfy its obligations. A significant change to Brazilian bankruptcy law refers to the payment of secured creditors. According to Brazilian bankruptcy law, secured claims shall be paid before tax obligations, subject only to payment of labor obligations up to 150 minimum wages per employee, pursuant to the following priority ranking:

- (i) labor obligations up to 150 minimum wages per employee;
- (ii) secured obligations up to the amount of the security/collateral;
- (iii) tax obligations;
- (iv) special privileged obligations;

- (v) general privileged obligations;
- (vi) unsecured obligations and labor obligations above the cap; and, finally,
- (vii) subordinated obligations.

There are certain credits that are senior to or excluded from the priority order above, such as (a) credits secured by fiduciary assignment/transfer (*cessão/alienação fiduciária*) up to the value of the asset contemplated by such lien, pursuant to Section 49, §3th of Law 11,101; (b) credits arising from Advance against Exchange Contracts (ACC) pursuant to Section 86, II; and (c) credits and obligations assumed before any clearings systems (Section 193); amongst others specific cases established in Law 11,101.

Except in very specific cases, such as debentures offerings, Brazilian law does not contemplate floating security interests. However, Brazilian companies may grant security interests over the majority of their assets, giving creditors a high level of protection.

In Brazil, on a debtor's insolvency, the court can set aside certain transactions under the Brazilian Bankruptcy Law 2005 that have been carried out before the start of the insolvency proceedings. These are transactions which have put assets of the debtor (which would otherwise be part of its insolvent estate on liquidation) beyond the reach of its creditors. The court can order that the transaction is void or ineffective in relation to the insolvent estate. The bankruptcy court can regard the following transactions ineffective, regardless of whether the debtor intended to defraud creditors or the other contracting party knew of the debtor's financial difficulties:

- (a) Transactions which take place up to 90 days from: a request for liquidation; a request for judicial recovery (a procedure to re-negotiate the company's debts with its creditors under court-supervised proceedings); or the first formal notice of default being presented by a creditor against the debtor. These transactions include: (i) payments by the debtor of debts that were not yet due and payable; (ii) payments made by the debtor in a way differing from the terms set out in the relevant contract; and (iii) the granting of (new) security for existing debts.
- (b) Transactions for no consideration (for example, a gift or any other act under which the debtor voluntarily transfers title of an asset to another person without any consideration) carried out within two years of the declaration of liquidation.
- (c) The sale of the debtor's business if the value of the debtor's assets is insufficient to pay its debts and consent of unpaid creditors' has not been obtained, unless they have been notified of the sale and have not opposed it within 30 days.

The court may also void transactions that were carried out with the intention of defrauding creditors in the event of insolvency proceedings being opened, provided there is evidence of fraudulent collusion between the debtor and the other contracting party and damages to the insolvent estate as a result. As a prerequisite for the avoidance of such transactions by the court, the judicial administrator, a creditor or the public prosecutor need to file a lawsuit within three years from the declaration of the debtor's liquidation. Court precedents are still to be consolidated in this respect.

## **Canada**

Some of the guarantors are organized under the laws of Canada. In the event of insolvency of the Canadian guarantors, insolvency proceedings may be initiated in Canada. Canadian law would govern those proceedings (subject to laws or protocols that may be applicable to international insolvencies if proceedings also occur in other jurisdictions in respect of those guarantors). The insolvency laws of Canada may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including in respect of priority of creditors, the ability to obtain post-filing interest and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the notes to an extent exceeding the limitations arising under other insolvency laws.

In Canada, there are two primary federal statutes that govern insolvency and restructuring proceedings of corporate debtors. The Bankruptcy and Insolvency Act (the “BIA”) contains provisions for the liquidation of insolvent companies (in a manner loosely akin, in substance, to U.S. Chapter 7 proceedings, although there are important distinctions) and for the restructuring of companies (in a manner loosely akin, in substance, to U.S. Chapter 11 proceedings, although there are important distinctions). Similar to bankruptcy proceedings in the U.S., an application may be made to have a corporate debtor ordered into bankruptcy (i.e., involuntary proceedings) or a debtor may itself file for bankruptcy or reorganization (i.e., voluntary proceedings). In addition to the BIA, Canada also has the Companies’ Creditors Arrangement Act (“CCAA”), which is a restructuring statute that is loosely akin, in substance, to U.S. Chapter 11 proceedings (with important distinctions). CCAA proceedings are only available to insolvent debtor companies (including affiliates) having aggregate debts in excess of CDN \$5 million (or such other amount prescribed by regulation under the CCAA). Insolvency proceedings in Canada, whether under the BIA or CCAA, are court-supervised.

Upon the bankruptcy of a debtor corporation, whether voluntarily or upon the application of a creditor, the BIA imposes a stay of any action, execution or other proceeding by unsecured creditors in respect of the debtor, unless the creditors first obtain leave of the applicable court. In a liquidation (as opposed to restructuring) context, the stay of proceedings does not generally apply to secured creditors, who are free to exercise their rights of self-help or to otherwise realize on their security outside of the BIA. However, upon the application of the debtor, the court may, in exceptional cases, stay the rights of a secured creditor on certain conditions and for certain periods of time. Upon becoming bankrupt, whether voluntarily or involuntarily, all of a debtor’s assets (subject to very limited exceptions) vest in a trustee in bankruptcy (subject to the rights of secured creditors with validly perfected security interests), at which point the debtor no longer has any ability to deal with those assets. The trustee typically proceeds to liquidate the assets and distribute the proceeds of the assets in accordance with the provisions of the BIA.

The BIA sets out the general priority scheme for the payment of claims against a bankrupt debtor. Subject to certain statutory priority claims enumerated in the BIA and other statutes (including, without limitation, a “super priority” charge against a debtor’s current assets for employee wages of up to CDN \$2,000 on account of wages and a further CDN \$1,000 on account of claims of travelling salespersons on account of disbursements properly incurred per employee and for “employee withholdings”) and true trust claims, secured creditors have the right to look first to the assets charged by their validly perfected security for payment. Priorities between competing secured claims are governed by various other applicable federal and provincial statutes. Thereafter, the BIA provides a list of preferred creditors who recover their debts in priority to the general body of unsecured creditors. Preferred claims are paid in full, in order of their ranking, before any payments to lower ranking preferred creditors or general unsecured creditors. All other unsecured claims will rank *pari passu*. If there is any surplus after payment to the unsecured creditors, the balance will be used to pay interest from the date of the bankruptcy at 5% per annum on all claims proved in the bankruptcy according to their priority. Any remaining amount would then be available for shareholders.

In the present instance, the proceeds resulting from the realization of the estate of an insolvent Canadian debtor that has guaranteed the notes may not be sufficient to satisfy secured claims or your deficiency claims as unsecured creditors under the guarantees granted by such Canadian debtor after its prior-ranking secured creditors and other claims that rank in priority to claims of holders of notes have been satisfied.

Corporate restructurings of insolvent debtors in Canada are typically implemented under either the BIA or the CCAA, with the latter being more commonly used by larger companies. In either case, a broad stay of creditors’ rights and enforcement proceedings is generally implemented (in the case of the BIA by a statutory stay, and in the case of the CCAA by a court-ordered stay). The stay generally applies to secured creditors, subject to certain limited exceptions. Under this court-ordered protection, the debtor will typically formulate a restructuring proposal or plan, or conduct an orderly wind-down or a sale as a going concern. In the event of a restructuring proposal or plan, a majority in number of creditors having two-thirds in value of the claims present and voting either in person or by proxy at a meeting of creditors for each designated class must approve the proposal or plan, and the proposal or plan must be sanctioned and approved by the court. Secured creditors may be included in such a proposal or plan (in which case they may have a right to vote in a separate class) or may be dealt with outside of the proposal or plan. In the event of a liquidation, proceeds are generally distributed in accordance with the priority established by statute and the court (which may differ in some respects from those in a bankruptcy under the BIA). The court may also

authorize the creation of priority charges ranking ahead of other creditors in both CCAA and BIA proceedings (for example, for DIP financings, directors' and officers' indemnification and administration costs).

In the present instance, the proposed treatment of secured creditors under the guarantees granted by the Canadian guarantors in a restructuring proposal or plan is generally at the discretion of the Canadian guarantors, subject to the rights of creditors affected by the proposal or plan to vote on such proposal or plan.

Where a debtor deals with its property in a manner that prejudices its creditors (particularly where such debtor is or becomes thereafter insolvent), such transactions by the debtor may be subject to challenge by creditors and the scrutiny of the court. Under Canadian federal and provincial law, there are a number of statutory means to challenge or avoid such transactions. Where a transaction subject to review is held to be contrary to Canadian or provincial law, the transaction is subject to be impugned or set aside and a wide variety of possible remedies may be imposed. Should the Canadian guarantors become insolvent within applicable time periods, the granting of the guarantees, and the grant of security in connection therewith, could be subject to challenge and the guarantees and security potentially avoided, and any amounts obtained under the guarantee or security in support thereof that is avoided would have to be repaid. Should the holders of the notes be repaid or otherwise recover from the Canadian guarantors at a time when such guarantors are insolvent, or if the Canadian guarantors thereafter become insolvent within applicable time periods, the repayment or recovery may be subject to challenge.

### **Cayman Islands**

Some of the guarantors are incorporated and registered under the laws of the Cayman Islands, and as such will be subject to the laws of the Cayman Islands governing insolvencies. The insolvency laws of the Cayman Islands may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including in respect of priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the notes to an extent exceeding the limitations arising under other insolvency laws.

Broadly speaking, the laws of the Cayman Islands provide for three principal insolvency regimes: receivership, liquidation and schemes of arrangement. These regimes are summarized below.

Receivership is a self-help contractual remedy recognized by the courts of the Cayman Islands, available to a secured creditor pursuant to the terms of its security documents. Rather than being a collective insolvency procedure, receivership provides a means by which the secured creditor can effect the realization of the secured assets and thereby obtain repayment of all or part of the outstanding amount owed to it. The receiver owes its duties to its appointer, rather than to the general body of creditors.

Liquidation (or winding up) may be effected by three different procedures: voluntary winding up by resolution of the shareholders of a company, winding up subject to the supervision of the Grand Court of the Cayman Islands or compulsory winding up initiated by petition to the Grand Court of the Cayman Islands. In the event of a liquidation, the liabilities under the notes will be paid after certain other preferential debts are paid, including rights of setoff and netting and secured creditor claims which rank ahead of the notes.

Schemes of arrangement (which can be used for solvent or insolvent companies) are a means by which a court-sanctioned compromise or arrangement between a company and its creditors and/or members (or any class thereof) can be implemented. The proposals for the compromise or arrangement are set out in a formal scheme document which is submitted to the court, and which must be approved by 75% in value, and a majority in number, of the company's creditors and/or members (or classes thereof) who are parties to the compromise or arrangement. Once the proposal has been approved by the creditors and/or members and sanctioned by the court, and the necessary documents have been registered at the companies' registry, the scheme will become binding upon all relevant parties, including any dissenting members and/or creditors. Schemes of arrangement are commonly used in situations where a company is unable or is struggling to meet debt obligations owed to existing creditors, and needs to implement a restructuring /rescheduling of such debts which will be binding on all creditors and will enable the company to continue as a going concern thereafter. Whilst the processes involved in implementing a scheme can be complex, in particularly where there are a large variety of creditors with differing legal rights and obligations under existing contracts, it is an effective means by which to deal with diverse groups of creditors who must all agree to a

compromise in order for the company to avoid insolvent liquidation and continue to trade as a going concern. Schemes have often been used to effect debt-for-equity swaps, which require the consent of the debtor's shareholders if additional share capital is required for distribution to creditors.

Cayman Islands law does not contain a corporate rescue procedure akin to the administration procedure used in the United Kingdom to effect a rescue and turnaround of a company under the umbrella of a moratorium granting temporary relief from creditors to a company. However, in appropriate circumstances, the Cayman Islands courts have appointed provisional liquidators to oversee the affairs of a company during its attempts to refinance and/or reorganize itself. When making the provisional liquidation order, the court may order a stay of proceedings against the company from the time of the provisional liquidation order to protect the company from having to defend or otherwise deal with actions brought against it by its creditors. Schemes of arrangement may be used in conjunction with provisional liquidation to enable the company and its creditors to negotiate the terms of any compromise without the concern of recalcitrant creditors bringing unilateral enforcement action. The stay of proceedings available via liquidation/ provisional liquidation in the Cayman Islands does not extend to a stay on the termination of contracts as is seen under Chapter 11 proceedings, but would operate to stay enforcement of security interests. Contracts will continue to be governed by their terms (subject to the proviso that such contracts are often terminated pursuant to their due to the commencement of insolvency proceedings).

In addition to the existing common law remedies, Cayman Islands law includes a statutory prohibition on any "undervalue" disposition of property by or on behalf of a company with an intent to defraud its creditors. Such a transaction shall be voidable as a fraudulent disposition at the election of a company's official liquidator or creditor (as applicable). No such undervalue action may be commenced more than six years after the date of the relevant disposition. In addition, a conveyance, transfer, payment, or proceeding which is made, incurred, taken or suffered by any company in favor of any creditor at a time when the company is unable to pay its debts as they fall due, and made with a view to giving such a creditor a preference over the other creditors, shall be invalid (on an order of the court following application by the company's liquidator) if made, incurred, taken or suffered within six months immediately preceding the commencement of the company's liquidation proceedings.

If in the course of a liquidation it appears that any business of a company has been carried out with an intent to defraud the creditors of the company, or creditors of any other person or for any fraudulent purpose, the official liquidator may apply to the court for a declaration that any persons who were knowing parties to the fraudulent trading are liable to make such contributions to the company's assets as the court deems proper.

## **England and Wales**

The Issuer and certain of the guarantors are incorporated under the laws of England and Wales. Therefore, any insolvency proceedings commenced by or against the Issuer or such guarantors may proceed under, and be governed by, English insolvency law. However, pursuant to the EC Regulation on Insolvency Proceedings 2000 (EC Regulation No. 1346/2000), where an English company conducts business in another member state of the European Union (other than Denmark, which has not adopted the EC Regulation on Insolvency Proceedings 2000), the jurisdiction of the English courts may be limited if the company's "centre of main interests" is found to be located in a member state other than the United Kingdom. There are a number of factors that are taken into account to ascertain a company's centre of main interests. A company's centre of main interests should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The jurisdiction in which a company's registered office is located is presumed to be its centre of main interests in the absence of proof to the contrary. The point at which this issue falls to be determined is the time that the relevant insolvency proceedings are opened. Similarly, the UK Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency in the United Kingdom, provide that a foreign court (i.e. one which is not subject to the EC Regulation on Insolvency Proceedings 2000) may have jurisdiction to open insolvency proceedings in respect of an English company where that English company has its centre of main interests in such foreign jurisdiction or an "establishment" (being a place of operations where it carries out non-transitory economic activities with human means and assets or services) in such foreign jurisdiction.

The following is a brief summary of only certain aspects of English insolvency law. It is not possible to predict with certainty the outcome of insolvency or similar proceedings which may be commenced in England and Wales in

respect of, or which may otherwise affect, any one or more of the Issuer or such guarantors should they experience financial difficulty.

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of a company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a “qualifying floating charge” and different procedures apply according to the identity of the appointor. The lenders under the Senior Secured Facilities have first-ranking fixed and floating security over all or substantially all of the assets of certain of the guarantors. If this security includes or constitutes a qualifying floating charge, such lenders may, provided certain conditions are met, be entitled to appoint an administrator of their choice via the out of court route over such guarantors in the event that such guarantors are unable to pay their debts as they fall due or following the occurrence of an Event of Default under the Senior Secured Facilities whereupon the security becomes enforceable. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (i) states that the relevant statutory provision applies to it; (ii) purports to empower the charge holder to appoint an administrator over the company; or (iii) purports to empower the charge holder to appoint an administrative receiver over the company. A person is a holder of a qualifying floating charge if that person holds one or more debentures of the company secured by one or more floating charges and such floating charge security, alone or together with fixed charge security, charges all or substantially all of the relevant company's assets. The administrator of a company, as an officer of the court, would take effective control of the company and have the power to deal with all of its business and affairs including the realizations and subsequent distribution to creditors of its assets. During administration, in general, no proceedings or other legal process may be commenced or continued against the company, or any security enforced over the company's property, except with the leave of the court or the consent of the administrator. This moratorium would not, however, apply to the enforcement of a “security financial collateral agreement” (such as a fixed charge over cash or financial instruments such as shares, bonds or tradeable capital market debt instruments) under the Financial Collateral Agreements (No. 2) Regulations 2003.

Under English law, fixed security has a number of advantages over floating charge security: (i) where a company has granted a floating charge, the remuneration of an administrator of that company and the expenses of the administration (which can include the costs of continuing the company's business whilst in administration) are payable out of the property subject to the floating charge in priority to the claims of the floating charge holder. These costs and expenses are not payable out of property which is subject to a fixed charge; (ii) the administrator of a company may dispose of or take action relating to any property which is subject to a floating charge as if it were not subject to that charge; the holder of a floating charge will, however, then have the same priority over the property of the company which directly or indirectly represents the property disposed of (e.g. the proceeds of sale). An administrator may only dispose of property which is subject to fixed security (as if it were not subject to the security) where that disposal is sanctioned by court order (or by the consent of the holder of the security); (iii) a fixed charge over assets, even if created after the date of a floating charge over the assets, may rank prior to the floating charge over the relevant assets; (iv) fees (including the liquidator's remuneration), costs, charges and other expenses properly incurred in a liquidation are payable out of property which is subject to a floating charge created by the relevant company to the extent that the assets of the company available for the payment of general creditors are insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to any claim of a floating charge holder; (v) until a floating charge crystallizes, the company is entitled to deal with the assets which are subject to that charge; this means that assets subject to a floating charge can be disposed of by the company so as to give a third party acquirer good title to the assets free of the floating charge. Where the company disposes of a floating charge asset in breach of a contractual restriction on disposals, to a third party without notice of the restriction, the rights of that third party in respect of the acquired asset are unlikely to be affected by the restriction; (vi) a floating charge will be invalid in certain circumstances (see further the paragraph below on invalid floating charges). The relevant English insolvency law provisions have no application to fixed security; and (vii) in a winding up, the preferential debts of a company will be paid in priority to the claims of the fixed holders of a floating charge so far as the assets of the company available for the payment of general creditors are insufficient to meet them and an administrator, receiver or liquidator of a company which has granted a floating charge will be required to make a “prescribed part” out of the proceeds of enforcement of the floating charge available for unsecured creditors in priority to the floating charge holder (see further the paragraph below on the statutory order of priority).

There is a possibility that a court could re-characterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice. The description given to a charge in the relevant security document is not determinative of its status, therefore where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Under English insolvency law, the liabilities of the Issuer or the guarantors in respect of the notes may, in the event of insolvency or similar proceedings, rank junior in right of payment to some of the other debts of the Issuer or the guarantors that are entitled to priority under English insolvency law. In the event of a winding up of a company, assets are distributed in accordance with the statutory order of priority. Other than realizations from the disposal of assets subject to fixed charge security (including mortgages over real estate), which are paid to the holders of such security, the administration or liquidation expenses are paid first. Preferential debts which are entitled to priority under English law, including but not limited to occupational pension scheme contributions and salaries owed to employees up to the statutory maximum and holiday pay owed to employees, would then be paid. Thereafter, except in certain circumstances, a certain proportion of the assets covered by any floating charge (referred to as the "prescribed part") would be "ring-fenced" and made available pro rata to unsecured creditors. The exact amount to be set aside as the prescribed part will depend on the total value of the proceeds of enforcement of the company's property subject to floating charge security — the prescribed part is currently 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000 with a maximum aggregate cap of £600,000 but this may change pursuant to amendment of the relevant English insolvency legislation. Floating charge holders would then be paid any surplus from the realization of the assets subject to the floating charge. Unsecured debts which are not preferential debts and secured creditors if not repaid in full from the realization of assets subject to their security and/or in relation to any other unsecured portion of their debt would be paid after those prior liabilities on a *pari passu* basis (and, in respect of unsecured creditors only, after the deduction of the prescribed part). Any interest accruing under or in respect of the notes in respect of any period after the commencement of the administration or liquidation proceedings would only be recoverable by the holders of the notes from any surplus remaining after payment of all other debts proved in such administration or liquidation proceedings as well as accrued and unpaid interest up to the date of the commencement of the relevant insolvency proceedings. Finally, shareholders would receive any remaining funds.

Certain of our subsidiaries incorporated under the laws of England and Wales will guarantee the notes on a subordinated secured basis. Generally, in any insolvency proceedings commenced by or against any such guarantor, the guarantee will rank as a subordinated secured debt behind the claims of unsubordinated secured creditors of such guarantor. Your ability to recover any amounts under the guarantee from such guarantor in administration or liquidation will be subject to the same principles as set out in the preceding paragraph resulting from the application of English insolvency law.

Under English insolvency law, if a company enters into liquidation or administration, then a liquidator or administrator of the company could apply to the court to rescind a transaction, including the issuance of security and/or a guarantee, if the liquidator or administrator believes that it constituted a transaction at an undervalue. A transaction is at an undervalue if a company makes a gift to a person or enters into a transaction on terms where the company receives no consideration or consideration which has a value which, in money or money's worth, is significantly less than the value, in money or money's worth, of the consideration provided by the company. The court can set aside a transaction at an undervalue if (i) it was entered into within the period of two years ending with the onset of insolvency (i.e. two years before the date of commencement of the winding up or, depending on how the company enters administration, two years before: (a) the date on which the administration application is made, or (b) the date of filing at court of a notice of intention to appoint an administrator, or (c) the date the appointment of an administrator takes effect), and (ii) the company was "unable to pay its debts" at the time it entered into the transaction or became "unable to pay its debts" as a result of entering into it. A company will be "unable to pay its debts" if a statutory demand for over £750 is served on the company and remains unsatisfied for three weeks or an execution on or other process issued on a judgment, decree or order of a court in favour of a creditor is returned unsatisfied in whole or in part or it is proved to the court's satisfaction that the company is not able to pay its debts as they fall due (the "cash flow test") or that the value of the company's assets is less than the amount of its liabilities (taking into account contingent and prospective liabilities) (the "balance sheet test"). Under English

insolvency law, there is a presumption that the company was unable to pay its debts if the parties to the transaction are connected (including but not limited to intra-group transactions or transactions with a director of the company) unless it can be shown otherwise. For these purposes, a person is “connected” with the company if he or she is a director or shadow director of the company or an associate of a director or shadow director or an associate of the company. “Associate” is widely defined and includes companies related to each other by virtue of being under common control. The court shall not make an order restoring the position if it is satisfied that the company which entered into the transaction did so in good faith for the purposes of carrying on its business and that at the time it did so there were reasonable grounds for believing that the transaction would benefit the company. We believe that the issue of the notes and provision of security by the Issuer and the issue of the guarantees and provision of security by those guarantors incorporated under the laws of England and Wales will be provided in good faith for the purpose of carrying on the business of the Issuer and such guarantors and that there are reasonable grounds for believing that the transactions will benefit the Issuer and such guarantors. There can be no assurance, however, that the provisions of the issue of the notes or the provision of such security or such guarantees will not be challenged by a liquidator or administrator or that a court would support our analysis.

If the liquidator or administrator can show that a company has given a “preference” to any person within six months of the onset of insolvency (or within two years if the preference is to a connected person) and, at the time of the preference, the company was unable to pay its debts or became so as a result of the preferential transaction, a court has the power, among other things, to set aside the preferential transaction. For these purposes, a company gives a preference to a person if that person is one of the company’s creditors (or a surety or guarantor for any of the company’s debts or liabilities) and the company does anything or suffers anything to be done that has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, would be better than the position that person would have been in if that thing had not been done. The court may not make an order setting aside a preference transaction unless it is satisfied that the company was influenced by a desire to put that person in such a better position. If a court were to find that the issue of the notes or the grant of the security and/or guarantees were preferences, the court would have the power to restore the position to what it would have been if that preference had not been given (although there is protection for a third party who enters into one of the transactions in good faith for value). In either administration or liquidation, it is for the administrator or liquidator to demonstrate that a company was insolvent or became so as a result of the preferential transaction and that the company was influenced by such a desire to prefer (unless a beneficiary of the transaction was a connected person, in which case it will be presumed that the company was influenced by a desire to prefer that person unless the contrary can be shown).

Where a floating charge over a company’s property was given to any person within twelve months of the onset of insolvency (or within two years if the charge is in favor of a connected person) in exchange for prior or no consideration, and at the time of creation of the charge the company was unable to pay its debts or became unable to pay its debts as a consequence of the transaction under which the charge is created, such charge will be invalid. However, to the extent that the consideration for the creation of the floating charge consists of (i) money paid, or goods or services supplied to the company at the same time or after the creation of the charge, or (ii) the discharge or reduction of any debt of the company, at the same time as or after the creation of the charge or (iii) interest incurred on (i) or (ii) above, such floating charge may, to the extent of the value of such consideration, be valid. The requirement that the company is unable to pay its debts at the time that the charge is created, or becomes unable to pay its debts as a result, does not apply if the charge is granted in favor of a connected person, making it easier, therefore, to invalidate a floating charge in such circumstances. If the floating charge qualifies as a “security financial collateral agreement” under the Financial Collateral Arrangements (No. 2) Regulation 2003, the floating charge will not be subject to challenge as described in this paragraph.

Where it can be shown that a transaction, such as the issuance of the notes or the grant of security or a guarantee, was at an undervalue and was made for the purposes of putting a company’s assets beyond the reach of a person or persons making, or who may at some time make, a claim against a company, or for the purpose of otherwise prejudicing the interests of such person or persons, the transaction may be set aside by the court as a transaction defrauding creditors. An application for an order to set aside such transaction can be made by the liquidator, administrator or (with leave of the court) any victim prejudiced, or potentially prejudiced, by the transaction. English insolvency legislation does not provide a statutory time limit within which such a challenge must be made and there is no requirement for the company to be unable to pay its debts at the time of the transaction. To the extent that a court were to find that the issuance of the notes or the grant of the security or

guarantees constituted transactions defrauding creditors, the court could make such orders as it thought fit to restore the position to what it would have been if the transactions had not been entered into and to protect the interests of victims of the transactions.

A liquidator or administrator could apply to court to set aside or vary the obligations of the company under, or the terms of, a security interest or guarantee granted by the company (or give other relief) on the grounds that the company is party to an extortionate transaction for the provision of credit to it if the security interest or guarantee (a) was entered into during the three years ending with the day on which the company went into liquidation or entered administration and (b) is held to be extortionate. Whether a transaction is “extortionate” depends on whether (i) the terms of it are or were such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit (having regard to the risk accepted by the person providing the credit), or (ii) it otherwise grossly contravened ordinary principles of fair dealing. To the extent that a court were to find that the issuance of the notes, a guarantee or any related transaction constituted an extortionate credit transaction, the court may make such orders as it thinks fit to restore the position to what it would have been if such notes, guarantee or transaction had not been issued, granted or entered into.

Pursuant to the principles of public policy relating to insolvency laws, the English courts will strike down transactions aimed at circumventing basic insolvency principles (for example those of mandatory set-off and *pari passu* distribution) or aimed at excluding the jurisdiction of the English court or the insolvency laws of the United Kingdom.

A liquidator may disclaim any onerous property which includes any unprofitable contract and any other property of a company which is unsaleable or not readily saleable or is such that it may give rise to a liability to pay money or perform any other onerous act. A person sustaining loss or damage in consequence of the operation of such a disclaimer is deemed an unsecured creditor of the relevant company to the extent of such loss or damage.

In addition, in a liquidation or administration under English insolvency law any debt payable in a currency other than pounds sterling (such as dollars in the case of the notes) must be converted into pounds sterling at the “official exchange rate” prevailing at the date when the debtor went into liquidation or entered administration or, if the liquidation or administration (as the case may be) was immediately preceded by the respective other proceeding, an administration, the date the debtor entered the administration or went into liquidation (respectively). This provision overrides any agreement between the parties. The “official exchange rate” for these purposes is the middle market rate on the London Foreign Exchange Market at the close of business as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that we go or a guarantor goes into liquidation or enters administration, holders of the notes may be subject to exchange rate risk between the date that we or such guarantor (as the case may be) went into liquidation or administration (as the case may be) and receipt of any amounts to which holders of notes may become entitled.

## **European Union**

The Issuer and certain of the Guarantors are incorporated or organized under the laws of the Member States of the EU.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the “EU Insolvency Regulation”), the court that shall have jurisdiction to open insolvency proceedings in relation to a company in the court of the EU Member State (other than Denmark) where the company concerned has its “centre of main interest” (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its “centre of main interest” is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term “centre of main interest” is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its “centre of main interests” in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the “centre of main interest” of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the perception of

the company's creditors as regards the centre of the company's business operations may all be relevant in the determination of the place where the company has its "centre of main interest."

If the "centre of main interest" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings with respect to the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be opened in another EU Member State. If the "centre of main interest" of a debtor is in one EU Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" in the territory of such other EU Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings with respect to such company under the EU Insolvency Regulation.

In the event that any one or more of the Issuer, the Guarantors or any of their subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer and the Guarantors.

## Germany

Some of the guarantors are organized under the laws of Germany. In the event of insolvency, insolvency proceedings may, therefore, be initiated in Germany. German law would then govern those proceedings. The insolvency laws of Germany may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including in respect of priority of creditors, the ability to obtain interest after the commencement of insolvency proceedings and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the notes to an extent exceeding the limitations arising under other insolvency laws.

Under German insolvency law, insolvency proceedings can be initiated either by the debtor or, by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor (i.e., in accordance with the current legal definition of over-indebtedness that applies until 31 December 2013, if there is no going concern prognosis for the debtor's business and its liabilities exceed the value of its assets and, in accordance with the legal definition of over-indebtedness that is currently stated to apply after that date, if the debtor's liabilities exceed the value of its assets whereby the value of the assets shall be based on a going concern prognosis if, under the prevailing circumstances, the continuation of the debtor's business is more likely than not (*überwiegend wahrscheinlich*)), or in the event that the debtor is unable to pay its debts as and when they fall due (*Zahlungsunfähigkeit*). In addition, only the debtor can file for insolvency proceedings if it is imminently at risk of being unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). The insolvency proceedings are court-controlled, and upon receipt of the insolvency petition, the insolvency court may take preliminary measures to secure the property of the debtor. The court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings. The court orders the commencement of insolvency proceedings (*Eröffnungsbeschluss*) if certain formal requirements are met and if there are sufficient assets to cover at least the cost of the insolvency proceedings. The court additionally appoints an insolvency administrator (*Insolvenzverwalter*) who, once the main insolvency proceeding has been opened, has full administrative and disposal authority over the debtor's assets.

All creditors, whether secured or unsecured, (unless they have a right to separate an asset from the insolvency estate (*Aussonderungsrecht*)) wishing to assert claims against the debtor must participate in the insolvency proceedings. Many of the individual enforcement actions brought against the debtor by any of its creditors are subject to an automatic stay once the insolvency proceedings have been opened. Secured creditors are generally not entitled to enforce the security interest outside the insolvency proceedings. However, certain creditors who are secured by a pledge over a claim, or over a movable asset that such secured creditors have in their possession, are entitled to enforce their security interest by themselves. Other security interests (e.g., security assignments of

receivables) are enforced by the insolvency administrator. In an enforcement by the insolvency administrator, the net enforcement proceeds less certain contributory charges for assessing the value of the secured assets (4% of the relevant gross proceeds) and realizing the secured assets (usually 5% of the relevant gross proceeds), are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. The remaining amount, if any, will be distributed among the unsecured creditors who are satisfied on a pro rata basis only. A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, among others, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules. Depending on the composition of the different creditor classes, such majority rules could allow creditors who would not have sufficient votes on their own to act in concert with another class of creditors in order to overrule other classes of creditors (the German equivalent of a “cramdown” under U.S. bankruptcy law).

Under German insolvency and other laws, an insolvency administrator can, under certain circumstances, avoid any claim for the payment of debt and any guarantee or security or, if payment has already been made, require that the recipient return the payment to the insolvency estate. The right of avoidance applies to transactions (which term also includes the provision of security or the payment of debt) entered into prior to the commencement of insolvency proceedings. The insolvency administrator’s right to challenge transactions can, depending on the circumstances, extend to transactions entered into during a ten-year period prior to the petition for the commencement of insolvency proceedings. There are several different provisions that govern the particular preconditions for a challenge of a transaction or any other legal acts, such as situations in which a debtor (i) discharges, or grants security to a shareholder for, a repayment claim under a shareholder loan, (ii) makes its performance other than on the basis of consideration or (iii) was illiquid and the creditor was aware thereof at the time of the transaction. In addition, as long as no insolvency proceedings were instituted, a creditor who has obtained an enforcement order has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). In the event such a transaction were successfully avoided, the holders of the notes or, if different, the relevant holders of the security, would be under an obligation to repay the amounts received or to waive the guarantee or security.

The above principles of avoidance apply, in particular, to the guarantees granted by the German guarantors. In the case of such avoidance of a guarantee granted by a German guarantor holders of notes would not have any claim in respect of the respective guarantee and any amounts obtained under the guarantee that is avoided would have to be repaid. The German principles on avoidance may therefore limit the ability of holders of the notes to recover payments due on the guarantees.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency.

Although the choice of the laws of the State of New York to govern the guarantees would be recognized by the competent courts of the Federal Republic of Germany, in a dispute before a German court, the German court would only recognize the substantive laws of the State of New York and would apply the laws of the Federal Republic of Germany with respect to procedural or other insolvency matters. Furthermore, a German court may refuse to apply and/or to enforce provisions governed by the laws of the State of New York as it applies to the guarantees if the respective provision is contrary to German public policy (*ordre public*) or compulsory provisions under German law that apply irrespective of the chosen law or if the law of another jurisdiction must be applied regardless of the chosen law. Finally, a German court may not e.g., recognize the choice of laws of the State of New York if, or to the extent it is determined that (i) there is no substantial connection between the laws of the State of New York and the guarantees and the parties thereto, or (ii) the choice of laws of the State of New York was made to evade mandatory provisions or public policy (*ordre public*) considerations of the laws of another jurisdiction.

## **Hong Kong**

Some of the guarantors are incorporated under the laws of Hong Kong. Therefore, any insolvency proceedings by or against such Hong Kong guarantors may be based on Hong Kong insolvency laws. The insolvency laws of Hong Kong may differ from bankruptcy law with which the holders of the notes are familiar.

The Hong Kong guarantors have provided guarantees and security for the notes that will rank *pari passu* with the guarantees and security in respect of the Senior Secured Facilities. In addition, under Hong Kong insolvency law, in the event of a winding up, the Hong Kong guarantors' liabilities under the notes and the Senior Secured Facilities will be paid after certain of the Hong Kong guarantors' other debts which are entitled to priority under Hong Kong law are paid, including debts owing to preferential creditors such as salaries owed to the employees of the Hong Kong guarantors and taxes.

The holders of the guarantees and the security in respect of the Senior Secured Facilities maintain the ability to cause the commencement of enforcement proceedings in respect of the guarantees and security and to control the conduct of such proceedings, as well as the approval of amendments to, releases of, and waivers of past defaults under, the security documents. As such, as described in the section entitled "Holders of the New First Lien Senior Secured Notes will not control certain decisions regarding collateral and will waive certain rights relating to collateral in a bankruptcy or insolvency proceeding" above on pages 41-42, the control of the holders of the notes in respect of the guarantees and security provided by the Hong Kong guarantors may be limited and the lenders under the Senior Secured Facilities control substantially all matters related to the collateral securing the notes.

On the enforcement of the security provided by the Hong Kong guarantors, a receiver may be appointed to realize those Hong Kong guarantors' assets and pay the debt owing under the notes and the Senior Secured Facilities. The appointment of a receiver often leads to the liquidation of a company. One of the most common grounds for the compulsory liquidation of a Hong Kong company is that it is unable to pay its debts. This may be presumed if the company fails to satisfy a debt within three weeks of a statutory demand, or if a judgment debt is not satisfied in whole or in part. The aim of a compulsory liquidation is to realize a company's assets and distribute them to the creditors in order of priority (as set out in Hong Kong law). In the event of the compulsory or voluntary winding up of a company under the Companies Ordinance (Cap. 32) of Hong Kong, a liquidator will have a number of avoidance powers to avoid the guarantees and security given by the Hong Kong guarantors, including the following:

#### *Extortionate credit transactions*

Section 264B of the Companies Ordinance (Cap. 32) of Hong Kong relates to the provision of credit to an insolvent company within three years of the commencement of its winding up. Under section 264B(3) of the Companies Ordinance (Cap. 32) of Hong Kong, such a transaction will be considered extortionate (and will be subject to the broad powers of the liquidator) "if, having regard to the risk accepted by the person providing the credit:

- (a) the terms of it are or were such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of credit; or
- (b) it otherwise grossly contravenes ordinary principles of fair dealing."

Where an application is made under section 264B of the Companies Ordinance (Cap. 32) of Hong Kong, there is a presumption that the relevant transaction is (or was) extortionate unless proved otherwise.

#### *Unfair preferences*

Sections 266 and 266B of the Companies Ordinance (Cap. 32) of Hong Kong will invalidate transactions relating to a company's property if they are deemed to be "unfair preferences" for the purposes of section 50 of the Bankruptcy Ordinance (Cap. 6) of Hong Kong and the company is ultimately wound up.

This applies to a very broad range of transactions (including outright disposal, granting security and delivery of goods) and occurs where:

- (a) the preference is given by the company to a creditor within six months (generally) or two years (when granted to an associate) before the company's winding-up; and

(b) the company is influenced by a desire to prefer that creditor.

#### *Invalid floating charges*

Section 267 of the Companies Ordinance (Cap. 32) of Hong Kong will invalidate any floating charge over a company's property or undertaking granted within 12 months of its winding-up, unless it can be shown that the company was solvent immediately after that security was created.

However, this provision does not affect any cash advanced to the company on or after the date of (and in consideration for) the charge, nor any scheduled interest on those sums under the charge, up to a maximum of 12% per annum.

#### *Voidable dispositions of property*

Section 60(1) of the Conveyancing and Property Ordinance (Cap. 219) of Hong Kong renders any disposition of property made with the intent to defraud creditors voidable at the instance of an affected party. It does not extend to a disposal made either "for valuable consideration and in good faith or upon good consideration and in good faith to any person not having, at the time of the disposition, notice of the intent to defraud creditors" (section 60(3) of the Conveyancing and Property Ordinance (Cap. 219) of Hong Kong).

The above is not an exclusive list of every circumstance under which a court or a liquidator could have a guarantee or security set aside or avoided.

The directors of the Hong Kong guarantors must also consider whether the transactions the companies enter into in connection with the notes and the Incremental Revolver are in the best interests of such companies and for a proper purpose. If the transactions are not in the best interests of the companies and for a proper purpose there is a risk that such transactions may not be effective.

## **Luxembourg**

Some of the guarantors are incorporated under the laws of, and have their registered office and their central administration in the Grand Duchy of Luxembourg. Assuming their center of main interests or their principal establishment is in the Grand Duchy of Luxembourg, Luxembourg courts shall have jurisdiction to open insolvency proceedings with respect to these guarantees, which proceedings shall be governed by Luxembourg insolvency laws.

Under Luxembourg insolvency laws, the following types of proceedings (the "Insolvency Proceedings") may be opened against in respect of such guarantors:

- bankruptcy proceedings (*faillite*), the opening of which is initiated by the relevant guarantor or by any of its creditors. Following such a request, the Luxembourg courts having jurisdiction may open Insolvency Proceedings, if the relevant guarantor is in default of payment (*cessation des paiements*) and has lost its commercial creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open Insolvency Proceedings, absent a request made by the relevant guarantor or a creditor. The main effect of such proceedings is (i) the suspension of all measures of enforcement against the relevant guarantor, except, subject to certain limited exceptions, for secured creditors and (ii) the payment of the guarantor's creditors in accordance with their ranking upon the realization of the guarantor's assets;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the relevant guarantor and not by its creditors; and
- composition proceedings (*concordat préventif de faillite*), the opening of which may be requested by the relevant guarantor only after receiving prior consent from a majority in number of its creditors holding at least 75% of the claims against such guarantor. The obtaining of such composition proceedings will trigger a provisional stay on enforcement of claims by creditors.

The guarantor's liabilities in respect of the notes will, in the event of a liquidation of the guarantor following Insolvency Proceedings or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the concerned guarantor's debts that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law, include, among others, (i) certain amounts owed to the Luxembourg Revenue; (ii) value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise; (iii) social security contributions; and (iv) remuneration owed to employees.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized).

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of secured creditors to enforce their security interest may also be limited in the event of controlled management proceedings automatically causing the rights of secured creditors to be frozen until a final decision has been taken by the court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the relevant Luxembourg court. A reorganization order requires the prior approval of more than 50% of the creditors representing more than 50% of the relevant guarantor's liabilities in order to take effect.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the guarantor during the period before bankruptcy, the so-called "suspect period" (*période suspecte*) which is a maximum of six months preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the bankruptcy judgment was preceded by another Insolvency Proceeding (e.g. a suspension of payments or controlled management proceedings) under Luxembourg law.

Pursuant to article 445 of the Luxembourg code of commerce, specified transactions (such as, in particular, (i) the granting of a security interest for antecedent debts; (ii) the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; (iii) the payment of debts which have fallen due by any means other than in cash or by bill of exchange; and (iv) the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period or the preceding ten days must be set aside or declared null and void, if so requested by the insolvency receiver. Article 445 does not apply for financial collateral arrangements and set-off arrangements subject to the Luxembourg law of August 5, 2005 on financial collateral arrangements.

Pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts and other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt's cessation of payments. Article 446 does not apply for financial collateral arrangements and set-off arrangements subject to the Luxembourg law of August 5, 2005 on financial collateral arrangements.

Regardless of the suspect period, article 448 of the Luxembourg code of commerce and article 1167 of the Luxembourg Civil Code (*action paulienne*) give any creditor the right to challenge any fraudulent payments and transactions made prior to the bankruptcy.

## **The Netherlands**

Some of the guarantors are incorporated in The Netherlands. Any insolvency proceedings relating to such guarantor's guarantee and any security interest from such guarantor would likely be based on Dutch insolvency law.

Under certain circumstances, bankruptcy proceeding may also be opened in the Netherlands in accordance with Dutch law over the assets of companies that are not established under Dutch Law.

Dutch insolvency law differs significantly from insolvency proceedings in the U.S. and may make it more difficult for holders of notes to recover the amount they would normally expect to recover in liquidation or bankruptcy proceedings in the U.S. under Council Regulation (EC) No. 1346/2000, creditors are entitled to seek opening of secondary proceedings in each member state of the European Union (except for Denmark), where a company has an establishment. Secondary proceedings under Council Regulation (EC) No. 1346/2000 will to a

certain extent be based upon the insolvency law of such foreign jurisdictions, including their clawback statutes. There are two primary insolvency regimes under Dutch law: the first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. Both insolvency regimes are set forth in the Dutch Bankruptcy Act. A general description of the principles of both insolvency regimes is set out below.

An application for a moratorium of payments can only be made by the debtor itself. Once the request for a moratorium of payments is filed, the court will immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerp akkoord*) is filed simultaneously with the application for a moratorium of payments, the court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently confirmed by the court (*gehomologeerd*) the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or more than one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent. The moratorium of payments is only effective with regard to unsecured non-preferential creditors. Unlike Chapter 11 proceedings under U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a moratorium of payments, under Dutch law, secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in moratorium of payments to satisfy their claims as if there were no moratorium of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, the court may order a "cooling-down period" for a maximum period of four months during which enforcement actions by secured or preferential creditors are barred. Also in a definitive moratorium of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is (i) approved by a simple majority of the meeting of the recognized and of the admitted creditors representing at least 50% of the amount of the recognized and of the admitted claims and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the holders of the notes to effect a restructuring and could reduce the recovery of a holder of notes in Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. Certain creditors (such as tax and social security authorities) will have special rights that take priority over the rights of other creditors and may therefore adversely affect the interests of secured creditors (including holders of the notes). Consequently, Dutch insolvency laws could reduce any potential recovery by holders of notes in Dutch bankruptcy proceedings. As in moratorium of payment proceedings, the court may order a "cooling down period" for a maximum of four months during which enforcement actions by secured or preferential creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the holders of notes that were not due and payable by their terms on the date of a bankruptcy of the relevant guarantor will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the receiver to be verified. "Verification" under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceedings may be based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. The existence, value and ranking of any claims submitted by the holders of the notes may be challenged in the Dutch bankruptcy proceedings. Generally, in a creditors' meeting (*verificatievergadering*), the receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*). These proceedings could cause holders of notes to recover less than the principal amount of their notes or less than they could recover in a U.S. liquidation. Such proceedings could also cause payments to the holders of notes to be delayed compared with holders of undisputed claims. Furthermore, in a bankruptcy a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if (i) it is approved by a simple majority of the meeting of unsecured non-preferential creditors with admitted and

provisionally admitted claims, representing at least 50% of the total amount of the admitted and provisionally admitted unsecured non-preferential claims, and (ii) subsequently ratified (*gehomologeerd*) by the court. The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, which will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

A receiver in bankruptcy can force a secured creditor (including holders of the notes) to enforce its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs. Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such set-off is allowed prior to the bankruptcy, although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off. To the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors of its trustee in bankruptcy, if (i) it preformed such acts without an obligation to do so (*onverplicht*), (ii) generally the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act and (iii) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. Also, payments made prior to the bankruptcy order may be clawed back in Dutch insolvency proceedings. Voluntary (*onverplichte*) payments made by the debtor can be clawed back if the debtor knew or should have known at the moment of payment that the creditors would be prejudiced. Even payments made that were due and payable can be clawed back if (i) the payee (*hij die betaling ontving*) knew that the application for bankruptcy of the debtor was filed at the moment of payment or (ii) the debtor and the payee engaged in this payment in a conspiracy in order to prejudice other creditors. To the extent a secured creditor can demonstrate that its claims cannot be satisfied out of its security interest, it may require that it will be treated as an unsecured creditor for the remainder of its claims without having to waive its security interest.

Whether or not a guarantor is insolvent, pursuant to Dutch law, payment under a guarantee or a security document may be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*). The validity of guarantees and security interests given by any Dutch subsidiary guarantor may be contested by the Dutch subsidiary guarantor or its trustee in bankruptcy, if the giving of such a guarantee or security interest is not within the scope of its objects and the holders of the notes were, at the time of the giving of the guarantee or security interest, so aware or, with no obligation to carry out any investigation, should have been so aware. In addition, the giving of guarantees and security interests by any Dutch subsidiary guarantor may in certain circumstances be contested by its creditors or the trustee in bankruptcy of the Dutch subsidiary guarantor if the giving of such guarantee or security interest is considered by the courts to be prejudicial to the interests of the creditors of the Dutch subsidiary guarantor.

Under Dutch law, as soon as a debtor is declared bankrupt, all pending executions of judgments against such debtor, as well as all attachments on the debtor's assets (other than with respect to secured creditors and certain other creditors, as described above), will be terminated by operation of law. Simultaneously with the opening of the bankruptcy, a Dutch receiver will be appointed. The proceeds resulting from the liquidation of the bankrupt estate may not be sufficient to satisfy unsecured creditors under the guarantees granted by a bankrupt guarantor after the secured and the preferential creditors have been satisfied. Litigation pending on the date of the bankruptcy order is automatically stayed.

Any security interest given by a Dutch subsidiary guarantor will have no effect with respect to assets acquired, or rights and claims (*vorderingsrechten*) arising, on or after the date on which the guarantor is granted a moratorium of payments or is declared bankrupt. For the purpose of collecting certain taxes, the tax authorities are entitled to recourse against certain movable assets (such as machinery and equipment) which are intended to furnish the premises used by any Dutch subsidiary guarantor irrespective of any security interest over such movable assets. Any security interest over rights and claims will have no effect with respect to rights and claims arising under an

agreement creating continuous obligations of a Dutch subsidiary guarantor and becoming due and payable on or after the date on which the guarantor is granted a moratorium of payments or is declared bankrupt. Any power of attorney granted by a Dutch subsidiary guarantor will become ineffective upon the moratorium of payments of the guarantor and will automatically terminate upon its bankruptcy.

### **The United States**

Under U.S. federal bankruptcy laws or comparable provisions of state fraudulent transfer laws, the incurrence of the obligations under the notes, the issuance of the guarantees and the grant of security, whether now or in the future, by the Issuer and the note guarantors (together, the “Obligors”) could be voided, or claims in respect of such liens or obligations could be subordinated to all of its other debts and other liabilities, if, among other things, at the time the Obligors issued the related guarantee or gave the security, the Obligors intended to hinder, delay or defraud any present or future creditor; or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness and either:

- were insolvent or rendered insolvent by reason of such incurrence or grant of security;
- were engaged in a business or transaction for which the Obligors’ remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that they would incur, debts beyond their ability to pay such debts as they mature.

By their terms, some or all of the guarantee and security documents of the note guarantors will limit the liability of the note guarantors to the maximum amount it can pay without its guarantee being deemed a fraudulent transfer.

The right of a holder of the notes to enforce its security interests against the Obligors upon the occurrence of an event of default under the indenture governing the notes is likely to be significantly impaired by applicable U.S. bankruptcy law if a bankruptcy case were to be commenced by or against us before such security interest was enforced. Upon the commencement of a case under the bankruptcy code, a secured creditor such as a holder of notes is prohibited by the automatic stay contained in U.S. bankruptcy law from enforcing its security interest against a debtor in a U.S. bankruptcy case, without bankruptcy court approval, which may not be given. Moreover, the bankruptcy code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given “adequate protection.” The meaning of the term “adequate protection” may vary according to circumstances, but it is intended in general to protect the value of the secured creditor’s interest in the collateral as of the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the bankruptcy court in its discretion determines that the value of the secured creditor’s interest in the collateral is declining during the time the bankruptcy case is pending. A U.S. bankruptcy court may determine that a secured creditor may not require additional adequate protection for a diminution in the value of its collateral if the value of the collateral exceeds the amount of the debt that it secures.

In view of the automatic stay, the lack of a precise definition of the term “adequate protection” and the broad discretionary power of a U.S. bankruptcy court, it is impossible to predict:

- how long payments under the notes could be delayed following commencement of a bankruptcy case;
- whether or when a holder of the notes could enforce its security interests;
- the value of the collateral at the time of the bankruptcy petition; or
- whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of “adequate protection.”

Any future grant of security interest with regard to the collateral in favor of the notes, including pursuant to security documents delivered after the date of the indenture governing the notes, might be avoidable by the grantor (as debtor in possession) or by its trustee in bankruptcy as a preference if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of the grant, the security interest permits the holders of the notes to receive a greater recovery than if the security had not been given and a bankruptcy proceeding in respect of the grantor is commenced within 90 days following the grant, or, in certain circumstances, a longer period.

## **ADMISSION TO TRADING AND GENERAL INFORMATION**

### **Admission to Trading**

Application will be made to the Irish Stock Exchange for admission of the notes to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange-regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for purposes of Directive 2004/39/EC.

As long as the notes are admitted to trading on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange shall so require, we will maintain a paying and transfer agent in the European Union. We reserve the right to vary such appointment, and we will publish notice of such change of appointment in a newspaper having a general circulation in Ireland or on the Company's website. The issuance of the notes has been authorized by a resolution of the Board of Directors of CEVA Group Plc, dated January 12, 2012. The giving of the guarantees of the notes will be authorized, pursuant to applicable corporate formalities, prior to the issuance of the notes.

We estimate the expense relating to admission to trading on the Global Exchange Market of the Irish Stock Exchange to be approximately €5,000.

CEVA Group Plc accepts responsibility for the statements contained in this offering circular and confirms that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this offering circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Clearing Information**

The notes are expected to be accepted for clearance through the facilities of DTC.

### **Legal Information**

CEVA Group Plc (registered number 5900853), with its registered office at 20-22 Bedford Row, London, WC1R 4JS, United Kingdom, was incorporated in England on August 9, 2006 with the name Louis No. 1 Plc. The Issuer can be contacted by calling +44 1530 568500.

As of the date of this document, the authorized ordinary share capital of £350,000 is divided into 350,000 ordinary shares with a par value of £1 each. As of December 31, 2010, 349,999 ordinary shares of a par value of £1 each in CEVA Group Plc were held by CIL and one ordinary share of a par value of £1 was held by Louis Cayman Second Holdco Limited, which is in turn a wholly owned subsidiary of CIL. Accordingly, CEVA Group Plc is a wholly owned subsidiary of CIL.

The rights of the holders of the common shares in the Issuer are contained in the Articles of Association of the Issuer, and the Issuer will be managed by its directors in accordance with those articles and in accordance with the laws of England and Wales.

Except as disclosed in this offering circular, there has been no material adverse change in our financial position since December 31, 2010.

As discussed in “Business—Litigation and Legal Proceedings,” we are currently party to various claims and legal actions that arise in the ordinary course of business. We believe such claims and legal actions, individually and in the aggregate, will not have a material adverse effect on our financial position. Other than as disclosed in “Business—Litigation and Legal Proceedings,” we have not been involved in any governmental or arbitration proceedings (including any such proceedings of which we are aware), during a period covering the last twelve months, which may have, or have had in the recent past, significant effects on our financial position or profitability.

### **Potential Conflicts**

Through control of a majority of the ordinary shares of CIL, Apollo and its affiliates have the power to control us and our affairs and policies, including the election of our directors and the appointment of CIL’s and our management. A majority of members of our board are partners or employees of Apollo.

### **Information about the Guarantors**

Subject to the provisions of the indentures, it is currently intended that the following entities will guarantee CEVA’s obligations under the notes upon their issuance. Each of these entities is engaged in the contract logistics business.

#### Australia

CEVA Freight (Australia) Pty. Ltd. (formerly known as EGL Eagle Global Logistics (Aust) Pty. Ltd.) is a private limited company, organized under the laws of Australia, incorporated on August 24, 1970. It is registered with the Australia Securities and Investments Commission under Australian Company Number 000820075 and the address of its registered office is 77H Millers Road, Brooklyn, Victoria, 3012, Australia.

CEVA Logistics (Australia) Pty. Ltd. (formerly known as TNT Logistics (Australia) Pty. Ltd. and as TNT Canberra Pty. Ltd.) is a private limited company organized under the laws of Australia registered on December 16, 1963. It is registered with the Australia Securities and Investments Commission under Australian Company Number 008438239 and the address of its registered office is 77H Millers Road, Brooklyn, Victoria, 3012, Australia.

CEVA Materials Handling Pty. Ltd. (formerly known as TNT Materials Handling Pty. Ltd.) is a private limited company organized under the laws of Australia registered on January 14, 1955. It is registered with the Australia Securities and Investments Commission under Australian Company Number 000146010 and the address of its registered office is 77H Millers Road, Brooklyn, Victoria 3012, Australia.

CEVA Pty. Ltd. (formerly known as CEVA Australia Holdco Pty. Ltd. and Louis Australia Holdco Pty. Ltd.) is a private limited company organized under the laws of Australia registered on October 11, 2006. It is registered with the Australia Securities and Investments Commission under Australian Company Number 122147433 and the address of its registered office is 77H Millers Road, Brooklyn, Victoria 3012, Australia.

#### Belgium

CEVA Freight Belgium NV (formerly known as TGL Talon Global Logistics (Belgium) NV, EGL Eagle Global Logistics (Belgium) NV, Circle International (Belgium) NV and Circle Freight International (Belgium) NV) is a public limited liability company incorporated under the laws of Belgium registered on August 17, 1982. It is registered with the Court of Commerce under number 0422.964.342 and the address of its registered office is Brucargo Building 714, BE 1931 Zaventem, Belgium.

EGL (Belgium) Holding Company BVBA (formerly known as C.I.H. Belgium BVBA) is a private company with limited liability incorporated under the laws of Belgium registered on November 18, 1998. It is registered in Belgium with the Court of Commerce under number 0464.618.617 and it is registered as a foreign company in the United Kingdom with the Companies House under FC028345 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

## Brazil

AV Manufacturing Indústria e Comércio de Peças e Acessórios Automotivos Ltda (formerly known as TNT Skypak do Brasil Ltda and TNT Skypak International Currier Ltda) is a limited liability company organized under the laws of Brazil on May 16, 1983. It is registered with the Brazilian Ministry of Finance under CPNJ number 52.629.607/0001-39 and the address of its registered office is Rodovia BR-290, km 67, Rua 71, Unidade Autônoma 25, Distrito Industrial Automotivo de Gravataí, Gravataí, Rio Grande do Sul, Brazil.

CEVA Freight Management do Brasil Ltda (formerly known as Eagle Global Logistics do Brasil Ltda) is a limited liability company organized under the laws of Brazil registered on May 11, 1999. It is registered with the Brazilian Ministry of Finance under CPNJ number 03.229.138/0001-55 and the address of its registered office is Av. Alfredo Egido de Souza Aranha 100, Block D, 8th Floor, São Paulo, Brazil CEP 04726-908.

CEVA Holdings Ltda (formerly known as TNT Holdings Ltda) is a limited liability company organized under the laws of Brazil on October 25, 1996. It is registered with the Brazilian Ministry of Finance under CPNJ number 01.508.582/0001-84 and the address of its registered office is Avenida Fagundes de Oliveira, 1.580, Sala D, Municipality of Diadema, State of São Paulo, Zip Code (CEP): 09950-300, Brazil.

CEVA Logistics Ltda (formerly known as TNT Logistics Ltda, TNT Encomendas Urgentes do Brasil Ltda, Kwikassair Encomendas Urgentes do Brasil Ltda and Kwikasair Encomendas Urgentes Ltda) is a limited liability company organized under the laws of Brazil on November 26, 1973. It is registered with the Brazilian Ministry of Finance under CPNJ number 43.854.116/0001-09 and the address of its registered office is Avenida Mirafiori, 233, Bloco B, Sala A, Distrito Industrial Paulo Camilo Pena, Betim, Minas Gerais, Brazil.

Circle Fretes Internacionais do Brasil Ltda is a limited liability company organized under the laws of Brazil registered on December 5, 1975. It is registered with the Brazilian Ministry of Finance under CPNJ number 48.767.685/0001-22 and the address of its registered office is Av. Alfredo Egido de Souza Aranha 100, Block D, 8th Floor, Room A, São Paulo, Brazil CEP 04726-908.

## Canada

CEVA Freight Canada Corp. (formerly known as EGL Eagle Global Logistics (Canada) Corp.) is a corporation organized under the laws of Nova Scotia, Canada registered on September 28, 2000. It is registered with the Nova Scotia Registry of Joint Stock Companies under number 3052207 and the address of its registered office is 1959 Upper Water St., Ste. 900, Halifax, NS B3J 3N2, Canada.

CEVA Logistics Canada, ULC (formerly known as TNT Canada ULC, TNT Canada Incorporated and Alltrans Canada Incorporated) is an unlimited liability company organized under the laws of Alberta, Canada on June 17, 1992. It is registered with the Alberta Business Corporations Act under number 2012758997 and the address of its registered office is 10751 Deerwood Park Boulevard, Suite 200, Jacksonville, Florida 32256, United States.

## Cayman Islands

CEVA Logistics Cayman is an exempted company incorporated with limited liability under the laws of the Cayman Islands, incorporated on November 5, 2008. It is registered in the Cayman Islands with the Registrar of Companies under number WK-219392 and it is registered as a foreign company in the United Kingdom with the Companies House under number FC028688 and the address of its registered office in the United Kingdom is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Logistics Second Cayman is an exempted company incorporated with limited liability under the laws of the Cayman Islands, incorporated on June 11, 2009. It is registered in the Cayman Islands with the Registrar of Companies under number WK-227093 and it is registered as a foreign company in the United Kingdom with the Companies House under number FC029277 and the address of its registered office in the United Kingdom is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

## Germany

CEVA Container Logistik GmbH (formerly known as TNT Materials Handling GmbH and TNT Container Logistik GmbH) is a private limited company organized under the laws of Germany on June 29, 1993. It is registered with the commercial register of the local court of Frankfurt am Main under number HRB 79635 and the registered address is Rotfeder-Ring 5, D-60327 Frankfurt am Main, Germany.

CEVA Freight (Management) GmbH (formerly known as Franz Kroll GmbH Ticket & Hotel Agent and EGL Eagle Global Logistics (Management) GmbH) is a limited company organized under the laws of Germany registered on April 10, 1990. It is registered with the local court of Frankfurt am Main under number HRB 88623 and the registered address is Rotfeder-Ring 5, D-60327 Frankfurt am Main, Germany.

CEVA Freight Germany GmbH (formerly known as Circle Freight International Speditionsgesellschaft mbH, Circle International GmbH and EGL Eagle Global Logistics GmbH) is a limited company organized under the laws of Germany registered on June 28, 1979. It is registered with the local court of Frankfurt am Main under number HRB 88570 and the registered address is Rotfeder-Ring 5, D-60327 Frankfurt am Main, Germany.

CEVA Logistics CEE Holding GmbH (formerly known as Blitz 06-060 GmbH) is a private limited company organized under the laws of Germany on March 8, 2006. It is registered with the commercial register of the local court of Frankfurt am Main under number HRB 79325 and the registered address is Rotfeder-Ring 5, D-60327 Frankfurt am Main, Germany.

CEVA Logistics GmbH (formerly known as TNT Contract Logistik GmbH, TNT Logistik GmbH, TNT Logistics Deutschland GmbH and TNT Logistics GmbH) is a private limited company organized under the laws of Germany on June 28, 1991. It is registered with the commercial register of the local court of Frankfurt am Main under number HRB 73078 and the registered address is Rotfeder-Ring 5, D-60327 Frankfurt am Main, Germany.

EXPORTA Gesellschaft für Exportberatung m.b.H. is a limited company organized under the laws of Germany on July 5, 1966. It is registered with the local court of Frankfurt am Main under number HRB 88793 and the registered address is Rotfeder-Ring 5, D-60327 Frankfurt am Main, Germany.

## Hong Kong

CEVA FM (Hong Kong) Limited (formerly known as EGL Eagle Global Logistics China Limited) is a private limited company, organized under the laws of Hong Kong, incorporated on November 21, 1980. It is registered with the Hong Kong Companies Registry under number 89584 and the address of its registered office is 37/F Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Hong Kong.

CEVA Freight (Hong Kong) Limited (formerly known as Eagle Freight Hong Kong Limited) is a private limited company, organized under the laws of Hong Kong, incorporated on September 25, 1998. It is registered with the Hong Kong Companies Registry under number 655608 and the address of its registered office is 37/F Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Hong Kong.

CEVA Logistics (Hong Kong) Limited (formerly known as EGL Eagle Global Logistics Hong Kong Limited) is a private limited company, organized under the laws of Hong Kong, incorporated on June 16, 1988. It is registered with the Hong Kong Companies Registry under number 218542 and the address of its registered office is 37/F Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Hong Kong.

Eagle Asia Holding Limited is a private limited company, organized under the laws of Hong Kong, incorporated on September 16 1998. It is registered with the Hong Kong Companies Registry under number 654774 and the address of its registered office is 6/F, Alexandra House, 18 Chater Road, Central, Hong Kong.

Freight Systems Limited is a private limited company, organized under the laws of Hong Kong, incorporated on June 29, 1984. It is registered with the Hong Kong Companies Registry under number 138405 and the address of its registered office is Suite B, 12/F, Two Chinachem Plaza, 135 Des Voeux Road, Central, Hong Kong.

Ozonic Limited is a private limited company, organized under the laws of Hong Kong, incorporated on January 31, 1978. It is registered with the Hong Kong Companies Registry under number 58256 and the address of its registered office is 37/F Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Hong Kong.

#### Luxembourg

CEVA Freight Holdings Luxembourg S.à r.l. (formerly known as EGL Luxembourg S.à r.l.) is a limited liability company organized under the laws of Luxembourg, incorporated on 6 November 2003. It is registered with the Registre de Commerce et des Sociétés de Luxembourg under number B97010 and the address of its registered office is Cargo Center East, Office X1111, L-1360 Luxembourg.

#### Netherlands

CEVA Container Logistics B.V. (formerly known as TNT Materials Handling B.V.) is a private company with limited liability organized under the laws of The Netherlands, incorporated on August 31, 1988. It is registered with the Dutch Chamber of Commerce under number 09064386 and the address of its registered office is Dijkgraaf 12-14, 6921 RL Duiven, The Netherlands.

CEVA Coop Holdco B.V. is a private company with limited liability, organized under the laws of The Netherlands, incorporated on 14 December 2007. It is registered with the Dutch Chamber of Commerce under number 34288963 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Freight Holdings B.V. (formerly known as E.I. Freight Holding B.V.) is a private company with limited liability organized under the laws of The Netherlands, incorporated on November 12, 1998. It is registered with the Dutch Chamber of Commerce under number 24288688 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Freight Holland B.V. (formerly known as Eagle Global Logistics (Holland) B.V., Circle International B.V., Aero & General Holdings B.V. and N.V. Aerotraco Internationaal Expeditiebedrijf) is a private company with limited liability organized under the laws of The Netherlands, incorporated on December 29, 1965. It is registered with the Dutch Chamber of Commerce under number 34034262 and the address of its registered office is Folkstoneweg 182, 1118LN Luchthaven Schiphol, The Netherlands.

CEVA India Holding B.V. is a private company with limited liability organized under the laws of The Netherlands, incorporated on January 25, 2008. It is registered with the Dutch Chamber of Commerce under number 34293073 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Intercompany B.V. is a private company with limited liability organized under the laws of The Netherlands, incorporated on June 24, 2011. It is registered with the Dutch Chamber of Commerce under number 53017897 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Logistics Dutch Holdco B.V. (formerly known as Louis Dutch Holdco B.V.) is a private company with limited liability organized under the laws of The Netherlands, incorporated on October 17, 2006. It is registered with the Dutch Chamber of Commerce under number 34258112 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Logistics Finance B.V. (formerly known as Louis Logistics Finance B.V.) is a private company with limited liability organized under the laws of The Netherlands, incorporated on November 8, 2006. It is registered with the Dutch Chamber of Commerce under number 34259683 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Logistics Headoffice B.V. (formerly known as Logistics Headoffice B.V.) is a private company with limited liability organized under the laws of The Netherlands, incorporated on June 12, 2006. It is registered with the Dutch Chamber of Commerce under number 34250008 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Logistics Holdings B.V. (formerly known as TNT Logistics Holdings B.V., XP Nederland B.V. and City Courier B.V.) is a private company with limited liability organized under the laws of The Netherlands, incorporated on September 7, 1972. It is registered with the Dutch Chamber of Commerce under number 33132522 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

CEVA Logistics Netherlands B.V. (formerly known as TNT Logistics Netherlands B.V. and Holland Districare B.V.) is a private company with limited liability organized under the laws of The Netherlands, incorporated on April 28, 1989. It is registered with the Dutch Chamber of Commerce under number 16066165 and the address of its registered office is Costerweg 14, 4104 AJ Culemborg, The Netherlands.

Coöperatieve CEVA/EGL I B.A. is a cooperative organized under the laws of The Netherlands, incorporated on July 19, 2007. It is registered with the Dutch Chamber of Commerce under number 34279531 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

Coöperatieve CEVA/EGL II B.A. is a cooperative organized under the laws of The Netherlands, incorporated on July 19, 2007. It is registered with the Dutch Chamber of Commerce under number 34279525 and the address of its registered office is Siriusdreef 20, 2132 WT Hoofddorp, The Netherlands.

#### United Kingdom

CEVA Container Logistics Limited (formerly known as Taylor Barnard Group Limited, Taylor Barnard Limited, Taylor Barnard Group Limited and H.G. Taylor Haulage Limited) is a limited liability company incorporated under the laws of England and Wales on March 20, 1962. It is registered at Companies House under number 718421 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Freight (UK) Holding Company Limited (formerly known as EGL (UK) Holding Company Limited and Circle International European Holdings Limited) is a limited liability company organized under the laws of England and Wales registered on August 5, 1998. It is registered with the Companies House under number 3610568 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Freight (UK) Holdings Limited (formerly known as EGL (UK) Holdings Limited and EGL (UK) Sub Holding Company Limited) is a limited liability company organized under the laws of England and Wales registered on October 24, 2001. It is registered with the Companies House under number 4310476 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Freight (UK) Limited (formerly known as EGL Eagle Global Logistics (UK) Limited, EGL Eagle Global Logistics Limited, Circle International Limited, Harper Freight International Limited, Circle Freight International Limited and Circle Air Freight (U.K.) Limited) is a limited liability company organized under the laws of England and Wales registered on November 19, 1973. It is registered with the Companies House under number 1146292 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Limited (formerly known as Louis No. 3 Limited) is a limited liability company incorporated under the laws of England and Wales on August 9, 2006. It is registered at Companies House under number 5900891 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Logistics Limited (formerly known as TNT Logistics UK Limited, Taylor Barnard Limited and Taylor Barnard Transport Services Limited) is a limited liability company incorporated under the laws of England and Wales on December 17, 1976. It is registered at Companies House under number 1291251 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Network Logistics Limited (formerly known as Taylor Barnard Holdings Limited) is a limited liability company incorporated under the laws of England and Wales on February 25, 1999. It is registered at Companies House under number 3723307 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

CEVA Supply Chain Solutions Limited (formerly known as TNT Logistics Holdings UK Limited, TNT LG Limited, TNT Overnite Limited, Westwood Parcels Limited, and Darlen (Haulage) Limited) is a limited liability company incorporated under the laws of England and Wales on November 14, 1974. It is registered at Companies House under number 1190596 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

Eagle Global Logistics (UK) Limited (formerly known as Eagle International (UK) Limited and S. Boardman (Air Services) Limited) is a limited liability company organized under the laws of England and Wales registered on May 16, 1968. It is registered with the Companies House under number 932138 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

F.J. Tytherleigh & Co. Limited is a limited liability company organized under the laws of England and Wales registered on October 1, 1956. It is registered with the Companies House under number 572216 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

Paintblend Limited is a private company limited by shares, organized under the laws of England and Wales, incorporated on April 17, 2008. It is registered with the Companies House under number 6568566 and the address of its registered office is P.O. Box 8663, CEVA House, Excelsior Road, Ashby de la Zouch, Leicestershire, LE65 9BA, United Kingdom.

#### United States

CEVA Freight, LLC (formerly known as EGL Management, LLC) is a limited liability company organized under the laws of Delaware, United States registered on October 28, 1999. It is registered with the Delaware Secretary of State under number 3084634 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA Freight Management International Group, Inc. (formerly known as Circle International Group, Inc. and The Harper Group, Inc.) is a corporation organized under the laws of Delaware, United States registered on February 3, 1987. It is registered with the Delaware Secretary of State under number 2116436 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA Government Services, LLC (formerly known as EGL Government Services, LLC) is a limited liability company organized under the laws of Delaware, United States registered on July 7, 2006. It is registered with the Delaware Secretary of State under number 4160113 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA Ground US, L.P. (formerly known as SCG, The Select Carrier Group L.P.) is a limited partnership organized under the laws of Delaware, United States registered on October 7, 2003. It is registered with the Delaware Secretary of State under number 3712675 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA International Inc. (formerly known as Circle International, Inc.) is a corporation organized under the laws of Delaware, United States registered on May 11, 1989. It is registered with the Delaware Secretary of State under number 2196051 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA Logistics, LLC (formerly known as EGL Overseas Corp. and Circle Overseas Corp.) is a limited liability company organized under the laws of California, United States registered on February 4, 1984. It is registered with the California Secretary of State under number 200803110110 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA Logistics Japan LLC (formerly known as CEVA Logistics Japan, Ltd. and Circle Airfreight Japan, Ltd.) is a limited liability company organized under the laws of California United States registered on February 17, 1970. It is registered with the California Secretary of State under number 200904110011 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA Logistics Services U.S., Inc. (formerly known as CTI Services, Inc.) is a corporation organized under the laws of Delaware, United States on August 22, 1994. It is registered with the Secretary of State of the State of Delaware under number 2428858 and the address of its registered office is 10751 Deerwood Park Boulevard, Suite 200, Jacksonville, Florida 32256, United States.

CEVA Logistics U.S., Inc. (formerly known as TNT Logistics North America, Inc., CTI Logistx, Inc. and Customized Transportation, Inc.) is a corporation organized under the laws of Delaware, United States on July 1, 1980. It is registered with the Secretary of State of the State of Delaware under number 0895058 and the address of its registered office is 10751 Deerwood Park Boulevard, Suite 200, Jacksonville, Florida 32256, United States.

CEVA Logistics U.S. Group, Inc. (formerly known as TNT Transport Group Inc. and TNT TG, Inc.) is a corporation organized under the laws of Delaware, United States on June 28, 1988. It is registered with the Secretary of State of the State of Delaware under number 2165068 and the address of its registered office is 10751 Deerwood Park Boulevard, Suite 200, Jacksonville, Florida 32256, United States.

CEVA Logistics U.S. Holdings, Inc. (formerly known as Louis U.S. Holdco, Inc.) is a corporation organized under the laws of Delaware, United States on October 23, 2006. It is registered with the Secretary of State of the State of Delaware under number 4237089 and the address of its registered office is 10751 Deerwood Park Boulevard, Suite 200, Jacksonville, Florida 32256, United States.

CEVA Ocean Line, Inc. (formerly known as Eagle Maritime Services, Inc.) is a corporation organized under the laws of Texas, United States registered on April 21, 1997. It is registered with the Texas Secretary of State under number 144238100 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

CEVA Trade Services, Inc. (formerly known as EGL Trade Services, Inc., Circle Trade Services Limited and Harper Investment & Financial, Inc.) is a corporation organized under the laws of Delaware, United States registered on October 5, 1987. It is registered with the Delaware Secretary of State under number 2139823 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

Circle International Holdings LLC (formerly known as Circle International Holdings, Inc.) is a limited liability company organized under the laws of Delaware, United States registered on June 23, 1998. It is registered with the Delaware Secretary of State under number 2911920 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

ComplianceSource LLC is a limited liability company organized under the laws of Delaware, United States registered on April 14, 2003. It is registered with the Delaware Secretary of State under number 3647316 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

Customized Transportation International, Inc. is a corporation organized under the laws of Delaware, United States on October 23, 1996. It is registered with the Secretary of State of the State of Delaware under number 2676315 and the address of its registered office is 10751 Deerwood Park Boulevard, Suite 200, Jacksonville, Florida 32256, United States.

Eagle Partners L.P. is a limited partnership organized under the laws of Texas, United States registered on March 24, 2000. It is registered with the Texas Secretary of State under number 13293610 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

EGL, Inc. (formerly known as Eagle USA Air Freight, Inc.) is a corporation organized under the laws of Texas, United States registered on March 2, 1984. It is registered with the Texas Secretary of State under number 69410500 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

EGL Eagle Global Logistics, LP is a limited partnership organized under the laws of Delaware, United States registered on October 26, 1999. It is registered with the Delaware Secretary of State under number 3084632 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

Select Carrier Group LLC is a limited liability company organized under the laws of Delaware, United States registered on October 7, 2003. It is registered with the Delaware Secretary of State under number 3712673 and the address of its registered office is 15350 Vickery Drive, Houston, Texas 77032, United States.

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