ABN AMRO BANK NV
Form 424B2
June 22, 2007

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Norfolk Southern Corporation Knock-in REX	$4,000,000	$122.80

(1) Pursuant to Rule 457(p) under the Securities Act of 1933, filing fees of $94,671.00 have already been paid with respect to unsold securities that were previously registered pursuant to a Registration Statement on Form F-3 (No. 333-89136) of ABN AMRO Bank N.V. (the "Prior Registration Statement"), which was initially filed on May 24, 2002 and for which a post-effective amendment was filed on September 17, 2003 and have been carried forward. The $122.80 fee with respect to the $4,000,000 Knock-in Reverse Exchangeable Securities linked to common stock of Norfolk Southern Corporation due December 26, 2007 sold pursuant to this registration statement is offset against those filing fees,and $57,407.21 remains available for future registration fees. No additional fee has been paid with respect to this offering.

PRICING SUPPLEMENT
(TO PROSPECTUS DATED SEPTEMBER 29, 2006
AND PROSPECTUS SUPPLEMENT
DATED SEPTEMBER 29, 2006)
CUSIP: 00078UNV8

PRICING SUPPLEMENT NO. 164 TO
REGISTRATION STATEMENT
NOS. 333-137691, 333-137691-02
DATED JUNE 21, 2007
RULE 424(b)(2)

[ABN LOGO]
$4,000,000
ABN AMRO BANK N.V.
ABN NOTES(SM)
SENIOR FIXED RATE NOTES
FULLY AND UNCONDITIONALLY GUARANTEED BY
ABN AMRO HOLDING N.V.

12.00% (ANNUALIZED) KNOCK-IN REVERSE EXCHANGEABLE(SM) SECURITIES
DUE DECEMBER 26, 2007
LINKED TO COMMON STOCK OF NORFOLK SOUTHERN CORPORATION

The Securities do not guarantee any return of principal at maturity. Instead, the payout at maturity will be based on the performance of the shares of common stock of Norfolk Southern Corporation, which we refer to as the Underlying Shares, during the life of the Securities, and in certain circumstances described below, we will exchange each Security at maturity for a predetermined number of the Underlying Shares rather than the principal amount of the Securities. THE MARKET VALUE OF THOSE UNDERLYING SHARES WILL BE LESS THAN THE PRINCIPAL AMOUNT OF EACH SECURITY AND COULD BE ZERO.

SECURITIES	12.00% (Annualized) Knock-in Reverse Exchangeable(SM) Securities due December 26, 2007.
PRINCIPAL AMOUNT	$4,000,000
UNDERLYING SHARES	Common Stock, $1.00 par value per share, of Norfolk Southern Corporation

INTEREST RATE	12.00% per annum, payable monthly in arrears on the 26th day of each month commencing on July 26, 2007 and ending on the maturity date.
ISSUE PRICE	100%
ORIGINAL ISSUE DATE	June 26, 2007
PRICING DATE	June 21, 2007
MATURITY DATE	December 26, 2007
INITIAL PRICE	$55.31 (the initial price is subject to adjustment for certain corporate events affecting the Underlying Shares, which we describe in "Description of Securities -- Adjustment Events").
KNOCK-IN LEVEL	$44.25, which is 80% of the initial price.
STOCK REDEMPTION AMOUNT	18.080 Underlying Shares for each $1,000 principal amount of the Securities, which is equal to $1,000 divided by the initial price.
DETERMINATION DATE	The third trading day prior to the maturity date, subject to adjustment in certain circumstances which we describe in "Description of the Securities -- Determination Date."
PAYMENT AT MATURITY	The payment at maturity is based on the performance of the Underlying Shares:

- o If the closing price of the Underlying Shares on the primary U.S. exchange or market for the Underlying Shares has not fallen below the knock-in level on any trading day from but not including the pricing date to and including the determination date, we will pay you the principal amount of each Security in cash.

- o If the closing price of the Underlying Shares on the primary U.S. exchange or market for the Underlying Shares falls below the knock-in level on any trading day from but not including the pricing date to and including the determination date:

  - -- we will deliver to you a number of Underlying Shares equal to the stock redemption amount, in the event that the closing price of the Underlying Shares on the determination date is below the initial price; or

  - -- we will pay you the principal amount of each Security in cash, in the event that the closing price of the Underlying Shares on the determination date is at or above the initial price.

- You will receive cash in lieu of fractional shares.

The payment at maturity is subject to adjustment in certain circumstances.

GUARANTEE	The Securities will be fully and unconditionally guaranteed by ABN AMRO Holding N.V.
DENOMINATIONS	The Securities may be purchased in denominations of $1,000 and integral multiples thereof.
NO AFFILIATION WITH NORFOLK SOUTHERN CORPORATION	Norfolk Southern Corporation, which we refer to as "Norfolk Southern," is not an affiliate of ours and is not involved with this offering in any way. The obligations represented by the Securities are our obligations, not those of Norfolk Southern. Investing in the Securities is not equivalent to investing in Norfolk Southern common stock.
LISTING	We do not intend to list the Securities on any securities exchange.

THE SECURITIES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER FEDERAL AGENCY.

THE SECURITIES INVOLVE RISKS NOT ASSOCIATED WITH AN INVESTMENT IN CONVENTIONAL DEBT SECURITIES. SEE "RISK FACTORS" BEGINNING ON PS-8.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these Securities, or determined if this Pricing Supplement or the accompanying Prospectus Supplement or Prospectus is truthful or complete. Any representation to the contrary is a criminal offense. The agents are not obligated to purchase the Securities but have agreed to use reasonable efforts to solicit offers to purchase the Securities. TO THE EXTENT THE FULL AGGREGATE PRINCIPAL AMOUNT OF THE SECURITIES BEING OFFERED BY THIS PRICING SUPPLEMENT IS NOT PURCHASED BY INVESTORS IN THE OFFERING, ONE OR MORE OF OUR AFFILIATES HAS AGREED TO PURCHASE THE UNSOLD PORTION, WHICH MAY CONSTITUTE A SUBSTANTIAL PORTION OF THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF THE SECURITIES, AND TO HOLD SUCH SECURITIES FOR INVESTMENT PURPOSES. SEE "HOLDING OF THE SECURITIES BY OUR AFFILIATES AND FUTURE SALES" UNDER THE HEADING "RISK FACTORS" AND "PLAN OF DISTRIBUTION." This Pricing Supplement and the accompanying Prospectus Supplement and Prospectus may be used by our affiliates in connection with offers and sales of the Securities in market-making transactions.

PRICE $1,000 PER SECURITY

	PRICE TO PUBLIC	AGENT'S COMMISSIONS(1)	PROCEEDS TO ABN AMRO BANK N.V.
Norfolk Southern Corporation	100%	1.75%	98.25%
Total	$4,000,000	$70,000	$3,930,000

(1) For additional information see "Plan of Distribution" in this pricing supplement.

ABN AMRO INCORPORATED

In this Pricing Supplement, the "Bank," "we," "us" and "our" refer to ABN AMRO Bank N.V. and "Holding" refers to ABN AMRO Holding N.V., our parent company. We refer to the Securities offered hereby and the related guarantees as the "Securities" and to each individual security offered hereby as a "Security."

Reverse Exchangeable(SM) and ABN Notes(SM) are service marks of ABN AMRO Bank N.V.

ANY SECURITIES ISSUED, SOLD OR DISTRIBUTED PURSUANT TO THIS PRICING SUPPLEMENT MAY NOT BE OFFERED OR SOLD (I) TO ANY PERSON/ENTITY LISTED ON SANCTIONS LISTS OF THE EUROPEAN UNION, UNITED STATES OR ANY OTHER APPLICABLE LOCAL COMPETENT AUTHORITY; (II) WITHIN THE TERRITORY OF CUBA, SUDAN, IRAN AND MYANMAR; (III) TO RESIDENTS IN CUBA, SUDAN, IRAN OR MYANMAR; OR (IV) TO CUBAN NATIONALS, WHEREVER LOCATED.

SUMMARY

THE FOLLOWING SUMMARY ANSWERS SOME QUESTIONS THAT YOU MIGHT HAVE REGARDING THE SECURITIES IN GENERAL TERMS ONLY. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ THE SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION THAT IS CONTAINED IN THE REST OF THIS PRICING SUPPLEMENT AND IN THE ACCOMPANYING PROSPECTUS AND PROSPECTUS SUPPLEMENT. YOU SHOULD CAREFULLY CONSIDER, AMONG OTHER THINGS, THE MATTERS SET FORTH IN "RISK FACTORS." IN ADDITION, WE URGE YOU TO CONSULT WITH YOUR INVESTMENT, LEGAL, ACCOUNTING, TAX AND OTHER ADVISORS WITH RESPECT TO ANY INVESTMENT IN THE SECURITIES.

WHAT ARE THE SECURITIES?

The Securities are interest paying, non-principal protected securities issued by us, ABN AMRO Bank N.V., and are fully and unconditionally guaranteed by our parent company, ABN AMRO Holding N.V. The Securities are senior notes of ABN AMRO Bank N.V. and have a maturity of six months. These Securities combine certain features of debt and equity by offering a fixed interest rate on the principal amount while the payment at maturity is determined based on the performance of the Underlying Shares. Therefore your principal is at risk.

The Securities have certain features that make them what we refer to as "Knock-in Reverse Exchangeable Securities." This means that if the closing price of the Underlying Shares on the primary U.S. organized exchange or market for the Underlying Shares, which we refer to as the relevant exchange, never falls below a certain price level, which we call the knock-in level, on any trading day from but not including the pricing date to and including the determination date (such period, the "Knock-in Period"), then we will pay you in cash the principal amount of each Security at maturity. On the other hand, if the closing price of the Underlying Shares on the relevant exchange falls below the knock-in level on any trading day during the Knock-in Period, then the payment at maturity will depend on the closing price of the Underlying Shares on the determination date. In this latter case, if the closing price of the Underlying Shares on the determination date is equal to or greater than the initial price, we will pay you in cash the principal amount of each Security you hold; if the closing price of the Underlying Shares on the determination date is less than the initial price, we will deliver to you, in exchange for each $1,000 principal amount of Securities, a number of Underlying Shares equal to the stock redemption amount.

WHY IS THE INTEREST RATE ON THE SECURITIES HIGHER THAN THE INTEREST RATE PAYABLE ON YOUR CONVENTIONAL DEBT SECURITIES WITH THE SAME MATURITY?

The Securities offer a higher interest rate than the yield that would be payable on a conventional debt security with the same maturity issued by us or an issuer with a comparable credit rating. This is because you, the investor in the Securities, indirectly sell a put option to us on the Underlying Shares. The premium due to you for this put option is combined with a market interest rate on our senior debt to produce the higher interest rate on the Securities.

WHAT ARE THE CONSEQUENCES OF THE INDIRECT PUT OPTION THAT I HAVE SOLD YOU?

The put option you indirectly sell to us creates the feature of exchangeability. If the closing price of the Underlying Shares on the relevant exchange falls below the knock-in level on any trading day during the Knock-in Period, and on the determination date the closing price per Underlying Share is less than the initial price, you will receive a fixed number of Underlying Shares for each Security you hold, which we call the stock redemption amount. On the other hand, if the closing price of the Underlying Shares on the relevant exchange falls below the knock-in level, and on the determination date the closing price per Underlying Share is equal to or greater than the initial price, you will receive $1,000 for each Security you hold. Because of the exchangeability of the Securities, and because we will determine whether you will receive cash or Underlying Shares by reference to the closing price of the Underlying Shares on the determination date, such securities are generally referred to as "reverse exchangeable securities." However, because this feature of exchangeability is created only if the closing price of the Underlying Shares on the relevant exchange falls below the knock-in level on any trading day during the Knock-in Period, we call the Securities "Knock-in Reverse Exchangeable Securities."

WHAT WILL I RECEIVE AT MATURITY OF THE SECURITIES?

The payment at maturity of the Securities will depend on (i) whether or not the closing price of the Underlying Shares fell below the knock-in level on any trading day during the Knock-in Period, and if so, (ii) the closing price of the Underlying Shares on

the determination date. To determine closing prices, we look at the prices quoted by the relevant exchange.

- If the closing price per Underlying Share on the relevant exchange has not fallen below the knock-in level on any trading day during the Knock-in Period, we will pay you the principal amount of each Security in cash.

- If the closing price per Underlying Share on the relevant exchange has fallen below the knock-in level on any trading day during the Knock-in Period, we will either:

  - deliver to you the stock redemption amount, in exchange for each Security, in the event that the closing price of the Underlying Shares is below the initial price on the determination date; or

  - pay you the principal amount of each Security in cash, in the event that the closing price of the Underlying Shares is at or above the initial price on the determination date.

The payment at maturity is subject to adjustment in certain circumstances, which we describe in "Description of Securities -- Adjustment Events.

HOW ARE THE STOCK REDEMPTION AMOUNT AND KNOCK-IN LEVEL DETERMINED?

The stock redemption amount for each $1,000 principal amount of the Securities is equal to $1,000 divided by the initial price. The value of any fractional shares you are entitled to receive, after aggregating your total holdings of the Securities, will be paid in cash based on the closing price of the Underlying Shares on the determination date.

The knock-in level is 80% of the initial price.

The initial price and consequently the stock redemption amount and knock-in level are subject to adjustment for certain corporate events affecting the Underlying Shares, which we describe in "Description of Securities -- Adjustment Events."

WHAT INTEREST PAYMENTS CAN I EXPECT ON THE SECURITIES?

The Securities pay interest at a rate of 12.00% per annum. The interest rate is fixed at issue and is payable monthly in arrears. This means that irrespective of whether the Securities are exchanged at maturity for cash or the stock redemption amount, you will be entitled to monthly interest payments on the full principal amount of the Securities you hold, payable in cash.

CAN YOU GIVE ME AN EXAMPLE OF THE PAYMENT AT MATURITY?

If, for example, in a hypothetical offering, the interest rate was 10% per annum, the initial price of a share of underlying stock was $45.00 and the knock-in level for such offering was 80%, then the stock redemption amount would be 22.222 shares of underlying stock, or $1,000 divided by $45.00, and the knock-in level would be $36.00, or 80% of the initial price.

If the closing price of that hypothetical underlying stock fell below the knock-in level of $36.00 on any trading day during the Knock-in Period, then the payment at maturity would depend on the closing price of the underlying stock on the determination date. In this case, if the closing price of the underlying stock on the determination date is $30.00 per share at maturity, which is below the initial price level, you would receive 22.222 shares of underlying stock for each $1,000 principal amount of the securities. (In actuality, because we cannot deliver fractions of a share, you would receive on the maturity date for each $1,000 principal amount of the securities 22 shares of underlying stock plus $6.66 cash in lieu of 0.222 fractional shares, determined by multiplying 0.222 by $30.00, the closing price per shares of underlying stock on the determination date.) In addition, over the life of the securities you would have received interest payments at a rate of 10% per annum. IN THIS HYPOTHETICAL EXAMPLE, THE MARKET VALUE OF THOSE 22 SHARES OF UNDERLYING STOCK (INCLUDING THE CASH PAID IN LIEU OF FRACTIONAL SHARES) THAT WE WOULD DELIVER TO YOU AT MATURITY FOR EACH $1,000 PRINCIPAL AMOUNT OF SECURITY WOULD BE $666.66, WHICH IS LESS THAN THE PRINCIPAL AMOUNT OF $1,000, AND YOU WOULD HAVE LOST A PORTION OF YOUR INITIAL INVESTMENT. If, on the other hand, the closing price of the underlying stock on the determination date is $50.00 per share, which is above the initial price level, you will receive $1,000 in cash for each $1,000 principal amount of the securities regardless of the knock-in level having been breached. In addition, over the life of the Securities you would have received interest payments at a rate of 10% per annum.

Alternatively, if the closing price of the underlying stock never falls below $36.00, which is

the knock-in level, on any trading day during the Knock-in Period, at maturity you will receive $1,000 in cash for each security you hold regardless of the closing price of the underlying stock on the determination date. In addition, over the life of the securities you would have received interest payments at a rate of 10% per annum.

THIS EXAMPLE IS FOR ILLUSTRATIVE PURPOSES ONLY AND IS BASED ON A HYPOTHETICAL OFFERING. FOR EACH OFFERING OF SECURITIES, WE WILL SET THE INITIAL PRICE, KNOCK-IN LEVEL AND STOCK REDEMPTION AMOUNT (SUBJECT TO ADJUSTMENT FOR CERTAIN CORPORATE EVENTS AFFECTING THE APPLICABLE UNDERLYING SHARES) ON THE DATE WE PRICE THE SECURITIES, WHICH WE REFER TO AS THE PRICING DATE. IT IS NOT POSSIBLE, HOWEVER, TO PREDICT THE CLOSING PRICE OF ANY OF THE UNDERLYING SHARES ON THE DETERMINATION DATE OR AT ANY TIME DURING THE LIFE OF THE SECURITIES.

In this Pricing Supplement, we have provided under the heading "Hypothetical Sensitivity Analysis of Total Return of the Securities at Maturity" the total return of owning the Securities through maturity for various hypothetical closing prices of the Underlying Shares on the determination date in the case where the knock-in level has been breached and in the case where the knock-in level has not been breached.

DO I GET ALL MY PRINCIPAL BACK AT MATURITY?

You are not guaranteed to receive any return of principal at maturity. If the closing price of Underlying Shares falls below the knock-in level on any trading day during the Knock-in Period, and the closing price of the Underlying Shares is below the initial price on the determination date, we will deliver to you Underlying Shares. The market value of the Underlying Shares at the time you receive those shares will be less than the principal amount of the Securities and could be zero.

IS THERE A LIMIT TO HOW MUCH I CAN EARN OVER THE LIFE OF THE SECURITIES?

Yes. The amount payable under the terms of the Securities will never exceed the principal amount of the Securities payable at maturity plus interest payments you earn over the life of the Securities.

DO I BENEFIT FROM ANY APPRECIATION IN THE UNDERLYING SHARES OVER THE LIFE OF THE SECURITIES?

No. The amount paid at maturity for each $1,000 principal amount of the Securities will not exceed $1,000. As a result, if the Underlying Shares have appreciated above their price level on the pricing date, the payment you receive at maturity will not reflect that appreciation. UNDER NO CIRCUMSTANCES WILL YOU RECEIVE A PAYMENT AT MATURITY GREATER THAN THE PRINCIPAL AMOUNT OF THE SECURITIES THAT YOU HOLD AT THAT TIME.

WHAT IS THE MINIMUM REQUIRED PURCHASE?

You can purchase Securities in $1,000 denominations or in integral multiples thereof.

IS THERE A SECONDARY MARKET FOR THE SECURITIES?

We do not intend to list the Securities on any securities exchange. Accordingly, there may be little or no secondary market for the Securities and, as such, information regarding independent market pricing for the Securities may be limited. You should be willing to hold your Securities until the maturity date.

Although it is not required to do so, we have been informed by our affiliate that when this offering is complete, it intends to make purchases and sales of the Securities from time to time in off-exchange transactions. If our affiliate does make such a market in the Securities, it may stop doing so at any time.

In connection with any secondary market activity in the Securities, our affiliate may post indicative prices for the Securities on a designated website or via Bloomberg. However, our affiliate is not required to post such indicative prices and may stop doing so at any time. INVESTORS ARE ADVISED THAT ANY PRICES SHOWN ON ANY WEBSITE OR BLOOMBERG PAGE ARE INDICATIVE PRICES ONLY AND, AS SUCH, THERE CAN BE NO ASSURANCE THAT ANY TRADE COULD BE EXECUTED AT SUCH PRICES. Investors should contact their brokerage firm for further information.

In addition, the issue price of the Securities includes the selling agents' commissions paid with respect to the Securities and the cost of hedging our obligations under the Securities. The cost of hedging includes the profit component that our affiliate has charged in consideration for assuming the risks inherent in managing the hedging the transactions. The fact that the issue price of the Securities includes these commissions and hedging costs is expected to adversely affect the secondary market prices of the Securities. See "Risk Factors--The Inclusion of Commissions and Cost of Hedging in the Issue Price is Likely to Adversely Affect Secondary Market Prices" and "Use of Proceeds."

TELL ME MORE ABOUT ABN AMRO BANK N.V. AND ABN AMRO HOLDING N.V.

We are a prominent international banking group offering a wide range of banking products and financial services on a global basis through our network of 4,532 offices and branches in 56 countries and territories as of year-end 2006. We are one of the largest banking groups in the world, with total consolidated assets of (euro)987.1 billion at December 31, 2006. We are the largest banking group in the Netherlands and we have a substantial presence in Brazil and the Midwestern United States. We are one of the largest foreign banking groups in the United States, based on total assets held as of December 31, 2006. We are listed on Euronext and the New York Stock Exchange. ABN AMRO Bank N.V. is rated AA- by Standard & Poor's and Aa2 by Moody's.

ABN AMRO Holding N.V. is the parent company of ABN AMRO Bank N.V. Holding's main purpose is to own the Bank and its subsidiaries. All of the Securities issued by the Bank hereunder are fully and unconditionally guaranteed by Holding.

ABN AMRO Holding N.V. is the parent company of ABN AMRO. On April 23, 2007, ABN AMRO Holding N.V. and Barclays PLC ("Barclays") jointly announced that agreement has been reached on the combination of ABN AMRO Holding N.V. and Barclays. Separately, ABN AMRO Holding N.V. also announced the sale of ABN AMRO North America Holding Company, which principally consists of the retail and commercial banking activities of LaSalle Bank Corporation, to Bank of America for US$21 billion in cash. On May 29, 2007 The Royal Bank of Scotland Group plc, Fortis SA/NV and Fortis N.V., and Banco Santander Central Hispano SA jointly announced their intention to make an offer to acquire all of the outstanding shares of ABN AMRO Holding N.V.

WHERE CAN I FIND OUT MORE ABOUT NORFOLK SOUTHERN?

Because the Underlying Shares are registered under the Securities Exchange Act of 1934, as amended, Norfolk Southern is required to file periodically certain financial and other information specified by the Commission which is available to the public. You should read "Public Information Regarding the Underlying Shares" in this Pricing Supplement to learn how to obtain public information regarding the Underlying Shares and other important information. The historical highest closing price, lowest closing price and last day closing price of the Underlying Shares for each quarter since 2003 are set forth under the heading "Public Information Regarding the Underlying Shares" in this Pricing Supplement.

WHO WILL DETERMINE WHETHER THE CLOSING PRICE OF THE UNDERLYING SHARES HAS FALLEN BELOW THE KNOCK-IN LEVEL, THE CLOSING PRICE OF THE UNDERLYING SHARES ON THE DETERMINATION DATE, THE STOCK REDEMPTION AMOUNT AND THE INITIAL PRICE?

We have appointed ABN AMRO Incorporated, which we refer to as AAI, to act as calculation agent for Wilmington Trust Company, the trustee for the Securities and Citibank, N.A., the securities administrator. As calculation agent, AAI will determine whether the closing price of the Underlying Shares has fallen below the knock-in level, the closing price of the Underlying Shares on the determination date, the stock redemption amount and the initial price. The calculation agent may adjust the initial price of the Underlying Shares and consequently the stock redemption amount and knock-in level, which we describe in the section called "Description of Securities -- Adjustment Events."

WHO INVESTS IN THE SECURITIES?

The Securities are not suitable for all investors. The Securities might be considered by investors who:

o seek a higher interest rate than the current dividend yield on the Underlying Shares or the yield on a conventional debt security with the same maturity issued by us or an issuer with a comparable credit rating;

o are willing to accept the risk of owning equity in general and the Underlying Shares in particular and the risk that they could lose their entire investment;

o do not expect to participate in any appreciation in the price of the Underlying Shares; and

o and are willing to hold the Securities until maturity.

You should carefully consider whether the Securities are suited to your particular circumstances before you decide to purchase them. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the Securities.

WHAT ARE SOME OF THE RISKS IN OWNING THE SECURITIES?

Investing in the Securities involves a number of risks. We have described the most significant risks relating to the Securities under the heading "Risk

Factors" in this Pricing Supplement which you should read before making an investment in the Securities.

Some selected risk considerations include:

- CREDIT RISK. Because you are purchasing a security from us, you are assuming our credit risk. In addition, because the Securities are fully and unconditionally guaranteed by Holding, you are assuming the credit risk of Holding in the event that we fail to make any payment or delivery required by the terms of the Securities.

- PRINCIPAL RISK. The Securities are not principal protected, which means there is no guaranteed return of principal. If the closing price of the Underlying Shares falls below the knock-in level on any trading day during the life of the Securities and the closing price on the determination date is less than the initial price, we will deliver to you a fixed number of Underlying Shares with a market value less than the principal amount of the Securities, which value may be zero.

- LIQUIDITY AND MARKET RISK. We do not intend to list the Securities on any securities exchange. Accordingly, there may be little or no secondary market for the Securities and information regarding independent market pricing for the Securities may be limited. The value of the Securities in the secondary market, if any, will be subject to many unpredictable factors, including then prevailing market conditions.

WHAT IF I HAVE MORE QUESTIONS?

You should read the "Description of Securities" in this Pricing Supplement for a detailed description of the terms of the Securities. The Securities are senior notes issued as part of our ABN Notes(SM) program and guaranteed by Holding. The Securities offered by the Bank will constitute the Bank's unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all our other present and future unsecured and unsubordinated obligations. The guarantee of Holding will constitute Holding's unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all Holding's other present and future unsecured and unsubordinated obligations. You can find a general description of our ABN Notes(SM) program in the accompanying Prospectus Supplement. We also describe the basic features of this type of note in the sections called "Description of Notes" and "Notes Linked to Commodity Prices, Single Securities, Baskets of Securities or Indices".

You may contact our principal executive offices at Gustav Mahleraan 10, 1082 PP Amsterdam, The Netherlands. Our telephone number is (54-20) 628-9393.

RISK FACTORS

This section describes the most significant risks relating to the Securities. For a discussion of certain general risks associated with your investment in the Securities, please refer to the section entitled "Risk Factors" beginning on page S-3 of the accompanying prospectus supplement. YOU SHOULD CAREFULLY CONSIDER WHETHER THE SECURITIES ARE SUITED TO YOUR PARTICULAR CIRCUMSTANCES BEFORE YOU DECIDE TO PURCHASE THEM. IN ADDITION, WE URGE YOU TO CONSULT WITH YOUR INVESTMENT, LEGAL, ACCOUNTING, TAX AND OTHER ADVISORS WITH RESPECT TO ANY INVESTMENT IN THE SECURITIES.

THE SECURITIES ARE NOT ORDINARY SENIOR NOTES; THERE IS NO GUARANTEED RETURN OF PRINCIPAL

The Securities combine limited features of debt and equity. The terms of the Securities differ from those of ordinary debt securities in that we will not pay you a fixed principal amount in cash at maturity if the closing price of the Underlying Shares has fallen below the knock-in level on any trading day during the Knock-in Period and, in addition, the closing price of the Underlying Shares is below the initial price on the determination date. In such event, we will exchange each Security you hold for a number of Underlying Shares equal to the stock redemption amount. Such shares will have a market value of less than the principal amount of the Securities, and such value may be zero. You cannot predict the future performance of the Underlying Shares based on their historical performance. ACCORDINGLY, YOU COULD LOSE SOME OR ALL OF THE AMOUNT YOU INVEST IN THE SECURITIES.

THE SECURITIES WILL NOT PAY MORE THAN THE STATED PRINCIPAL AMOUNT AT MATURITY

The amount paid at maturity of the Securities in cash or Underlying Shares will not exceed the principal amount of the Securities. If the closing price of the Underlying Shares on the determination date is equal to or exceeds the initial price (regardless of whether the knock-in level has been previously breached), you will receive the principal amount of the Securities irrespective of any appreciation in the share price. You will not receive Underlying Shares or any other asset equal to the value of the Underlying Shares. As a result, if the Underlying Shares have appreciated above their closing price level on the pricing date, the payment you receive at maturity will not reflect that appreciation. UNDER NO CIRCUMSTANCES WILL YOU RECEIVE A PAYMENT AT MATURITY GREATER THAN THE PRINCIPAL AMOUNT OF THE SECURITIES THAT YOU HOLD AT THAT TIME.

WE DO NOT INTEND TO LIST THE SECURITIES ON ANY SECURITIES EXCHANGE; SECONDARY TRADING MAY BE LIMITED

You should be willing to hold your Securities until the maturity date. We do not intend to list the Securities on any securities exchange; accordingly, there may be little or no secondary market for the Securities and information regarding independent market pricing for the Securities may be limited. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Securities easily. Upon completion of the offering, our affiliate has informed us that it intends to purchase and sell the Securities from time to time in off-exchange transactions, but it is not required to do so. If our affiliate does make such a market in the Securities, it may stop doing so at any time. In addition, the total principal amount of the Securities being offered is not being purchased by investors in the offering, and one or more of our affiliates has agreed to purchase the unsold portion. Such affiliate or affiliates intend to hold the Securities for investment purposes, which may affect the supply of Securities available for secondary trading and therefore adversely affect the price of the Securities in any secondary trading. If a substantial portion of any Securities held by our affiliates were to be offered for sale following this offering, the market price of such Securities could fall, especially if secondary trading in such Securities is limited or illiquid.

MARKET PRICE OF THE SECURITIES INFLUENCED BY MANY UNPREDICTABLE FACTORS

The value of the Securities may move up and down between the date you purchase them and the determination date when the calculation agent determines the amount to be paid to the holders of the Securities on the maturity date.

Several factors, many of which are beyond our control, will influence the value of the Securities, including:

- the market price of the Underlying Shares, in particular, whether the market price of the Underlying Shares has fallen below the knock-in level;

- the volatility (frequency and magnitude of changes) in the price of the Underlying Shares;

- the dividend rate on the Underlying Shares. While dividend payments on the Underlying Shares, if any, are not paid to holders of the Securities, such payments may have an influence on the market price of the Underlying Shares and therefore on the Securities;

- interest and yield rates in the market;

- economic, financial, political and regulatory or judicial events that affect the stock markets generally and which may affect the closing price of the Underlying Shares and/or the Securities;

- the time remaining to the maturity of the Securities; and

- the creditworthiness of the Bank as issuer of the Securities and Holding as the guarantor of the Bank's obligations under the Securities. Any person who purchases the Securities is relying upon the creditworthiness of the Bank and Holding and has no rights against any other person. The Securities constitute the general, unsecured and unsubordinated contractual obligations of the Bank and Holding.

Some or all of these factors will influence the price that you will receive if you sell your Securities in the secondary market, if any, prior to maturity. For example, you may have to sell your Securities at a substantial discount from the principal amount if at the time of sale the market price of the Underlying Shares is at, below, or not sufficiently above the knock-in level. See "Risk Factors--The Inclusion of Commissions and Cost of Hedging in the Issue Price is Likely to Adversely Affect Secondary Market Prices."

THE INCLUSION OF COMMISSIONS AND COST OF HEDGING IN THE ISSUE PRICE IS LIKELY TO ADVERSELY AFFECT SECONDARY MARKET PRICES

Assuming no change in market conditions or any other relevant factors, the price, if any, at which the selling agents are willing to purchase Securities in secondary market transactions will likely be lower than the issue price, since the issue price included, and secondary market prices are likely to exclude, commissions paid with respect to the Securities, as well as the profit component included in the cost of hedging our obligations under the Securities. In addition, any such prices may differ from values determined by pricing models used by the selling agents, as a result of dealer discounts, mark-ups or other transaction costs.

AN INCREASE IN THE VALUE OF THE UNDERLYING SHARES WILL NOT INCREASE THE RETURN ON YOUR INVESTMENT

Owning the Securities is not the same as owning the Underlying Shares. Accordingly, the market value of your Securities may not have a direct relationship with the market price of the Underlying Shares, and changes in the market price of the Underlying Shares may not result in a comparable change in the market value of your Securities. If the price per Underlying Share increases above the initial price, the market value of the Securities may not increase. It is also possible for the price of the Underlying Shares to increase while the market price of the Securities declines.

POTENTIAL CONFLICTS OF INTEREST; NO SECURITY INTEREST IN THE UNDERLYING SHARES HELD BY US

We and our affiliates may carry out hedging activities that minimize our risks related to the Securities, including trading in the Underlying Shares. In particular, on or prior to the date of this Pricing Supplement, we, through our affiliates, hedged our anticipated exposure in connection with the Securities by taking positions in the Underlying Shares, options contracts on Underlying Shares listed on major securities markets, and/or other instruments that we deemed appropriate in connection with such hedging. Such hedging is carried out in a manner designed to minimize any impact on the price of the Underlying Shares. Our purchase activity, however, could potentially have increased the initial price of the Underlying Shares, and therefore inadvertently increased the level below which we would be required to deliver to you at maturity Underlying Shares, which, in turn, would have a value less than the principal amount of your Securities.

Through our affiliates, we are likely to modify our hedge position throughout the life of the Securities by purchasing and selling Underlying Shares, options contracts on Underlying Shares listed on major securities markets or positions in other securities or instruments that we may wish to use in connection with such hedging. Although we have no reason to believe that our hedging activity or other trading activities that we, or any of our affiliates, engage in or may engage in has had or will have a material impact on the price of the Underlying Shares, we cannot give you any assurance that we have not or will not affect such price as a result of our hedging or trading activities. It is possible that we or one of more of our affiliates could receive substantial returns from these hedging activities while the value of the Securities may decline. We or one or more of our affiliates may also engage in trading the Underlying Shares and other investments relating to Norfolk Southern on a regular basis as part of our or its general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could adversely affect the price of the Underlying Shares and, therefore, the value of the Securities. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the value of the Underlying Shares. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely effect the value of the Securities. It is also possible that any advisory services that we or our affiliates provide in the course of any business with Norfolk Southern or its affiliates could lead to actions on the part of the issuer of the stock which might adversely affect the value of the Underlying Shares.

The indenture governing the Securities does not contain any restrictions on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey all or any portion of the Underlying Shares acquired by us or our affiliates. Neither we nor Holding nor any of our affiliates will pledge or otherwise hold Underlying Shares for the benefit of holders of the Securities in order to enable the holders to exchange their Securities for Underlying Shares under any circumstances. Consequently, in the event of a bankruptcy, insolvency or liquidation involving us or Holding, as the case may be, any Underlying Shares that we or Holding own will be subject to the claims of our creditors or Holding's creditors generally and will not be available specifically for the benefit of the holders of the Securities.

NO SHAREHOLDER RIGHTS IN THE UNDERLYING SHARES

As a holder of the Securities, you will not have voting rights or rights to receive dividends or other distributions or other rights that holders of Underlying Shares would have.

Because neither we nor Holding nor any of our affiliates are affiliated with Norfolk Southern, we have no ability to control or predict the actions of Norfolk Southern, including any corporate actions of the type that would require the calculation agent to adjust the initial price and consequently the knock-in level and stock redemption amount, and have no ability to control the public disclosure of these corporate actions or any other events or circumstances affecting Norfolk Southern. NORFOLK SOUTHERN IS NOT INVOLVED IN THE OFFER OF THE SECURITIES IN ANY WAY AND HAS NO OBLIGATION TO CONSIDER YOUR INTEREST AS AN OWNER OF THE SECURITIES IN TAKING ANY CORPORATE ACTIONS THAT MIGHT AFFECT THE VALUE OF YOUR SECURITIES. NONE OF THE MONEY YOU PAY FOR THE SECURITIES WILL GO TO NORFOLK SOUTHERN.

INFORMATION REGARDING NORFOLK SOUTHERN

Neither we nor Holding nor any of our affiliates assume any responsibility for the adequacy of the information about Norfolk Southern contained in this Pricing Supplement or in any of Norfolk Southern's publicly available filings. AS AN INVESTOR IN THE SECURITIES, YOU SHOULD MAKE YOUR OWN INVESTIGATION INTO NORFOLK SOUTHERN. NEITHER WE NOR HOLDING NOR ANY OF OUR AFFILIATES HAVE ANY AFFILIATION WITH NORFOLK SOUTHERN, AND ARE NOT RESPONSIBLE FOR NORFOLK SOUTHERN'S PUBLIC DISCLOSURE OF INFORMATION, WHETHER CONTAINED IN SEC FILINGS OR OTHERWISE.

LIMITED ANTIDILUTION PROTECTION

AAI, as calculation agent, will adjust the initial price and consequently the stock redemption amount and knock-in level for certain events affecting the Underlying Shares, such as stock splits and corporate actions. The calculation agent is not required to make an adjustment for every corporate action which affects the Underlying Shares. For example, the calculation agent is not required to make any adjustments if Norfolk Southern or anyone else makes a

partial tender or partial exchange offer for the Underlying Shares. IF AN EVENT OCCURS THAT DOES NOT REQUIRE THE CALCULATION AGENT TO ADJUST THE AMOUNT OF THE UNDERLYING SHARES PAYABLE AT MATURITY, THE MARKET PRICE OF THE SECURITIES MAY BE MATERIALLY AND ADVERSELY AFFECTED.

HOLDINGS OF THE SECURITIES BY OUR AFFILIATES AND FUTURE SALES

Certain of our affiliates have agreed to purchase for investment the portion of the Securities that has not been purchased by investors in this offering, which initially they intend to hold for investment purposes. As a result, upon completion of this offering, our affiliates may own a substantial portion of the aggregate principal amount of the Securities. Circumstances may occur in which our interests or those of our affiliates could be in conflict with your interests.

POTENTIAL CONFLICTS OF INTEREST BETWEEN HOLDERS OF SECURITIES AND THE CALCULATION AGENT

As calculation agent, AAI will calculate the payout to you at maturity of the Securities. AAI and other affiliates may carry out hedging activities related to the Securities, including trading in the Underlying Shares, as well as in other instruments related to the Underlying Shares. AAI and some of our other affiliates also trade the Underlying Shares on a regular basis as part of their general broker dealer businesses. Any of these activities could influence AAI's determinations as calculation agent and any such trading activity could potentially affect the price of the Underlying Shares and, accordingly could effect the payout on the Securities. AAI IS AN AFFILIATE OF ABN AMRO BANK N.V.

In addition, if certain reorganization events occur as defined under "Description of Securities--Adjustment Events" the calculation agent may adjust the initial price and consequently the knock-in level and stock redemption amount to reflect the new securities issued in such reorganization event. The calculation agent may make such adjustment based on its assessment of the market value and volatility of those new securities, which may adversely affect the value of the Securities. The calculation agent's adjustment to the Securities may be influenced by, among other things, our or our affiliates' hedging transactions with respect to the Securities and our or their ability to hedge our obligations under the Securities following those reorganization events. While we do not currently anticipate the occurrence of a reorganization event, there can be no assurance that a reorganization event will not occur or that the calculation agent's adjustments upon a reorganization event will not adversely affect the value of the Securities.

Moreover, the issue price of the Securities includes the agents' commissions and certain costs of hedging our obligations under the Securities. Our affiliates through which we hedge our obligations under the Securities expect to make a profit. Since hedging our obligations entails risk and may be influenced by market forces beyond our affiliates' control, such hedging may result in a profit that is more or less than initially projected.

TAX TREATMENT

You should also consider the tax consequences of investing in the Securities. Significant aspects of the tax treatment of the Securities are uncertain. We do not plan to request a ruling from the U.S. Internal Revenue Service (the "IRS") or from the Dutch authorities regarding the tax treatment of the Securities, and the IRS, the Dutch authorities or a court may not agree with the tax treatment described in the accompanying Prospectus Supplement. Please read carefully the sections entitled "United States Federal Taxation" (and in particular the subsection entitled "--Mandatorily Exchangeable Notes--Reverse Exchangeable and Knock-in Reverse Exchangeable Securities") and "Taxation in the Netherlands" in the accompanying Prospectus Supplement. You should consult your tax advisor about your own situation.

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HYPOTHETICAL SENSITIVITY ANALYSIS OF TOTAL RETURN
OF THE SECURITIES AT MATURITY

The following tables set out the total return to maturity of a Security, based on the assumptions outlined below and several variables, which include (a) whether the closing price of the Underlying Shares has fallen below the knock-in level on any trading day during the Knock-in Period and (b) several hypothetical closing prices for the Underlying Shares on the determination date. The information in the tables is based on hypothetical market values for the Underlying Shares. We cannot predict the market price or the closing price of the Underlying Shares on the determination date or at any time during the life of the Securities. THE ASSUMPTIONS EXPRESSED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND THE RETURNS SET FORTH IN THE TABLE MAY OR MAY NOT BE THE ACTUAL RATES APPLICABLE TO A PURCHASER OF THE SECURITIES.

ASSUMPTIONS

Initial Price:	$55.31 (the closing price on the Pricing Date)
Knock-in level:	$44.25 (80% of the Initial Price)
Annual Interest on the Securities:	12.00%
Term of the Securities:	6 months
Exchange Factor:	1.0 (we have assumed that no market disruption event occurs and the calculation agent does not need to adjust the exchange factor for any adjustment events during the term of the Securities).

PAYMENT AT MATURITY IF THE CLOSING PRICE OF THE UNDERLYING SHARES FALLS BELOW THE KNOCK-IN LEVEL ON ANY TRADING DAY DURING THE KNOCK-IN PERIOD:

ASSUMED NORFOLK SOUTHERN CLOSING PRICE ON DETERMINATION DATE	VALUE OF PAYMENT AT MATURITY(a)	SIX MONTHLY INTEREST PAYMENTS(c)	TOTAL RETURN(b)	
			$	%
+$55.31	$1,000.00	$60.00	$1,060.00	6.00%
$55.31	$1,000.00	$60.00	$1,060.00	6.00%
$53.93	$ 975.05	$60.00	$1,035.05	3.51%
$51.44	$ 930.04	$60.00	$ 990.04	-1.00%
$50.33	$ 909.97	$60.00	$ 969.97	-3.00%
$45.30	$ 819.02	$60.00	$ 879.02	-12.10%
$39.86	$ 720.67	$60.00	$ 780.67	-21.93%
$31.89	$ 576.57	$60.00	$ 636.57	-36.34%
$22.32	$ 403.55	$60.00	$ 463.55	-53.65%
$11.16	$ 201.77	$60.00	$ 261.77	-73.82%
$ 5.58	$ 100.89	$60.00	$ 160.89	-83.91%
$ 0.00	$ 0.00	$60.00	$ 60.00	-94.00%

PAYMENT AT MATURITY IF THE CLOSING PRICE OF THE UNDERLYING SHARES NEVER FALLS BELOW THE KNOCK-IN LEVEL ON ANY TRADING DAY DURING THE KNOCK-IN PERIOD:

ASSUMED NORFOLK SOUTHERN CLOSING PRICE ON DETERMINATION DATE	VALUE OF PAYMENT AT MATURITY(d)	SIX MONTHLY INTEREST PAYMENT (c)	TOTAL RETURN(b)	
			$	%
+$55.31	$1,000.00	$60.00	$1,060.00	6.00%
$55.31	$1,000.00	$60.00	$1,060.00	6.00%
$49.78	$1,000.00	$60.00	$1,060.00	6.00%

$47.29	$1,000.00	$60.00	$1,060.00	6.00%
$44.25	$1,000.00	$60.00	$1,060.00	6.00%

(a) Based on the assumptions set forth above, if the closing price of the Underlying Shares falls below $44.25 on any trading day during the Knock-in Period and, in addition, the closing price of the Underlying Shares is less than $55.31 on the determination date, the payment at maturity will be made in Underlying Shares. For determining the value of the payment at maturity, we have assumed that the closing price of the Underlying Shares will be the same on the maturity date as on the determination date.

(b) The total return presented is exclusive of any tax consequences of owning the Securities. You should consult your tax adviser regarding whether owning the Securities is appropriate for your tax situation. See the sections titled "Risk Factors" in this Pricing Supplement and "United States Federal Taxation" and "Taxation in the Netherlands" in the accompanying Prospectus Supplement.

(c) Interest on the Securities will be computed on the basis of a 360-day year of twelve 30-day months or, in the case of an incomplete month, the number of actual days elapsed. Accordingly, depending on the number of days in any monthly interest payment period, the coupon payable in such period and, consequently, the total interest payable over the life of the Securities, may be less than the amount reflected in this column.

(d) Based on the assumptions set forth above, if the closing price of the Underlying Shares never falls below $44.25 on any trading day during the Knock-in Period, the payment at maturity will be made in cash.

INCORPORATION OF DOCUMENTS BY REFERENCE

Holding is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith, Holding files reports and other information with the Securities and Exchange Commission (the "Commission"). You may read and copy these documents at the SEC Headquarters Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (tel: 202-551-8090), and at the SEC's regional offices at Northeast Regional Office, 3 World Financial Center, Room 4300, New York, NY 10281 (tel: 212-336-1100) and Midwest Regional Office, 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604. Copies of this material can also be obtained from the Public Reference Room of the Commission at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. Please call the Commission at 1-800-SEC-0330 for further information about the Public Reference Room. The Commission also maintains an Internet website that contains reports and other information regarding Holding that are filed through the Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) System. This website can be accessed at www.sec.gov. You can find information Holding has filed with the Commission by reference to file number 1-14624.

This Pricing Supplement is part of a registration statement that we and Holding filed with the Commission. This Pricing Supplement omits some information contained in the registration statement in accordance with Commission rules and regulations. You should review the information and exhibits in the registration statement for further information on us and Holding and the securities we and Holding are offering. Statements in this prospectus concerning any document we and Holding filed as an exhibit to the registration statement or that Holding otherwise filed with the Commission are not intended to be comprehensive and are qualified by reference to these filings. You should review the complete document to evaluate these statements.

The Commission allows us to incorporate by reference much of the information that we and Holding file with them, which means that we can disclose important information to you by referring you to those publicly available documents. The information that we and Holding incorporate by reference in this Pricing Supplement is considered to be part of this Pricing Supplement. Because we and Holding are incorporating by reference future filings with the Commission, this Pricing Supplement is continually updated and those future filings may modify or supersede some of the information included or incorporated in this Pricing Supplement. This means that you must look at all of the Commission filings that we and Holding incorporate by reference to determine if any of the statements in this Pricing Supplement or in any document previously incorporated by reference have been modified or superseded. This Pricing Supplement incorporates by reference all Annual Reports on Form 20-F filed by Holding since September 29, 2006, and any future filings that we or Holding make with the Commission (including any Form 6-K's that we or Holding subsequently file with the Commission) under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, that are identified in such filing as being specifically incorporated by reference into Registration Statement Nos. 333-137691 or 333-137691-02, of which this Pricing Supplement is a part, until we and Holding complete our offering of the Securities to be issued hereunder or, if later, the date on which any of our affiliates cease offering and selling these Securities.

You may request, at no cost to you, a copy of these documents (other than exhibits not specifically incorporated by reference) by writing or telephoning us at: ABN AMRO Bank N.V., ABN AMRO Investor Relations Department, Hoogoorddreef 66-68, P.O. Box 283, 1101 BE Amsterdam, The Netherlands (Telephone: (31-20) 628 3842).

PUBLIC INFORMATION REGARDING THE UNDERLYING SHARES

According to publicly available documents, Norfolk Southern is a Norfolk, Virginia based company that controls a major freight railroad.

The Underlying Shares are registered under the Exchange Act. Companies with securities registered under the Exchange Act are required periodically to file certain financial and other information specified by the Commission. Information provided to or filed with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at the SEC Headquarters Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (tel: 202-551-8090), and at the Commission's regional offices at Northeast Regional Office, 3 World Financial Center, Room 4300, New York, New York 10281 (tel: 212-336-1100) and Midwest Regional Office, 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604. Copies of this material can also be obtained from the Public Reference Room of the Commission at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. Please call the Commission at 1-800-SEC-0330 for further information about the Public Reference Room. In addition, information provided to or filed with the Commission electronically can be accessed through a website maintained by the Commission. The address of the Commission's website is http://www.sec.gov. Information provided to or filed with the Commission by Norfolk Southern pursuant to the Exchange Act can be located by reference to Commission file number 1-8339.

In addition, information regarding Norfolk Southern Corporation may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of such reports.

THIS PRICING SUPPLEMENT RELATES ONLY TO THE SECURITIES OFFERED HEREBY AND DOES NOT RELATE TO THE UNDERLYING SHARES OR OTHER SECURITIES OF NORFOLK SOUTHERN WE HAVE DERIVED ALL DISCLOSURES CONTAINED IN THIS PRICING SUPPLEMENT REGARDING NORFOLK SOUTHERN FROM THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH. NEITHER WE NOR HOLDING NOR THE AGENTS HAVE PARTICIPATED IN THE PREPARATION OF SUCH DOCUMENTS OR MADE ANY DUE DILIGENCE INQUIRY WITH RESPECT TO NORFOLK SOUTHERN IN CONNECTION WITH THE OFFERING OF THE SECURITIES. NEITHER WE NOR HOLDING NOR THE AGENTS MAKE ANY REPRESENTATION THAT SUCH PUBLICLY AVAILABLE DOCUMENTS OR ANY OTHER PUBLICLY AVAILABLE INFORMATION REGARDING NORFOLK SOUTHERN ARE ACCURATE OR COMPLETE. FURTHERMORE, NEITHER WE NOR HOLDING CAN GIVE ANY ASSURANCE THAT ALL EVENTS OCCURRING PRIOR TO THE DATE HEREOF (INCLUDING EVENTS THAT WOULD AFFECT THE ACCURACY OR COMPLETENESS OF THE PUBLICLY AVAILABLE DOCUMENTS DESCRIBED IN THE PRECEDING PARAGRAPH) THAT WOULD AFFECT THE TRADING PRICE OF THE UNDERLYING SHARES (AND THEREFORE THE INITIAL PRICE AND THE KNOCK-IN LEVEL AND STOCK REDEMPTION AMOUNT) HAVE BEEN PUBLICLY DISCLOSED. SUBSEQUENT DISCLOSURE OF ANY SUCH EVENTS OR THE DISCLOSURE OF OR FAILURE TO DISCLOSE MATERIAL FUTURE EVENTS CONCERNING NORFOLK SOUTHERN COULD AFFECT THE VALUE YOU WILL RECEIVE ON THE MATURITY DATE WITH RESPECT TO THE SECURITIES AND THEREFORE THE TRADING PRICES OF THE SECURITIES. NEITHER WE NOR HOLDING NOR ANY OF OUR AFFILIATES HAVE ANY OBLIGATION TO DISCLOSE ANY INFORMATION ABOUT NORFOLK SOUTHERN AFTER THE DATE OF THIS PRICING SUPPLEMENT.

NEITHER WE NOR HOLDING NOR ANY OF OUR AFFILIATES MAKES ANY REPRESENTATION TO YOU AS TO THE PERFORMANCE OF THE UNDERLYING SHARES.

We and/or our affiliates may presently or from time to time engage in business with Norfolk Southern, including extending loans to, or making equity investments in, or providing advisory services to Norfolk Southern, including merger and acquisition advisory services. In the course of such business, we and/or our affiliates may acquire non-public information with respect to Norfolk Southern and, in addition, one or more of our affiliates may publish research reports with respect to Norfolk Southern. The statement in the preceding sentence is not intended to affect the rights of holders of the Securities under the securities laws. AS A PROSPECTIVE PURCHASER OF A SECURITY, YOU SHOULD UNDERTAKE SUCH INDEPENDENT INVESTIGATION OF NORFOLK SOUTHERN AS IN YOUR JUDGMENT IS APPROPRIATE TO MAKE AN INFORMED DECISION WITH RESPECT TO AN INVESTMENT IN THE UNDERLYING SHARES.

HISTORICAL INFORMATION

The Underlying Shares are traded on the NYSE under the symbol "NSC". The following table sets forth the published highest intra-day price for the quarter, lowest intra-day price for the quarter and last day closing price for the quarter of the Underlying Shares since the first quarter of 2003. We obtained the prices listed below from Bloomberg Financial Markets without independent verification. You should not take the historical prices of the Underlying Shares as an indication of future performance. NEITHER WE NOR HOLDING CAN GIVE ANY ASSURANCE THAT THE PRICE OF THE UNDERLYING SHARES WILL NOT DECREASE, SUCH THAT WE WILL DELIVER UNDERLYING SHARES AT MATURITY.

	HIGH	LOW	LAST DAY

PERIOD	INTRA-DAY PRICE	INTRA-DAY PRICE	CLOSING PRICE
2003			
First Quarter.....................	$20.89	$17.35	$18.56
Second Quarter....................	$22.39	$18.31	$19.20
Third Quarter.....................	$20.20	$18.00	$18.50
Fourth Quarter....................	$24.62	$18.32	$23.65
2004			
First Quarter.....................	$24.06	$20.38	$22.09
Second Quarter....................	$26.60	$21.54	$26.52
Third Quarter.....................	$29.79	$24.77	$29.74
Fourth Quarter....................	$36.69	$29.88	$36.19
2005			
First Quarter.....................	$38.99	$33.21	$37.05
Second Quarter....................	$37.78	$29.60	$30.96
Third Quarter.....................	$40.93	$30.70	$40.56
Fourth Quarter	$45.81	$38.01	$44.83
2006			
First Quarter.....................	$54.93	$41.22	$54.07
Second Quarter....................	$57.71	$46.17	$53.22
Third Quarter	$53.99	$39.10	$44.05
Fourth Quarter....................	$55.06	$42.80	$50.29
2007			
First Quarter	$53.84	$45.38	$50.60
Second Quarter (through June 21, 2007)..........	$59.19	$49.80	$55.31

Neither we nor Holding make any representation as to the amount of dividends, if any, that Norfolk Southern will pay in the future. In any event, as a holder of a Security, you will not be entitled to receive dividends, if any, that may be payable on the Underlying Shares.

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DESCRIPTION OF SECURITIES

Capitalized terms not defined herein have the meanings given to such terms in the accompanying Prospectus Supplement. The term "Security" refers to each $1,000 principal amount of our 12.00% (Annualized) Knock-in Reverse Exchangeable Securities due December 26, 2007 linked to common stock of the Underlying Company and fully and unconditionally guaranteed by Holding.

Principal Amount:........... $4,000,000

Underlying Shares........... Common Stock, $1.00 par value per share, of Norfolk Southern Corporation

Underlying Company.......... Norfolk Southern Corporation

Original Issue Date......... June 26, 2007

Pricing Date................ June 21, 2007

Issue Price................. 100%

Initial Price............... $55.31 (the Closing Price per Underlying Share when we priced the Securities on the Pricing Date, divided by the Exchange Factor).

Knock-in Level.............	80% of the Initial Price, which will be determined by the Calculation Agent. The Initial Price and consequently the Knock-in Level may be adjusted for certain corporate events affecting the Underlying Company.
Maturity Date..............	December 26, 2007
Specified Currency.........	U.S. Dollars
CUSIP......................	00078UNV8
Denominations..............	The Securities may be purchased in denominations of $1,000 and integral multiples thereof.
Form of Securities.........	The Securities will be represented by a single registered global security, deposited with the Depository Trust Company.
Guarantee..................	The payment and delivery obligations of ABN AMRO Bank N.V. under the Securities, when and as they shall become due and payable, whether at maturity or upon acceleration, are fully and unconditionally guaranteed by ABN AMRO Holding N.V.
Interest Rate..............	12.00% per annum, payable monthly in arrears on the 26th day of each month commencing on July 26, 2007 and ending on the Maturity Date, which shall represent (a) an interest coupon of 5.28% and (b) an option premium of 6.72% per annum.
Payment at Maturity........	If the Closing Price per Underlying Share has not fallen below the Knock-in Level on any Trading Day during the Knock-in Period, we will pay you the principal amount of each Security in cash. If the Closing Price per Underlying Share has fallen below the Knock-in Level on any Trading Day during the Knock-in Period, then (i) if the Closing Price per Underlying Share on the Determination Date is below the Initial Price, we will deliver to you, in exchange for each Security, a number of Underlying Shares equal to the Stock Redemption Amount or (ii) if the Closing Price per Underlying Share on the Determination Date is at or above the Initial Price, we will pay you the principal amount of each Security in cash. We will pay cash in lieu of delivering fractional Underlying Shares in an amount equal to the corresponding fractional Closing Price of the Underlying Shares, as determined by the Calculation Agent on the Determination Date. Following a Reorganization Event, the amount payable at maturity is subject to adjustments as described below under "--

Adjustment Events."

Stock Redemption Amount..... The Calculation Agent will determine the Stock Redemption Amount on the Determination Date by dividing $1,000 by the Initial Price of the Underlying Shares. The Initial Price and consequently the Stock Redemption Amount may be adjusted for certain corporate events affecting the Underlying Company. The interest payment on the Securities at maturity will be paid in cash.

Determination Date.......... The third scheduled Trading Day prior to the Maturity Date; provided that if such day is not a Trading Day, or if a Market Disruption Event has occurred on such a Trading Day, the Determination Date shall be the immediately succeeding Trading Day; provided, further, that the Determination Date shall be no later than the second scheduled Trading Day preceding the Maturity Date, notwithstanding the occurrence of a Market Disruption Event on such second scheduled Trading Day.

Closing Price............... If the Underlying Shares (or any other security for which a closing price must be determined) are listed on a U.S. securities exchange registered under the Exchange Act, or are included in the OTC Bulletin Board Service, which we refer to as the OTC Bulletin Board (operated by the National Association of Securities Dealers, Inc.), the Closing Price for one Underlying Share (or one unit of any such other security) on any Trading Day means (i) the last reported sale price, regular way, in the principal trading session on such day on the principal securities exchange on which the Underlying Shares (or any such other security) are listed or admitted to trading or (ii) if not listed or admitted to trading on any such securities exchange or if such last reported sale price is not obtainable (even if the Underlying Shares, or other such security, are listed or admitted to trading on such securities exchange), the last reported sale price in the principal trading session on the over-the-counter market as reported on the Relevant Exchange or OTC Bulletin Board on such day. If the last reported sale price is not available pursuant to clause (i) or (ii) of the preceding sentence, the Closing Price for any Trading Day shall be the mean, as determined by the Calculation Agent, of the bid prices for the Underlying Shares (or any such other security) obtained from as many dealers in such security (which may include AAI or any of our other affiliates), but not exceeding three, as will make such bid prices available to the Calculation Agent. The term "OTC Bulletin Board Service" shall include any successor service thereto.

Relevant Exchange........... The primary U.S. securities organized exchange or market of trading for the Underlying Shares. If a Reorganization Event has occurred, the Relevant

	Exchange will be the stock exchange or securities market on which the Exchange Property (as defined below under "--Adjustment Events") that is a listed equity security is principally traded as determined by the Calculation Agent.
Trading Day.................	A day, as determined by the Calculation Agent, on which trading is generally conducted on the Relevant Exchange.
Book Entry Note or Certificated Note.........	Book Entry
Trustee.....................	Wilmington Trust Company
Securities Administrator....	Citibank, N.A.
Market Disruption Event.....	Means, with respect to any securities for which a Closing Price must be determined:

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(i) either:

(x) any suspension of or limitation imposed on trading in such securities by the primary exchange therefore or otherwise and whether by reason of movements in price exceeding limits permitted by such exchange or otherwise or by any exchange or quotation system on which trading in futures or options contracts relating to such securities is executed, or

(y) any event (other than an event described in clause (z) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (1) to effect transactions in or obtain market values for such securities on the primary exchange therefore or (2) to effect transactions in or obtain market values for futures or options contracts relating to such securities on any other exchange, or

(z) the closure on any Trading Day of the primary exchange for such securities, or any exchange or quotation system on which trading in future or options relating such securities is executed, prior to its scheduled closing time unless such earlier closing time is announced by such exchange at least one hour prior to the earlier of (1) the actual closing time for the regular trading session on such exchange on such Trading Day and (2) the submission deadline for orders to be entered into such exchange for execution on such Trading Day; and

(ii) a determination by the Calculation Agent in its sole discretion that the event described in clause (i) above materially interfered with our ability or the ability of any of our affiliates to unwind or adjust all or a material portion of the hedge with respect to the Securities.

For purposes of determining whether a market disruption event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange; (2) a decision to permanently discontinue trading in the relevant futures or options contract will not constitute a market disruption event; (3) limitations pursuant to New York Stock Exchange Inc. Rule 70A (or any applicable rule or regulation enacted or promulgated by the New York Stock Exchange Inc., any other self-regulatory organization or the Commission of similar scope as determined by the calculation agent) on trading during significant market fluctuations shall constitute a suspension, absence or material limitation of trading; (4) a suspension of trading in a futures or options contract on such securities by the primary securities market trading in such futures or options, if available, by reason of (x) a price change exceeding limits set by such securities exchange or market, (y) an imbalance of orders relating to such contracts or (z) a disparity in bid and ask quotes relating to such contracts will constitute a suspension, absence or material limitation of trading in futures or options contracts related to such securities; and (5) a suspension, absence or material limitation of trading on the primary securities market on which futures or options contracts related to such securities are traded will not include any time when such securities market is itself closed for trading under ordinary circumstances.

The Calculation Agent shall as soon as reasonably practicable under the circumstances notify us, the trustee, the Depository Trust Company and the agents of the existence or occurrence of a Market Disruption Event on

any day that but for the occurrence or existence of a Market Disruption Event would have been the Determination Date.

Exchange Factor............	The Exchange Factor will be set initially at 1.0, but will be subject to adjustment upon the occurrence of certain corporate events affecting the Underlying Shares. See "Adjustment Events" below.
Adjustment Events..........	The Exchange Factor or the amounts paid at maturity will be adjusted as follows:

1. If the Underlying Shares are subject to a stock split or reverse stock split, then once such split has become effective, the Exchange Factor will be proportionately adjusted.

2. If the Underlying Shares are subject (i) to a stock dividend (i.e., the issuance of additional Underlying Shares) that is given ratably to all holders of Underlying Shares or (ii) to a distribution of the Underlying Shares as a result of the triggering of any provision of the corporate charter of the Underlying Company, in each case other than a stock split described in paragraph 1, then once the dividend has become effective and the Underlying Shares are trading ex-dividend, the Exchange Factor will be proportionally adjusted.

3. There shall be no adjustments to the Exchange Factor to reflect cash dividends or other distributions paid with respect to the Underlying Shares unless such cash dividends or other distributions constitute Extraordinary Dividends as described below (except that distributions described in paragraph 2 above shall not be subject to this paragraph). A cash dividend or other distribution with respect to the Underlying Shares shall be deemed to be an "Extraordinary Dividend" if such dividend or other distribution exceeds the immediately preceding non-Extraordinary Dividend for the Underlying Shares by an amount equal to at least 10% of the Closing Price of the Underlying Shares (as adjusted for any subsequent corporate event requiring an adjustment hereunder, such as a stock split or reverse stock split) on the Trading Day preceding the ex-dividend date for the payment of such Extraordinary Dividend (the "ex-dividend date"). If an Extraordinary Dividend occurs with respect to the Underlying Shares, the Exchange Factor with respect to the Underlying Shares will be adjusted on the ex-dividend date with respect to such Extraordinary Dividend so that the new Exchange Factor will equal the product of (i) the then-current Exchange Factor and (ii) a fraction, the numerator of which is the Closing Price on the Trading

Day preceding the ex-dividend date, and the denominator of which is the amount by which the Closing Price on the Trading Day preceding the ex-dividend date exceeds the Extraordinary Dividend Amount. The "Extraordinary Dividend Amount" with respect to an Extraordinary Dividend for the Underlying Shares shall equal (i) in the case of cash dividends or other distributions that constitute regular dividends, the amount per share of such Extraordinary Dividend minus the amount per share of the immediately preceding non-Extraordinary Dividend for the Underlying Shares or (ii) in the case of cash dividends or other distributions that do not constitute regular dividends, the amount per share of such Extraordinary Dividend. To the extent an Extraordinary Dividend is not paid in cash, the value of the non-cash component will be determined by the calculation agent, whose determination shall be conclusive. A distribution on the Underlying Shares described in clause (A), clause (D) or clause (E) in the definitions of

"Reorganization Event" of paragraph 5 below that also constitutes an Extraordinary Dividend shall not cause an adjustment to the Exchange Factor pursuant to this paragraph 3.

4. If the Underlying Company issues rights or warrants to all holders of the Underlying Shares to subscribe for or purchase Underlying Shares at an exercise price per share less than the closing price of the Underlying Shares on both (i) the date the exercise price of such rights or warrants is determined and (ii) the expiration date of such rights or warrants, and if the expiration date of such rights or warrants precedes the maturity of this Note, then the Exchange Factor shall be adjusted to equal the product of the prior Exchange Factor and a fraction, the numerator of which shall be the number of Underlying Shares outstanding immediately prior to the issuance of such rights or warrants plus the number of additional Underlying Shares offered for subscription or purchase pursuant to such rights or warrants and the denominator of which shall be the number of Underlying Shares outstanding immediately prior to the issuance of such rights or warrants plus the number of additional Underlying Shares which

the aggregate offering price of the total number of shares of the Underlying Shares so offered for subscription or purchase pursuant to such rights or warrants would purchase at the closing price on the expiration date of such rights or warrants, which shall be determined by multiplying such total number of shares offered by the exercise price of such rights or warrants and dividing the product so obtained by such Closing Price.

5. If a Reorganization Event (as defined below) occurs, the payment at maturity will depend on (i) whether the Closing Price of the Underlying Shares fell below the Knock-in Level on any Trading Day from but not including the Pricing Date to and including one Trading Day prior to the date of the Reorganization Event (for purposes of this paragraph 5, we refer to such period as the "Relevant Period"), and (ii) the kind and amount of Exchange Property (as defined below) received by holders of Underlying Shares in the Reorganization Event.

In the case where the Closing Price of the Underlying Shares has fallen below the Knock-in Level on any Trading Day during the Relevant Period, each holder of a Security will receive at maturity, in respect of each $1,000 principal amount of each Security, the lesser of: (i) $1,000 in cash or (ii) Exchange Property in an amount with a value equal to the product of the Stock Redemption Amount times the Transaction Value (as defined below).

In the case where the Closing Price of the Underlying Shares has not fallen below the Knock-in Level on any Trading Day during the Relevant Period, then the payment at maturity will depend upon the type of Exchange Property received by holders of Underlying Shares in accordance with the following:

(i) If the Exchange Property consists solely of equity securities listed on a securities exchange that, in the opinion of the Calculation Agent, maintains sufficient liquidity for trading in such Exchange Property, then the payment at maturity for each $1,000 principal amount of Securities will depend on whether the Closing Price of such Exchange Property has fallen below the Knock-in Level on any Trading Day commencing on the date of such Reorganization Event to and including the Determination Date:

(a) If the Closing Price of such Exchange Property has not fallen below the Knock-in Level on any Trading Day commencing on the date of such Reorganization Event to and including the Determination Date, then each holder of a Security will receive the principal amount of $1,000 in cash; or

(b) If the Closing Price of such Exchange Property has fallen below the Knock-in Level on any Trading Day commencing on the date of such Reorganization Event to and including the Determination Date, then (x) if the Closing Price of such Exchange Property on the Determination Date is below the Initial Price, we will deliver to you, in exchange for each Security, Exchange Property with a value equal to the product of the Stock Redemption Amount times the Transaction Value and (y) if the Closing Price of such Exchange Property on the Determination Date is at or above the Initial Price, we will pay you $1,000 in cash.

The Calculation Agent will adjust the Initial Price and consequently the Knock-in Level to reflect the new securities delivered in such Reorganization Event and the market value and volatility levels of such securities and any Exchange Factor adjustments to the Initial Price as of the effective date of the Reorganization Event. Following any such adjustment, the Initial Price will be such adjusted Initial Price, divided by the Exchange Factor (which shall have been reset to 1.0 immediately following the Reorganization Event). The Bank will provide notice to the Trustee and the Securities Administrator of the adjusted Knock-in Level and Initial Price as soon as practicable after the date of such Reorganization Event.

(ii) If the Exchange Property consists solely of property other than such listed equity securities, each holder of a Security will receive, on the Maturity Date, in exchange for each $1,000 principal amount of Securities, the lesser of: (i) $1,000 in cash or (ii) Exchange Property in an amount with a value equal to the product of the Stock Redemption Amount times the Transaction Value as of the Determination Date. We may, in lieu of delivering such Exchange Property, pay you the cash value of such Exchange Property as of the Determination Date, as determined by the Calculation Agent. We will notify the Trustee and the Securities Administrator of the amount and type of Exchange Property to be delivered or cash to be paid.

(iii) If the Exchange Property consists of any combination of such listed equity securities and other property, then we will (a) deliver, on the Maturity Date, the portion of Exchange Property consisting of such other property with a value equal to the product of the Stock Redemption Amount (prior to any adjustment under this clause) times the Transaction Value of such portion of Exchange Property on the Determination

Date or, at our election, pay the cash value thereof, as determined by the Calculation Agent, (b) proportionally adjust the Stock Redemption Amount to reflect the portion of the Exchange Property constituting such listed equity securities, (c) adjust the Initial Price and consequently the Knock-in Level to reflect such listed equity securities, the market value and volatility levels of such listed equity securities and any Exchange Factor adjustments to the Initial Price as of the effective date of the Reorganization Event and (d) reduce the principal amount of each $1,000 of Securities to an amount equal to such adjusted Stock Redemption Amount multiplied by such adjusted Initial Price. Following such adjustments, the amount paid at maturity for each Security will be determined as set forth under clause (i) above, except references to each $1,000 principal amount of Security and $1,000 in cash and the reference to $1,000 in the definition of Stock Redemption Amount shall be references to the adjusted principal amount of Securities as described in clause (d) of the preceding sentence. In addition, following any such adjustment, the Initial Price will be such adjusted Initial Price, divided by the Exchange Factor (which shall have been reset to 1.0 immediately following the Reorganization Event). The Bank will provide notice to the Trustee and the Securities Administrator of any adjustments to the Securities as a result of this clause (iii) as soon as practicable after the date of such Reorganization Event.

"Reorganization Event" means (A) there has occurred any reclassification or change with respect to the Underlying Shares, including, without limitation, as a result of the issuance of any tracking stock by the Underlying Company; (B) the Underlying Company or any surviving entity or subsequent surviving entity of the Underlying Company (an "Underlying Company Successor") has been subject to a merger, combination or consolidation and is not the surviving entity; (C) any statutory exchange of securities of the Underlying Company or any Underlying Company Successor with another corporation occurs (other than pursuant to clause (B) above); (D) the Underlying Company is liquidated; (E) the Underlying Company issues to all of its shareholders equity securities of an issuer other than the Underlying Company (other than in a transaction described in clauses (B), (C) or (D) above) (a "Spin-off Event"); or (F) a tender or exchange offer or going-private transaction is consummated for all the outstanding Underlying Shares.

"Exchange Property" means securities, cash or any other assets distributed to holders of the Underlying Shares in any Reorganization Event, including, (A) in the case of the issuance of tracking stock or in the case of a Spin-off Event, the Underlying Shares with respect to which the tracking stock or spun-off security was issued and (B) in the case of any other Reorganization Event where the Underlying Shares continue to be held by the holders receiving such distribution, the Underlying Shares.

"Transaction Value", at any date, means (A) for any cash received as Exchange Property in any such Reorganization Event, the amount of cash received per Underlying Share; (B) for any property other than cash or securities received in any such Reorganization Event, the

market value, as determined by the Calculation Agent, as of the date of receipt, of such Exchange Property received per Underlying Share; and (C) for any security received in any such Reorganization Event (including in the case of the issuance of tracking stock, the reclassified Underlying Shares and, in the case of a Spin-off Event, the Underlying Shares with respect to which the spun-off security was issued), an amount equal to the Closing Price, as of the determination date, per share of such security multiplied by the quantity of such security received for each Underlying Share.

For purposes of clause (iii) above, if Exchange Property consists of more than one type of property that is not listed equity securities described in clause (iii) above, holders of Securities will receive at maturity a pro rata share of each such type of Exchange Property in proportion to the quantity of such Exchange Property received in respect of each Underlying Share. If Exchange Property includes a cash component, holders will not receive any interest accrued on such cash component. In the event Exchange Property consists of securities, those securities will, in turn, be subject to the antidilution adjustments set forth in paragraphs 1 through 5.

For purposes of this paragraph 5:

(i) in the case of a consummated tender or exchange offer or going-private transaction involving Exchange Property of a particular type, Exchange Property shall be deemed to include the amount of cash or other property paid by the offeror in the tender or exchange offer with respect to such Exchange Property (in an amount determined on the basis of the rate of exchange in such tender or exchange offer or going-private transaction); and

(ii) in the event of a tender or exchange offer or a going-private transaction with respect to Exchange Property in which an offeree may elect to receive cash or other property, Exchange Property shall be deemed to include the kind and amount of cash and other property received by offerees who elect to receive cash.

With respect to paragraphs 1 to 5 above, no adjustments to the Exchange Factor shall be required unless such adjustment would require a change of at least 0.1% in the Exchange Factor then in effect. The Exchange Factor resulting from any of the adjustments specified above shall be rounded to the nearest one hundred-thousandth with five one-millionths being rounded upward.

No adjustments to the Exchange Factor or method of calculating the Exchange Factor shall be required other than those specified above. However, the Bank may, at its sole discretion, cause the Calculation Agent to make additional changes to the Exchange Factor upon the occurrence of corporate or other similar events that affect or could potentially affect market prices of, or shareholders' rights in, the Underlying Shares (or other Exchange Property) but only to reflect such changes, and not with the aim of changing relative investment risk. The adjustments specified above do not cover all events that could affect the Market Price or the Closing Price of the Underlying Shares, including, without limitation, a partial tender or partial exchange offer for the Underlying Shares.

The Calculation Agent shall be solely responsible for the determination

and calculation of any adjustments to the Exchange Factor or method of calculating the Exchange Factor and of any related determinations and calculations with respect to any distributions of stock, other securities or other

	property or assets (including cash) in connection with any Reorganization Event described in paragraph 5 above, and its determinations and calculations with respect thereto shall be conclusive.
	The Calculation Agent will provide information as to any adjustments to the Exchange Factor or method of calculating the Exchange Factor upon written request by any holder of the Securities.
Alternate Exchange Calculation in case of an Event of Default....	In case an Event of Default with respect to the Securities shall have occurred and be continuing, the amount declared due and payable upon any acceleration of any Security shall be determined by AAI, as Calculation Agent, and shall be equal to the principal amount of the Security plus any accrued interest to, but not including, the date of acceleration.
Calculation Agent...........	AAI. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on us.
Additional Amounts..........	Subject to certain exceptions and limitations described in "Description of Debt Securities -- Payment of Additional Amounts" in the accompanying Prospectus, we will pay such additional amounts to holders of the Securities as may be necessary in order that the net payment of the principal of the Securities and any other amounts payable on the Securities, after withholding for or on account of any present or future tax, assessment or governmental charge imposed upon or as a result of such payment by The Netherlands (or any political subdivision or taxing authority thereof or therein) or the jurisdiction of residence or incorporation of any successor corporation (other than the United States), will not be less than the amount provided for in the Securities to be then due and payable.
Book Entry..................	The indenture for the Securities permits us at anytime and in our sole discretion to decide not to have any of the Securities represented by one or more registered global securities. DTC has advised us that, under its current practices, it would notify its participants of our request, but will only withdraw beneficial interests from the global security at the request of each DTC participant.
Record Date.................	The "record date" for any interest payment date is the calendar day prior to that interest payment date, whether or not that date is a business day.

USE OF PROCEEDS

The net proceeds we receive from the sale of the Securities will be used for general corporate purposes and, in part, by us or one or more of our affiliates in connection with hedging our obligations under the Securities. The issue price of the Securities includes the selling agents' commissions (as shown on the cover page of the accompanying Prospectus Supplement) paid with respect to the Securities and the cost of hedging our obligations under the Securities. The cost of hedging includes the projected profit that our affiliates expect to realize in consideration for assuming the risks inherent in managing the hedging transactions. Since hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than initially projected, or could result in a loss. See also "Risk Factors--The Inclusion of Commissions and Cost of Hedging in the Issue Price is Likely to Adversely Affect Secondary Market Prices" and "Potential Conflicts of Interest; No Security Interest in the Underlying Shares Held by Us" and "Plan of Distribution" in this Pricing Supplement and "Use of Proceeds" in the accompanying Prospectus.

TAXATION

Please review carefully the sections entitled "United States Federal Taxation" (and in particular the subsection entitled "--Mandatorily Exchangeable Notes--Reverse Exchangeable and Knock-in Reverse Exchangeable Securities") and "Taxation in the Netherlands" in the accompanying Prospectus Supplement. Prospective purchasers of the Securities should consult their own tax advisers as to the tax consequences of acquiring, holding and disposing of the Securities under the tax law of any state, local and foreign jurisdiction.

PLAN OF DISTRIBUTION

We have appointed ABN AMRO Incorporated ("AAI") as agent for this offering. AAI has agreed to use reasonable efforts to solicit offers to purchase the Securities. We will pay AAI, in connection with sales of the Securities resulting from a solicitation such agent made or an offer to purchase such agent received, a commission of 1.75% of the initial offering price of the Securities. AAI has informed us that, as part of its distribution of the Securities, it intends to reoffer the Securities to other dealers who will sell the Securities. Each such dealer engaged by AAI, or further engaged by a dealer to whom AAI reoffers the Securities, will purchase the Securities at an agreed discount to the initial offering price of the Securities. AAI has informed us that such discounts may vary from dealer to dealer and that not all dealers will purchase or repurchase the Securities at the same discount. You can find a general description of the commission rates payable to the agents under "Plan of Distribution" in the accompanying Prospectus Supplement.

AAI is a wholly owned subsidiary of the Bank. AAI will conduct this offering in compliance with the requirements of Rule 2720 of the National Association of Securities Dealers, Inc., which is commonly referred to as the NASD, regarding an NASD member firm's distributing the securities of an affiliate. When the distribution of the Securities is complete, AAI may offer and sell those Securities in the course of its business as a broker-dealer. AAI may act as principal or agent in those transactions and will make any sales at prevailing secondary market prices at the time of sale. AAI may use this Pricing Supplement and the accompanying Prospectus and Prospectus Supplement in connection with any of those transactions. AAI is not obligated to make a market in the Securities and may discontinue any purchase and sale activities with respect to the Securities at any time without notice.

To the extent that the total aggregate principal amount of the Securities being offered by this Pricing Supplement is not purchased by investors in the offering, one or more of our affiliates has agreed to purchase the unsold portion, and to hold such Securities for investment purposes. See "Holding of the Securities by our Affiliates and Future Sales" under the heading "Risk Factors."

FILED PURSUANT TO RULE 424(B)(2)
REGISTRATION NOS. 333-137691
333-137691-02

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED SEPTEMBER 29, 2006)

[ABN AMRO BANK N.V.GRAPHIC OMITTED]

US$ 7,500,000,000 ABN NOTES(SM)

fully and unconditionally guaranteed by ABN AMRO Holding N.V.

We, ABN AMRO Bank N.V., may offer from time to time senior notes. The specific terms of any notes that we offer will be included in a pricing supplement. The notes will have the following general terms:

- The notes will bear interest at either a fixed rate or a floating rate that varies during the lifetime of the relevant notes, which, in either case, may be zero. Floating rates will be based on rates or indices specified in the applicable pricing supplement.

- The notes will pay interest, if any, on the dates stated in the applicable pricing supplement.

- The notes will be fully and unconditionally guaranteed by ABN AMRO Holding N.V.

- The notes will be held in global form by The Depository Trust Company, unless the pricing supplement provides otherwise.

The pricing supplement may also specify that the notes will have additional terms, including the following:

- The notes may be optionally or mandatorily exchangeable for securities of an entity that is not affiliated with us, for a basket or index of those securities, or for the cash value of those securities.

- Payments on the notes may be linked to currency prices, commodity prices, securities of entities not affiliated with us, baskets of those securities or indices, or any combination of the above.

- The notes may be either callable by us or puttable by you.

INVESTING IN THE NOTES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE S-2.

THESE SECURITIES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER FEDERAL AGENCY. THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

ABN AMRO Incorporated and LaSalle Financial Services, Inc. have agreed to use reasonable efforts to solicit offers to purchase these securities as our selling agents to the extent either or both are named in the applicable pricing supplement. Certain other selling agents to be named in the applicable pricing supplement may also be used to solicit such offers on a reasonable efforts basis. We refer to each selling agent individually as the "agent" and together as the "agents". The agents may also purchase these securities as principal at prices to be agreed upon at the time of sale. The agents may resell any securities they purchase as principal at prevailing market prices, or at other prices, as they determine.

ABN AMRO Incorporated and LaSalle Financial Services, Inc. may use this prospectus supplement and the accompanying prospectus in connection with offers and sales of the securities and related guarantees in market-making transactions.

ABN AMRO INCORPORATED   LASALLE FINANCIAL SERVICES, INC.

SEPTEMBER 29, 2006

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ABOUT THIS PROSPECTUS SUPPLEMENT

We may offer from time to time the notes described in this prospectus supplement. We refer to the notes and related guarantees offered under this prospectus supplement as our ABN Notes(SM). We refer to the offering of the ABN Notes(SM) as our "ABN Notes(SM) program".

As used in this prospectus supplement, the "Bank", "we," "us" and "our" refer to ABN AMRO Bank N.V., "Holding" refers to ABN AMRO Holding N.V, "AAI" refers to ABN AMRO Incorporated, an affiliate of the Bank and "LFS" refers to LaSalle Financial Services, Inc., an affiliate of the Bank.

This prospectus supplement sets forth certain terms of the notes that the Bank may offer and supplements the prospectus that is attached to the back of this prospectus supplement. Each time the Bank offers notes, it will attach a pricing supplement to this prospectus supplement. THE PRICING SUPPLEMENT WILL CONTAIN THE SPECIFIC DESCRIPTION OF THE NOTES THE BANK IS OFFERING AND THE TERMS OF THE OFFERING AND IT MAY MODIFY OR REPLACE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus and pricing supplement in making your investment decision. You should also read and consider the information contained in the documents identified in "Where You Can Find Additional Information" in the accompanying prospectus.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT, THE PROSPECTUS AND ANY PRICING SUPPLEMENT. WE HAVE NOT AUTHORIZED ANYONE ELSE TO PROVIDE YOU WITH DIFFERENT OR ADDITIONAL INFORMATION. WE ARE OFFERING TO SELL THESE SECURITIES AND SEEKING OFFERS TO BUY THESE SECURITIES ONLY IN JURISDICTIONS WHERE OFFERS AND SALES ARE PERMITTED.

THE NOTES MAY NOT BE OFFERED OR SOLD IN ANY JURISDICTION IN WHICH SUCH OFFER OR SALE WOULD BE UNLAWFUL. THE NOTES MAY ONLY BE OFFERED WITHIN THE EUROPEAN ECONOMIC AREA IN COMPLIANCE WITH THE EUROPEAN PROSPECTUS DIRECTIVE 2003/71/EC AND THE IMPLEMENTING MEASURES IN ANY MEMBER STATE. SEE "PLAN OF DISTRIBUTION - SELLING RESTRICTIONS" IN THE ACCOMPANYING PROSPECTUS.

The information set forth in this prospectus supplement is directed to prospective purchasers who are United States residents. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States of any matters arising under foreign law that may affect the purchase of or holding of, or receipt of payments on, the notes. These persons should consult their own legal and financial advisors concerning these matters.

RISK FACTORS

YOUR INVESTMENT IN THE NOTES WILL INVOLVE A NUMBER OF RISKS. ADDITIONAL RISKS, INCLUDING SPECIFIC TAX RISKS, RELATING TO SPECIFIC TYPES OF NOTES WILL BE DESCRIBED IN THE APPLICABLE PRICING SUPPLEMENT. YOU SHOULD CONSIDER CAREFULLY THE FOLLOWING RISKS AND THE RISKS, IF ANY, SET FORTH IN THE APPLICABLE PRICING SUPPLEMENT, BEFORE YOU DECIDE THAT AN INVESTMENT IN THE NOTES IS SUITABLE FOR YOU. YOU SHOULD CONSULT YOUR OWN FINANCIAL AND LEGAL ADVISORS REGARDING THE RISKS AND SUITABILITY OF AN INVESTMENT IN THE NOTES.

IF YOUR NOTES ARE REDEEMABLE, THE BANK MAY CHOOSE TO REDEEM THEM WHEN PREVAILING INTEREST RATES ARE RELATIVELY LOW.

If your notes are redeemable, the Bank may choose to redeem your notes when prevailing interest rates are low and you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the notes being redeemed.

WE CANNOT ASSURE YOU THAT A TRADING MARKET FOR YOUR NOTES WILL EVER DEVELOP OR BE MAINTAINED OR THAT A TRADE CAN BE EXECUTED AT ANY INDICATIVE PRICE SHOWN ON ANY WEBSITE OR BLOOMBERG.

We cannot assure you that a trading market for your notes will ever develop or be maintained. Many factors independent of our creditworthiness affect the trading market and market value of your notes. These factors include, among others:

- whether we list the notes on a securities exchange;
- whether we or any other dealer makes a market in the notes;
- the method of calculating the principal and interest for the notes;
- the time remaining to the maturity of the notes; o the outstanding amount of the notes;
- the redemption features of the notes; and
- the level, direction and volatility of interest rates, generally.

There may be a limited number of buyers when you decide to sell your notes, which may affect the price you receive for your notes or your ability to sell your notes at all.

In connection with any secondary market activity in our notes, our affiliates may post indicative prices for the notes on a designated website or via Bloomberg. However, our affiliates are not required to post such indicative prices and may stop doing so at any time. Investors are advised that any prices shown on any website or Bloomberg page are indicative prices only and, as such, there can be no assurance that any trade could be executed at such prices. Investors should contact their brokerage firm for further information.

IF THE NOTES YOU PURCHASE ARE FLOATING RATE NOTES, YOU MAY RECEIVE A LESSER AMOUNT OF INTEREST IN THE FUTURE.

Because the interest rate on floating rate notes will be indexed to an external interest rate or index that may vary from time to time, there will be significant risks not associated with a conventional fixed rate debt security. These risks include fluctuation of the applicable interest rate and the possibility that, in the future, the interest rate on your note will decrease and may be zero, subject to any minimum interest rate specified in the applicable pricing supplement. We have no control over a number of matters that may affect interest rates, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results.

IF THE FLOATING RATE NOTES YOU PURCHASE ARE SUBJECT TO A MAXIMUM INTEREST RATE, YOUR RETURN WILL BE LIMITED.

If the applicable pricing supplement specifies that your floating rate notes are subject to a maximum interest rate, the rate of interest that will accrue on the floating rate notes during any interest reset period will never exceed the specified maximum interest rate.

THE INCLUSION OF COMMISSIONS AND COST OF HEDGING IN THE ISSUE PRICE IS LIKELY TO ADVERSELY AFFECT SECONDARY MARKET PRICES.

Assuming no change in market conditions or any other relevant factors, the price, if any, at which the agents are willing to purchase notes in secondary market transactions will likely be lower than the issue price, since the issue price included, and secondary market prices are likely to exclude, commissions paid with respect to the notes, as well as the profit component included in the cost of hedging our obligations under the notes. In addition, any such prices may differ from values determined by pricing models used by the agents, as a result of dealer discounts, mark-ups or other transaction costs.

THERE ARE POTENTIAL CONFLICTS OF INTEREST BETWEEN YOU AND THE CALCULATION AGENT.

AAI, an affiliate of ours, will serve as the calculation agent with respect to the notes. In its role as calculation agent, AAI will exercise its judgment when performing its functions. Absent manifest error, all of its determinations in its role as calculation agent will be final and binding on you and us, without any liability on its or our part. You will not be entitled to any compensation from us or AAI for any loss suffered as a result of any of its determinations in its role as calculation agent. Since these determinations by AAI as calculation agent may affect the return on and/or market value of your notes, we and AAI may have a conflict of interest.

THE U.S. FEDERAL INCOME TAX TREATMENT OF CERTAIN INSTRUMENTS IS UNCERTAIN.

The U.S. federal income tax treatment of certain instruments we may issue is uncertain. Please read carefully the section entitled "United States Federal Taxation" in this Prospectus Supplement and any discussion regarding U.S. federal income taxation contained in the applicable pricing supplement. You should consult your own tax adviser about an investment in any of our notes in light of your particular tax situation.

DESCRIPTION OF NOTES

Investors should carefully read the general terms and provisions of our debt securities in "Description of Debt Securities" in the accompanying prospectus. This section supplements that description. THE PRICING SUPPLEMENT WILL ADD SPECIFIC TERMS FOR EACH ISSUANCE OF NOTES AND MAY MODIFY OR REPLACE ANY OF THE

INFORMATION IN THIS SECTION AND IN "DESCRIPTION OF DEBT SECURITIES" IN THE ACCOMPANYING PROSPECTUS.

GENERAL TERMS OF NOTES

We may issue notes under an indenture dated September 15, 2006, among us, Wilmington Trust Company, as trustee, Citibank, N.A., as securities administrator and Holding, as guarantor, which we refer to as the "Indenture." The notes issued under the Indenture will constitute a single series under the Indenture, together with any notes that we issue in the future under the Indenture that we designate as being part of that series.

OUTSTANDING INDEBTEDNESS OF THE BANK. The Indenture does not limit the amount of additional indebtedness that we may incur.

RANKING. Notes issued under the Indenture will constitute unsecured and unsubordinated obligations of the Bank and rank pari passu without any preference among them and with all other present and future unsecured and unsubordinated obligations of the Bank save for those preferred by mandatory provision of law.

TERMS SPECIFIED IN PRICING SUPPLEMENTS. A pricing supplement will specify the following terms of any issuance of our notes to the extent applicable:

- the specific designation of the notes;
- the issue price (price to public);
- the aggregate principal amount;
- the denominations or minimum denominations;
- the original issue date;
- the stated maturity date and any terms related to any extension of the maturity date;
- whether the notes are fixed rate notes, floating rate notes or notes with original issue discount;
- for fixed rate notes, the rate per year at which the notes will bear interest, if any, or the method of calculating that rate and the dates on which interest will be payable;
- for floating rate notes, the base rate, the index maturity, the spread, the spread multiplier, the initial interest rate, the interest reset periods, the interest payment dates, the maximum interest rate, the minimum interest rate and any other terms relating to the particular method of calculating the interest rate for the note;
- whether interest, if any, will be payable in cash or payable in kind;
- whether the notes may be redeemed, in whole or in part, at our option or repaid at your option, prior to the stated maturity date, and the terms of any redemption or repayment;
- whether the notes are currency-linked notes and/or notes linked to commodity prices, securities of entities not affiliated with us, any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstance, and/or baskets or indices of any of these items, or any combination of the above;

- the terms on which holders of the notes may convert or exchange them into or for stock or other securities of entities not affiliated with us, or for the cash value of any of these securities or for any other property, any specific terms relating to the adjustment of the conversion or exchange feature and the period during which the holders may effect the conversion or exchange;

- whether the notes are renewable notes;

- if any note is not denominated and payable in U.S. dollars, the currency or currencies in which the principal, premium, if any, and interest, if any, will be paid, which we refer to as the "specified currency," along with any other terms relating to the non-U.S. dollar denomination, including exchange rates as against the U.S. dollar at selected times during the last five years and any exchange controls affecting that specified currency;

- whether and under what circumstances we will pay additional amounts on the notes for any tax, assessment or governmental charge withheld or deducted and, if so, whether we will have the option to redeem those debt securities rather than pay the additional amounts;

- whether the notes will be listed on any stock exchange;

- whether the notes will be issued in book-entry or certificated form;

- if the notes are in book-entry form, whether the notes will be offered on a global basis to investors through Euroclear and Clearstream Banking, SOCIETE ANONYME as well as through the Depositary (each as defined below); and

- any other terms on which we will issue the notes.

SOME DEFINITIONS. We have defined some of the terms that we use frequently in this prospectus supplement below:

A "business day" means any day, other than a Saturday or Sunday, (a) that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close (x) for all notes, in The City of New York, (y) for notes denominated in a specified currency other than U.S. dollars, euro or Australian dollars, in the principal financial center of the country of the specified currency or (z) for notes denominated in Australian dollars, in Sydney; and (b) for notes denominated in euro, that is also a TARGET Settlement Day.

"Depositary" means The Depository Trust Company, New York, New York.

"Euro LIBOR notes" means LIBOR notes for which the index currency is euros.

An "interest payment date" for any note means a date on which, under the terms of that note, regularly scheduled interest is payable.

"London banking day" means any day on which dealings in deposits in the relevant index currency are transacted in the London interbank market.

The "record date" for any interest payment date is the date 15 calendar days prior to that interest payment date, whether or not that date is a business day, unless another date is specified in the applicable pricing supplement.

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

References in this prospectus supplement to "U.S. dollar," or "U.S.$" or "$" are to the currency of the United States of America.

GUARANTEE

Holding will fully and unconditionally guarantee payment in full to the holders of the notes issued by the Bank under the Indenture after the date hereof. The guarantee is set forth in, and forms a part of, the Indenture under which the notes will be issued. If, for any reason, the Bank does not make any required payment in respect of the notes when due, Holding as the guarantor thereof will cause the payment to be made to or to the order of the trustee. The holder of the guaranteed note may sue the guarantor to enforce its rights under the guarantee without first suing the Bank or any other person or entity. The guarantees will constitute Holding's unsecured and unsubordinated obligations and rank pari passu without any preference among them and with all Holding's other present and future unsecured and unsubordinated obligations.

FORMS OF NOTES

We will offer the notes on a continuing basis and will issue notes only in fully registered form either as registered global notes or as certificated notes. References to "holders" mean those who own notes registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes registered in street name or in notes issued in book-entry form through one or more depositaries.

REGISTERED GLOBAL NOTES. For registered global notes, we will issue one or more global certificates representing the entire issue of notes. Except as set forth in the accompanying prospectus under "Forms of Securities -- Global Securities," you may not exchange registered global notes or interests in registered global notes for certificated notes.

Each global note certificate representing registered global notes will be deposited with, or on behalf of, the Depositary and registered in the name of a nominee of the Depositary. These certificates name the Depositary or its nominee as the owner of the notes. The Depositary maintains a computerized system that will reflect the interests held by its participants in the global notes. An investor's beneficial interest will be reflected in the records of the Depositary's direct or indirect participants through an account maintained by the investor with its broker/dealer, bank, trust company or other representative. A further description of the Depositary's procedures for global notes representing book-entry notes is set forth under "Forms of Securities -- The Depositary" in the accompanying prospectus. The Depositary has confirmed to us, AAI, LFS and the trustee that it intends to follow these procedures.

CERTIFICATED NOTES. If we issue notes in certificated form, the certificate will name the investor or the investor's nominee as the owner of the note. The person named in the note register will be considered the owner of the note for all purposes under the Indenture. For example, if we need to ask the holders of the notes to vote on a proposed amendment to the notes, the person named in the note register will be asked to cast any vote regarding that note. If you have chosen to have some other entity hold the certificates for you, that entity will be considered the owner of your note in our records and will be entitled to cast the vote regarding your note. You may not exchange certificated notes for registered global notes or interests in registered global notes.

DENOMINATIONS. Unless otherwise specified in the pricing supplement, we will issue the notes:

- for U.S. dollar-denominated notes, in denominations of $100 or any amount greater than $100 that is an integral multiple of $100; or

- for notes denominated in a specified currency other than U.S. dollars, in denominations of the equivalent of $100, rounded to an integral multiple of 100 units of the specified currency, or any larger integral multiple of 100 units of the specified currency, as determined by reference to the market exchange rate, as defined under "-- Interest and Principal Payments -- Unavailability of Foreign Currency" below, on the business day immediately preceding the date of issuance.

INTEREST AND PRINCIPAL PAYMENTS

PAYMENTS, EXCHANGES AND TRANSFERS. Holders may present notes for payment of principal, premium, if any, and interest, if any, register the transfer of the notes, and exchange the notes at Citibank, N.A, the securities administrator under the Indenture, at 111 Wall Street, 15th Floor, New York, New York 10043, Attention: Agency

and Trust Group, as our current agent for the payment, transfer and exchange of the notes. We refer to Citibank, acting in this capacity, as the paying agent. However, holders of global notes may transfer and exchange global notes only in the manner and to the extent set forth under "Forms of Securities -- Global Securities" in the accompanying prospectus.

We will not be required to:

- register the transfer or exchange of any note if the holder has exercised the holder's right, if any, to require us to repurchase the note, in whole or in part, except the portion of the note not required to be repurchased;

- register the transfer or exchange of notes to be redeemed for a period of fifteen calendar days preceding the mailing of the relevant notice of redemption; or

- register the transfer or exchange of any note selected for redemption in whole or in part, except the unredeemed or unpaid portion of that note being redeemed in part.

No service charge will be made for any registration or transfer or exchange of notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the registration of transfer or exchange of notes.

Although we anticipate making payments of principal, premium, if any, and interest, if any, on most notes in U.S. dollars, some notes may be payable in foreign currencies as specified in the applicable pricing supplement. Currently, few facilities exist in the United States to convert U.S. dollars into foreign currencies and vice versa. In addition, most U.S. banks do not offer non-U.S. dollar denominated checking or savings account facilities. Accordingly, unless alternative arrangements are made, we will pay principal, premium, if any, and interest, if any, on notes that are payable in a foreign currency to an account at a bank outside the United States, which, in the case of a note payable in euro, will be made by credit or transfer to a euro account specified by the payee in a country for which the euro is the lawful currency.

RECIPIENTS OF PAYMENTS. The paying agent will pay interest to the person in whose name the note is registered at the close of business on the applicable record date. However, upon maturity, redemption or repayment, the paying agent will pay any interest due to the person to whom it pays the principal of the note. The paying agent will make the payment of interest on the date of maturity, redemption or repayment, whether or not that date is an interest payment date. The paying agent will make the initial interest payment on a note on the first interest payment date falling after the date of issuance, unless the date of issuance is less than 15 calendar days before an interest payment date. In that case, the paying agent will pay interest on the next succeeding interest payment date to the holder of record on the record date corresponding to the succeeding interest payment date.

BOOK-ENTRY NOTES. The paying agent will make payments of principal, premium, if any, and interest, if any, to the account of the Depositary, as holder of book-entry notes, by wire transfer of immediately available funds. We expect that the Depositary, upon receipt of any payment, will immediately credit its participants' accounts in amounts proportionate to their respective beneficial interests in the book-entry notes as shown on the records of the Depositary. We also expect that payments by the Depositary's participants to owners of beneficial interests in the book-entry notes will be governed by standing customer instructions and customary practices and will be the responsibility of those participants.

CERTIFICATED NOTES. Except as indicated below, for payments of interest at maturity, redemption or repayment, the paying agent will make U.S. dollar payments of interest either:

- by check mailed to the address of the person entitled to payment as shown on the note register; or
- by wire transfer of immediately available funds, if the holder has provided wire transfer instructions to the paying agent not later than 15 calendar days prior to the applicable interest payment date.

U.S. dollar payments of principal, premium, if any, and interest, if any, upon maturity, redemption or repayment on a note will be made in immediately available funds against presentation and surrender of the note.

PAYMENT PROCEDURES FOR BOOK-ENTRY NOTES DENOMINATED IN A FOREIGN CURRENCY. Book-entry notes payable in a specified currency other than U.S. dollars will provide that a beneficial owner of interests in those notes may elect to receive all or a portion of the payments of principal, premium, if any, or interest, if any, in U.S. dollars. In those cases, the Depositary will elect to receive all payments with respect to the beneficial owner's interest in the notes in U.S. Dollars, unless the beneficial owner takes the following steps:

- The beneficial owner must give complete instructions to the direct or indirect participant through which it holds the book-entry notes of its election to receive those payments in the specified currency other than U.S. dollars by wire transfer to an account specified by the beneficial owner with a bank located outside the United States. In the case of a note payable in euro, the account must be a euro account in a country for which the euro is the lawful currency.

- The participant must notify the Depositary of the beneficial owner's election on or prior to the third business day after the applicable record date, for payments of interest, and on or prior to the twelfth business day prior to the maturity date or any redemption or repayment date, for payment of principal or premium.

- The Depositary must have notified the paying agent of the beneficial owner's election on or prior to the fifth business day after the applicable record date, for payments of interest, and on or prior to the tenth business day prior to the maturity date or any redemption or repayment date, for payment of principal or premium.

Beneficial owners should consult their participants in order to ascertain the deadline for giving instructions to participants in order to ensure that timely notice will be delivered to the Depositary.

PAYMENT PROCEDURES FOR CERTIFICATED NOTES DENOMINATED IN A FOREIGN CURRENCY. For certificated notes payable in a specified currency other than U.S. dollars, the notes may provide that the holder may elect to receive all or a portion of the payments on those notes in U.S. dollars. To do so, the holder must send a written request to the paying agent:

- for payments of interest, on or prior to the fifth business day after the applicable record date; or

- for payments of principal, at least ten business days prior to the maturity date or any redemption or repayment date.

To revoke this election for all or a portion of the payments on the certificated notes, the holder must send written notice to the paying agent:

- at least five business days prior to the applicable record date, for payment of interest; or

- at least ten business days prior to the maturity date or any redemption or repayment date, for payments of principal.

If the holder elects to be paid in a currency other than U.S. dollars, the paying agent will pay the principal, premium, if any, or interest, if any, on the certificated notes:

- by wire transfer of immediately available funds in the specified currency to the holder's account at a bank located outside the United States, and in the case of a note payable in euro, in a country for which the euro is the lawful currency, if the paying agent has received the holder's written wire transfer instructions not less than 15 calendar days prior to the applicable payment date; or

- by check payable in the specified currency mailed to the address of the person entitled to payment that is specified in the note register, if the holder has not provided wire instructions.

However, the paying agent will pay only the principal of the certificated notes, any premium and interest, if any, due at maturity, or on any redemption or repayment date, upon surrender of the certificated notes at the office or agency of the paying agent.

DETERMINATION OF EXCHANGE RATE FOR PAYMENTS IN U.S. DOLLARS FOR NOTES DENOMINATED IN A FOREIGN CURRENCY. The exchange rate agent identified in the relevant pricing supplement will convert the specified currency into U.S. dollars for holders who elect to receive payments in U.S. dollars and for beneficial owners of book-entry notes that do not follow the procedures we have described immediately above. The conversion will be based on the highest bid quotation in The City of New York received by the exchange rate agent at approximately 11:00 a.m., New York City time, on the second business day preceding the applicable payment date from three recognized foreign exchange dealers for the purchase by the quoting dealer:

- of the specified currency for U.S. dollars for settlement on the payment date;

- in the aggregate amount of the specified currency payable to those holders or beneficial owners of notes; and

- at which the applicable dealer commits to execute a contract.

One of the dealers providing quotations may be the exchange rate agent unless the exchange rate agent is an affiliate of the Bank. If those bid quotations are not available, payments will be made in the specified currency. The holders or beneficial owners of notes will pay all currency exchange costs by deductions from the amounts payable on the notes.

UNAVAILABILITY OF FOREIGN CURRENCY. The relevant specified currency may not be available to us or Holding, as the case may be, for making payments of principal of, premium on, if any, or interest, if any, on any note. This could occur due to the imposition of exchange controls or other circumstances beyond our control or if the specified currency is no longer used by the government of the country issuing that currency or by public institutions within the international banking community for the settlement of transactions. If the specified currency is unavailable, we may satisfy our obligations to holders of the notes by making those payments on the date of payment in U.S. dollars on the basis of the noon dollar buying rate in The City of New York for cable transfers of the currency or currencies in which a payment on any note was to be made, published by the Federal Reserve Bank of New York, which we refer to as the "market exchange rate." If that rate of exchange is not then available or is not published for a particular payment currency, the market exchange rate will be based on the highest bid quotation in The City of New York received by the exchange rate agent at approximately 11:00 a.m., New York City time, on the second business day preceding the applicable payment date from three recognized foreign exchange dealers for the purchase by the quoting dealer:

- of the specified currency for U.S. dollars for settlement on the payment date;

- in the aggregate amount of the specified currency payable to those holders or beneficial owners of notes; and

- at which the applicable dealer commits to execute a contract.

One of the dealers providing quotations may be the exchange rate agent unless the exchange rate agent is our affiliate. If those bid quotations are not available, the exchange rate agent will determine the market exchange rate at its sole discretion.

These provisions do not apply if a specified currency is unavailable because it has been replaced by the euro. If the euro has been substituted for a specified currency, we may at our option, or will, if required by applicable law, without the consent of the holders of the affected notes, pay the principal of, premium on, if any, or interest, if any, on any note denominated in the specified currency in euro instead of the specified currency, in conformity with legally applicable measures taken pursuant to, or by virtue of, the treaty establishing the European Community, as amended by the treaty on European Union. Any payment made in U.S. dollars or in euro as described above where the required payment is in an unavailable specified currency will not constitute an event of default.

DISCOUNT NOTES. Some notes may be issued at a price which represents a discount to their principal amount. We refer to these notes as "discount notes." Such discount may be required to be included in income for U.S. federal income tax purposes, as described under "United States Federal Taxation -- Original Issue Discount." In the event of a redemption or repayment of any discount note or if any discount note is declared to be due and payable

immediately as described under "Description of Debt Securities -- Events of Default" in the accompanying prospectus, the amount of principal due and payable on that note will be limited to:

- the aggregate principal amount of the note MULTIPLIED BY the sum of
- its issue price, expressed as a percentage of the aggregate principal amount, PLUS
- the original issue discount accrued from the date of issue to the date of redemption, repayment or declaration, expressed as a percentage of the aggregate principal amount.

Solely for purposes of determining the amount of original issue discount that has accrued under the above formula as of any date on which a redemption, repayment or acceleration of maturity occurs for a discount note, original issue discount will be accrued using a constant yield method. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the initial period (as defined below), corresponds to the shortest period between interest payment dates for the applicable discount note (with ratable accruals within a compounding period), and an assumption that the maturity of a discount note will not be accelerated. If the period from the date of issue to the first interest payment date for a discount note, which we refer to as the "initial period", is shorter than the compounding period for the discount note, a proportionate amount of the yield for an entire compounding period will be accrued. If the initial period is longer than the compounding period, then the period will be divided into a regular compounding period and a short period with the short period being treated as provided in the preceding sentence.

The accrual of the applicable original issue discount described above is solely for purposes of determining the amounts payable upon redemption, repayment or acceleration of maturity. That amount of accrued original issue discount may differ from the accrual of original issue discount for purposes of the Internal Revenue Code of 1986, as amended (the "Code"). Certain discount notes may not be treated as having original issue discount within the meaning of the Code, and notes other than discount notes may be treated as issued with original issue discount for federal income tax purposes. See "United States Federal Taxation--Original Issue Discount" below. See also the applicable pricing supplement for any special considerations applicable to these notes.

FIXED RATE NOTES

Each fixed rate note will bear interest from the date of issuance at the annual rate stated on its face until the principal is paid or made available for payment.

HOW INTEREST IS CALCULATED. Interest on fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months.

HOW INTEREST ACCRUES. Interest on fixed rate notes will accrue from and including the most recent interest payment date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from and including the issue date or any other date specified in a pricing supplement on which interest begins to accrue. Interest will accrue to but excluding the next interest payment date, or, if earlier, the date on which the principal has been paid or duly made available for payment, except as described below under "If a Payment Date Is not a Business Day."

WHEN INTEREST IS PAID. Payments of interest on fixed rate notes will be made on the interest payment dates specified in the applicable pricing supplement. However, if the first interest payment date is less than 15 days after the date of issuance, interest will not be paid on the first interest payment date, but will be paid on the second interest payment date.

AMOUNT OF INTEREST PAYABLE. Interest payments for fixed rate notes will include accrued interest from and including the date of issue or from and including the last date in respect of which interest has been paid, as the case may be, to but excluding the relevant interest payment date or date of maturity or earlier redemption or repayment, as the case may be.

IF A PAYMENT DATE IS NOT A BUSINESS DAY. If any scheduled interest payment date is not a business day, we will pay interest on the next business day, but interest on that payment will not accrue during the period from and after the scheduled interest payment date. If the scheduled maturity date or date of redemption or repayment is not a business day, we may pay interest and principal and premium, if any, on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date or date of redemption or repayment.

FLOATING RATE NOTES

Unless otherwise specified in the applicable pricing supplement, each floating rate note will bear interest at a floating rate determined by reference to an interest rate or interest rate formula, which we refer to as the "base rate." The base rate may be one or more of the following:

o the CD rate,

o the commercial paper rate,

o EURIBOR,

o the federal funds rate,

- LIBOR,
- the prime rate,
- the Treasury rate,
- the CPI, or
- any other rate or interest rate formula specified in the applicable pricing supplement.

FORMULA FOR INTEREST RATES. The interest rate on each floating rate note will be calculated by reference to:

- the specified base rate based on the index maturity,
- plus or minus the spread, if any, and/or
- multiplied by the spread multiplier, if any.

For any floating rate note, "index maturity" means the period of maturity of the instrument or obligation from which the base rate is calculated and will be specified in the applicable pricing supplement. The "spread" is the number of basis points (one one-hundredth of a percentage point) specified in the applicable pricing supplement to be added to or subtracted from the base rate for a floating rate note. The "spread multiplier" is the percentage specified in the applicable pricing supplement to be applied to the base rate for a floating rate note.

LIMITATIONS ON INTEREST RATE. A floating rate note may also have either or both of the following limitations on the interest rate:

- a maximum limitation, or ceiling, on the rate of interest which may accrue during any interest period, which we refer to as the "maximum interest rate";
- a minimum limitation, or floor, on the rate of interest that may accrue during any interest period, which we refer to as the "minimum interest rate."

Any applicable maximum interest rate or minimum interest rate will be set forth in the applicable pricing supplement.

In addition, the interest rate on a floating rate note may not be higher than the maximum rate permitted by New York law, as that rate may be modified by United States law of general application. Under current New York law, the maximum rate of interest, subject to some exceptions, for any loan in an amount less than $250,000 is 16% and for any loan in the amount of $250,000 or more but less than $2,500,000 is 25% per annum on a simple interest basis. These limits do not apply to loans of $2,500,000 or more.

HOW FLOATING INTEREST RATES ARE RESET. The interest rate in effect from the date of issue to the first interest reset date for a floating rate note will be the initial interest rate specified in the applicable pricing supplement. We refer to this rate as the "initial interest rate." The interest rate on each floating rate note may be reset daily, weekly, monthly, quarterly, semiannually or annually. This period is the "interest reset period" and the first day of each interest reset period is the "interest reset date." The "interest determination date" for any interest reset date is the day the calculation agent identified in the applicable pricing supplement will refer to when determining the new interest rate at which a floating rate will reset, and is applicable as follows (unless otherwise specified in the applicable pricing supplement):

- for CD rate notes, commercial paper rate notes, federal funds rate notes, prime rate notes and CMT rate notes, the interest determination date will be the second business day prior to the interest reset date;

- for EURIBOR notes or Euro LIBOR notes, the interest determination date will be the second TARGET Settlement Day, as defined above under "-- General Terms of Notes -- Some Definitions," prior to the interest reset date;

- for LIBOR notes (other than Euro LIBOR notes), the interest determination date will be the second London banking day prior to the interest reset date, except that the interest determination date pertaining to an interest reset date for a LIBOR note for which the index currency is pounds sterling will be the interest reset date; and

- for Treasury rate notes, the interest determination date will be the day of the week in which the interest reset date falls on which Treasury bills would normally be auctioned.

Treasury bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, but the auction may be held on the preceding Friday. If, as the result of a legal holiday, the auction is held on the preceding Friday, that Friday will be the interest determination date pertaining to the interest reset date occurring in the next succeeding week. If an auction falls on a day that is an interest reset date, that interest reset date will be the next following business day.

The interest reset dates will be specified in the applicable pricing supplement. If an interest reset date for any floating rate note falls on a day that is not a business day, it will be postponed to the following business day, except that, in the case of a EURIBOR note or a LIBOR note, if that business day is in the next calendar month, the interest reset date will be the immediately preceding business day.

The interest rate in effect for the ten calendar days immediately prior to maturity, redemption or repayment will be the one in effect on the tenth calendar day preceding the maturity, redemption or repayment date.

In the detailed descriptions of the various base rates which follow, the "calculation date" pertaining to an interest determination date means the earlier of (1) the tenth calendar day after that interest determination date, or, if that day is not a business day, the next succeeding business day, and (2) the business day preceding the applicable interest payment date or maturity date or, for any principal amount to be redeemed or repaid, any redemption or repayment date.

HOW INTEREST IS CALCULATED. Interest on floating rate notes will accrue from and including the most recent interest payment date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from and including the issue date or any other date specified in a pricing supplement on which interest begins to accrue. Interest will accrue to but excluding the next interest payment date or, if earlier, the date on which the principal has been paid or duly made available for payment, except as described below under "If a Payment Date is Not a Business Day."

The applicable pricing supplement will specify a calculation agent for any issue of floating rate notes. Upon the request of the holder of any floating rate note, the calculation agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date for that floating rate note.

Unless otherwise specified in the applicable pricing supplement, for a floating rate note, accrued interest will be calculated by multiplying the principal amount of the floating rate note by an accrued interest factor. This accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which interest is being paid. The interest factor for each day is computed by DIVIDING the interest rate applicable to that day:

- by 360, in the case of CD rate notes, commercial paper rate notes, EURIBOR notes, federal funds rate notes, LIBOR notes (except for LIBOR notes denominated in pounds sterling) and prime rate notes;

- by 365, in the case of LIBOR notes denominated in pounds sterling; or

- by the actual number of days in the year, in the case of Treasury rate notes and CMT rate notes.

For these calculations, the interest rate in effect on any interest reset date will be the applicable rate as reset on that date. The interest rate applicable to any other day is the interest rate from the immediately preceding interest reset date or, if none, the initial interest rate.

All percentages used in or resulting from any calculation of the rate of interest on a floating rate note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% rounded up to 0.00001%), and all U.S. dollar amounts used in or resulting from these calculations on floating rate notes will be rounded to the nearest cent (with one-half cent rounded upward). All Japanese Yen amounts used in or resulting from these calculations will be rounded downwards to the next lower whole Japanese Yen amount. All amounts denominated in any other currency used in or resulting from these calculations will be rounded to the nearest two decimal places in that currency with 0.005 being rounded upward.

WHEN INTEREST IS PAID. We will pay interest on floating rate notes on the interest payment dates specified in the applicable pricing supplement. However, if the first interest payment date is less than 15 days after the date of issuance, interest will not be paid on the first interest payment date, but will be paid on the second interest payment date.

IF A PAYMENT DATE IS NOT A BUSINESS DAY. If any scheduled interest payment date, other than the maturity date or any earlier redemption or repayment date, for any floating rate note falls on a day that is not a business day, it will be postponed to the following business day, except that, in the case of a EURIBOR note or a LIBOR note, if that business day would fall in the next calendar month, the interest payment date will be the immediately preceding business day. If the scheduled maturity date or any earlier redemption or repayment date of a floating rate note falls on a day that is not a business day, the payment of principal, premium, if any, and interest, if any, will be made on the next succeeding business day, but interest on that payment will not accrue during the period from and after the maturity, redemption or repayment date.

BASE RATE NOTES

CD RATE NOTES

CD rate notes will bear interest at the interest rates specified in the applicable pricing supplement. Those interest rates will be based on the CD rate and any spread and/or spread multiplier and will be subject to the minimum interest rate and the maximum interest rate, if any.

Unless otherwise specified in the applicable pricing supplement, the "CD rate" means, for any interest determination date, the rate on that date for negotiable certificates of deposit having the index maturity specified in the applicable pricing supplement as published by the Board of Governors of the Federal Reserve System in

"Statistical Release H.15(519), Selected Interest Rates," or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "CDs (Secondary Market)."

The following procedures will be followed if the CD rate cannot be determined as described above:

- If the above rate is not published in H.15(519) by 9:00 a.m., New York City time, on the calculation date, the CD rate will be the rate on that interest determination date set forth in the daily update of H.15(519), available through the world wide website of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15/update, or any successor site or publication, which is commonly referred to as the "H.15 Daily Update," for the interest determination date for certificates of deposit having the index maturity specified in the applicable pricing supplement, under the caption "CDs (Secondary Market)."

- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the calculation date, the calculation agent will determine the CD rate to be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that interest determination date of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in The City of New York selected by the calculation agent, after consultation with us, for negotiable certificates of deposit of major United States money center banks of the highest credit standing in the market for negotiable certificates of deposit with a remaining maturity closest to the index maturity specified in the applicable pricing supplement in an amount that is representative for a single transaction in that market at that time.

- If the dealers selected by the calculation agent are not quoting as set forth above, the CD rate for that interest determination date will remain the CD rate for the immediately preceding interest reset period, or, if there was no interest reset period, the rate of interest payable will be the initial interest rate.

COMMERCIAL PAPER RATE NOTES

Commercial paper rate notes will bear interest at the interest rates specified in the applicable pricing supplement. Those interest rates will be based on the commercial paper rate and any spread and/or spread multiplier and will be subject to the minimum interest rate and the maximum interest rate, if any.

Unless otherwise specified in the applicable pricing supplement, the "commercial paper rate" means, for any interest determination date, the money market yield, calculated as described below, of the rate on that date for commercial paper having the index maturity specified in the applicable pricing supplement, as that rate is published in H.15(519), under the heading "Commercial Paper -- Nonfinancial."

The following procedures will be followed if the commercial paper rate cannot be determined as described above:

- If the above rate is not published by 9:00 a.m., New York City time, on the calculation date, then the commercial paper rate will be the money market yield of the rate on that interest determination date for commercial paper of the index maturity specified in the applicable pricing supplement as published in the H.15 Daily Update under the heading "Commercial Paper -- Nonfinancial."

- If by 3:00 p.m., New York City time, on that calculation date the rate is not yet published in either H.15(519) or the H.15 Daily Update, then the calculation agent will determine the commercial paper rate to be the money market yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on that interest determination date of three leading dealers of commercial paper in The City of New York selected by the calculation agent, after consultation with us, for commercial paper of the index maturity specified in the applicable pricing supplement, placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized statistical rating agency.

- If the dealers selected by the calculation agent are not quoting as set forth above, the commercial paper rate for that interest determination date will remain the commercial paper rate for the immediately preceding

interest reset period, or, if there was no interest reset period, the rate of interest payable will be the initial interest rate.

The "money market yield" will be a yield calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per year rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest period for which interest is being calculated.

EURIBOR NOTES

EURIBOR notes will bear interest at the interest rates specified in the applicable pricing supplement. That interest rate will be based on EURIBOR and any spread and/or spread multiplier and will be subject to the minimum interest rate and the maximum interest rate, if any.

Unless otherwise specified in the applicable pricing supplement, "EURIBOR" means, for any interest determination date, the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI -- The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, for the index maturity specified in the applicable pricing supplement as that rate appears on the display on Reuters, or any successor service, on page EURIBOR01 or any other page as may replace page EURIBOR01 on that service, which is commonly referred to as "Reuters Page EURIBOR01," as of 11:00 a.m. (Brussels time).

The following procedures will be followed if the rate cannot be determined as described above:

- If the above rate does not appear, the calculation agent will request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market, as selected by the calculation agent, after consultation with us, to provide the calculation agent with its offered rate for deposits in euros, at approximately 11:00 a.m. (Brussels time) on the interest determination date, to prime banks in the Euro-zone interbank market for the index maturity specified in the applicable pricing supplement commencing on the applicable interest reset date, and in a principal amount not less than the equivalent of U.S.$1 million in euro that is representative of a single transaction in euro, in that market at that time. If at least two quotations are provided, EURIBOR will be the arithmetic mean of those quotations.

- If fewer than two quotations are provided, EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-zone, as selected by the calculation agent, after consultation with us, at approximately 11:00 a.m. (Brussels time), on the applicable interest reset date for loans in euro to leading European banks for a period of time equivalent to the index maturity specified in the applicable pricing supplement commencing on that interest reset date in a principal amount not less than the equivalent of U.S.$1 million in euro.

- If the banks so selected by the calculation agent are not quoting as set forth above, EURIBOR for that interest determination date will remain EURIBOR for the immediately preceding interest reset period, or, if there was no interest reset period, the rate of interest will be the initial interest rate.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union.

FEDERAL FUNDS RATE NOTES

Federal funds rate notes will bear interest at the interest rates specified in the applicable pricing supplement. Those interest rates will be based on the federal funds rate and any spread and/or spread multiplier and will be subject to the minimum interest rate and the maximum interest rate, if any.

Unless otherwise specified in the applicable pricing supplement, "federal funds rate" means, for any interest determination date, the rate on that date for federal funds as published in the Federal Reserve Statistical Release H.15(519) under the heading "Federal Funds (Effective)" as displayed on Reuters or any successor service, on page FEDFUNDS1 or any other page as may replace the applicable page on that service, which is commonly referred to as "Reuters Page FEDFUNDS1." For the avoidance of doubt, the federal funds rate for any interest determination date is the rate published for the immediately preceding business day.

The following procedures will be followed if the federal funds rate cannot be determined as described above:

- If the above rate is not published by 9:00 a.m., New York City time, on the calculation date, the federal funds rate will be the rate on that interest determination date as published in the H.15 Daily Update under the heading "Federal Funds/Effective Rate."

- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the calculation date, the calculation agent will determine the federal funds rate to be the arithmetic mean of the rates for the last transaction in overnight federal funds by each of three leading brokers of federal funds transactions in The City of New York selected by the calculation agent, after consultation with us, prior to 9:00 a.m., New York City time, on that interest determination date.

- If the brokers selected by the calculation agent are not quoting as set forth above, the federal funds rate for that interest determination date will be the federal funds rate last in effect on the interest determination date.

LIBOR NOTES

LIBOR notes will bear interest at the interest rates specified in the applicable pricing supplement. That interest rate will be based on London interbank offered rate, which is commonly referred to as "LIBOR," and any spread and/or spread multiplier and will be subject to the minimum interest rate and the maximum interest rate, if any.

Unless otherwise specified in the applicable pricing supplement, the calculation agent will determine "LIBOR" for each interest determination date as follows:

- As of the interest determination date, LIBOR will be either:

  - if "LIBOR Reuters" is specified in the applicable pricing supplement, the arithmetic mean of the offered rates for deposits in the index currency having the index maturity designated in the applicable pricing supplement, as of that interest determination date, that appear on the Designated LIBOR Page, as defined below, as of 11:00 a.m., London time, on that interest determination date, if at least two offered rates appear on the Designated LIBOR Page; except that if the specified Designated LIBOR Page, by its terms provides only for a single rate, that single rate will be used; or

  - if "LIBOR Bloomberg" is specified in the applicable pricing supplement, the rate for deposits in the index currency having the index maturity designated in the applicable pricing supplement, as of that interest determination date or, if pounds sterling is the index currency, commencing on that interest determination date, that appears on the Designated LIBOR Page at approximately 11:00 a.m., London time, on that interest determination date.

- If (1) fewer than two offered rates appear and "LIBOR Reuters" is specified in the applicable pricing supplement, or (2) no rate appears and the applicable pricing supplement specifies either (x) "LIBOR Bloomberg" or (y) "LIBOR Reuters" and the Designated LIBOR Page by its terms provides only for a single rate, then the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the calculation agent after consultation with us, to provide the calculation agent with its offered quotation for deposits in the index currency for the period of the index maturity specified in the applicable pricing supplement as of that interest determination date or, if pounds sterling is the index currency, commencing on that interest determination date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and

in a principal amount that is representative of a single transaction in that index currency in that market at that time.

- If at least two quotations are provided, LIBOR determined on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, LIBOR will be determined for the applicable interest reset date as the arithmetic mean of the rates quoted at approximately 11:00 a.m., London time, or some other time specified in the applicable pricing supplement, in the applicable principal financial center for the country of the index currency on that interest reset date, by three major banks in that principal financial center selected by the calculation agent, after consultation with us, for loans in the index currency to leading European banks, having the index maturity specified in the applicable pricing supplement and in a principal amount that is representative of a single transaction in that index currency in that market at that time.

- If the banks so selected by the calculation agent are not quoting as set forth above, LIBOR for that interest determination date will remain LIBOR for the immediately preceding interest reset period, or, if there was no interest reset period, the rate of interest payable will be the initial interest rate.

The "index currency" means the currency specified in the applicable pricing supplement as the currency for which LIBOR will be calculated, or, if the euro is substituted for that currency, the index currency will be the euro. If that currency is not specified in the applicable pricing supplement, the index currency will be U.S. dollars.

"Designated LIBOR Page" means either (a) if "LIBOR Reuters" is designated in the applicable pricing supplement, the display on Reuters for the purpose of displaying the London interbank rates of major banks for the applicable index currency or its designated successor, or (b) if "LIBOR Bloomberg" is designated in the applicable pricing supplement, the display on Bloomberg or any successor service, page BBAM1

- increasing our vulnerability to adverse economic, industry or competitive developments;

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

Our total interest expense, net was $163.1 million, $203.2 million and $183.2 million for fiscal years 2014, 2013 and 2012, respectively. After taking into consideration our ratio of fixed-to-floating rate debt, a 100 basis point increase in such rates would increase our annual interest expense by approximately $2.4 million.

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Despite our high indebtedness level, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.
We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the agreements governing our indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial.

Our debt agreements contain restrictions that limit our flexibility in operating our business.
The agreements governing our outstanding indebtedness and our new senior secured credit facilities contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit the ability of our subsidiary, Catalent Pharma Solutions, Inc., and its restricted subsidiaries to, among other things:

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

A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross default provisions, and, in the case of our revolving credit facility, permit the lenders to cease making loans to us.
We may utilize derivative financial instruments to reduce our exposure to market risks from changes in interest rates on our variable rate indebtedness and we will be exposed to risks related to counterparty credit worthiness or non-performance of these instruments.
We may enter into pay-fixed interest rate swaps to limit our exposure to changes in variable interest rates. Such instruments may result in economic losses should exchange rates decline to a point lower than our fixed rate commitments. We will be exposed to credit-related losses which could impact the results of operations in the event of fluctuations in the fair value of the interest rate swaps due to a change in the credit worthiness or non-performance by the counterparties to the interest rate swaps.
Risks Related to Ownership of Our Common Stock
Our stock price may change significantly, and you may not be able to resell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.
The trading price of our common stock is likely to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. The trading price of our common stock may be adversely affected due to a number of factors such as those listed in “Risks Related

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to Our Business and Our Industry" and the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally, or those of pharmaceutical companies;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions;
- future sales of our common stock or other securities;
- investor perceptions or the investment opportunity associated with our common stock relative to other investment alternatives;
- the public response to press releases or other public announcements by us or third parties, including our filings with the Securities and Exchange Commission (the "SEC");
- announcements relating to litigation;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our stock;
- changes in accounting principles; and
- other events or factors, including those resulting from natural disasters, war, acts of terrorism or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Future sales, or the perception of future sales of common stock, by us or our existing stockholders could cause the market price for our common stock to decline.

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The sale of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of September 1, 2014, 74,821,337 shares of our common stock, representing approximately 64% of our total outstanding shares of common stock, will be "restricted securities" within the meaning of Rule 144 of the Securities Act ("Rule 144") and subject to certain restrictions on resale. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration such as Rule 144.

In connection with our initial public offering, we, our directors and executive officers, and holders of substantially all of our common stock immediately prior to our initial public offering agreed with the underwriters of the initial public offering, subject to certain exceptions, not to dispose of or hedge any of our or their common stock or securities convertible into or exchangeable for shares of common stock for 180 days following the date of the initial public offering prospectus, except with the prior written consent of Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC.

In addition, 2,801,761 shares of common stock will be eligible for sale upon exercise of vested options. We have filed a registration statement on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and the shares of common stock subject to issuance under the 2014 Omnibus Incentive Plan. The Form S-8 registration statement automatically became effective upon filing. The initial registration statement on Form S-8 covered 13,192,080 shares of common stock. These shares can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates.

Upon the expiration of the lock-up agreements described above, the remaining restricted shares will be eligible for resale, which would be subject to volume, manner of sale and other limitations under Rule 144. In addition, pursuant to a registration rights agreement, certain holders of restricted shares, subject to certain conditions, to require us to register the sale of their shares of our common stock under the Securities Act. By exercising their registration rights and selling a large number of shares, such holders could cause the prevailing market price of our common stock to decline. The shares covered by registration rights represent approximately 63% of our outstanding common stock. Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement.

As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our shares of common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities. In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of then-outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in dilution to you.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- a classified board of directors with staggered three-year
- the ability of our board of directors to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- the removal of directors only for cause and only upon the affirmative vote of holders of at least 66 2/3% of the shares of common stock entitled to vote generally in the election of directors if Blackstone and its affiliates hold less than 40% of our outstanding shares of common stock; and

- that certain provisions may be amended only by the affirmative vote of at least 66 2/3% of the shares of common stock entitled to vote generally in the election of directors if Blackstone and its affiliates cease to hold less than 40% of our outstanding shares of common stock.

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These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

Affiliates of Blackstone control us and their interests may conflict with ours or yours in the future.

Affiliates of Blackstone beneficially own approximately 55% of our common stock. As a result, investment funds associated with or designated by affiliates of Blackstone have the ability to elect all of the members of our board of directors and thereby control our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence or modification of debt by us, amendments to our amended and restated certificate of incorporation and amended and restated bylaws and the entering into of extraordinary transactions, and their interests may not in all cases be aligned with your interests. In addition, Blackstone may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you. For example, Blackstone could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. Additionally, in certain circumstances, acquisitions of debt at a discount by purchasers that are related to a debtor can give rise to cancellation of indebtedness income to such debtor for U.S. federal income tax purposes.

Blackstone 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. For example, Blackstone has made investments in Biomet, Inc., Emcure Pharmaceuticals Ltd., Apria Healthcare Group Inc., Nycomed Holding A/S, DJO Global LLC, Independent Clinical Services Ltd, Southern Cross Healthcare Group PLC, Stiefel Laboratories, Inc., Team Health Holdings, Inc. and Vanguard Health Systems, Inc.

Our amended and restated certificate of incorporation provides that none of Blackstone, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates has any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Blackstone also may 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 Blackstone continues to own a significant amount of our combined voting power, even if such amount is less than 50%, Blackstone will continue to be able to strongly influence or effectively control our decisions and, so long as Blackstone and its affiliates collectively own at least 5% of all outstanding shares of our stock entitled to vote generally in the election of directors, it will be able to appoint individuals to our board of directors under a stockholders agreement. In addition, Blackstone is able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of the Company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of the Company and ultimately might affect the market price of our common stock.

We are a "controlled company" within the meaning of the rules of the New York Stock Exchange and the rules of the SEC. As a result, we qualify for, and rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to stockholders of other companies.

Blackstone controls a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the New York Stock Exchange. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our board of directors consist of "independent directors" as defined under the rules of the New York Stock Exchange;
- the requirement that our director nominees be selected, or recommended for our board of directors' selection by a nominating/governance committee comprised solely of independent directors with a written charter addressing the nominations process;
-

- the requirement that the compensation of our executive officers be determined, or recommended to our board of directors for determination, by a compensation committee comprised solely of independent directors; and
- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

As a result, we are not currently required to have a majority of independent directors, our nominating/corporate governance committee, and compensation committee are not currently required to consist entirely of independent directors and such committees are not currently subject to annual performance evaluations. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

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In addition, on June 20, 2012, the SEC passed final rules implementing provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 pertaining to compensation committee independence and the role and disclosure of compensation consultants and other advisers to the compensation committee. The SEC's rules direct each of the national securities exchanges (including the New York Stock Exchange on which we intend to list our common stock) to develop listing standards requiring, among other things, that:

- compensation committees be composed of fully independent directors, as determined pursuant to new independence requirements;
- compensation committees be explicitly charged with hiring and overseeing compensation consultants, legal counsel and other committee advisors; and
- compensation committees be required to consider, when engaging compensation consultants, legal counsel or other advisors, certain independence factors, including factors that examine the relationship between the consultant or advisor's employer and us.

As a "controlled company," we are not subject to these compensation committee independence requirements.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

Our principal executive offices are located at 14 Schoolhouse Road, Somerset, New Jersey. We also operate manufacturing operations, development centers, and sales offices throughout the world. We have twenty-seven facilities on five continents with approximately 4.8 million square feet of manufacturing, lab and related space. Our manufacturing capabilities encompass a full suite of competencies including regulatory, quality assurance and in-house validation at all of the production sites. The following table sets forth our manufacturing and laboratory facilities by area and region as of June 30, 2014:

	Facility Sites	Country	Region	Segment	Total Square Footage	Leased/Owned
1	Kakegawa	Japan	Asia Pacific	Oral Technologies	107,300	Owned
2	Braeside	Australia	Asia Pacific	Oral Technologies	163,100	Owned
3	Haining	China	Asia Pacific	Oral Technologies	219,930	Owned
4	Beinheim	France	Europe	Oral Technologies	78,100	Owned
5	Eberbach	Germany	Europe	Oral Technologies	370,580	Leased
6	Aprilia	Italy	Europe	Oral Technologies	92,010	Owned
7	Swindon	United Kingdom	Europe	Oral Technologies	253,314	Owned
8	Somerset, NJ	USA	North America	Oral Technologies	265,000	Owned
9	Winchester, KY	USA	North America	Oral Technologies	120,000	Owned
10	St. Petersburg, FL	USA	North America	Oral Technologies	328,073	Owned
11	Buenos Aires	Argentina	South America	Oral Technologies	265,000	Owned
12	Sorocaba	Brazil	South America	Oral Technologies	88,993	Owned
13	Indaiatuba	Brazil	South America	Oral Technologies	53,800	Owned
14	Schorndorf	Germany	Europe	Oral Technologies	166,027	Owned
15	Brussels	Belgium	Europe	Medication Delivery Solutions	302,961	Owned
16	Limoges	France	Europe	Medication Delivery Solutions	179,000	Owned
17	Woodstock, IL	USA	North America	Medication Delivery Solutions	421,665	Owned
18	Madison, WI	USA	North America	Medication Delivery Solutions	102,723	Leased
19	Schorndorf	Germany	Europe	Development & Clinical Services	54,693	Owned
20	Bolton	United Kingdom	Europe	Development & Clinical Services	60,830	Owned
21	Philadelphia, PA	USA	North America	Development & Clinical Services	140,716	Leased/Owned
22	Morrisville, NC	USA	North America	Development & Clinical Services	186,406	Leased
23	Kansas City, MO	USA	North America	Development & Clinical Services	410,000	Owned
24	Deeside	United Kingdom	Europe	Development & Clinical Services	127,533	Leased
25	Bathgate	United Kingdom	Europe	Development & Clinical Services	191,000	Owned
26	Singapore	Singapore	Asia Pacific	Development & Clinical Services	7,942	Leased

27	Shanghai	China	Asia Pacific	Development & Clinical Services	31,000	Leased
	Total				4,787,696	

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ITEM 3. LEGAL PROCEEDINGS

Beginning in November 2006, we, along with several pharmaceutical companies, have been named in approximately 380 civil lawsuits. These lawsuits were filed by individuals allegedly injured by their use of the prescription acne medication Amnesteem®, a branded generic form of isotretinoin, and in some instances of isotretinoin products made and/or sold by other firms as well. All but one of these lawsuits have been dismissed or settled. We were not required to make any contribution toward any settlement to date. While it is not possible to determine the ultimate outcome of this legal proceeding, including making a determination of liability, we believe that we have meritorious defenses with respect to the claims asserted against us and intend to vigorously defend our position.

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

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

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ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As of June 30, 2014 there was no established public trading market for our common stock. The Company's common stock began trading on the New York Stock Exchange ("NYSE") under the symbol "CTLT" as of July 31, 2014. See Note 19 Subsequent Events for further information.

The following table sets forth the high and low sale prices per share for our common stock as reported on the NYSE for the period indicated:

	Market Price		Dividends
	High	Low	
First quarter (July 31, 2014 - August 29, 2014)	$21.50	$19.85	—

As of September 1, 2014 we had approximately 76 holders of record of our common stock. This number does not include beneficial owners whose shares were held in street name.

We have no current plans to pay dividends on our common stock. Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. Because we are a holding company and have no direct operations, we will only be able to pay dividends from funds we receive from our subsidiaries. In addition, our ability to pay dividends will be limited by covenants in our existing indebtedness and may be limited by the agreements governing other indebtedness we or our subsidiaries incur in the future. See “Management's Discussion and Analysis of Financial Condition and Results of Operations – Debt Covenants.”

We did not declare or pay any dividends on our common stock in fiscal 2014 or fiscal 2013.

Recent Sales of Unregistered Securities

Set forth below is information regarding shares of our common stock since July 1, 2013 that were not registered under the Securities Act:

Sale Date of Unregistered Shares	Shares	Consideration Received
July 26, 2013	1,750	$32,750
August 9, 2013	1,750	$32,750
November 14, 2013	1,750	$32,750
April 24, 2014	5,460	$81,120
June 9, 2014	14,560	$156,000

Purchase of Equity Securities

We did not purchase any of our registered equity securities during the period covered by this Annual Report on Form 10-K.

Use of Proceeds from Registered Securities

On August 5, 2014, we completed an initial public offering (the "IPO") in which we sold 42,500,000 shares of common stock at an initial public offering price of $20.50 per share. The shares offered and sold in the IPO were registered under the Securities Act pursuant to our Registration Statement on Form S-1 (File No. 333-193542), which was declared effective by the SEC on July 30, 2014. The total proceeds, before underwriting discount and commission and other offering expenses, for the shares sold in the IPO was approximately $871.3 million. The underwriters of the offering were led by Morgan Stanley, J.P. Morgan, BofA Merrill Lynch, Goldman, Sachs & Co., Jefferies and Deutsche Bank Securities. Blackstone Capital Markets, Piper Jaffray, Raymond James, Wells Fargo Securities, William Blair and Evercore acted as co-managers for the IPO.

The IPO generated net proceeds of approximately $822.7 million to us after net underwriting discounts and commissions and other offering expenses. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates), persons owning 10 percent or more of our common stock or any other affiliates. We used a portion of the net proceeds received in the offering to redeem the €225.0 million in aggregate principal amount of our Senior Subordinated Notes,

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to redeem the $350.0 million in aggregate principal amount of our Senior Notes and to repay approximately $114.5 million of the $275.0 million aggregate principal amount outstanding under our senior unsecured term loan facility. Prior to the IPO, we were a party to a Transaction and Advisory Fee Agreement, dated as of April 10, 2007, among us, Blackstone Management Partners V L.L.C. ("BMP"), Genstar Capital LLC and Aisling Capital, LLC (the "Advisory Agreement"). On August 5, 2014, and in connection with the IPO, the Advisory Agreement was terminated. In connection with such termination, we paid a termination fee equal to approximately $29.8 million to the other parties to the Advisory Agreement, including approximately $26.2 million to BMP, using a portion of the net proceeds of the IPO.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected historical financial and operating data for, or as of the end of, each of the five years ended June 30, 2014. This table should be read in conjunction with the Consolidated Financial Statements and the Notes thereto.

	Year Ended June 30,				
(Dollars in millions, except as noted)	2010	2011	2012	2013	2014
Statement of Operations Data:					
Net revenue	$1,480.4	$1,531.8	$1,694.8	$1,800.3	$1,827.7
Cost of sales	1,039.5	1,029.7	1,136.2	1,231.7	1,229.1
Gross margin	440.9	502.1	558.6	568.6	598.6
Selling, general and administrative expenses	270.1	288.3	348.1	340.6	334.8
Impairment charges and (gain)/loss on sale of assets	214.8	3.6	1.8	5.2	3.2
Restructuring and other	17.7	12.5	19.5	18.4	19.7
Property and casualty (gain)/loss, net *	—	11.6	(8.8)	—	—
Operating earnings/(loss)	(61.7)	186.1	198.0	204.4	240.9
Interest expense, net	161.0	165.5	183.2	203.2	163.1
Other (income)/expense, net	(7.3)	26.0	(3.8)	25.1	10.4
Earnings/(loss) from continuing operations before income taxes	(215.4)	(5.4)	18.6	(23.9)	67.4
Income tax expense/(benefit) (2)	1.4	23.7	0.5	27.0	49.5
Earnings/(loss) from continuing operations	(216.8)	(29.1)	18.1	(50.9)	17.9
Earnings/(loss) from discontinued operations, net of tax	(49.7)	(21.0)	(41.3)	1.2	(2.7)
Net earnings/(loss)	(266.5)	(50.1)	(23.2)	(49.7)	15.2
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	2.6	3.9	1.2	(0.1)	(1.0)
Net earnings/(loss) attributable to Catalent	$(269.1)	$(54.0)	$(24.4)	$(49.6)	$16.2
Basic earnings per share attributable to Catalent common shareholders:					
Earnings/(loss) from continuing operations	$(2.95)	$(0.44)	$0.23	$(0.68)	$0.25
Net earnings/(loss)	(3.62)	(0.72)	(0.33)	(0.66)	0.22
Diluted earnings per share attributable to Catalent common shareholders:					
Earnings/(loss) from continuing operations	$(2.95)	$(0.44)	$0.22	$(0.68)	$0.25
Net earnings/(loss)	(3.62)	(0.72)	(0.32)	(0.66)	0.21

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

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	Year Ended June 30,				
(Dollars in millions)	2010	2011	2012	2013	2014
Balance Sheet Data (at period end):					
Cash and cash equivalents	$164.0	$205.1	$139.0	$106.4	$74.4
Goodwill	848.9	906.0	1,029.9	1,023.4	1,097.1
Total assets (1)	2,607.8	2,729.1	3,032.1	2,949.5	3,090.2
Long term debt, including current portion and other short term borrowing	2,268.9	2,346.6	2,683.5	2,691.6	2,710.6
Total liabilities (1)	2,871.3	2,939.0	3,382.8	3,359.8	3,457.5
Total shareholders' equity/(deficit) (1)	$(263.5)	$(209.9)	$(350.7)	$(410.3)	$(371.8)

	Year Ended June 30,				
(Dollars in millions)	2010	2011	2012	2013	2014
Other Financial Data:					
Capital expenditures	$70.5	$87.3	$104.2	$122.5	$122.4
Ratio of Earnings to Fixed Charges (2)	—	—	1.1x	—	1.4x
Net cash provided by/(used in) continuing operations:					
Operating activities	231.5	111.6	87.7	139.1	180.2
Investing activities	(70.2)	(83.3)	(538.2)	(122.1)	(175.2)
Financing activities	(56.7)	(26.1)	352.9	(49.3)	(42.1)
Net cash provided by/(used in) discontinued operations:	5.8	21.0	43.9	(1.4)	2.1
Effect of foreign currency on cash	$(10.3)	$17.9	$(12.4)	$1.1	$3.0

(1) See Note 1 to the Consolidated Financial Statements for discussion of the change to previously issued financial statements. In conjunction with the year-end financial reporting process, the Company identified an error in the application of the intraperiod tax allocation guidance of ASC 740 related to the tax effect of certain activity in Other Comprehensive Income. There was no impact to total shareholders’ deficit, cash taxes paid, total net deferred taxes or cash flows from operations. The restatement resulted in a reduction to the previously reported income tax expense and reduction to Other Comprehensive Income in 2010, 2012 and an increase to the previously reported income tax expense and increase to Other Comprehensive Income in 2013. The restatement impact to periods not presented in the June 30, 2014 year end financial statements was a reduction to the previously reported income tax expense and reduction to Other Comprehensive Income of $20.5 million in 2010.

The Company also identified an error in the presentation of the offsetting of deferred tax assets and liabilities in accordance with ASC 740 related to the net presentation of its current and non-current deferred taxes by jurisdiction on the consolidated balance sheets. Application of the requirement to present net deferred tax balances, as opposed to gross, resulted in a reduction in deferred tax asset and liabilities of $106.9 million, $102.1 million and $119.6 million in 2012, 2011 and 2010, respectively, with no net change to the Company’s deferred tax position.

(2) The ratio of earnings to fixed charges is calculated by dividing the sum of earnings from continuing operations before income taxes, equity in earnings (loss) from non-consolidated investments and fixed charges, by fixed charges. Fixed charges consist of interest expenses, capitalized interest and imputed interest on our leased obligations. For fiscal year 2010, 2011, and 2013, earnings were insufficient to cover fixed charges by $214.3 million, $4.0 million, and $25.9 million, respectively. For fiscal years 2012 and 2014, the ratio of earnings to fixed charges was 1.1x and 1.4x, respectively.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Item 6. Selected Financial Data" and our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Item 1A. Risk Factors."

Overview

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

For financial reporting purposes, we present three distinct financial reporting segments based on criteria established by U.S. GAAP: Oral Technologies, Medication Delivery Solutions and Development & Clinical Services. The Oral Technologies segment includes the Softgel Technologies and Modified Release Technologies businesses.

Oral Technologies

Our Oral Technologies segment provides advanced oral delivery technologies, including formulation, development and manufacturing of oral dose forms for prescription and consumer health products across all phases of a molecule's lifecycle. These oral dose forms include softgel, modified release technologies and immediate release solid oral products. At certain facilities we also provide integrated primary packaging services for the products we manufacture. In fiscal 2014, we generated approximately $857.5 million in revenue from our softgel products and approximately $358.2 million in revenue from our MRT products (including intra-segment revenue of approximately $35.6 million).

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

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Through our Modified Release Technologies business we provide formulation, development and manufacturing services for fast-dissolve tablets and both proprietary and conventional controlled release products. We launched our orally dissolving tablet business in 1986 with the introduction of Zydis tablets, a unique oral dosage form that is freeze-dried in its package, can be swallowed without water, and typically dissolves in the mouth in less than three seconds. Most often used for indications, drugs and patient groups that can benefit from rapid oral disintegration, the Zydis technology is utilized in a wide range of products and indications, including treatments for a variety of central nervous system-related conditions such as migraines, Parkinson’s Disease, schizophrenia, and pain relief. Zydis tablets continue to be used in new ways by our customers as we extend the application of the technology to new categories, such as for immunotherapies, vaccines and biologics delivery. More recently we have added three new technology platforms to the Modified Release Technologies business portfolio, including the highly flexible OptiDose tab-in-tab technology, already commercially proven in Japan; the OptiMelt hot melt extrusion technology; and the development stage LyoPan oral dissolving tablet technology. We plan to continue to expand the development pipeline of customer products for all of our Modified Release technologies. Representative Oral Technologies business customers include Pfizer, Novartis, Merck, GlaxoSmithKline, Eli Lilly, Johnson & Johnson and Actavis.

We have fourteen Oral Technologies facilities in ten countries, including three in North America, five in Europe, three in South America and three in the Asia-Pacific region. Our Oral Technologies segment represented approximately 64% of total net revenue for fiscal 2014 on a combined basis before inter-segment eliminations.

Medication Delivery Solutions

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

Our biologics offerings include our formulation development and cell-line manufacturing based on our advanced and patented GPEx technology, which is used to develop stable, high-yielding mammalian cell lines for both innovator and bio-similar biologic compounds. Our GPEx technology can provide rapid cell line development, high biologics production yields, flexibility and versatility. We believe our development stage SMARTag next-generation antibody-drug conjugate technology will provide more precision targeting for delivery of drugs to tumors or other locations, with improved safety versus existing technologies. In fiscal 2013, we launched our recently completed biologics facility in Madison, Wisconsin, with expanded capability and capacity to produce clinical scale biologic supplies; combined with offerings from other businesses of Catalent and external partners, we now provide the broadest range of technologies and services supporting the development and launch of new biologic entities, biosimilars or biobetters to bring a product from gene to market commercialization, faster.

We have four Medication Delivery Solutions manufacturing facilities, including two in North America and two in Europe. Our Medication Delivery Solutions segment represented approximately 13% of total net revenue for fiscal 2014 on a combined basis before inter-segment eliminations.

Development and Clinical Services

Our Development and Clinical Services segment provides manufacturing, packaging, storage and inventory management for drugs and biologics in clinical trials. We offer customers flexible solutions for clinical supplies production, and provide distribution and inventory management support for both simple and complex clinical trials. This includes dose form manufacturing or over-encapsulation where needed; supplying placebos, comparator drug procurement and clinical packages and kits for

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physicians and patients; inventory management; investigator kit ordering and fulfillment; and return supply reconciliation and reporting. We support trials in all regions of the world through our facilities and distribution network. In fiscal 2012, we substantially expanded this business via our acquisition of the clinical trial supplies (CTS) business of Aptuit in February 2012.

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

We have nine Development and Clinical Service facilities, including three in North America, four in Europe and two in the Asia Pacific region. Our Development and Clinical Services segment represented approximately 23% of total net revenue for fiscal 2014 on a combined basis before inter-segment eliminations.

Critical Accounting Policies and Estimates

The following disclosure is provided to supplement the descriptions of our accounting policies contained in Note 1 to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K in regard to significant areas of judgment. Management was required to make certain estimates and assumptions during the preparation of its Consolidated Financial Statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates. Because of the size of the financial statement elements to which they relate, some of our accounting policies and estimates have a more significant impact on our consolidated financial statements than others. What follows is a discussion of some of our more significant accounting policies and estimates.

Management has discussed the development and selection of these critical accounting policies and estimates with the audit committee of the board of directors.

Revenues and Expenses

Net Revenue

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

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

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

Operational Expenses

Cost of sales consists of direct costs incurred to manufacture and package products and costs associated with supplying other revenue-generating services. Cost of sales includes labor costs for employees involved in the production process and the cost of raw materials and components used in the process or product. Cost of sales also includes labor costs of employees supporting the production process, such as production management, quality, engineering, and other support services. Other costs in this

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

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

- Impairment charges and (gain)/loss on sale of assets;
- Equity compensation;
- Restructuring expenses and other special items;
- Sponsor advisory fee;
- Noncontrolling interest; and
- Other income/(expense), net.

Our operating expenses are generally impacted by the following factors:

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

Allowance for Inventory Obsolescence

We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected, additional inventory write-downs may be required resulting in a charge to income in the period such determination was made.

Long-lived and Other Definite Lived Intangible Assets

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

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

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

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• Recognition of goodwill impairment charges.

If we determine that the carrying value of intangibles and/or long-lived assets may not be recoverable based on the existence of one or more of the above indicators of impairment, we measure any impairment based on fair value, which we derive either by the estimated cash flows expected to result from the use of the asset and its eventual disposition or on assumptions we believe marketplace participants would utilize and comparable marketplace information in similar arm's length transactions. We then compare weighted values to the asset's carrying amount. Any impairment loss recognized would represent the excess of the asset's carrying value over its estimated fair value. Significant estimates and judgments are required when estimating such fair values. If it is determined that these assets are impaired, an impairment charge would be recorded and the amount could be material. See Note 3 to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further discussion.

Goodwill

We account for goodwill and intangible assets with indefinite lives in accordance with Accounting Standard Codification ("ASC") 350 Goodwill, Intangible and Other Assets. Under ASC 350, goodwill and intangible assets with indefinite lives are tested for impairment at least annually utilizing both qualitative and quantitative assessments. Our annual goodwill impairment test was conducted as of April 1, 2014. We assess goodwill for possible impairment by comparing the carrying value of our reporting units to their fair values. We determine the fair value of our reporting units utilizing estimated future discounted cash flows and incorporate assumptions that we believe marketplace participants would utilize. In addition, we use comparative market information and other factors to corroborate the discounted cash flow results. No reporting units were at risk of failing step one in the goodwill impairment test under the provisions of ASC 350 as of April 1, 2014. See Note 2 to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further discussion.

Derivative Instruments and Hedging Activities

We use derivative instruments as part of its overall strategy to manage our exposure to market risks primarily associated with fluctuations in interest rates. As a matter of policy, we do not use derivatives for trading or speculative purposes.

As required by ASC 815 Derivatives and Hedging (ASC 815), we record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or we elect not to apply hedge accounting under ASC 815.

Income Taxes

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

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in the financial statements. Elements of this standard also provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. We recognized no material adjustment in the liability for unrecognized income tax benefits. As of June 30, 2014, we had a total of $65.7 million of unrecognized tax benefits, including accrued interest as applicable.

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New Accounting Pronouncements
Refer to Note 1 to the Consolidated Financial Statements for a description of recent accounting pronouncements.
Factors Affecting our Performance
Fluctuations in Operating Results
Our financial reporting periods operate on a June 30 fiscal year end. Our revenue and net earnings are generally higher in our third and fourth quarters of each fiscal year. These fluctuations are primarily the result of the timing of our, and our customers', annual operational maintenance periods at locations in Europe and the United Kingdom, the seasonality associated with pharmaceutical and biotechnology budgetary spending decisions, clinical trial and research and development schedules and, to a lesser extent, the time of the year some of our customers' products are in higher demand.
Acquisition and Related Integration Efforts
Our growth and profitability are impacted by the acquisitions we are able to complete and the speed at which we integrate those acquisitions into our existing operating platforms. Since January 1, 2012, we have completed five acquisitions, the largest of which was the February 2012 purchase of the Aptuit CTS business. Since that acquisition, we consolidated one operation in December 2012 and recently completed the consolidation of a second operation in December 2013. In addition, in February 2012, we acquired the remaining 49% ownership interest in our German softgel joint venture with Gelita in pursuit of synergies related to market penetration and cost in February 2012. Our more recent joint venture in China commenced in June 2013 and the acquisitions in China and Brazil, completed in the first and second quarter of fiscal 2014 are progressing as planned.
Foreign Exchange Rates
Significant portions of our revenues and costs are affected by changes in foreign exchange rates. Our operating network is global and, as a result, our revenues are influenced by changes in foreign exchange rates. In fiscal 2014, approximately 63% of our revenue was generated from our operations outside the United States. Much of the revenue generated outside the United States and many of the expenses associated with our operations outside the United States are denominated in currencies other than the U.S. dollar, particularly the British pound, the Euro, the Brazilian real, the Argentine peso, the Japanese yen and the Australian dollar. Changes in those currencies relative to the U.S. dollar will impact our revenues and expenses. Exchange rate fluctuations may also affect our compensation and other operating expenses due to foreign currency inflation.
Components of our Revenue, Costs and Expenses
Revenue
We sell products and services directly to our pharmaceutical, biotechnology and consumer health customers. The majority of our business is conducted through supply or development agreements. Contractual provisions, which may include pricing, are sometimes adjusted through arm's-length negotiations with customers in the course of renewing a contract. Our revenue is charged on a price-per-unit or service basis and is recognized either upon shipment or delivery of the product or service. Revenue generated from research and development arrangements are generally priced by project and are recognized either upon completion of the required service or achievement of a specified project phase or milestone. The broad capabilities we have to serve our customers provides us limited concentration risk with no customer exceeding 10% and no single product generating more than 3% of revenue.
Costs and Expenses
Cost of sales consists of direct costs incurred to manufacture products and costs associated with supplying other revenue-generating services. Cost of sales includes labor costs for employees involved in the production process and the cost of raw materials and components used in the process or product. Cost of sales also includes labor costs of employees supporting the production process, such as production management, quality, engineering, and other support services. Other costs in this category include the external research and development costs, depreciation of fixed assets used in the manufacturing process, utility costs, freight, operating lease expenses and other general manufacturing expenses.

Selling, general and administration expenses consist of all expenditures incurred in connection with the sales and marketing of our products, as well as administrative expenses to support our businesses. The category includes salaries and related benefit costs of employees supporting sales and marketing, finance, human resources, information technology, research and development costs and costs related to executive management. Other costs in this category include depreciation of other

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fixed assets, amortization of our intangible assets, professional fees, marketing and other expenses to support selling and administrative areas.

Trends Affecting Our Business

Industry

We participate in nearly every sector of the $800 billion annual revenue global pharmaceutical industry, including but not limited to the prescription drug and biologic sectors as well as consumer health, which includes the over-the-counter and vitamins and nutritional supplement sectors. Innovative pharmaceuticals continue to play a critical role in the global market, while generic drug share is increasing in both developed and developing markets. Sustained developed market demand and rapid growth in emerging economies is driving the consumer health product growth rate to more than double that for pharmaceuticals. Payors, both public and private, have sought to limit the economic impact of such demand through greater use of generic drugs, access and spending controls and health technology assessment techniques, favoring products which deliver truly differentiated outcomes.

New Molecule Development and R&D Sourcing

Continued strengthening in early stage development pipelines for drugs and biologics, compounded by increasing clinical trial breadth and complexity, sustain our belief in the attractive growth prospects for development solutions. Large companies are in many cases reconfiguring their R&D resources, increasingly involving the appointment of strategic partners for key outsourced functions. Additionally, an increasing portion of compounds in development are from companies who less frequently have full R&D infrastructure, and thus are more likely to need strategic development solutions partners.

Demographics

Aging population demographics in developed countries, combined with health care reforms in many global markets which are expanding access to treatments to a greater proportion of their populations, will continue to drive increases in demand for both pharmaceutical and consumer health product volumes. Increasing economic affluence in key developing regions will further increase demand for health care treatments, and we are taking active steps to allow us to participate effectively in these key growth regions and product categories.

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

Key Performance Metrics

Use of EBITDA from continuing operations and Adjusted EBITDA

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

We believe that the presentation of EBITDA from continuing operations enhances an investor’s understanding of our financial performance. We believe this measure is a useful financial metric to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business and use this measure for business planning purposes. In addition, given the significant investments that we have made in the past in property, plant and equipment, depreciation and amortization expenses represent a meaningful portion of our cost structure. We believe that EBITDA from continuing operations will provide investors with a useful tool for assessing the comparability between periods of our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures because it eliminates depreciation and amortization expense. We present EBITDA from continuing operations in order to provide supplemental information that we consider relevant for the readers of our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, and such information is not meant to replace or supersede U.S. GAAP measures. Our definition of EBITDA from continuing operations may not be the same as similarly titled measures used by other companies.

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

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Under the indentures governing our existing notes, the senior unsecured term loan facility, and the credit agreement governing the senior unsecured term loan facility, our ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA (which is defined as "EBITDA" in the indentures and the credit agreement governing the senior unsecured term loan facility). Adjusted EBITDA is based on the definitions in our indentures and the credit agreement governing the senior unsecured term loan facility, is not defined under U.S. GAAP, and is subject to important limitations. We have included the calculations of Adjusted EBITDA for the periods presented. Adjusted EBITDA is the covenant compliance measure used in certain covenants under the indentures governing the notes and the credit agreement governing the senior unsecured term loan facility, particularly those governing debt incurrence and restricted payments. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

The most directly comparable GAAP measure to EBITDA from continuing operations and Adjusted EBITDA is earnings/(loss) from continuing operations. For a reconciliation of Adjusted EBITDA to net income, see "Summary-Summary Financial Data."

Use of Constant Currency

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

Fiscal Year Ended June 30, 2014 compared to the Fiscal Year Ended June 30, 2013

Results for the fiscal year ended June 30, 2014 compared to the fiscal year ended June 30, 2013 were as follows:

	Fiscal Year Ended June 30,		FX impact (unfavorable) / favorable	Constant Currency Increase/(Decrease)	
(Dollars in millions)	2014	2013		Change $	Change %
Net revenue	$1,827.7	$1,800.3	$ (1.6)	$29.0	2%
Cost of products sold	1,229.1	1,231.7	0.2	(2.8)	*
Gross margin	598.6	568.6	(1.8)	31.8	6%
Selling, general and administrative expenses	334.8	340.6	(0.2)	(5.6)	(2)%
Impairment charges and (gain)/loss on sale of assets	3.2	5.2	0.1	(2.1)	(40)%
Restructuring and other	19.7	18.4	0.1	1.2	7%
Operating earnings/(loss)	240.9	204.4	(1.8)	38.3	19%
Interest expense, net	163.1	203.2	1.4	(41.5)	(20)%
Other (income)/expense, net	10.4	25.1	(2.6)	(12.1)	(48)%
Earnings/(loss) from continuing operations before income taxes	67.4	(23.9)	(0.6)	91.9	*
Income tax expense/(benefit)	49.5	27.0	(1.3)	23.8	88%
Earnings/(loss) from continuing operations	17.9	(50.9)	0.7	68.1	*
Net earnings/(loss) from discontinued operations, net of tax	(2.7)	1.2	—	(3.9)	*
Net earnings/(loss)	15.2	(49.7)	0.7	64.2	*
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	(1.0)	(0.1)	—	(0.9)	*

Net earnings/(loss) attributable to Catalent	$16.2	$(49.6)	$0.7	$65.1	*

* Percentage not meaningful

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Net Revenue

Net revenue increased by $29.0 million, or 2%, as compared to the twelve months ended June 30, 2013 excluding the impact of foreign exchange. The increase in net revenue was primarily due to increased demand for our softgel offering within our Oral Technologies segment and increased demand in our Medication Delivery Solutions segment, partially offset by decreased sales within our modified release technologies business included in Oral Technologies attributable to the prior year period including approximately $39 million of packaging services related revenue. In June 2013, we wound down our U.K. packaging services operation and no material revenue is included in the current year period.

Gross Margin

Gross margin increased by $31.8 million, or 6%, as compared to the twelve months ended June 30, 2013 on a constant currency basis. The increase in gross margin was primarily due to a favorable shift in revenue mix within our Medication Delivery Solutions segment and modified release technologies business within our Oral Technologies segment as well as increased demand for our softgel offering within our Oral Technologies segment.

Selling, General and Administrative Expense

Selling, general and administrative expense decreased by $5.6 million, as compared to the twelve months ended June 30, 2013 excluding the impact of foreign exchange, primarily due to decreased integration costs related to the acquisition of the Aptuit CTS business and decreased amortization and depreciation expense, partially offset by employee compensation costs driven by inflationary increases.

Restructuring and Other

Restructuring and other charges of $19.7 million for the twelve months ended June 30, 2014 increased by $1.3 million, or 7%, compared to the twelve months ended June 30, 2013. The prior period charges primarily related to headcount reduction within our Oral Technology segment during the twelve months ended June 30, 2013. The twelve months ended June 30, 2014 included restructuring initiatives across several of our operations which were enacted to improve cost efficiency, including the consolidation of our Allendale clinical services operation into our Philadelphia location and employee related severance expenses.

Interest Expense, net

Interest expense, net of $163.1 million for the twelve months ended June 30, 2014 decreased by $40.1 million, or 20%, compared to twelve months ended June 30, 2013, primarily driven by the absence of interest rate swaps in the current period coupled with a lower average interest rate as a result of our debt refinancing activity which occurred during the third quarter of fiscal 2013.

Other (Income)/Expense, net

Other expense, net of $10.4 million for the twelve months ended June 30, 2014 decreased from $25.1 million in the twelve months ended June 30, 2013. Other expense, net for the twelve months ended June 30, 2013 was primarily driven by expenses related to the October 2012 redemption of our Senior Toggle Notes, which included expenses related to call premiums paid and the write off of unamortized deferred financing fees. Other expense, net of $10.4 million for the twelve months ended June 30, 2014 was primarily driven by expenses of approximately $11 million related to the May 2014 refinancing of our Senior Secured Credit Facility and the write off of unamortized deferred financing fees. Also included were non-cash unrealized gains related to foreign currency translation, partially offset by realized losses related to foreign currency translation.

Provision/(Benefit) for Income Taxes

Our provision for income taxes for the twelve months ended June 30, 2014 was $49.5 million relative to earnings before income taxes of $67.4 million. Our provision for income taxes for the twelve months ended June 30, 2013 was $27.0 million relative to losses before income taxes of $23.9 million. The income tax provision for the current period is not comparable to the same period of the prior year due to changes in pretax income over many jurisdictions and the impact of discrete items. Generally, fluctuations in the effective tax rate are primarily due to changes in our geographic pretax income resulting from our business mix and changes in the tax impact of permanent differences, restructuring, other special items and other discrete tax items, which may have unique tax implications depending on the nature of the item. Our effective tax rate at June 30, 2014 reflects an increase in a tax reserve related to the potential disallowance of certain tax benefits in the United Kingdom, partially offset by a deferred tax benefit resulting from a reduction in the United Kingdom statutory tax rate during the first quarter of fiscal 2014 and benefits derived from operations outside the United States, which are generally taxed at lower rates than the U.S. statutory rate of 35%.

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Segment Review

The Company's results on a segment basis for the fiscal year ended June 30, 2014 compared to the fiscal year ended June 30, 2013 were as follows:

	Fiscal Year Ended June 30,		FX impact (unfavorable) / favorable	Constant Currency Increase/(Decrease)	
(Dollars in millions)	2014	2013		Change $	Change %
Oral Technologies					
Net revenue	$1,180.1	$1,186.3	$(13.5)	$7.3	1%
Segment EBITDA	324.3	315.7	(4.0)	12.6	4%
Medication Delivery Solutions					
Net revenue	246.1	219.3	5.6	21.2	10%
Segment EBITDA	48.7	31.5	1.0	16.2	51%
Development and Clinical Services					
Net revenue	412.2	404.8	6.4	1.0	*
Segment EBITDA	83.5	75.0	2.0	6.5	9%
Inter-segment revenue elimination	(10.7)	(10.1)	(0.1)	(0.5)	5%
Unallocated Costs (1)	(82.1)	(90.6)	2.5	6.0	(7)%
Combined Total					
Net revenue	$1,827.7	$1,800.3	$(1.6)	$29.0	2%
EBITDA from continuing operations	$374.4	$331.6	$1.5	$41.3	12%

* Percentage not meaningful

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

	Fiscal Year Ended June 30,	
(Dollars in millions)	2014	2013
Impairment charges and gain/(loss) on sale of assets	$(3.2)	$(5.2)
Equity compensation	(4.5)	(2.8)
Restructuring and other special items (2)	(29.4)	(29.0)
Sponsor advisory fee	(12.9)	(12.4)
Noncontrolling interest	1.0	0.1
Other income/(expense), net (3)	(10.4)	(25.1)
Non-allocated corporate costs, net	(22.7)	(16.2)
Total unallocated costs	$(82.1)	$(90.6)

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

(3) Primarily relates to realized and unrealized gains/(losses) related to foreign currency translation and expenses related to financing transactions during the period.

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

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(Dollars in millions)	Fiscal Year Ended June 30, 2014	2013
Earnings/(loss) from continuing operations	$17.9	$(50.9)
Depreciation and amortization	142.9	152.2
Interest expense, net	163.1	203.2
Income tax (benefit)/expense	49.5	27.0
Noncontrolling interest	1.0	0.1
EBITDA from continuing operations	$374.4	$331.6

Oral Technologies segment

Factors Contributing to Year-Over-Year Change	2014 vs. 2013 Fiscal Year Ended June 30,	
	Net Revenue	Segment EBITDA
Organic Growth / Segment EBITDA	1 %	3 %
Impact of acquisitions	2 %	1 %
Impact of divestitures / business restructuring	(2)%	— %
Constant currency change	1 %	4 %
Foreign exchange fluctuation	(2)%	(1)%
Total % Change	(1)%	3 %

Oral Technologies’ net revenue increased $7.3 million, or 1% excluding the impact of foreign exchange. The increase is primarily due to favorable demand for our softgel offering of approximately $29 million, or 2%, as compared to the fiscal year ended June 30, 2013, partially offset by decreased sales of approximately $21 million, or 2% within our modified release technologies business which was attributable to the prior year period including approximately $39 million of packaging services related revenue. In June 2013 we wound down our U.K. packaging services operation and no material revenue is included in the current year period.

Oral Technologies' segment EBITDA increased by $12.6 million, or 4%, as compared to the twelve months ended June 30, 2013 excluding the impact of foreign exchange. The increase was primarily driven by favorable product mix in both our softgel offering and modified release technologies platform within our Oral Technologies segment.

Medication Delivery Solutions segment

Factors Contributing to Year-Over-Year Change	2014 vs. 2013 Fiscal Year Ended June 30,	
	Net Revenue	Segment EBITDA
Organic Growth / Segment EBITDA	10 %	51 %
Impact of acquisitions	— %	— %
Impact of divestitures / business restructuring	— %	— %
Constant currency change	10 %	51 %
Foreign exchange fluctuation	2 %	4 %
Total % Change	12 %	55 %

Net revenue in our Medication Delivery Solutions segment increased by $21.2 million, or 10%, as compared to the twelve months ended June 30, 2013, excluding the impact of foreign exchange, primarily due to increased demand for injectable products at our European pre-filled syringe operations of approximately $15 million, or 7% as well as increased demand for products utilizing our blow-fill-seal technology platform of approximately $7 million, or 3%.

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Medication Delivery Solutions' segment EBITDA increased by $16.2 million, or 51%, as compared to the twelve months ended June 30, 2013 excluding the impact of foreign exchange. The increase was primarily attributable to the increased demand for injectable and blow-fill-seal products as noted above.

Development and Clinical Services segment

Factors Contributing to Year-Over-Year Change	2014 vs. 2013 Fiscal Year Ended June 30,			
	Net Revenue		Segment EBITDA	
Organic Growth / Segment EBITDA	—	%	9	%
Impact of acquisitions	—	%	—	%
Impact of divestitures / business restructuring	—	%	—	%
Constant currency change	—	%	9	%
Foreign exchange fluctuation	2	%	2	%
Total % Change	2	%	11	%

Development and Clinical Services' net revenue was level as compared to the twelve months ended June 30, 2013, excluding the impact of foreign exchange. Increased demand from our analytical service operations of approximately $18 million, or 5%, was offset by lower revenue for manufacturing and packaging services of approximately $18 million, or 5%. As we consolidated two of our clinical services operations in pursuit of acquisition synergies, we experienced revenue declines due to the hesitancy of customers to renew or place new business while we transitioned customer clinical studies. We believe such fluctuations to be temporary in nature.

Development and Clinical Services' segment EBITDA increased by $6.5 million, or 9%, excluding the impact of foreign exchange, as compared to the twelve months ended June 30, 2013, primarily due to increased demand for analytical services and favorable revenue mix across the segment, partially offset by decreased demand for manufacturing and packaging services.

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Fiscal Year Ended June 30, 2013 compared to Fiscal Year Ended June 30, 2012

Results for the fiscal year ended June 30, 2013 compared to the fiscal year ended June 30, 2012 are as follows:

	Fiscal Year Ended June 30,		Increase/(Decrease)	
(Dollars in millions)	2013	2012	Change $	Change %
Net revenue	$1,800.3	$1,694.8	$105.5	6 %
Cost of products sold	1,231.7	1,136.2	95.5	8 %
Gross margin	568.6	558.6	10.0	2 %
Selling, general and administrative expenses	340.6	348.1	(7.5)	(2)%
Impairment charges and (gain)/loss on sale of assets	5.2	1.8	3.4	*
Restructuring and other	18.4	19.5	(1.1)	(6)%
Property and casualty (gain)/loss, net	—	(8.8)	8.8	*
Operating earnings/(loss)	204.4	198.0	6.4	3 %
Interest expense, net	203.2	183.2	20.0	11 %
Other (income)/expense, net	25.1	(3.8)	28.9	*
Earnings/(loss) from continuing operations before income taxes	(23.9)	18.6	(42.5)	*
Income tax expense/(benefit)	27.0	0.5	26.5	*
Earnings/(loss) from continuing operations	(50.9)	18.1	(69.0)	*
Net earnings /(loss) from discontinued operations, net of tax	1.2	(41.3)	42.5	*
Net earnings/(loss)	(49.7)	(23.2)	(26.5)	*
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	(0.1)	1.2	(1.3)	*
Net earnings/(loss) attributable to Catalent	$(49.6)	$(24.4)	$(25.2)	*

* Percentage not meaningful

Net Revenue

Net revenue increased $105.5 million, or 6%, in fiscal 2013 compared to fiscal 2012. Excluding the unfavorable impact from foreign exchange fluctuation of $35.5 million, or 2%, net revenue increased by $141.0 million, or 8%, as compared to fiscal 2012. The increase was primarily due to the inclusion of a full year of revenue from the acquired Aptuit CTS business within our Development and Clinical Services segment, partially offset by volume declines within our Zydis technology platform and the impact of reduced revenues from certain customers within our softgel business in our Oral Technologies segment as a result of switching to lower priced, but longer term, arrangements.

Gross Margin

Gross margin increased $10.0 million, or 2%, in fiscal 2013 compared to fiscal 2012. Excluding the unfavorable impact from foreign exchange fluctuation of $10.6 million, or 2%, gross margin increased by $20.6 million, or approximately 4%, as compared to fiscal 2012. This increase in gross margin was due to the revenue generated by the acquired Aptuit CTS business within Development and Clinical Services and research and development profit participation revenue recorded within the Oral Technologies segment. These gross margin increases were partially offset by unfavorable product mix and volume declines in the Zydis technology platform in our Oral Technologies segment and within the Medication Delivery Solutions segments.

Selling, General and Administrative Expense

Selling, general and administrative expense decreased $7.5 million, or 2%, in fiscal 2013 compared to fiscal 2012. Excluding the increase resulting from foreign exchange fluctuation of $3.4 million, or 1%, selling, general and administrative expense decreased by $4.1 million as compared to the same period a year ago. The decrease was primarily due to the absence of $15.0 million of transaction related costs associated with the Aptuit CTS business acquisition which was incurred in fiscal 2012, partially offset by increased depreciation and amortization and integration costs associated with the Aptuit CTS business acquisition.

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Restructuring and Other

Restructuring and other charges decreased $1.1 million, or 6%, in fiscal 2013 compared to fiscal 2012. The fiscal 2013 charges related to restructuring initiatives across several of our operations, which were enacted to improve cost efficiency, including both site consolidation and employee related severance charges undertaken to achieve acquisition related synergies. The fiscal 2012 charges primarily related to consolidating and streamlining our manufacturing footprint and employee related charges resulting from organizational changes and workforce reductions to adjust the capacity of our workforce within our business units.

Interest Expense, net

Interest expense, net of $203.2 million increased by $20.0 million, or 11%, in fiscal 2013 compared to fiscal 2012. The increase was primarily the result of the full twelve month fiscal 2013 effect of the incremental term loan borrowing of $400.0 million used to finance the Aptuit CTS business acquisition, which closed during the third quarter of fiscal 2012, during which four months of interest expense was recognized. In addition, we recorded capital leases in the third quarter of fiscal 2012, for which a full year of interest expense has been incurred in fiscal 2013 compared to only four months in fiscal 2012.

Other (Income)/Expense, net

Other expense of $25.1 million increased by $28.9 million in fiscal 2013 compared to fiscal 2012. The increased expense was primarily driven by both cash and non-cash charges associated with financing related fees occurring during fiscal 2013 and by increased non-cash unrealized losses related to foreign currency translation on inter-company loans as compared to fiscal 2012.

Provision/(Benefit) for Income Taxes

Our provision for income taxes was $27.0 million in fiscal 2013 relative to our loss from continuing operations before income taxes of $23.9 million resulting in an income tax provision rate in excess of 100% due to the mix of profits and losses in various jurisdictions. Our provision for income taxes for the fiscal year ended June 30, 2012 was $0.5 million relative to earnings from continuing operations before income taxes of $18.6 million resulting in an income tax provision rate of 2.7%. Generally, fluctuations in the effective tax rate are primarily due to changes in our geographic pretax income resulting from our business mix and changes in the tax impact of permanent differences, restructuring, other special items and other discrete tax items, which may have unique tax implications depending on the nature of the item. Key drivers in permanent differences year over year include the reversal of inter-company dividend income which is not included for tax purposes, disallowed interest expense as well as a non-deductible asset impairment.

Segment Review

The Company's results on a segment basis for the fiscal year ended June 30, 2013 compared to the fiscal year ended June 30, 2012 are as follows:

	Fiscal Year Ended June 30,		Increase/(Decrease)	
(Dollars in millions)	2013	2012	Change $	Change %
Oral Technologies				
Net revenue	$1,186.3	$1,220.2	$(33.9)	(3)%
Segment EBITDA	315.7	334.6	(18.9)	(6)%
Medication Delivery Solutions				
Net revenue	219.3	223.9	(4.6)	(2)%
Segment EBITDA	31.5	27.5	4.0	15%
Development and Clinical Services				
Net revenue	404.8	268.3	136.5	51%
Segment EBITDA	75.0	53.0	22.0	42%
Inter-segment revenue elimination	(10.1)	(17.6)	7.5	43%
Unallocated Costs(1)	(90.6)	(84.8)	(5.8)	7%
Combined Total				

Net revenue	$1,800.3	$1,694.8	$105.5	6	%
EBITDA from continuing operations	$331.6	$330.3	$1.3	*	

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

	Fiscal Year Ended June 30,	
(Dollars in millions)	2013	2012
Impairment charges and gain/(loss) on sale of assets	$(5.2)	$(1.8)
Equity compensation	(2.8)	(3.7)
Restructuring and other special items [(2)]	(29.0)	(45.8)
Property and casualty losses	—	8.8
Sponsor advisory fee	(12.4)	(11.8)
Noncontrolling interest	0.1	(1.2)
Other income/(expense), net [(3)]	(25.1)	3.8
Non-allocated corporate costs, net	(16.2)	(33.1)
Total unallocated costs	$(90.6)	$(84.8)

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

(3) Primarily relates to realized and non-cash unrealized gains/(losses) related to foreign currency translation and expenses related to financing transactions during the period.

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

	Fiscal Year Ended June 30,	
(Dollars in millions)	2013	2012
Earnings/(loss) from continuing operations	$(50.9)	$18.1
Depreciation and amortization	152.2	129.7
Interest expense, net	203.2	183.2
Income tax (benefit)/expense	27.0	0.5
Noncontrolling interest	0.1	(1.2)
EBITDA from continuing operations	$331.6	$330.3

Oral Technologies segment

Net revenue decreased by $33.9 million, or 3%, in fiscal 2013 as compared to the prior year. Excluding the unfavorable impact from foreign exchange fluctuation of $31.9 million, or 3%, Oral Technologies' net revenue was relatively flat as compared to the same period a year ago. Excluding the impact of foreign exchange, revenue from our softgel offerings increased $21.3 million as research and development product participation revenue offset reduced revenues from certain customers as a result of switching to lower priced, but longer term, arrangements. These revenue increases were partially offset by lower revenue from our modified release technology offerings of approximately $20.4 million primarily attributable to decreased demand for certain customer products utilizing our Zydis technology platform.

Oral Technologies' Segment EBITDA decreased by $18.9 million, or 6%, in fiscal 2013 as compared to fiscal 2012. Excluding the unfavorable impact from foreign exchange fluctuation of $9.3 million, or 3%, Oral Technologies' Segment EBITDA decreased by $9.6 million, or 3%, as compared to the same period a year ago primarily related to decreased product demand within our Zydis technology platform as noted above and unfavorable product mix within the segment, partially offset by the research and development product participation income recorded in the first half of fiscal 2013.

Medication Delivery Solutions segment

Net revenue decreased by $4.6 million, or 2%, in fiscal 2013 as compared to fiscal 2012. Excluding the unfavorable impact from foreign exchange fluctuation of $2.6 million, or 1%, Medication Delivery Solutions' net revenue was relatively flat as compared to the same period a year ago primarily due to reduced demand for sterile injectable products in our European pre-filled

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syringe business of approximately $10.6 million, partially offset by increased demand for biologics services of approximately $7.8 million.

Medication Delivery Solutions' Segment EBITDA increased by $4.0 million, or 15%, in fiscal 2013 primarily due to cost saving initiatives enacted within the segment and increased demand for biologics services, partially offset by decreased demand for sterile injectable products as noted above. The impact of foreign exchange fluctuations did not materially impact Segment EBITDA.

Development and Clinical Services segment

Net revenues increased by $136.5 million, or 51%, in fiscal 2013 as compared to fiscal 2012 primarily due to the full year inclusion of the acquired the Aptuit CTS business, which closed in the third quarter of fiscal 2012. The acquired Aptuit CTS business accounted for approximately $122 million of the year over year increase, with revenues of approximately $189 million for the period compared to $67.9 million in fiscal 2012. Foreign exchange fluctuations did not materially impact segment net revenues.

EBITDA increased by $22.0 million, or 42%, in fiscal 2013 as compared to fiscal 2012. Excluding the unfavorable impact from foreign exchange fluctuation of $0.8 million, or 2%, the Development and Clinical Services' Segment EBITDA increased by $22.8 million, or 43%, as compared to the same period a year ago primarily due to the acquisition of the Aptuit CTS business and synergy realization across the segment, partially offset by a mix shift to lower margin services.

Liquidity and Capital Resources

Overview

The Company's principal source of liquidity has been cash flow generated from operations. The principal uses of cash are to fund planned operating and capital expenditures, interest payments on debt and any mandatory or discretionary principal payments on debt issuances. As of June 30, 2014, the Company's financing needs were supported by a five year $200 million revolving credit facility which matures in May 2019 and replaced the existing $200.3 million revolving facility which matured in April 2016 and is reduced by $17.3 million in letters of credit. The revolving credit facility includes borrowing capacity available for letters of credit and for short term borrowings, referred to as swing line borrowings. As of June 30, 2014, we had no outstanding borrowings under the Company's revolving credit facility.

On May 20, 2014, the Company entered into the Amended and Restated Credit Agreement (the "Credit Agreement") to provide senior secured financing consisting of a seven year $1,400 million dollar term loan (the "Dollar Term Loan"), a seven-year €250 million euro term loan (the "Euro Term Loan") and a five year $200 million revolving credit facility (the "Revolving Credit Facility"), the proceeds of which were used to prepay in full all outstanding Refinancing Dollar Term-1 Loans, Refinancing Dollar Term-2 Loans and Extended Euro Term Loans. Cash paid associated with this financing activity approximated $23.9 million and $7.2 million of unamortized deferred finance costs and debt discounts were expensed.

On February 28, 2013, the Company entered into Amendment No. 5 to the Credit Agreement in order to borrow an aggregate principal amount of approximately $659.5 million of Refinancing Dollar Term-2 Loans and approximately $799.3 million of Refinancing Dollar Term-1 Loans (the "Refinancing Dollar Term-1 Loans"). The proceeds from the Refinancing Dollar Term-2 Loans were used to prepay in full all outstanding Non-Extended Euro Term Loans and Dollar Term-2 Loans under the Credit Agreement; the proceeds of the Refinancing Dollar Term-1 Loans were used to prepay in full all outstanding Extended Dollar Term-1 Loans under the Credit Agreement.

On April 29, 2013, the Company entered into a senior unsecured term loan facility, in order to borrow an aggregate principal amount of $275.0 million of unsecured term loans (the "Unsecured Loans") due December 31, 2017. The proceeds from the Unsecured Loans were used to redeem all $269.1 million remaining principal outstanding of the Company's Senior Toggle Notes at par plus accrued and unpaid interest as of May 29, 2013, the date of redemption.

We continue to believe that the Company's cash from operations and available borrowings under the revolving credit facility will be adequate to meet the Company's future liquidity needs for at least the next twelve months. On August 5, 2014 the Company completed an initial public offering of 42.5 million shares of its common stock for an initial price of $20.50 per share for total proceeds, before underwriting discounts and commissions and other offering expenses, of approximately $871.3 million. The proceeds raised were used to redeem the outstanding Senior Subordinated Notes, redeem the outstanding Senior Notes, and pay a termination fee of $29.8 million to affiliates of Blackstone and certain other existing owners the remaining proceeds were used to repay portions of amounts outstanding under our unsecured term loan facility.

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Cash Flows

Fiscal Year Ended June 30, 2014 Compared to the Fiscal Year Ended June 30, 2013

The following table summarizes the Company's Consolidated Statement of Cash Flows from continuing operations for the fiscal year ended June 30, 2014 compared with the fiscal year ended June 30, 2013:

(in millions)	Fiscal Year Ended June 30, 2014	2013	$ Change
Net cash provided by/(used in):			
Operating activities from continuing operations	$180.2	$139.1	$41.1
Investing activities from continuing operations	$(175.2)	$(122.1)	$(53.1)
Financing activities from continuing operations	$(42.1)	$(49.3)	$7.2

Operating activities

For the fiscal year ended June 30, 2014, cash provided by operating activities from continuing operations was $180.2 million compared to $139.1 million for the comparable prior year period. Cash provided by operating activities from continuing operations increased compared to the same period last year by $41.1 million primarily due to due to increased revenues and lower interest expense, driven by the absence of interest rate swaps in the current period and an overall lower weighted interest rate as a result of our debt refinancing activity that has occurred since December 31, 2012.

Investing activities

For the fiscal year ended June 30, 2014, cash used in investing activities from continuing operations was $175.2 million, which primarily related to acquisitions of property, plant and equipment of $122.4 million. During the fiscal year ended June 30, 2014 we also expended $53.7 million for acquisition activities, including the purchase of a 100% interest in a softgel manufacturing business in Brazil and a 67% controlling interesting in a softgel manufacturing facility located in Haining, China. There were no acquisitions in the comparable prior year period. Cash used in investing activities from continuing operations for the comparable prior year period was $122.1 million, which was primarily related to the acquisition of property, plant and equipment of $122.5 million.

Financing activities

For the fiscal year ended June 30, 2014, cash used in financing activities was $42.1 million compared to cash used in financing activities of $49.3 million in the same period a year ago. The $42.1 million used in financing activities attributable to the fiscal year ended June 30, 2014 was comprised of $1,741.3 million in principal payments offset by net borrowings of $1,723.7 million primarily related to refinancing our Secured Credit Agreement during the fourth quarter of fiscal 2014. In addition, a net decrease of $17.5 million in short-term borrowings was due primarily to the full repayment of certain indebtedness acquired in connection with two business combinations executed during the period and the repayment of the short-term borrowings outside of the United States. In the comparable period ended June 30, 2013 cash flows used in financing activities consisted largely of fees paid related to financing activity during the period, normal term loan principal payments and payment of other long term obligations as well as cash inflows and outflows associated with debt refinancing activities during the year.

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Fiscal Year Ended June 30, 2013 Compared to the Fiscal Year Ended June 30, 2012

The following table summarizes the Company's Consolidated Statement of Cash Flows from continuing operations for the fiscal year ended June 30, 2013 compared with the fiscal year ended June 30, 2012:

	Fiscal Year Ended June 30,		
(in millions)	2013	2012	$ Change
Net cash provided by/(used in):			
Operating activities from continuing operations	$139.1	$87.7	$51.4
Investing activities from continuing operations	$(122.1)	$(538.2)	$416.1
Financing activities from continuing operations	$(49.3)	$352.9	$(402.2)

Operating activities

For the fiscal year ended June 30, 2013, cash provided by operating activities was $139.1 million compared to $87.7 million for the comparable prior year period. Cash provided by operating activities increased compared to the same period last year by $51.4 million primarily due to due to favorable working capital changes, the absence of insurance proceeds related to capital purchases subsequent to the fire in Corby, U.K. in the current year and increased call premium cash payments and financing cash fees partially offset by higher cash interest payments on borrowings.

Investing activities

For the fiscal year ended June 30, 2013, cash used in investing activities was $122.1 million, which primarily related to acquisitions of property, plant and equipment of $122.5 million. Cash used in investing activities from continuing operations for the comparable prior year period was $538.2 million, including $457.5 million of cash paid to acquire Aptuit's Clinical Trial Supplies Business and the remaining 49% of the Company's Eberbach, Germany operation in February 2012. Acquisitions of property, plant and equipment totaled $104.2 million in the fiscal year ended June 30, 2012. The prior year period also included the $21.3 million of cash received from our insurance provider related to property damage claims resulting from the March 2011 plant fire at the Corby, U.K. facility. Excluding this insurance recovery and the acquisition related investments, cash used in investing activities for property, plant and equipment was approximately $82.9 million in the comparable prior year period.

Financing activities

For the fiscal year ended June 30, 2013, cash used in financing activities was $49.3 million compared to cash provided by financing activities of $352.9 million in the same period a year ago. The significant year-over-year fluctuation was primarily driven by borrowings, net of financing fees, related to the Aptuit CTS acquisition in the prior year period of $393.3 million. In the current fiscal year, cash flows used in financing activities consisted largely of fees paid related to financing activity during the period, normal term loan principal payments and payment of other long term obligations as well as cash inflows and outflows associated with debt refinancing activities during the year.

Debt and Financing Arrangements

The Company has historically used interest rate swaps to manage the economic effect of variable rate interest obligations associated with our floating rate term loans so that the interest payable on the term loans effectively becomes fixed at a certain rate, thereby reducing the impact of future interest rate changes on our future interest expense. As of June 30, 2014, we did not have any interest rate swap agreements in place that would either have the economic effect of modifying the variable interest obligations associated with our floating rate term loans or would be considered effective cash flow hedges for financial reporting purposes. Our two U.S. dollar-denominated and one euro-denominated interest rate swap agreements, which were designated as effective cash flow hedges for financial reporting purposes, matured on April 10, 2013. The Company's Japanese yen interest rate swap, effective as an economic hedge but not designated as effective for financial reporting purposes, matured on May 15, 2013.

As of June 30, 2014, the Company was in compliance with all restrictive covenants related to its long-term obligations.

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Senior Secured Credit Facilities

On April 10, 2007, in connection with the Acquisition, we entered into a $1.8 billion senior secured credit facility (the "Credit Agreement") consisting of: (i) an approximately $1.4 billion term loan facility consisting of Dollar Term-1 Loans (the "Dollar Term-1 Loans") and Euro Term Loans (the "Euro Term Loans") and (ii) a $350 million revolving credit facility. There have been six amendments to the Credit Agreement since inception.

The revolving credit facility includes borrowing capacity available for letters of credit and for short-term borrowings. Borrowings under the term loan facility and the revolving credit facility bear interest, at our option, at a rate equal to an applicable margin over either (a) a base rate determined by reference to the higher of (1) the rate of interest per annum published by The Wall Street Journal from time to time, as the "prime lending rate" and (2) the federal funds rate plus one half of 1% or (b) a LIBOR rate determined by reference to the costs of funds for deposits in the currency of such borrowing for the interest period relevant to such borrowing adjusted for certain additional costs. The weighted-average interest rates during fiscal 2014 were approximately 4.29% and 4.48% for the Euro-denominated and U.S. dollar denominated term loans, respectively and approximately 4.0% for the revolving credit facility.

In addition to paying interest on outstanding principal under our senior secured credit facilities, we are required to pay a commitment fee to the lenders under the revolving credit facility with respect to the unutilized commitments there under. The initial commitment fee is 0.5% per annum. The commitment fee may be reduced subject to our attaining certain leverage ratios. We are also required to pay customary letter of credit fees.

The senior secured credit facilities are subject to amortization and prepayment requirements and contain certain covenants, events of default and other customary provisions.

On February 28, 2013, the Company entered into Amendment No. 5 to the Credit Agreement in order to borrow an aggregate principal amount of approximately $659.5 million of Refinancing Dollar Term-2 Loans and approximately $799.3 million of Refinancing Dollar Term-1 Loans. The proceeds from the Refinancing Dollar Term-2 Loans were used to prepay in full all outstanding Non-Extended Euro Term Loans and Dollar Term-2 Loans under the Credit Agreement; the proceeds of the Refinancing Dollar Term-1 Loans were used to prepay in full all outstanding Extended Dollar Term-1 Loans under the Credit Agreement. The Refinancing Dollar Term-2 and Refinancing Dollar Term-1 Loans have identical terms with, and the same rights and obligations under the Credit Agreement as, the previously outstanding Dollar Term-2 Loans and Extended Dollar Term-1 Loans, respectively. The amendment set the applicable margin for the Refinancing Dollar Term-2 Loans at the Company's option, at a percentage per annum equal to (i) in the case of eurocurrency rate loans, 3.25%, subject to a floor of 1.00%, or (ii) in the case of base rate loans, 2.25%, subject to a floor of 2.00%. The amendment set the applicable margin for the Refinancing Dollar Term-1 Loans, at the Company's option, at a percent per annum equal to (i) in the case of eurocurrency rate loans, 3.50% or (ii) in the case of base rate loans, 2.50%.

On May 20, 2014, the Company entered into Amended and Restated Credit Agreement to provide senior secured financing consisting of a seven year $1,400.0 million dollar term loan (the "Dollar Term Loan"), a seven-year €250.0 million euro term loan and a the revolving credit facility, the proceeds of which were used to prepay in full all outstanding Refinancing Dollar Term-1 Loans, Refinancing Dollar Term-2 Loans and Extended Euro Term Loans. The revolving credit facility replaced the existing facility and includes borrowing capacity available for letters of credit and for short-term borrowings, referred to as the swing line borrowings. Borrowings under the term loan facilities and the revolving credit facility bear interest, at the Company's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the rate of interest published by The Wall Street Journal as its "prime lending rate" and (2) the federal funds rate plus one half of 1% or (b) a LIBOR rate determined by reference to the London Interbank Offered Rate set by ICE Benchmark Administration (or any successor thereto). The applicable margin for the term loans and borrowings under the revolving credit facility may be reduced subject to the Company attaining a certain total net leverage ratio. The applicable margin for borrowings is 3.50% for loans based on a LIBOR rate and 2.50% for loans based on base rate. The LIBOR rate for term loans is subject to a floor of 1.00% and the base rate for term loans is subject to a floor of 2.00%. Cash paid associated with this financing activity approximated $23.9 million. $7.2 million of unamortized deferred finance costs and debt discounts were expensed.

Senior Notes

On September 18, 2012, the Company issued $350.0 million aggregate principal amount of 7.875% Senior Notes due 2018 (the "Senior Notes"). The Senior Notes will mature on October 15, 2018 and interest is payable on the Senior Notes on April 15 and October 15 of each year. The Senior Notes were issued at a price of 100.0% of their principal amount. The Company used a portion of the net proceeds from the offering of the Senior Notes to finance a portion of its tender offer for the Senior Toggle Notes and partial redemption of the Senior Toggle Notes as described above. On July 29, 2014, Catalent Pharma Solutions, Inc., a wholly owned subsidiary of the Company, provided notice of its election to redeem all of the $350.0 million

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aggregate principal amount currently outstanding of the Senior Notes. The Senior Notes were redeemed on August 28, 2014 at a redemption price of 101.5% of the principal amount thereof plus accrued and unpaid interest. The redemption was funded with proceeds from the initial public offering.

Senior Unsecured Credit Facility

On April 29, 2013, the Company entered into a senior unsecured term loan facility, in order to borrow an aggregate principal amount of $275.0 million of unsecured term loans due December 31, 2017. The proceeds from the Unsecured Loans were used to redeem all $269.1 million of the remaining principal outstanding of the Company's Senior Toggle Notes at par plus accrued and unpaid interest as of May 29, 2013, the date of redemption. The Unsecured Loans bear interest, at the Company's option, at a rate equal to the Eurocurrency Rate plus 5.25%, subject to a floor of 1.25%, or the "Base Rate" plus 4.25%, subject to a floor of 2.25%. The "Base Rate" is equal to the higher of either the Federal Funds Rate plus 0.5% or the rate of interest per annum published by the Wall Street Journal from time to time, as the "prime lending rate." The "Eurocurrency Rate" is determined by reference to the British Bankers Association Interest Settlement rate for deposits in dollars for the interest period relevant to such borrowing adjusted for certain additional costs. The Company is not required to repay installments on the Unsecured Loans and is only required to repay the Unsecured Loans on the date of maturity. On August 6, 2014 we have paid $114.5 million of the outstanding borrowings under the unsecured term loans with proceeds from the initial public offering.

Senior Subordinated Notes

On April 10, 2007, in connection with the Acquisition, we issued €225.0 million 9.75% Euro-denominated ($300.3 million dollar equivalent at the exchange rate effective on the issue date) Senior Subordinated Notes due 2017 (the "Senior Subordinated Notes"). The Senior Subordinated Notes are unsecured senior subordinated obligations of the Company and are subordinated in right of payment to all existing and future senior indebtedness of the Company (including the senior credit facilities). Interest on the Senior Subordinated Notes is payable semi-annually in cash in arrears on each April 15 and October 15, which commences on October 15, 2007. On August 5, 2014, Catalent Pharma Solutions, Inc., a wholly owned subsidiary of the Company, provided notice of its election to redeem all of the €225.0 million aggregate principal amount currently outstanding of the Senior Subordinated Notes. The Senior Subordinated Notes were redeemed on September 4, 2014 at a redemption price of 101.625% of the principal amount thereof plus accrued and unpaid interest. The redemption was funded with proceeds from the initial public offering.

Guarantees and Security

All obligations under the Credit Agreement, the senior unsecured term loan facility, the Senior Notes and the Senior Subordinated Notes (together, the "notes") are unconditionally guaranteed by each of the Company's existing U.S. wholly-owned subsidiaries, other than the Company's Puerto Rico subsidiaries, subject to certain exceptions.

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

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

Debt Covenants

The Credit Agreement, the senior unsecured term loan facility and the indentures governing the notes contain a number of covenants that, among other things, restrict, subject to certain exceptions, the Company's (and the Company's restricted subsidiaries') ability to incur additional indebtedness or issue certain preferred shares; create liens on assets; engage in mergers and consolidations; sell assets; pay dividends and distributions or repurchase capital stock; repay subordinated indebtedness; engage in certain transactions with affiliates; make investments, loans or advances; make certain acquisitions; and in the case of the Company's Credit Agreement, enter into sale and leaseback transactions, amend material agreements governing the Company's subordinated indebtedness (including the Senior Subordinated Notes) and change the Company's lines of business.

The Credit Agreement, the senior unsecured term loan facility, and the indentures governing the notes also contain change of control provisions and certain customary affirmative covenants and events of default. The revolving credit facility requires

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compliance with a Net Leverage covenant when there is a 30% or more draw outstanding at a period end. As of June 30, 2014, the Company was in compliance with all covenants related to its long-term obligations.

Subject to certain exceptions, the Credit Agreement, the senior unsecured term loan facility and the indentures governing the notes will permit the Company and its restricted subsidiaries to incur certain additional indebtedness, including secured indebtedness. None of the Company's non-U.S. subsidiaries or Puerto Rico subsidiaries is a guarantor of the loans or notes.

As market conditions warrant and subject to the Company's contractual restrictions and liquidity position, we, the Company's affiliates and/or the Company's major equity holders, including Blackstone and its affiliates, may from time to time repurchase the Company's outstanding debt securities, including the notes and/or the Company's outstanding bank loans in privately negotiated or open market transactions, by tender or otherwise. Any such repurchases may be funded by incurring new debt, including additional borrowings under the Company's existing Credit Agreement. Any new debt may also be secured debt. We may also use available cash on the Company's balance sheet. The amounts involved in any such transactions, individually or in the aggregate, may be material. Further, any such purchases may result in the Company's acquiring and retiring a substantial amount of any particular series, with the attendant reduction in the trading liquidity of any such series.

As of June 30, 2014 and June 30, 2013, the amounts of cash and cash equivalents held by foreign subsidiaries were $53.5 million and $84.9 million out of the total consolidated cash and cash equivalents of $74.4 million and $106.4 million. We believe that the amount of funds held by foreign subsidiaries as of such dates not readily convertible into other foreign currencies, including U.S. dollars, was $3.5 million and $7.0 million, respectively. Based on our domestic cash flows from operations and our other sources of liquidity, we believe we have sufficient access to funds for our expected future domestic liquidity needs. Our intent is to continue to reinvest undistributed earnings of our foreign local entities and we do not currently plan to repatriate them to fund our operations in the United States. In the event we need to repatriate funds from outside of the United States, such repatriation would likely be subject to restrictions by local laws and/or tax consequences including foreign withholding taxes or U.S. income taxes. It is not feasible to estimate the amount of U.S. tax that might be payable on the remittance of such earnings.

Historical and Adjusted EBITDA

Under the indentures governing the notes and the credit agreement governing the senior unsecured term loan facility, the Company's ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA.

Adjusted EBITDA is based on the definitions in the Company's indentures and the credit agreement governing the senior unsecured term loan facility, is not defined under U.S. GAAP, and is subject to important limitations. We have included the calculations of Adjusted EBITDA for the period presented below as Adjusted EBITDA is the covenant compliance measure used in certain covenants under the indentures governing the notes and the credit agreement governing the senior unsecured term loan facility, particularly those governing debt incurrence and restricted payments. Because not all companies use identical calculations, the Company's presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

In calculating Adjusted EBITDA, we add back certain non-cash, non-recurring and other items that are included in the definitions of EBITDA and consolidated net income as required in the credit agreement governing the notes. Adjusted EBITDA, among other things:

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

The Company's Adjusted EBITDA for the last twelve months ended June 30, 2014 based on the definitions in the Company's indentures and the credit agreement governing the senior unsecured term loan facility is calculated as follows:

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(Dollars in millions)	Last Twelve Months Ended June 30, 2014
Earnings/(loss) from continuing operations	$17.9
Interest expense, net	163.1
Income tax (benefit)/provision	49.5
Depreciation and amortization	142.9
Noncontrolling interest	1.0
EBITDA from continuing operations	374.4
Equity compensation [1]	4.5
Impairment charges and (gain)/loss on sale of assets [2]	3.2
Financing related expenses [3]	11.0
U.S. GAAP Restructuring [4]	19.7
Acquisition, integration and other special items [5]	9.8
Foreign Exchange loss(gain) (included in other, net) [6]	(3.5)
Other adjustments [7]	0.3
Sponsor advisory fee [8]	12.9
Subtotal	432.3
Estimated cost savings	—
Adjusted EBITDA	$432.3

(1) Reflects non-cash stock-based compensation expense under the provisions of ASC 718 Compensation – Stock Compensation.

(2) Reflects non-cash asset impairment charges or gains and losses from the sale of assets not included in U.S. GAAP Restructuring and other special items discussed below.

(3) Reflects the expenses associated with refinancing activities undertaken by us during the period.

(4) Reflects U.S. GAAP restructuring charges which were primarily attributable to activities which focus on various aspects of operations, including consolidating certain operations, rationalizing headcount and aligning operations in a more strategic and cost-efficient structure to optimize our business.

(5) Primarily reflects acquisition and ongoing integration related costs.

(6) Foreign exchange gain of $3.5 million for the twelve months ended June 30, 2014 included $17.1 million of unrealized foreign currency exchange rate gains primarily driven by gains of $26.6 million related to inter-company loans denominated in a currency different from the functional currency of either the borrower or the lender, partially offset by foreign currency exchange losses of $9.5 million driven by the ineffective portion of the net investment hedge related to the Euro denominated debt. The foreign exchange adjustment was also impacted by the exclusion of realized foreign currency exchange rate losses from the non-cash and cash settlement of inter-company loans of $13.6 million. Inter-company loans are between Catalent entities and do not reflect the ongoing results of the company's trade operations.

(7) Reflects certain other adjustments made pursuant to the definition of "EBITDA" under our indentures and credit agreements.

(8) Represents amount of sponsor advisory fee. Refer to Note 11 to the Consolidated Financial Statements for further discussion.

Adjusted Net Income

Management also measures operating performance based on Adjusted Net Income/(loss). Adjusted Net Income/(loss) is not defined under U.S. GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance

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with U.S. GAAP and is subject to important limitations. For example, Adjusted Net Income excludes our non-cash tax expense and does not reflect the impact on earnings resulting from certain other items.

We believe that the presentation of Adjusted Net Income/(loss) enhances an investor's understanding of our financial performance. We believe this measure is a useful financial metric to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business and we use this measure for business planning purposes. We define Adjusted Net Income/(loss) as net earnings/(loss) adjusted for (1) earnings or loss of discontinued operations, net of tax, (2) tax expense or income which is not cash, (3) amortization attributable to purchase accounting and (4) income or loss from non-controlling interest in our majority-owned operations. We also make adjustments for other cash and non-cash items included in the table below, partially offset by our estimate of the cash taxes saved as a result of such cash and non-cash items. We believe that Adjusted Net Income/(loss) will provide investors with a useful tool for assessing the comparability between periods of our ability to generate cash from operations available to our stockholders.

We present Adjusted Net Income/(loss) in order to provide supplemental information that we consider relevant for the readers of our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, and such information is not meant to replace or supersede U.S. GAAP measures. Our definition of Adjusted Net Income/(loss) may not be the same as similarly titled measures used by other companies.

A reconciliation of net income, the most directly comparable U.S. GAAP measure, to Adjusted Net Income is as follows:

(Dollars in millions)	Last Twelve Months Ended June 30, 2014
Net earnings/(loss)	$15.2
Net earnings/(loss) from discontinued operations, net of tax	2.7
Earnings/(loss) from continuing operations	17.9
Amortization (1)	42.5
Non-cash Income tax expense/(benefit) (2)	49.5
Cash taxes (paid) / refunded	(21.1)
Net (earnings)/loss attributable to noncontrolling interest, net of tax	1.0
Equity compensation (3)	4.5
Impairment charges and (gain)/loss on sale of assets (4)	3.2
Financing related expenses (5)	11.0
U.S. GAAP restructuring (6)	19.7
Acquisition, integration and other special items (7)	9.8
Foreign exchange loss (gain) (included in other (income) / expense, net) (8)	(3.5)
Other adjustments (9)	0.3
Sponsor advisory fee (10)	12.9
Estimated cash tax (savings) / expense attributable to reconciling items (11)	(5.3)
Adjusted net income / (loss)	$142.4

(1) Represents the amortization attributable to purchase accounting for previously completed business combinations.

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

(3) Reflects non-cash stock-based compensation expense under the provisions of ASC 718 Compensation Stock Compensation.

(4) Reflects non-cash asset impairment charges and losses from the sale of assets not included in restructuring and other special items discussed below.

(5) Reflects the expense associated with refinancing activities undertaken by the Company during the period.

(6)

Reflects U.S. GAAP restructuring charges which were primarily attributable to activities which focus on various aspects of operations, including consolidating certain operations, rationalizing headcount and aligning operations in a more strategic and cost-efficient structure to optimize our business.

(7) Primarily reflects acquisition and integration related costs.

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(8) Represents unrealized foreign currency exchange rate (gains)/losses primarily driven by inter-company loans denominated in a currency different from the functional currency of either the borrower or the lender. The foreign exchange adjustment is also impacted by the exclusion of realized foreign currency exchange rate (gains)/losses from the non-cash and cash settlement of inter-company loans. Inter-company loans are between Catalent entities and do not reflect the ongoing results of our trade operations.

(9) Reflects certain other adjustments made pursuant to the definition of "EBITDA" under our indentures and credit agreements.

(10) Represents amount of sponsor advisory fee, which was terminated following our initial public offering. See "Certain Relationships and Related Party Transactions-Transaction and Advisory Fee Agreement."

(11) Represents the estimated cash tax impact of certain items recorded in each period that are added back in the calculation of Adjusted Net Income/(loss). The estimate is determined by applying the statutory tax rate in tax paying jurisdictions to income or expense items which impact cash taxes paid. Generally, amortization attributable to purchase accounting, unrealized gains/losses due to foreign currency translation and non-cash equity compensation do not impact cash taxes.

Interest Rate Risk Management

A portion of the debt used to finance the Company's operations is exposed to interest rate fluctuations. We may use various hedging strategies and derivative financial instruments to create an appropriate mix of fixed and floating rate assets and liabilities. Historically, the Company has used interest rate swaps to manage the economic effect of variable rate interest obligations associated with our floating rate term loans so that the interest payable on the term loans effectively becomes fixed at a certain rate, thereby reducing the impact of future interest rate changes on our future interest expense. As of June 30, 2014, we did not have any interest rate swap agreements in place that would have the economic effect of modifying the variable interest obligations associated with our floating rate term loans. During fiscal year 2013, our two U.S. dollar-denominated and one euro-denominated interest rate swap agreements, which were designated as effective cash flow hedges for financial reporting purposes, matured. The Company's Japanese yen interest rate swap, effective as an economic hedge but not designated as effective for financial reporting purposes also matured during fiscal year 2013.

Currency Risk Management

The Company is exposed to fluctuations in the EUR-USD exchange rate on its investments in foreign operations in Europe. While the Company does not actively hedge against changes in foreign currency, we have mitigated the exposure of our investments in our European operations by denominating a portion of our debt in euros. At June 30, 2014, the Company had $632.5 million of euro denominated debt outstanding that qualifies as a hedge of a net investment in foreign operations. For non-derivatives designated and qualifying as net investment hedges, the effective portion of the translation gains or losses are reported in accumulated other comprehensive income/(loss) as part of the cumulative translation adjustment. For the fiscal year ended June 30, 2014, the Company recorded $13.6 million as a loss within cumulative translation adjustment. The net accumulated gain of this net investment as of June 30, 2014 included within other comprehensive income/(loss) was approximately $49.5 million. For the fiscal year ended June 30, 2014, the Company recognized an unrealized foreign exchange loss of $9.6 million in the consolidated statement of operations related to portion of its euro-denominated debt not designated as a net investment hedge. For the fiscal year ended June 30, 2013, the Company recognized an unrealized foreign exchange loss of $6.7 million. Amounts are reclassified out of accumulated other comprehensive income/(loss) into earnings when the hedged net investment is either sold or substantially liquidated.

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

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Contractual Obligations

The following table summarizes our future contractual obligations as of June 30, 2014:

(Dollars in millions)	Total	2015	2016-2017	2018-2019	Thereafter
Long–term debt obligations(1)	$2,646.6	$23.4	$328.3	$657.6	$1,637.3
Capital lease obligations(2)	$64.1	1.8	4.8	5.7	51.8
Operating leases(3)	$23.0	4.6	6.5	5.1	6.8
Purchase obligations(4)	$40.1	37.1	3.0	—	—
Other long-term liabilities(5)	$108.8	18.1	11.8	11.4	67.5
Total	$2,882.6	$85.0	$354.4	$679.8	$1,763.4

(1) Represents maturities of our long-term debt obligations excluding capital lease obligations.

(2) Represents maturities of our capital lease obligations included within long-term debt on our balance sheet.

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

(4) Purchase obligations includes agreements to purchase goods or services that are enforceable and legally binding which specify all significant terms, including the following: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and approximate timing of the transaction. Purchase obligations disclosed above may include estimates of the time period in which cash outflows will occur. Purchase orders entered into in the normal course of business and authorizations to purchase that involve no firm commitment from either party are excluded from the above table. In addition, contracts that can be unilaterally canceled with no termination fee or with proper notice are excluded from our total purchase obligations except for the amount of the termination fee or the minimum amount of goods that must be purchased during the requisite notice period.

(5) Primarily related to liabilities associated with long term employee incentive and deferred compensation plans.

The table excludes our retirement and other post-retirement benefits ("OPEB") obligations. The timing and amount of contributions may be impacted by a number of factors, including the funded status of the plans. In fiscal year 2015, we are not required to make contributions to our plans to satisfy regulatory funding standards. Beyond fiscal year 2015, the actual amounts required to be contributed are dependent upon, among other things, interest rates, underlying asset returns and the impact of legislative or regulatory actions related to pension funding obligations. Payments due under our OPEB plans are not required to be funded in advance, but are paid as medical costs are incurred by covered retiree populations, and are principally dependent upon the future cost of retiree medical benefits under our plans. Refer to Note 10 to the Consolidated Financial Statements for further discussion.

Off-Balance Sheet Arrangements

Other than operating leases and letters of credit under the senior secured credit facility, we do not have any material off-balance sheet arrangements as of June 30, 2014. See Note 5 to the Consolidated Financial Statements for further detail.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to cash flow and earnings fluctuations as a result of certain market risks. These market risks primarily relate to changes in interest rates associated with our long-term debt obligations and foreign exchange rate changes. We have historically used derivative financial instruments, such as interest rate swaps, in order to mitigate risk associated with our variable rate debt.

Interest Rate Risk

The Company has historically used interest rate swaps to manage the economic effect of variable rate interest obligations associated with our floating rate term loans so that the interest payable on the term loans effectively becomes fixed at a certain rate, thereby reducing the impact of future interest rate changes on our future interest expense. As of June 30, 2014, we did not have any interest rate swap agreements in place that would either have the economic effect of modifying the variable interest obligations associated with our floating rate term loans or would be considered effective cash flow hedges for financial reporting purposes. Our two U.S. dollar-denominated and one euro-denominated interest rate swap agreements, which were designated as effective cash flow hedges for financial reporting purposes, matured on April 10, 2013. The Company's Japanese yen interest rate swap, effective as an economic hedge but not designated as effective for financial reporting purposes, matured on May 15, 2013.

On February 28, 2013, in connection with the refinancing of the Company's €44.9 million Euro term loan, the Company de-designated €35.0 million of the €240.0 million notional Euribor-based interest rate swap. Prior to de-designation, the effective portion of the change in fair value of the derivative was recorded as a component of other comprehensive income/(loss). The other comprehensive income/(loss) balance associated with the de-designated portion of the derivative was reclassified to earnings during the second half of fiscal 2013.

Foreign Currency Exchange Risk

By nature of our global operations, we are exposed to cash flow and earnings fluctuations resulting from foreign exchange rate variation. These exposures are transactional and translational in nature. Since we manufacture and sell our products throughout the world, our foreign currency risk is diversified. Principal drivers of this diversified foreign exchange exposure include the European euro, British pound, Argentinean peso, Brazilian real and Australian dollar. Our transactional exposure arises from the purchase and sale of goods and services in currencies other than the functional currency of our operational units. We also have exposure related to the translation of financial statements of our foreign divisions into U.S. dollars, the functional currency of the parent. The financial statements of our operations outside the U.S. are measured using the local currency as the functional currency. Adjustments to translate the assets and liabilities of these foreign operations in U.S. dollars are accumulated as a component of other comprehensive income/(loss) utilizing period-end exchange rates. Foreign currency transaction gains and losses calculated by utilizing weighted average exchange rates for the period are included in the statements of operations in "other expense, net." Such foreign currency transaction gains and losses include inter-company loans denominated in non-U.S. dollar currencies.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

Consolidated Financial Statements as of June 30, 2014 and 2013 and for the years ended June 30, 2014, 2013 and 2012

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Catalent, Inc.

We have audited the accompanying consolidated balance sheets of Catalent, Inc. and subsidiaries as of June 30, 2014 and 2013, and the related consolidated statements of operations, comprehensive income/(loss), changes in shareholders' equity/(deficit), and cash flows for each of the three years in the period ended June 30, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catalent, Inc. and subsidiaries at June 30, 2014 and 2013 and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP
MetroPark, New Jersey
September 8, 2014

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Catalent, Inc. and Subsidiaries
Consolidated Statements of Operations
(Dollars in millions, except per share data)

	Year ended June 30, 2014	2013	2012
Net revenue	$1,827.7	$1,800.3	$1,694.8
Cost of sales	1,229.1	1,231.7	1,136.2
Gross margin	598.6	568.6	558.6
Selling, general and administrative expenses	334.8	340.6	348.1
Impairment charges and (gain)/loss on sale of assets	3.2	5.2	1.8
Restructuring and other	19.7	18.4	19.5
Property and casualty (gain)/loss, net	—	—	(8.8)
Operating earnings/(loss)	240.9	204.4	198.0
Interest expense, net	163.1	203.2	183.2
Other (income)/expense, net	10.4	25.1	(3.8)
Earnings/(loss) from continuing operations before income taxes	67.4	(23.9)	18.6
Income tax expense/(benefit)	49.5	27.0	0.5
Earnings/(loss) from continuing operations	17.9	(50.9)	18.1
Net earnings/(loss) from discontinued operations, net of tax	(2.7)	1.2	(41.3)
Net earnings/(loss)	15.2	(49.7)	(23.2)
Less: Net earnings/(loss) attributable to noncontrolling interest, net of tax	(1.0)	(0.1)	1.2
Net earnings/(loss) attributable to Catalent	$16.2	$(49.6)	$(24.4)
Amounts attributable to Catalent:			
Earnings/(loss) from continuing operations less net income (loss) attributable to noncontrolling interest	18.9	(50.8)	16.9
Net earnings/(loss) attributable to Catalent	16.2	(49.6)	(24.4)
Earnings per share attributable to Catalent:			
Basic			
Continuing operations	0.25	(0.68)	0.23
Net earnings/(loss)	0.22	(0.66)	(0.33)
Diluted			
Continuing operations	0.25	(0.68)	0.22
Net earnings/(loss)	0.21	(0.66)	(0.32)

The accompanying notes are an integral part of these consolidated financial statements.

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Catalent, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income/(Loss)
(Dollars in millions)

	Year Ended June 30,		
	2014	2013	2012
Net earnings/(loss)	$15.2	$(49.7)	$(23.2)
Other comprehensive income/(loss), net of tax			
Foreign currency translation adjustments	32.4	(47.9)	(40.4)
Defined benefit pension plan	(15.5)	8.7	(26.5)
Deferred compensation/(benefit)	1.7	0.8	0.1
Earnings/(loss) on derivatives for the period	—	24.5	12.3
Other comprehensive income/(loss), net of tax	18.6	(13.9)	(54.5)
Comprehensive income/(loss)	33.8	(63.6)	(77.7)
Comprehensive income/(loss) attributable to noncontrolling interest	(0.6)	(0.1)	(1.9)
Comprehensive income/(loss) attributable to Catalent	$34.4	$(63.5)	$(75.8)

The accompanying notes are an integral part of these consolidated financial statements.

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Catalent, Inc. and Subsidiaries
Consolidated Balance Sheets
(Dollars in millions except per share data)

	June 30, 2014	June 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$74.4	$106.4
Trade receivables, net	403.7	358.0
Inventories	134.8	124.9
Prepaid expenses and other	74.6	89.8
Total current assets	687.5	679.1
Property, plant, and equipment, net	873.0	814.5
Other assets:		
Goodwill	1,097.1	1,023.4
Other intangibles, net	357.6	372.2
Deferred income taxes, net	26.3	23.7
Other	48.7	36.6
Total assets	$3,090.2	$2,949.5
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Current portion of long-term obligations and other short-term borrowings	$25.2	$35.0
Accounts payable	148.1	150.8
Other accrued liabilities	279.7	224.5
Total current liabilities	453.0	410.3
Long-term obligations, less current portion	2,685.4	2,656.6
Pension liability	154.7	134.1
Deferred income taxes	103.2	111.8
Other liabilities	61.2	47.0
Commitment and contingencies (see Note 15)	—	—
Redeemable noncontrolling interest	4.5	—
Shareholders' equity/(deficit):		
Common stock $0.01 par value; 84,000,000 shares authorized in 2014 and 2013, 74,821,348 and 74,796,134 shares issued and outstanding in 2014 and 2013	0.7	0.7
Additional paid in capital	1,031.4	1,026.7
Accumulated deficit	(1,379.1)	(1,395.3)
Accumulated other comprehensive income/(loss)	(24.2)	(42.8)
Total Catalent shareholders' equity/(deficit)	(371.2)	(410.7)
Noncontrolling interest	(0.6)	0.4
Total shareholders' deficit	(371.8)	(410.3)
Total liabilities, redeemable noncontrolling interest and shareholders' deficit	$3,090.2	$2,949.5

The accompanying notes are an integral part of these consolidated financial statements

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Catalent, Inc. and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity/(Deficit)
(Dollars in millions, except share data in thousands)

	Shares of Common Stock	Common Stock	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss)/Income	Noncontrolling Interest	Total Shareholders' Deficit
Balance at June 30, 2011	74,729.6	$ 0.7	$ 1,081.3	$ (1,321.3)	$ 25.6	$ 3.8	$ (209.9)
Equity contribution	26.5		1.1			—	1.1
Equity compensation			3.7				3.7
Acquisition of noncontrolling interest			(62.9)			(1.9)	(64.8)
Net earnings/(loss)				(24.4)		1.2	(23.2)
Net change in minimum pension liability, net of tax						(3.1)	(3.1)
Other comprehensive income /(loss), net of tax					(54.5)		(54.5)
Balance at June 30, 2012	74,756.1	0.7	1,023.2	(1,345.7)	(28.9)	—	(350.7)
Equity contribution	40.0		0.7			0.5	1.2
Equity compensation			2.8				2.8
Net earnings/(loss)				(49.6)		(0.1)	(49.7)
Other comprehensive income /(loss), net of tax					(13.9)		(13.9)
Balance at June 30, 2013	74,796.1	0.7	1,026.7	(1,395.3)	(42.8)	0.4	(410.3)
Equity contribution	25.2		0.2			(0.4)	(0.2)
Equity compensation			4.5				4.5
Net earnings/(loss)				16.2		(0.6)	15.6
Other comprehensive income /(loss), net of tax					18.6		18.6
Balance at June 30, 2014	74,821.3	$ 0.7	$ 1,031.4	$ (1,379.1)	$ (24.2)	$ (0.6)	$ (371.8)

The accompanying notes are an integral part of these consolidated financial statements

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Catalent, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars in millions)

	Fiscal Year Ended June 30,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings/(loss)	$15.2	$(49.7)	$(23.2)
Net earnings/(loss) from discontinued operations	(2.7)	1.2	(41.3)
Earnings/(loss) from continuing operations	17.9	(50.9)	18.1
Adjustments to reconcile (loss)/earnings from continued operations to net cash from operations:			
Depreciation and amortization	142.9	152.2	129.7
Non-cash foreign currency transaction (gains)/losses, net	(17.1)	6.6	(3.7)
Amortization and write off of debt financing costs	14.0	19.0	14.7
Asset impairments and (gain)/loss on sale of assets	3.2	5.2	9.8
Proceeds from insurance related to long lived assets	—	—	(21.3)
Call premium and financing fees paid	7.2	10.8	—
Equity compensation	4.5	2.8	3.7
Provision/(benefit) for deferred income taxes	(15.1)	8.3	(18.8)
Provision for bad debts and inventory	9.8	10.4	9.5
Change in operating assets and liabilities:			
Decrease/(increase) in trade receivables	(38.0)	(23.6)	(64.9)
Decrease/(increase) in inventories	(8.5)	(10.5)	1.4
Increase/(decrease) in accounts payable	(7.6)	17.9	7.7
Other accrued liabilities and operating items, net	67.0	(9.1)	1.8
Net cash provided by/(used in) operating activities from continuing operations	180.2	139.1	87.7
Net cash provided by/(used in) operating activities from discontinued operations	(1.9)	(1.4)	0.2
Net cash provided by/(used in) operating activities	178.3	137.7	87.9
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment and other productive assets	(122.4)	(122.5)	(104.2)
Proceeds from sale of property and equipment	0.9	2.9	2.2
Proceeds from insurance related to long lived assets	—	—	21.3
Payment for acquisitions, net	(53.7)	(2.5)	(457.5)
Net cash provided by/(used in) investing activities from continuing operations	(175.2)	(122.1)	(538.2)
Net cash provided by/(used in) investing activities from discontinued operations	4.0	—	43.7
Net cash provided by/(used in) investing activities	(171.2)	(122.1)	(494.5)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in short-term borrowings	(17.5)	(3.9)	(2.9)
Payments related to revolver credit facility fees	—	—	(1.6)
Proceeds from Borrowing, net	1,723.7	672.7	393.3
Payments related to long-term obligations	(1,741.3)	(708.5)	(37.0)
Call premium and financing fees paid	(7.2)	(10.8)	—
Distribution to noncontrolling interest holder	—	—	—
Equity contribution/(redemption)	0.2	1.2	1.1

Net cash (used in)/provided by financing activities from continuing operations	(42.1)	(49.3)	352.9
Net cash (used in)/provided by financing activities from discontinued operations	—	—	—
Net cash (used in)/provided by financing activities	(42.1)	(49.3)	352.9
Effect of foreign currency on cash	3.0	1.1	(12.4)
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	(32.0)	(32.6)	(66.1)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	106.4	139.0	205.1
CASH AND EQUIVALENTS AT END OF PERIOD	$74.4	$106.4	$139.0
SUPPLEMENTARY CASH FLOW INFORMATION:			
Interest paid	$153.8	$200.1	$172.4
Income taxes paid, net	$21.0	$14.2	$23.9

The accompanying notes are an integral part of these consolidated financial statements

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Catalent, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Dollars in millions, except per share data)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Catalent, Inc. (“Catalent” or the “Company” or the “Parent”) directly and wholly owns PTS Intermediate Holdings LLC (“Intermediate Holdings”). Intermediate Holdings directly and wholly owns Catalent Pharma Solutions, Inc. (“Operating Company”). Parent is 100% owned by Phoenix Charter LLC (“Phoenix”) and certain members of the Company’s senior management. Phoenix is wholly-owned by BHP PTS Holdings L.L.C., an entity controlled by affiliates of The Blackstone Group L.P. (“Blackstone”), a global private investment and advisory firm. In July 2014, the Company completed an initial public offering of the common shares of Catalent, Inc. See Note 19 for the Subsequent Events footnote for further disclosures.

We are the leading global provider of development solutions and advanced delivery technologies for drugs, biologics and consumer health products. Through our extensive capabilities and deep expertise in product development, we help our customers bring more products to market, faster. Our advanced delivery technology platforms, the broadest and most diverse combination of intellectual property and proven formulation, manufacturing and regulatory expertise available to the industry, enable our customers to bring more products and better treatments to the market. Across both development and delivery, our commitment to reliably supply our customers' needs serves as the foundation for the value we provide. We operate through four businesses: Development & Clinical Services, Softgel Technologies, Modified Release Technologies, and Medication Delivery Solutions. We believe that through our prior and ongoing investments in growth-enabling capacity and capabilities, our entry into new markets, our ongoing focus on operational and quality excellence, our innovation activities, the sales of existing customer products, and the introduction of new customer products, we will continue to benefit from attractive margins and realize the growth potential from these areas.

For financial reporting purposes, we present three distinct financial reporting segments based on criteria established by U.S. GAAP: Development & Clinical Services, Oral Technologies and Medication Delivery Solutions. The Oral Technologies segment includes the Softgel Technologies and Modified Release Technologies businesses.

Oral Technologies

The Company’s Oral Technologies segment provides advanced oral delivery technologies, including formulation, development and manufacturing of oral dose forms for prescription and consumer health products across all phases of a molecule’s lifecycle. These oral dose forms include softgel, modified release technology (“MRT”) and immediate release solid oral technology products. At certain facilities the Company also provides integrated primary packaging services for the products the Company manufactures. In fiscal 2014, the Company generated approximately $857.5 million in revenue from its softgel products and approximately $358.2 million in revenue from or MRT products (including intra-segment revenue of approximately $35.6 million).

Through the Softgel Technologies business, the Company provides formulation, development and manufacturing services for soft gelatin capsules, or “softgels,” which the Company first commercialized in the 1930s. The Company is the market leader in overall softgel manufacturing and holds the leading market position in the prescription arena. The Company’s principal softgel technologies include traditional softgel capsules (in which the shell is made from animal-derived materials) and Vegicaps and OptiShell capsules (in which the shell is made from vegetable-derived materials), which are used in a broad range of customer products including prescription drugs, over-the-counter medications, and vitamins and supplements. Softgel capsules encapsulate liquid, paste or oil-based active compounds in solution or suspension within an outer shell, filling and sealing the capsule simultaneously. The Company performs all encapsulation within one of the Company’s softgel facilities, with active ingredients provided by customers or sourced directly by the Company. Softgels have historically been used to solve formulation challenges or technical issues for a specific drug, to help improve the clinical performance of compounds, to provide important market differentiation, particularly for over-the-counter compounds, and to provide safe handling of hormonal, potent and cytotoxic drugs. The Company also participates in the softgel over-the-counter and vitamin, mineral and supplement business in selected regions around the world. With the 2001 introduction of the Company's vegetable-derived softgel shell, Vegicaps capsules, consumer health manufacturers have been able to extend the softgel dose form to a broader range of active ingredients and serve patient/consumer populations that were previously inaccessible due to religious, dietary or cultural preferences. In recent years this platform has been extended to pharmaceutical active ingredients via the OptiShell platform. The Company's Vegicaps and OptiShell capsules are patent protected in most major global markets. Physician and patient studies that the Company has conducted have demonstrated a preference for softgels versus traditional tablet and hard capsule dose forms in terms of ease of swallowing, real or perceived speed of delivery, ability to remove or eliminate unpleasant odor or taste and, for physicians, perceived improved patient adherence with dosing regimens.

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Through the Company’s Modified Release Technologies business, the Company provides formulation, development and manufacturing services for fast-dissolve tablets and both proprietary and conventional controlled release products. The Company launched its orally dissolving tablet business in 1986 with the introduction of Zydis tablets, a unique oral dosage form that is freeze-dried in its package, can be swallowed without water, and typically dissolves in the mouth in less than three seconds. Most often used for indications, drugs and patient groups that can benefit from rapid oral disintegration, the Zydis technology is utilized in a wide range of products and indications, including treatments for a variety of central nervous system-related conditions such as migraines, Parkinson's Disease, schizophrenia, and pain relief. Zydis tablets continue to be used in new ways by its customers as the Company extends the application of the technology to new categories, such as for immunotherapies, vaccines and biologics delivery. More recently the Company has added three new technology platforms to the Modified Release business portfolio, including the highly flexible OptiDose tab-in-tab technology, already commercially proven in Japan; the OptiMelt hot melt extrusion technology; and the development stage LyoPan oral dissolving tablet technology. The Company plans to continue to expand the development pipeline of customer products for all of its Modified Release technologies.
Representative Oral Technologies business customers include Pfizer, Novartis, Merck, GlaxoSmithKline, Eli Lilly, Johnson & Johnson and Actavis.

Medication Delivery Solutions

The Company’s Medication Delivery Solutions segment provides formulation, development and manufacturing services for delivery of drugs and biologics, administered via injection, inhalation and ophthalmic routes, using both traditional and advanced technologies. The Company’s range of injectable manufacturing offerings includes filling drugs or biologics into pre-filled syringes, with flexibility to accommodate other formats within its existing network, focused increasingly on complex pharmaceuticals and biologics. With the Company’s range of technologies, it is able to meet a wide range of specifications, timelines and budgets. The complexity of the manufacturing process, the importance of experience and know-how, regulatory compliance, and high start-up capital requirements create significant barriers to entry and, as a result, limit the number of competitors in the market. For example, blow-fill-seal is an advanced aseptic processing technology which uses a continuous process to form, fill with drug, and seal a plastic container in a sterile environment. Blow-fill-seal units are currently used for a variety of pharmaceuticals in liquid form, such as respiratory, ophthalmic and optic products. The Company is a leader in the outsourced blow-fill-seal market, and operates one of the largest capacity commercial manufacturing blow-fill-seal facilities in the world. The Company’s sterile blow-fill-seal business provides flexible and scalable solutions for unit-dose delivery of complex formulations such as suspensions and emulsions, as well as innovative design and engineering container design and manufacturing solutions. The Company’s regulatory expertise can lead to decreased time to commercialization, and its dedicated development production lines support feasibility, stability and clinical runs. The Company plans to continue to expand the Company’s product line in existing and new markets, and in higher margin specialty products with additional respiratory, ophthalmic, and injectable applications. Representative customers include Pfizer, Sanofi-Aventis, Novartis, Roche and Teva.
The Company’s biologics offerings include its formulation development and cell-line manufacturing based on its advanced and patented Gene Product Expression (“GPEx”) technology, which is used to develop stable, high-yielding mammalian cell lines for both innovator and bio-similar biologic compounds. The Company’s GPEx technology can provide rapid cell line development, high biologics production yields, flexibility and versatility. The Company believes its development stage SMARTag next-generation antibody-drug conjugate technology will provide more precision targeting for delivery of drugs to tumors or other locations, with improved safety versus existing technologies. In fiscal 2013, the Company launched its recently completed biologics facility in Madison, Wisconsin, with expanded capability and capacity to produce clinical scale biologic supplies; combined with offerings from other businesses of Catalent and external partners, the Company now provides the broadest range of technologies and services supporting the development and launch of new biologic entities, biosimilars or biobetters to bring a product from gene to market commercialization, faster.

Development and Clinical Services

The Company’s Development & Clinical Services segment provides manufacturing, packaging, storage and inventory management for drugs and biologics in clinical trials. The Company offers customers flexible solutions for clinical supplies production, and provide distribution and inventory management support for both simple and complex clinical trials. This includes dose form manufacturing or over-encapsulation where needed; supplying placebos, comparator drug procurement and clinical packages and kits for physicians and patients; inventory management; investigator kit ordering and fulfillment; and return supply reconciliation and reporting. The Company supports trials in all regions of the world through its facilities and distribution network. In fiscal 2012, the Company substantially expanded this business via the Aptuit CTS business acquisition in February 2012, and in fiscal 2013 formed a joint venture with ShangPharma Corporation to expand its clinical supply services network into China. The Company is the leading provider of integrated development solutions and one of the leading providers of clinical trial supplies and respiratory products.

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

Basis of Presentation

These financial statements include all of our subsidiaries, including those operating outside the United States (U.S) and are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). All significant transactions among our businesses have been eliminated.

Correction of an Error in Previously Issued Financial Statements

In conjunction with the year-end financial reporting process, the Company identified an error in the application of the intraperiod tax allocation guidance of ASC 740 related to the tax effect of certain activity in Other Comprehensive Income. There was no impact to total shareholders' deficit, cash taxes paid, total net deferred taxes or cash flows from operations.

The restatement resulted in a reduction to the previously reported income tax expense and reduction to Other Comprehensive Income in 2010, 2012 and an increase to the previously reported income tax expense and increase to Other Comprehensive Income in 2013.

The Company also identified an error in the presentation of the offsetting of deferred tax assets and liabilities in accordance with ASC 740 related to the net presentation of its current and non-current deferred taxes by jurisdiction on the consolidated balance sheets. We have restated the Company's presentation of current deferred tax assets and liabilities and non-current deferred tax assets and liabilities in all periods presented. There was no change to the net deferred tax position.

Accordingly, we restated the affected line items of our consolidated balance sheets, consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity/(deficit), and consolidated statements of cash flows as well as the income taxes footnote, the accumulated other comprehensive income (loss) footnote, the segment information footnote and the supplemental balance sheet information footnote disclosures to correct these errors.

In accordance with ASC 250, Accounting Changes and Error Corrections and SAB Topic 1.M, Assessing Materiality, we determined the correction is immaterial to the Company's individual prior period consolidated financial statements. However, the cumulative correction of the prior period error would be material to our current year financial statements. Therefore, we have revised previously reported amounts.

Provided below is a reconciliation of the previously reported amounts and impact of the restatement:

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Dollars in millions, except per share data	June 30, 2013 Previously Reported	Adjustment	As Adjusted
Shareholders' Equity / (Deficit)			
Accumulated Deficit	$(1,428.8)	$33.5	$(1,395.3)
Accumulated Other Comprehensive (Loss)/Income, net of tax	(9.3)	(33.5)	(42.8)
Total Shareholders' Equity / (Deficit)	(410.3)	—	(410.3)
Statement of Operations			
Income tax expense / (benefit)	$24.1	$2.9	$27.0
Earnings/(loss) from continuing operations	(48.0)	(2.9)	(50.9)
Net earnings / (loss)	(46.8)	(2.9)	(49.7)
Net earnings / (loss) attributable to Catalent	(46.7)	(2.9)	(49.6)
Basic Earnings / (loss) per share attributable to Catalent			
Continuing operations	$(0.64)	$(0.04)	$(0.68)
Net earnings / (loss)	(0.62)	(0.04)	(0.66)
Diluted Earnings / (loss) per share attributable to Catalent			
Continuing operations	$(0.64)	$(0.04)	$(0.68)
Net earnings / (loss)	(0.62)	(0.04)	(0.66)
Balance Sheet			
Prepaid expenses and other current assets	$88.6	1.2	$89.8
Deferred income taxes	132.2	(108.5)	23.7
Total assets	3,056.8	(107.3)	2,949.5
Other accrued liabilities	$224.5	$—	$224.5
Deferred income tax liabilities	219.1	(107.3)	111.8
Total liabilities	3,467.1	(107.3)	3,359.8
Statement of Cash Flows			
Net Cash provided by / (used in) operating activities	$137.7	$—	$137.7

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Dollars in millions, except per share data	June 30, 2012 Previously Reported	Adjustment	As Adjusted
Shareholders' Equity / (Deficit)			
Accumulated Deficit	$(1,382.1)	$36.4	$(1,345.7)
Accumulated Other Comprehensive (Loss)/Income, net of tax	7.5	(36.4)	(28.9)
Total Shareholders' Equity / (Deficit)	(350.7)	—	(350.7)
Statement of Operations			
Income tax expense / (benefit)	$16.5	$(16.0)	$0.5
Earnings/(loss) from continuing operations	2.1	16.0	18.1
Net earnings / (loss)	(39.2)	16.0	(23.2)
Net earnings / (loss) attributable to Catalent	(40.4)	16.0	(24.4)
Basic Earnings / (loss) per share attributable to Catalent			
Continuing operations	$0.01	$0.22	$0.23
Net earnings / (loss)	(0.54)	0.21	(0.33)
Diluted Earnings / (loss) per share attributable to Catalent			
Continuing operations	$0.01	$0.21	$0.22
Net earnings / (loss)	(0.54)	0.22	(0.32)
Statement of Cash Flows			
Net Cash provided by / (used in) operating activities	$87.9	$—	$87.9

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates include, but are not limited to, allowance for doubtful accounts, inventory and long-lived asset valuation, goodwill and other intangible asset valuation and impairment, equity-based compensation, income taxes, derivative financial instruments and pension plan asset and liability valuation. Actual amounts may differ from these estimated amounts.

Foreign Currency Translation

The financial statements of the Company's operations outside the U.S. are generally measured using the local currency as the functional currency. Adjustments to translate the assets and liabilities of these foreign operations into U.S. dollars are accumulated as a component of other comprehensive income/(loss) utilizing period-end exchange rates. The currency fluctuation related to certain long-term inter-company loans deemed to not be repayable in the foreseeable future have been recorded within the cumulative translation adjustment, a component of other comprehensive income/(loss). In addition, the currency fluctuation associated with the portion of the Company's euro-denominated debt designated as a net investment hedge is included as a component of other comprehensive income/(loss). Foreign currency transaction gains and losses calculated by utilizing weighted average exchange rates for the period are included in the statements of operations in "other expense, net." Such foreign currency transaction gains and losses include inter-company loans that are long-term in nature.

Revenue Recognition

In accordance with ASC 605 Revenue Recognition, the Company recognizes revenue when persuasive evidence of an arrangement exists, product delivery has occurred or the services have been rendered, the price is fixed or determinable and collectability is reasonably assured. In cases where the Company has multiple contracts with the same customer, the Company evaluates those contracts to assess if the contracts are linked or are separate arrangements. Factors the Company considers include the timing of negotiation, interdependency with other contracts or elements and payment terms. The Company and its customers generally view each contract discussion as a separate arrangement.

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Manufacturing and packaging service revenue is recognized upon delivery of the product in accordance with the terms of the contract, which specify when transfer of title and risk of loss occurs. Some of the Company's manufacturing contracts with its customers have annual minimum purchase requirements. At the end of the contract year, revenue is recognized for the unfilled purchase obligation in accordance with the contract terms. Development service contracts generally take the form of a fee-for-service arrangement. After the Company has evidence of an arrangement, the price is determinable and there is a reasonable expectation regarding payment, the Company recognizes revenue at the point in time the service obligation is completed and accepted by the customer. Examples of output measures include a formulation report, analytical and stability testing, clinical batch production or packaging and the storage and distribution of a customer's clinical trial material. Development service revenue is primarily driven by the Company's Development and Clinical Services segment.

Arrangements containing multiple elements, including service arrangements, are accounted for in accordance with the provisions of ASC 605-25, Revenue Recognition: Multiple-Element Arrangements. The Company determines the separate units of account in accordance with ASC 605-25. If the deliverable meets the criteria of a separate unit of accounting, the arrangement consideration is allocated to each element based upon its relative selling price. In determining the best evidence of selling price of a unit of account the Company utilizes vendor-specific objective evidence ("VSOE"), which is the price the Company charges when the deliverable is sold separately. When VSOE is not available, management uses relevant third-party evidence ("TPE") of selling price, if available. When neither VSOE nor TPE of selling price exists, management uses its best estimate of selling price.

Cash and Cash Equivalents

All liquid investments purchased with an original maturity of three months or less are considered to be cash and equivalents. The carrying value of these cash equivalents approximates fair value.

Receivables and Allowance for Doubtful Accounts

Trade receivables are primarily comprised of amounts owed to the Company through its operating activities and are presented net of an allowance for doubtful accounts. The Company monitors past due accounts on an ongoing basis and establishes appropriate reserves to cover probable losses. An account is considered past due on the first day after its due date. We make judgments as to our ability to collect outstanding receivables and provide allowances when it is assessed that all or a portion of the receivable will not be collected. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the specific customer's ability to pay its obligation to the Company, and the condition of the general economy and the customer's industry. The Company writes off accounts receivable when they become uncollectible.

Concentrations of Credit Risk and Major Customers

Concentration of credit risk, with respect to accounts receivable, is limited due to the large number of customers and their dispersion across different geographic areas. The customers are primarily concentrated in the pharmaceutical and healthcare industry. The Company normally does not require collateral or any other security to support credit sales. The Company performs ongoing credit evaluations of its customers' financial conditions and maintains reserves for credit losses. Such losses historically have been within the Company's expectations. During fiscal year 2014 and 2013, no single customer exceeded 10% of revenue or accounts receivable.

Inventories

Inventory is stated at the lower of cost or market, using the first-in, first-out ("FIFO") method. The Company provides reserves for excess, obsolete or slow-moving inventory based on changes in customer demand, technology developments or other economic factors. Inventory consists of costs associated with raw material, labor and overhead.

Goodwill

The Company accounts for purchased goodwill and intangible assets with indefinite lives in accordance with Codification Statement ASC 350 Goodwill, Intangible and Other Assets. Under ASC 350, goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment at least annually. Our annual goodwill impairment test was conducted as of April 1, 2014. The Company assesses goodwill for possible impairment by comparing the carrying value of its reporting units to their fair values. The Company determines the fair value of its reporting units utilizing estimated future discounted cash flows and incorporates assumptions that it believes marketplace participants would utilize. In addition, the Company uses comparative market information and other factors to corroborate the discounted cash flow results.

Property and Equipment and Other Definite Lived Intangible Assets

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Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, including capital lease assets that are amortized over the shorter of their useful lives or the terms of the respective leases. The Company generally uses the following range of useful lives for its property and equipment categories: buildings and improvements—5 to 50 years; machinery and equipment—3 to 10 years; and furniture and fixtures—3 to 7 years. Depreciation expense was $100.5 million for the fiscal year ended June 30, 2014, $108.8 million for the fiscal year ended June 30, 2013, and $95.7 million for the fiscal year ended June 30, 2012. Depreciation expense includes amortization of assets related to capital leases. The Company charges repairs and maintenance costs to expense as incurred. The amount of capitalized interest was immaterial for all periods presented. Intangible assets with finite lives, primarily including customer relationships and patents and trademarks continue to be amortized over their useful lives. The Company evaluates the recoverability of its other long-lived assets, including amortizing intangible assets, if circumstances indicate impairment may have occurred pursuant to Codification Standard ASC 360 Property, Plant and Equipment ("ASC 360"). This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an un-discounted basis, to be generated from such assets. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value through a charge to the Consolidated Statements of Operations. Fair value is determined based on assumptions the Company believes marketplace participants would utilize and comparable marketplace information in similar arms length transactions. The Company recorded an impairment charge related to property, plant and equipment of approximately $3.2 million, $5.2 million and $1.8 million net of any gains on sale of equipment, as of June 30, 2014, June 30, 2013 and June 30, 2012 respectively. During fiscal years 2014 and 2013, no intangible asset impairment charges were recorded.

Post-Retirement and Pension Plans

The Company sponsors various retirement and pension plans, including defined benefit retirement plans and defined contribution retirement plans. The measurement of the related benefit obligations and the net periodic benefit costs recorded each year are based upon actuarial computations, which require management's judgment as to certain assumptions. These assumptions include the discount rates used in computing the present value of the benefit obligations and the net periodic benefit costs, the expected future rate of salary increases (for pay-related plans) and the expected long-term rate of return on plan assets (for funded plans). The discount rates are derived based on a hypothetical yield curve represented by a series of annualized individual discount rates. The expected long-term rate of return on plan assets is based on the target asset allocation and the average expected rate of growth for the asset classes invested. The average expected rate of growth is derived from a combination of historic returns, current market indicators, the expected risk premium for each asset class and the opinion of professional advisors. The Company uses a measurement date of June 30 for all its retirement and postretirement benefit plans.

Derivative Instruments, Hedging Activities, and Fair Value

Derivatives Instruments

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings. The Company does not net any of its derivative positions under master netting arrangements.

Hedging Activities

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company has primarily used interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges for financial reporting purposes is recorded in Accumulated Other Comprehensive Income on the balance sheet and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During fiscal years 2013 and 2012, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt; however, as of June 30, 2014,

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the Company did not have any such derivatives in place. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings.

The Company is exposed to fluctuations in the EUR-USD exchange rate on its investments in foreign operations in Europe. While the Company does not actively hedge against changes in foreign currency, it has mitigated the exposure of investments in its European operations through a net-investment hedge by denominating a portion of the debt in euros.

Fair Value

The Company is required to measure certain assets and liabilities at fair value, either upon initial measurement or for subsequent accounting or reporting. We use fair value extensively in the initial measurement of net assets acquired in a business combination and when accounting for and reporting on certain financial instruments. We estimate fair value using an exit price approach, which requires, among other things, that we determine the price that would be received to sell an asset or paid to transfer a liability in an orderly market. The determination of an exit price is considered from the perspective of market participants, considering the highest and best use of assets and, for liabilities, assuming the risk of non-performance will be the same before and after the transfer. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. When estimating fair value, depending on the nature and complexity of the assets or liability, we may use one or all of the following approaches:

- Market approach, which is based on market prices and other information from market transactions involving identical or comparable assets or liabilities.
- Cost approach, which is based on the cost to acquire or construct comparable assets less an allowance for functional and/or economic obsolescence.
- Income approach, which is based on the present value of the future stream of net cash flows.

These fair value methodologies depend on the following types of inputs:

- Quoted prices for identical assets or liabilities in active markets (called Level 1 inputs).
- Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are directly or indirectly observable (called Level 2 inputs).
- Unobservable inputs that reflect estimates and assumptions (called Level 3 inputs).

Self-Insurance

The Company is partially self-insured for certain employee health benefits and partially self-insured for product liability and workers compensation claims. Accruals for losses are provided based upon claims experience and actuarial assumptions, including provisions for incurred but not reported losses.

Shipping and Handling

Shipping and handling costs are included in cost of sales in the Consolidated Statements of Operations. Shipping and handling revenue received was immaterial for all periods presented and is presented within net revenues.

Accumulated Other Comprehensive Income/(Loss)

Accumulated other comprehensive income/(loss), which is reported in the accompanying Consolidated Statements of Changes in Shareholders' Equity, consists of net earnings/(loss), foreign currency translation, deferred compensation, minimum pension liability and unrealized gains and losses from derivatives.

Research and Development Costs

The Company expenses research and development costs as incurred. Costs incurred in connection with the development of new offerings and manufacturing process improvements are recorded within selling, general, and administrative expenses. Such research and development costs included in selling, general, and administrative expenses amounted to $17.5 million, $14.5 million and $16.9 million for fiscal years ended June 30, 2014, June 30, 2013 and June 30, 2012, respectively. Costs incurred in connection with research and development services we provide to customers and services performed in support of the commercial manufacturing process for customers are recorded within cost of sales. Such research and development costs included in cost of sales amounted to $34.0 million, $35.0 million and $33.5 million for fiscal years ended June 30, 2014, June 30, 2013 and June 30, 2012, respectively.

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Earnings / (Loss) Per Share

The Company reports net earnings (loss) per share in accordance with the standard codification of ASC "Earnings per Share" ("ASC 260"). Under ASC 260, basic earnings per share, which excludes dilution, is computed by dividing net earnings or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could be exercised or converted into common shares, and is computed by dividing net earnings or loss available to common stockholders by the weighted average of common shares outstanding plus the dilutive potential common shares. Diluted earnings per share includes in-the-money stock options, restricted stock units, and restricted stock using the treasury stock method. During a loss period, the assumed exercise of in-the-money stock options has an anti-dilutive effect and therefore, these instruments are excluded from the computation of dilutive earnings per share.

Income Taxes

In accordance with the standard codification of ASC 740 Income Taxes ("ASC 740") the Company accounts for income taxes using the asset and liability method. The asset and liability method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates in the respective jurisdictions in which the Company operates. In assessing the ability to realize deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in each of its tax jurisdictions. The number of years with open tax audits varies depending on the tax jurisdiction. A number of years may lapse before a particular matter is audited and finally resolved. The Company applies the accounting guidance issued to address the accounting for uncertain tax positions. This guidance clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements as well as provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Equity-Based Compensation

The Company accounts for its equity-based compensation awards in accordance with Accounting Standard Codification ASC 718, "Compensation-Stock Compensation" ("ASC 718"). ASC 718 requires companies to recognize compensation expense using a fair value based method for costs related to share-based payments including stock options and restricted stock units. The expense is measured based on the grant date fair value of the awards that are expected to vest, and the expense is recorded over the applicable requisite service period. In the absence of an observable market price for a share-based award, the fair value is based upon a valuation methodology that takes into consideration various factors, including the exercise price of the award, the expected term of the award, the current price of the underlying shares, the expected volatility of the underlying share price based on peer companies, the expected dividends on the underlying shares and the risk-free interest rate.

Recent Financial Accounting Standards

In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update No. 2014-12, "Accounting for Share Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period" ("ASU 2014-12"). ASU 2014-12 provides guidance for accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The standard states that a performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. The standard is effective for annual periods beginning after December 15, 2015. Catalent does not expect a material impact on our consolidated results of operations and financial position upon adoption.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). The new standard will supersede nearly all existing revenue recognition guidance.

The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, the standard creates a five step model that requires a company to exercise judgment when considering the terms of the contracts and all relevant facts and circumstances. The five steps require a company to identify customer contracts, identify the separate performance obligations, determine the transaction price, allocate the transaction price to the separate performance obligations and recognize revenue when each performance obligation is satisfied. The standard is effective for public entities for annual and interim periods beginning after December 15, 2016. The standard allows for either full retrospective adoption, where the standard is applied to all periods presented, or modified retrospective adoption where the standard is applied only to the most current period presented in the

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financial statements. Early adoption is not permitted. Catalent is currently evaluating the impact of this standard on the Company's consolidated results of operations and financial position.
In April 2014, the FASB issued Accounting Standards Update No. 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of an Entity” (“ASU 2014-08”). ASU 2014-08 changes the requirements for reporting discontinued operations under Accounting Standards Codification Subtopic 250-20 ("Subtopic 205-20") by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. The disclosure requirements for discontinued operations under ASU 2014-08 will be expanded in order to provide users of financial statements with more information about the assets, liabilities, revenues and expenses of discontinued operations. ASU 2014-08 is effective on a prospective basis for (1) all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years, and (2) all businesses that are classified as held for sale on acquisition that occur within annual periods beginning on or after December 15, 2014 and interim periods within those years. Catalent is currently evaluating the impact of this standard on the Company's consolidated results of operations and financial position.

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). ASU 2013-11 resolves the diversity in practice concerning unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance is effective for fiscal years and interim reporting periods within those fiscal years beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. Catalent does not expect a material impact on our consolidated results of operations and financial position upon adoption.

In March 2013, the FASB issued Accounting Standards Update No. 2013-05, “Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity” (“ASU 2013-05”). ASU 2013-05 resolves the diversity in practice concerning the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets within a foreign entity. The guidance is effective for fiscal years and interim reporting periods within those fiscal years beginning after December 15, 2013. The amendments described in the ASU are to be applied prospectively to derecognition events occurring after the effective date; prior periods are not to be adjusted. Catalent does not expect a material impact on our consolidated results of operations and financial position upon adoption.
In February 2013, the FASB issued Accounting Standards Update No. 2013-04, “Obligations Resulting from Joint and Several Liability Arrangements” (“ASU 2013-04”). ASU 2013-04 provides guidance for the recognition, measurement, and disclosure resulting from joint and several liability arrangements. Examples of obligations that fall within the scope of the ASU include certain debt arrangements, other contractual obligations, and settled litigation. The new guidance is effective on a retrospective basis for fiscal years and interim periods within those fiscal years beginning after December 15, 2013. Catalent does not expect a material impact on the disclosures included in our consolidated financial statements upon adoption.

2. GOODWILL

The following table summarizes the changes between June 30, 2014 and June 30, 2013 in the carrying amount of goodwill in total and by reporting segment:

(Dollars in millions)	Oral Technologies	Medication Delivery Solutions	Development & Clinical Services	Total

Balance at June 30, 2012 (1)	$839.8	$—	$190.1	$1,029.9
Additions	—	—	0.9	0.9
Foreign currency translation adjustments	(6.6)	—	(0.8)	(7.4)
Balance at June 30, 2013	833.2	—	190.2	1,023.4
Additions(2)	32.6	—	—	32.6
Foreign currency translation adjustments	26.0	—	15.1	41.1
Balance at June 30, 2014	$891.8	$—	$205.3	$1,097.1

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(1) The opening balance is reflective of historical impairment charges related to the Medication Delivery Solutions segment of approximately $158.0 million.

(2) Acquired goodwill of $32.6 million in the Company's Oral Technologies segment was generated from acquisitions in Brazil and China during the twelve months ended June 30, 2014.

No goodwill impairment charges were required during the current or comparable prior year period. When required, impairment charges are recorded within the Consolidated Statement of Operations as Impairment charges and (gain)/loss on sale of assets.

3. DEFINITE LIVED LONG-LIVED ASSETS

The Company’s definite lived long-lived assets include property, plant and equipment as well as other intangible assets with definite lives. Refer to footnote 17 Supplemental Balance Sheet Information for details related to property, plant and equipment.

The details of other intangible assets subject to amortization as of June 30, 2014 and June 30, 2013, are as follows:

(Dollars in millions)	Weighted Average Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
June 30, 2014				
Amortized intangibles:				
Core technology	20 years	$150.2	$(53.3)	$96.9
Customer relationships	14 years	234.6	(68.0)	166.6
Product relationships	12 years	237.6	(143.5)	94.1
Total intangible assets		$622.4	$(264.8)	$357.6

(Dollars in millions)	Weighted Average Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
June 30, 2013				
Amortized intangibles:				
Core technology	20 years	$143.7	$(44.4)	$99.3
Customer relationships	14 years	214.3	(50.1)	164.2
Product relationships	12 years	227.1	(118.4)	108.7
Total intangible assets		$585.1	$(212.9)	$372.2

Amortization expense was $42.4 million, $43.4 million, and $34.0 million for the fiscal year ended June 30, 2014, June 30, 2013, and June 30, 2012, respectively. Future amortization expense is estimated to be:

(Dollars in millions)	2015	2016	2017	2018	2019
Amortization expense	$43.1	$43.1	$42.6	$42.3	$37.1

There were no intangible asset impairments recorded in the current or prior period.

4. RESTRUCTURING AND OTHER COSTS

The Company has implemented plans to restructure certain operations, both domestically and internationally. The restructuring plans focused on various aspects of operations, including closing and consolidating certain manufacturing operations, rationalizing headcount and aligning operations in a strategic and more cost-efficient structure. In addition, we may incur restructuring charges in cases where a material change in the scope of operation with our business occurs.

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The following table summarizes the significant costs recorded within restructuring costs:

	Year ended June 30,		
(Dollars in millions)	2014	2013	2012
Restructuring costs:			
Employee-related reorganization (1)	16.5	15.1	14.9
Asset impairments	—	0.7	2.9
Facility exit and other costs (2)	3.2	2.6	1.7
Total restructuring costs	$19.7	$18.4	$19.5

(1) Employee-related costs consist primarily of severance costs. Outplacement services provided to employees who have been involuntarily terminated and duplicate payroll costs during transition periods are also included within this classification.

(2) Facility exit and other costs consist of accelerated depreciation, equipment relocation costs and costs associated with planned facility expansions and closures to streamline our operations.

5. LONG-TERM OBLIGATIONS AND OTHER SHORT-TERM BORROWINGS

Long-term obligations and other short-term borrowings consist of the following at June 30, 2014 and June 30, 2013:

(Dollars in millions)	Maturity	June 30, 2014	June 30, 2013
Senior Secured Credit Facilities			
Term loan facility dollar-denominated	September 2016	$—	$791.3
Term loan facility dollar-denominated	September 2017	—	646.3
Term loan facility dollar-denominated	May 2021	1,383.9	—
Term loan facility euro-denominated	September 2016	—	266.6
Term loan facility euro-denominated	May 2021	338.6	—
9 3/4 % Senior Subordinated euro-denominated Notes	April 2017	293.9	281.9
7 7/8 % Senior Notes	October 2018	348.7	348.2
Senior Unsecured Term Loan Facility	December 2017	274.3	274.1
$200.3 million Revolving Credit Facility	April 2016	—	—
$200.0 million Revolving Credit Facility	May 2019	—	—
Capital lease obligations	2015 to 2032	64.0	62.5
Other obligations	2015 to 2018	7.2	20.7
Total		2,710.6	2,691.6
Less: Current portion of long-term obligations and other short-term borrowings		25.2	35.0
Long-term obligations, less current portion short-term borrowings		$2,685.4	$2,656.6

The Company has historically used interest rate swaps to manage the economic effect of variable interest obligations associated with floating term loans so that the interest payable effectively becomes fixed at a certain rate, thereby reducing the impact on rate changes on interest expense. There were no interest rate swaps in place as of June 30, 2014. See Note 7 to the Consolidated Financial Statements for further discussion.

Senior Secured Credit Facilities

On April 10, 2007, we entered into a $1.8 billion senior secured credit facility (the “Credit Agreement”) consisting of: (i) an approximately $1.4 billion term loan facility consisting of Dollar Term-1 Loans (the “Dollar Term-1 Loans”) and euro Term Loans (the “Euro Term Loans”) and (ii) a $350.0 million revolving credit facility. There have been six amendments to the Credit Agreement since inception.

The revolving credit facility includes borrowing capacity available for letters of credit and for short-term borrowings. Borrowings under the term loan facility (secured and unsecured) and the revolving credit facility bear interest, at our option, at a rate equal to an applicable margin over either (a) a base rate determined by reference to the higher of (1) the rate of interest

per annum published by The Wall Street Journal from time to time, as the “prime lending rate” and (2) the federal funds rate plus one-half of 1% or (b) a LIBOR rate determined by reference to the British Bankers Association Interest Settlement Rate for deposits in dollars for the interest period relevant to such borrowing adjusted for certain additional costs. The weighted-average interest rates during fiscal 2014 were approximately 4.29% and 4.48% for the Euro-denominated and U.S.-dollar denominated term loans, respectively and approximately 4.0% for the revolving credit facility.

In addition to paying interest on outstanding principal under our senior secured credit facilities, we are required to pay a commitment fee to the lenders under the revolving credit facility with respect to the unutilized commitments thereunder. The initial commitment fee is 0.5% per annum. The commitment fee may be reduced subject to our attaining certain leverage ratios. We are also required to pay customary letter of credit fees.

The senior secured credit facilities are subject to amortization and prepayment requirements and contain certain covenants, events of default and other customary provisions.

On February 28, 2013, the Company entered into Amendment No. 5 to the Credit Agreement in order to borrow an aggregate principal amount of approximately $659.5 million of Refinancing Dollar Term-2 Loans and approximately $799.3 million of Refinancing Dollar Term-1 Loans (the "Refinancing Dollar Term-1 Loans"). The proceeds from the Refinancing Dollar Term-2 Loans were used to prepay in full all outstanding Non-Extended Euro Term Loans and Dollar Term-2 Loans under the Credit Agreement; the proceeds of the Refinancing Dollar Term-1 Loans were used to prepay in full all outstanding Extended Dollar Term-1 Loans under the Credit Agreement. The Refinancing Dollar Term-2 and Refinancing Dollar Term-1 Loans have identical terms with, and the same rights and obligations under the Credit Agreement as, the previously outstanding Dollar Term-2 Loans and Extended Dollar Term-1 Loans, respectively. The amendment set the applicable margin for the Refinancing Dollar Term-2 Loans at the Company’s option, at a percentage per annum equal to (i) in the case of eurocurrency rate loans, 3.25%, subject to a floor of 1.00%, or (ii) in the case of base rate loans, 2.25%, subject to a floor of 2.00%. The amendment set the applicable margin for the Refinancing Dollar Term-1 Loans, at the Company’s option, at a percent per annum equal to (i) in the case of eurocurrency rate loans, 3.50% or (ii) in the case of base rate loans, 2.50%. Cash paid associated with this financing activity approximated $2.6 million and $0.6 million of unamortized deferred finance costs and debt discounts were expensed.

On May 20, 2014, the Company entered into the Amended and Restated Credit Agreement to provide senior secured financing consisting of a seven year $1,400.0 million dollar term loan (the “Dollar Term Loan”), a seven-year €250.0 million euro term loan (the “Euro Term Loan”) and a five year $200.0 million revolving credit facility (the "revolving credit facility"), the proceeds of which were used to prepay in full all outstanding Refinancing Dollar Term-1 Loans, Refinancing Dollar Term-2 Loans and Extended Euro Term Loans. The revolving credit facility includes borrowing capacity available for letters of credit and for short-term borrowings, referred to as the swing line borrowings.

Borrowings under the term loan facilities and the revolving credit facility bear interest, at the Company’s option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the rate of interest published by The Wall Street Journal as its “prime lending rate” and (2) the federal funds rate plus one half of 1% or (b) a LIBOR rate determined by reference to the London Interbank Offered Rate set by ICE Benchmark Administration (or any successor thereto). The applicable margin for the term loans and borrowings under the revolving credit facility may be reduced subject to the Company attaining a certain total net leverage ratio. The applicable margin for borrowings is 3.50% for loans based on a LIBOR rate and 2.50% for loans based on base rate. The LIBOR rate for term loans is subject to a floor of 1.00% and the base rate for term loans is subject to a floor of 2.00%. Cash paid associated with this financing activity approximated $23.9 million. $7.2 million of unamortized deferred finance costs and debt discounts were expensed.

As of June 30, 2014, there were $17.3 million in outstanding letters of credit which reduced the borrowing capacity under the approximately $200 million revolving line of credit.

Senior Notes

On September 18, 2012, the Company issued $350 million aggregate principal amount of 7.875% Senior Notes due 2018(the “Senior Notes”). The Senior Notes will mature on October 15, 2018 and interest is payable on the Senior Notes on April 15 and October 15 of each year, commencing April 15, 2013. The Senior Notes were offered in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to non-U.S. persons in offshore transactions in accordance with Regulation S under the Securities Act. The Senior Notes were issued at a price of 100.0% of their principal amount. The Company used a portion of the net proceeds from the offering of the 7.875% Notes to finance a portion of its tender offer for the Senior Toggle Notes and partial redemption of the Senior Toggle Notes as described above. On July 29, 2014, Catalent Pharma Solutions, Inc., a wholly owned subsidiary of the Company, provided notice of its election to redeem all of the $350.0 million aggregate principal amount currently outstanding of the Senior Notes. The Senior Notes were redeemed on August 28, 2014 at a redemption price of 101.5% of the principal amount thereof plus accrued and unpaid interest. The redemption was funded with proceeds from the initial public offering.

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Senior Unsecured Credit Facility

On April 29, 2013, the Company entered into a senior unsecured term loan facility, in order to borrow an aggregate principal amount of $275 million of unsecured term loans (the "Unsecured Loans") due December 31, 2017. The proceeds from the Unsecured Loans were used to redeem all $269.1 million of the remaining principal outstanding of the Company's Senior Toggle Notes at par plus accrued and unpaid interest as of May 29, 2013, the date of redemption. The Unsecured Loans bear interest, at the Company’s option, at a rate equal to the Eurocurrency Rate plus 5.25%, subject to a floor of 1.25%, or the "Base Rate" plus 4.25%, subject to a floor of 2.25%. The "Base Rate" is equal to the higher of either the Federal Funds Rate plus 0.5% or the rate of interest per annum published by the Wall Street Journal from time to time, as the “prime lending rate.” The "Eurocurrency Rate" is determined by reference to the British Bankers Association Interest Settlement rate for deposits in dollars for the interest period relevant to such borrowing adjusted for certain additional costs. The Company is not required to repay installments on the Unsecured Loans and is only required to repay the Unsecured Loans on the date of maturity. Cash paid associated with this financing activity approximated $4.7 million and $2.1 million of unamortized deferred financing costs were expensed. On August 6, 2014 we paid $114.5 million of the outstanding borrowings under the unsecured term loans with proceeds from the initial public offering.

Senior Subordinated Notes

On April 10, 2007, we issued €225.0 million 9.75% euro-denominated ($300.3 million dollar equivalent at the exchange rate effective on the issue date) Senior Subordinated Notes due 2017 (the “Senior Subordinated Notes”). The Senior Subordinated Notes are unsecured senior subordinated obligations of the Company and are subordinated in right of payment to all existing and future senior indebtedness of the Company (including the senior credit facilities and the Senior Toggle Notes). Interest on the Senior Subordinated Notes is payable semi-annually in cash in arrears on each April 15 and October 15, which commences on October 15, 2007. On August 5, 2014, Catalent Pharma Solutions, Inc., a wholly owned subsidiary of the Company, provided notice of its election to redeem all of the €225.0 million aggregate principal amount currently outstanding of the Senior Subordinated Notes. The Senior Subordinated Notes were redeemed on September 4, 2014 at a redemption price of 101.625% of the principal amount thereof plus accrued and unpaid interest. The redemption was funded with proceeds from the initial public offering.

Long-Term and Other Obligations

Other obligations consist primarily of capital leases for buildings and other loans for business and working capital needs.

Maturities of long-term obligations, including capital leases of $64.0 million, and other short-term borrowings for future fiscal years are:

(Dollars in millions)	2015	2016	2017	2018	2019	Thereafter	Total
Maturities of long-term and other obligations	$25.2	19.5	313.6	294.2	368.9	1,689.2	$2,710.6

Debt Issuance Costs

Debt issuance costs are capitalized within prepaid expenses and other assets on the balance sheet and amortized over the life of the related obligation through charges to interest expense in the Consolidated Statements of Operations. The unamortized total of debt issuance costs were approximately $19.7 million and $20.3 million as of June 30, 2014 and June 30, 2013, respectively. Amortization of debt issuance costs, excluding amounts expensed as part of the current year financing activity, totaled $10.2 million and $9.2 million for the fiscal years ended June 30, 2014 and June 30, 2013, respectively.

Guarantees and Security

All obligations under the senior secured credit agreement and the 7.875% Notes and the Senior Subordinated Notes (together, the “notes”) are unconditionally guaranteed by each of the Company's existing U.S. wholly-owned subsidiaries, other than the Company's Puerto Rico subsidiaries, subject to certain exceptions.

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

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a pledge of 100% of the capital stock of the Company and 100% of the equity interests directly held by the Company and each guarantor in any wholly-owned material subsidiary of the Company or any guarantor (which pledge, in the case of any non-U.S. subsidiary of a U.S. subsidiary, will not include more than 65% of the voting stock of such non-U.S. subsidiary); and

- a security interest in, and mortgages on, substantially all tangible and intangible assets of the Company and of each guarantor, subject to certain limited exceptions.

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Debt Covenants

The Credit Agreement, the senior unsecured term loan facility, and the indentures governing the notes contain a number of covenants that, among other things, restrict, subject to certain exceptions, the Company's (and the Company's restricted subsidiaries') ability to incur additional indebtedness or issue certain preferred shares; create liens on assets; engage in mergers and consolidations; sell assets; pay dividends and distributions or repurchase capital stock; repay subordinated indebtedness; engage in certain transactions with affiliates; make investments, loans or advances; make certain acquisitions; and in the case of the Company's Credit Agreement, enter into sale and leaseback transactions, amend material agreements governing the Company's subordinated indebtedness (including the Senior Subordinated Notes) and change the Company's lines of business.

The Credit Agreement, the senior unsecured term loan facility, and the indentures governing the notes also contain change of control provisions and certain customary affirmative covenants and events of default. As of June 30, 2014, the Company was in compliance with all covenants related to its long-term obligations. The Company's long-term debt obligations do not contain any financial maintenance covenants.

Subject to certain exceptions, the senior credit agreement, the unsecured term loan facility and the indentures governing the notes will permit the Company and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness. None of the Company's non-U.S. subsidiaries or Puerto Rico subsidiaries is a guarantor of the loans or notes.

As market conditions warrant and subject to the Company's contractual restrictions and liquidity position, the Company, its affiliates and/or the Company's major equity holders, including Blackstone and its affiliates, may from time to time repurchase the Company's outstanding debt securities, including the Senior Notes and the Senior Subordinated Notes and/or the Company's outstanding bank loans in privately negotiated or open market transactions, by tender or otherwise. Any such repurchases may be funded by incurring new debt, including additional borrowings under the Company's existing credit facility. Any new debt may also be secured debt. The Company may also use available cash on the balance sheet. The amounts involved in any such transactions, individually or in the aggregate, may be material. Further, since some of the Company's debt may trade at a discount to the face amount, any such purchases may result in the Company's acquiring and retiring a substantial amount of any particular series, with the attendant reduction in the trading liquidity of any such series.

Under the indentures governing the notes, the credit agreement governing the senior secured credit facility, the senior unsecured credit facility, the Company's ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA (which is defined as "EBITDA" in the indentures). Adjusted EBITDA is based on the definitions in the Company's indentures, the credit agreement governing the senior unsecured credit facility and the credit agreement governing the senior unsecured credit facility, is not defined under U.S. GAAP, and is subject to important limitations.

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6. EARNINGS PER SHARE

The reconciliations between basic and diluted earnings per share attributable to Catalent common shareholders for the fiscal years ended June 30, 2014, 2013 and 2012 are as follows (in millions, except per share data):

	Year ended June 30,		
	2014	2013	2012
Earnings / (loss) from continuing operations less net income / (loss) attributable to noncontrolling interest	$18.9	$(50.8)	$16.9
Earnings / (loss) from discontinued operations	(2.7)	1.2	(41.3)
Net earnings / (loss) attributable to Catalent	$16.2	$(49.6)	$(24.4)
Weighted average shares outstanding	75,045,147	74,970,628	74,875,377
Dilutive securities issuable-stock plans	1,078,710	—	509,060
Total weighted average diluted shares outstanding	76,123,857	74,970,628	75,384,437
Basic earnings per share of common stock:			
Earnings / (loss) from continuing operations	$0.25	$(0.68)	$0.23
Earnings / (loss) from discontinued operations	(0.03)	0.02	(0.56)
Net earnings / (loss) attributable to Catalent	$0.22	$(0.66)	$(0.33)
Diluted earnings per share of common stock-assuming dilution:			
Earnings / (loss) from continuing operations	$0.25	$(0.68)	$0.22
Earnings / (loss) from discontinued operations	(0.04)	0.02	(0.54)
Net earnings / (loss) attributable to Catalent	$0.21	$(0.66)	$(0.32)

The computation of diluted earnings per share for June 30, 2014 and 2012 excludes the effect of potential shares issuable under the employee stock option plan of 2.3 million and 1.6 million options, respectively, because the vesting provisions of those awards specify performance or market-based conditions that had not been met as of the period end. The computation of diluted earnings per share for 2013 excludes the effect of the potential common shares issuable under the employee stock option plan of approximately 6.5 million shares, and excludes restricted share awards of 0.3 million, because the Company had a net loss for the year and the effect would therefore be anti-dilutive.

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company has historically entered into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company’s derivative financial instruments have been used to manage differences in the amount, timing, and duration of the Company’s known or expected cash receipts and its known or expected cash payments principally related to the Company’s borrowings. The Company does not net any of its derivative positions under master netting arrangements.

The Company is exposed to fluctuations in the EUR-USD exchange rate on its investments in foreign operations in Europe. While the Company does not actively hedge against changes in foreign currency, we have mitigated the exposure of our investments in our European operations by denominating a portion of our debt in euros. At June 30, 2014, the Company had euro-denominated debt outstanding of $632.5 million that qualifies as a hedge of a net investment in foreign operations. For non-derivatives designated and qualifying as net investment hedges, the effective portion of the translation gains or losses are reported in accumulated other comprehensive income/(loss) as part of the cumulative translation adjustment. For the fiscal year ended June 30, 2014 the Company recorded a loss of $13.6 million within cumulative translation adjustment. The net

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accumulated gain of this net investment as of June 30, 2014 included within other comprehensive income/(loss) was approximately $49.5 million. For the fiscal year ended June 30, 2014, the Company recognized an unrealized foreign exchange loss of $9.6 million in the consolidated statement of operations related to a portion of its euro-denominated debt not designated as a net investment hedge. For the fiscal year ended June 30, 2013, the Company recognized an unrealized foreign exchange loss of $6.7 million.

Amounts are reclassified out of accumulated other comprehensive income/(loss) into earnings when the hedged net investment is either sold or substantially liquidated.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives historically were to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily used interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges for financial reporting purposes is recorded in accumulated other comprehensive income/(loss) on the balance sheet and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. We did not have any interest rate swap agreements in place for the fiscal year ended June 30, 2014 and June 30, 2013.

During fiscal year 2013, our two U.S. dollar-denominated and one euro-denominated interest rate swap agreements, which were designated as effective cash flow hedges for financial reporting purposes, matured. The Company's Japanese yen interest rate swap, effective as an economic hedge but not designated as effective for financial reporting purposes also matured during fiscal year 2013. As of June 30, 2014, we did not have any interest rate swap agreements in place that would have the economic effect of modifying the variable interest obligations associated with our floating rate term loans.

On February 28, 2013, in connection with the refinancing of the Company's €44.9 million Euro term loan, Catalent de-designated €35.0 million of the €240.0 million notional Euribor-based interest rate swap. Prior to de-designation, the effective portion of the change in fair value of the derivative was recorded as a component of other comprehensive income/(loss). The other comprehensive income/(loss) balance associated with the de-designated portion of the derivative will be reclassified to earnings when either the originally hedged forecasted interest payments on the hedged debt affect earnings or at the time the originally forecasted transactions become probable of not occurring. The amount of losses reclassified into earnings as a result of the discontinuance of a portion of the Euribor-based interest rate swap as a cash flow hedge for the fiscal year ended June 30, 2013 is $0.1 million.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Statement of Operations for the fiscal year ended June 30, 2014, June 30, 2013 and June 30, 2012.

(Dollars in millions)	The Effect of Derivative Instruments on the Consolidated Statement of Operations for the Fiscal Years Ended June 30, 2014, June 30, 2013 and June 30, 2012				
Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of (Gain) or Loss Recognized in OCI on Derivative (Effective Portion)	Location of (Gain) or Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of (Gain) or Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Location of (Gain) or Loss Recognized in Income on Derivative (Ineffective Portion and Amount excluded from Effectiveness Testing)	Amount of (Gain) or Loss Recognized in Income on Derivative (Ineffective Portion and Amount excluded from Effectiveness Testing)
Fiscal Year 2014:					

Interest Rate Swaps	$—	Interest expense, net	$—	Other (income)/expense, net	$—
Fiscal Year 2013:					
Interest Rate Swaps	$1.1	Interest expense, net	$21.6	Other (income)/expense, net	$0.1
Fiscal Year 2012:					
Interest Rate Swaps	$11.0	Interest income/ (expense), net	$26.4	Other (income)/expense, net	$0.2

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8. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

ASC 820 Fair Value Measurements and Disclosures ("ASC 820"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. Valuation techniques used to measure fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. To measure fair value, the Company uses the following fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Value is determined using pricing models, discounted cash flow methodologies, or similar techniques and also includes instruments for which the determination of fair value requires significant judgment or estimation.

Fair value under ASC 820 is principally applied to financial assets and liabilities which, for Catalent, include both investments in money market funds and derivative instruments—interest rate swaps. The Company is not required to apply all the provisions of ASC 820 in financial statements to the nonfinancial assets and nonfinancial liabilities. There were no changes from the previously reported classification of financial assets and liabilities. The following table provides a summary of financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2014, aggregated by the level in the fair value hierarchy within which those measurements fall:

		Fair Value Measurements Using:		
(Dollars in millions)	Total	Level 1	Level 2	Level 3
Assets				
Cash equivalents - money market funds	$1.4	$1.4	$—	$—
Liabilities				
Contingent consideration	$0.9	$—	$—	$0.9

The following table provides a summary of financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2013, aggregated by the level in the fair value hierarchy in which those measurements fall:

		Fair Value Measurements Using:		
(Dollars in millions)	Total	Level 1	Level 2	Level 3
Assets				
Cash equivalents - money market funds	$5.8	$5.8	$—	$—
Liabilities				
Contingent consideration	$—	$—	$—	$—

Cash Equivalents

The fair value of cash and cash equivalents is estimated on the quoted market price of the investments. The carrying amounts of the Company's cash equivalents approximate their fair value due to the short-term maturity of these instruments.

Derivative Instruments – Interest Rate Swaps

Historically, the Company has used interest rate swaps to manage interest rate risk on its variable rate long-term debt obligations. The fair value of interest rate swaps are determined using the market standard methodology of netting the

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discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on the expectation of future interest rates (forward curves) and derived from observed market interest rate curves. In addition, to comply with the provision of ASC 820, credit valuation adjustments, which consider the impact of any credit enhancements on the contracts, are incorporated in the fair values to account for potential nonperformance risk.

Long-Term Obligations

The estimated fair value of long-term debt was calculated based on the quoted market prices for the same liabilities or discounted cash flow methodologies which include other inputs corroborated by observable market data.

The carrying amounts and the estimated Level 2 fair values of financial instruments as of June 30, 2014 and June 30, 2013, are as follows:

	June 30, 2014		June 30, 2013	
(Dollars in millions)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt and other	$2,710.6	$2,680.2	$2,691.6	$2,633.2

9. INCOME TAXES

Earnings/(loss) from continuing operations before income taxes and discontinued operations are as follows for the fiscal years ended 2014, 2013, and 2012:

	Fiscal Year Ended June 30,		
(Dollars in millions)	2014	2013	2012
U.S. Operations	$(75.6)	$(124.9)	$(402.1)
Non-U.S. Operation	$143.0	$101.0	$420.7
	$67.4	$(23.9)	$18.6

The provision /(benefit) for income taxes consists of the following for the fiscal years ended 2014, 2013, and 2012:

	Fiscal Year Ended June 30,		
(Dollars in millions)	2014	2013	2012
Current:			
Federal	$—	$(0.4)	$—
State and local	(1.2)	(2.4)	0.1
Non-U.S.	55.7	21.2	19.2
Total	$54.5	$18.4	$19.3
Deferred:			
Federal	$5.3	$8.8	$(8.4)
State and local	0.4	(0.3)	(1.4)
Non-U.S.	(10.7)	0.1	(9.0)
Total	(5.0)	8.6	(18.8)
Total provision/(benefit)	$49.5	$27.0	$0.5

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A reconciliation of the provision/(benefit) based on the federal statutory income tax rate to the Company's effective income tax rate is as follows for the fiscal years ended 2014, 2013, and 2012:

	Fiscal Year Ended June 30,		
(Dollars in millions)	2014	2013	2012
Provision at U.S. federal statutory tax rate	$18.7	$(4.9)	$8.6
State and local income taxes, net of federal benefit	0.6	0.5	0.2
Foreign tax rate differential	(19.7)	(18.1)	(43.1)
Permanent items	24.8	53.5	36.6
Unrecognized tax positions	33.9	—	(2.8)
Tax valuation allowance	(10.4)	3.6	28.1
Foreign tax credit - Non U.S.	(0.8)	(3.4)	(0.2)
Withholding tax and other foreign taxes	6.2	5.1	(6.5)
Change in tax rate	(5.2)	(4.3)	(1.9)
Tax effect of OCI deferred taxes - U.S.	—	2.9	(16.0)
Other	1.4	(7.9)	(2.5)
	$49.5	$27.0	$0.5

Included within the reconciliation is a true up of the beginning deferred balances.

As of June 30, 2014, the Company had $383.5 million of undistributed earnings from non-U.S. subsidiaries that are intended to be permanently reinvested in non-U.S. operations. As these earnings are considered permanently reinvested, no U.S. tax provision has been accrued related to the repatriation of these earnings. It is not feasible to estimate the amount of U.S. tax that might be payable on the eventual remittance of such earnings.

Deferred income taxes arise from temporary differences between financial reporting and tax reporting bases of assets and liabilities, and operating loss and tax credit carry forwards for tax purposes. The components of the deferred income tax assets and liabilities are as follows at June 30, 2014 and 2013:

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	Fiscal Year Ended June 30,	
(Dollars in millions)	2014	2013
Deferred income tax assets:		
Accrued liabilities	$25.1	$29.9
Equity compensation	10.0	8.1
Loss and tax credit carry forwards	196.2	211.2
Foreign Currency	23.2	24.3
Pension	50.6	44.7
Property-related	11.8	28.1
Intangibles	16.3	11.8
Other	16.9	10.3
OCI	4.0	3.0
Total deferred income tax assets	354.1	371.4
Valuation Allowance	(218.2)	(208.4)
Net deferred income tax assets	$135.9	$163.0

	Fiscal Year Ended June 30,	
(Dollars in millions)	2014	2013
Deferred income tax liabilities:		
Accrued Liabilities	(0.2)	(2.6)
Equity Compensation	—	—
Foreign Currency	(0.1)	(0.3)
Property-related	(15.1)	(35.2)
Goodwill and other intangibles	(164.7)	(171.9)
Other	(1.2)	(0.4)
Other comprehensive income	(19.8)	(24.1)
Total deferred income tax liabilities	$(201.1)	(234.5)
Net deferred income tax liabilities	$(65.2)	$(71.5)

Deferred tax assets and liabilities in the preceding table are in the following captions in the balance sheet at June 30, 2014 and 2013:

	Fiscal Year Ended June 30,	
(Dollars in millions)	2014	2013
Current deferred tax asset	$12.7	$17.5
Non-current deferred tax asset	26.3	23.7
Current deferred tax liability	1.0	0.9
Non-current deferred tax liability	103.2	111.8
Net deferred tax asset/(liability)	$(65.2)	$(71.5)

At June 30, 2014, the Company has federal net operating loss carry forwards of $329.5 million, $7.8 million of which are subject to Internal Revenue Code Section 382 limitations, because they were generated in years prior to April 10, 2007, when the Company was owned by Cardinal. The federal loss carry forwards will expire in fiscal years 2022 through 2033. At June 30, 2014, the Company has state tax loss carry forwards of $459.4 million. Approximately $102.7 million of these losses are state tax losses generated in periods prior to the period ending June 30, 2007.

Substantially all state carry forwards have a

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twenty year carry forward period. In accordance with ASC 718, $37.8 million of federal and state losses were generated in the current and prior tax years as a result of tax deductions for equity. Such deductions are not being recognized for financial statement purposes because a cash tax benefit was not realized by the Company, as determined using a with-and-without approach as described in ASC 740-20. As a result, these deductions are not reflected in the federal and state net operating loss carry forward amounts indicated above. At June 30, 2014, the Company has international tax loss carry forwards of $89.8 million. Substantially all of these carry forwards are available for at least three years or have an indefinite carry forward period.

The Company has established a full valuation allowance against its net federal and state deferred tax assets as management does not believe it is more likely than not that these assets will be realized. The Company's overall valuation allowance as of June 30, 2014 was $218.2 million. During the fiscal year the increase/(decrease) in valuation allowance related to federal, state and foreign assets was $1.3 million, $7.6 million, and $0.9 million, respectively. As of June 30, 2013 the valuation allowance totaled $208.4 million. This total includes a full valuation allowance of $145.9 million and $32.9 million against its net federal and state deferred tax assets, respectively. At June 30, 2013, the Company has also recorded a valuation allowance of $29.6 million against certain of its foreign net deferred tax assets. The net increase in the valuation allowance of $9.8 million is primarily due to an increase of $7.6 million in state valuation allowance, which was a result of increases in select U.S. deferred tax asset accounts such as net operating losses. During the current fiscal year the Company generated federal and state taxable income due to U.S. income inclusions resulting from deemed distributions from foreign subsidiaries. This income is not considered to be from normal operating activities.

Management evaluates all available evidence; both positive and negative using a more likely than not standard, in determining if adjustments to the valuation allowance are necessary. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, previous experience with tax attributes expiring unused and tax planning alternatives. In making such judgments, significant weight is given to evidence that can be objectively verified. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income in the carry back or carry forward periods provided for in the tax law for each applicable tax jurisdiction.

As part of the 2007 acquisition from Cardinal, the Company has been indemnified by Cardinal for tax liabilities that may arise in the future that relate to tax periods prior to April 10, 2007 (the “Formation Date”). The indemnification agreement includes, among other taxes, any and all Federal, state and international income based taxes as well as any interest and penalties that may be related thereto.

Similarly, as part of the 2012 purchase of the CTS business from Aptuit, Inc., the Company has been indemnified by Aptuit, Inc for tax liabilities that may arise in the future that relate to tax periods prior to February 17, 2012. The indemnification agreement includes, among other taxes, any and all Federal, state and international income based taxes as well as any interest and penalties that may be related thereto.

The amount of income taxes the Company may pay is subject to ongoing audits by federal, state and foreign tax authorities, which may result in proposed assessments. The Company's estimate for the potential outcome for any uncertain tax issue is highly judgmental. The Company assesses its income tax positions and record benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions for which it is more likely than not that a tax benefit will be sustained, the Company records the amount that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. Interest and penalties are accrued, where applicable. If we do not believe that it is more likely than not that a tax benefit will be sustained, no tax benefit is recognized.

ASC 740 includes guidance on the accounting for uncertainty in income taxes recognized in the financial statements. This standard also provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. As of June 30, 2014, the Company had a total of $60.6 million of unrecognized tax benefits. A reconciliation of our unrecognized tax benefit, excluding accrued interest for June 30, 2014, June 30, 2013 and June 30, 2012 are as follows:

(Dollars in millions)	
Balance at June 30, 2012	$33.4
Additions based on tax positions related to the current year	5.4
Additions for tax positions of prior years	1.9
Reductions for tax positions of prior years	(1.1)
Settlements	$(1.9)
Balance at June 30, 2013	$37.7
Additions based on tax positions related to the current year	7.5
Additions for tax positions of prior years	25.1
Reductions for tax positions of prior years	(4.8)
Settlements	(4.9)
Balance at June 30, 2014	$60.6

Of this amount, $41.4 million and $9.6 million represent the amount of unrecognized tax benefits that, if recognized, would favorably impact the effective income tax rate as of June 30, 2014 and June 30, 2013, respectively. An additional $19.2 million represents the amount of unrecognized tax benefits that, if recognized, would not impact the effective income tax rate due to a full valuation allowance.

In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including major jurisdictions such as Germany, United Kingdom, France, Belgium, the United States, and various states. The Company is no longer subject to examinations by the relevant tax authorities for years prior to fiscal 2001.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of June 30, 2014, the Company has approximately $5.1 million of accrued interest related to uncertain tax positions, an increase of $0.1 million from the prior year. The Company had approximately $5.0 million and $6.0 million of accrued interest related to uncertain tax positions as of June 30, 2013 and 2012, respectively. The portion of such interest and penalties subject to indemnification by Cardinal is $2.0 million, a decrease of $2.1 million from the prior year.

10. EMPLOYEE RETIREMENT BENEFIT PLANS

The Company sponsors various retirement plans, including defined benefit pension plans and defined contribution plans. Substantially all of the Company's domestic non-union employees are eligible to participate in an employer-sponsored retirement savings plans, which include features under Section 401(k) of the Internal Revenue Code of 1986, as amended, and provide for company matching contributions. The Company's contributions to the plans are determined by its Board of Directors subject to certain minimum requirements as specified in the plans. The Company uses a measurement date of June 30 for all of its retirement and postretirement benefit plans.

In addition, the Company has recorded $39.6 million in obligations related to its withdrawal from a multi-employer pension plan related to a former commercial packaging site, a clinical services site and a former printed components operation. The Company's withdrawal from these multi-employer pension plans has been classified as a mass withdrawal under the Multiemployer Pension Plan Amendments Act of 1980, and, as amended, under the Pension Protection Act of 2006. The estimated discounted value of the projected contributions related to these plans is $39.6 million and $39.7 million as of June 30, 2014 and June 30, 2013, respectively. The withdrawal from the plan resulted in the recognition of liabilities associated with the Company's long term obligations in both the prior and current year periods, which were primarily recorded as an expense within discontinued operations. The actuarial review process, which is administered by the plan trustees, is ongoing and we await final determination as to the Company's ultimate liability. The annual cash impact associated with our long term obligation approximates $1.7 million per year. Refer to footnote 15 to the Consolidated Financial Statements for further discussion.

The following table provides a reconciliation of the change in projected benefit obligation and fair value of plan assets for the defined benefit retirement and other retirement plans, excluding the multi-employer pension plan liability:

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At June 30,	Retirement Benefits		Other Post-Retirement Benefits	
(Dollars in millions)	2014	2013	2014	2013
Accumulated Benefit Obligation	$324.4	$279.7	$4.4	$4.9
Change in Benefit Obligation				
Benefit obligation at beginning of year	289.1	292.2	4.9	5.3
Company service cost	2.8	2.8	—	—
Interest cost	12.2	11.9	0.2	0.2
Employee contributions	—	0.1	—	—
Plan amendments	—	—	—	—
Curtailments	—	—	—	—
Settlements	(1.7)	(1.6)	—	—
Special termination benefits	—	—	—	—
Divestitures	—	—	—	—
Business combinations	—	—	—	—
Benefits paid	(10.9)	(9.8)	(0.3)	(0.2)
Actual expenses	(0.1)	—	—	—
Actuarial (gain)/loss	24.3	(6.1)	(0.4)	(0.3)
Exchange rate gain/(loss)	18.1	(0.4)	—	(0.1)
Benefit obligation at end of year	333.8	289.1	4.4	4.9
Change in Plan Assets				
Fair value of plan assets at beginning of year	198.4	191.4	—	—
Actual return on plan assets	14.0	12.9	—	—
Company contributions	8.6	8.9	0.3	0.2
Employee contributions	—	0.1	—	—
Settlements	(1.7)	(1.6)	—	—
Special company contributions to fund termination benefits	—	—	—	—
Divestitures	—	—	—	—
Business combinations	—	—	—	—
Benefits paid	(10.9)	(9.8)	(0.3)	(0.2)
Actual expenses	(0.1)	—	—	—
Exchange rate gain/(loss)	13.9	(3.5)	—	—
Fair value of plan assets at end of year	222.2	198.4	—	—
Funded Status				
Funded status at end of year	(111.4)	(90.7)	(4.4)	(4.9)
Employer contributions between measurement date and reporting date	—	—	—	—
Net pension asset (liability)	(111.4)	(90.7)	(4.4)	(4.9)

The following table provides a reconciliation of the net amount recognized in the Consolidated Balance Sheets:

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At June 30,	Retirement Benefits		Other Post-Retirement Benefits	
(Dollars in millions)	2014	2013	2014	2013
Amounts Recognized in Statement of Financial Position				
Noncurrent assets	$0.7	$0.4	$—	$—
Current liabilities	(1.0)	(1.0)	(0.4)	(0.5)
Noncurrent liabilities	(111.1)	(90.1)	(4.0)	(4.4)
Total asset/(liability)	(111.4)	(90.7)	(4.4)	(4.9)
Amounts Recognized in Accumulated Other Comprehensive Income				
Transition (asset)/obligation	—	—	—	—
Prior service cost	0.2	0.2	—	—
Net (gain)/loss	52.2	32.5	(0.9)	(0.6)
Total accumulated other comprehensive income at the end of the year	52.4	32.7	(0.9)	(0.6)
Additional Information for Plan with ABO in Excess of Plan Assets				
Projected benefit obligation	318.1	272.7	4.4	4.9
Accumulated benefit obligation	311.2	265.7	4.4	4.9
Fair value of plan assets	206.0	181.6	—	—
Additional Information for Plan with PBO in Excess of Plan Assets				
Projected benefit obligation	318.1	272.7	4.4	4.9
Accumulated benefit obligation	311.2	265.7	4.4	4.9
Fair value of plan assets	206.0	181.6	—	—
Components of Net Periodic Benefit Cost				
Service Cost	2.8	2.8	—	—
Interest Cost	12.2	11.9	0.2	0.2
Expected return on plan assets	(10.4)	(9.8)	—	—
Amortization of unrecognized:				
Transition (asset)/obligation	—	—	—	—
Prior service cost	—	—	—	—
Net (gain)/loss	1.3	0.9	—	—
Ongoing periodic cost	5.9	5.8	0.2	0.2
Settlement/curtailment expense/(income)	0.2	0.2	—	—
Net periodic benefit cost	6.1	6.0	0.2	0.2

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At June 30,	Retirement Benefits		Other Post-Retirement Benefits	
(Dollars in millions)	2014	2013	2014	2013
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income				
Net (gain)/loss arising during the year	$20.7	$(9.2)	(0.3)	(0.3)
Prior service cost (credit) during the year	—	—	—	—
Transition asset/(obligation) recognized during the year	—	—	—	—
Prior service cost recognized during the year	—	—	—	—
Net gain/(loss) recognized during the year	(1.5)	(1.1)	—	—
Exchange rate gain/(loss) recognized during the year	0.5	0.4	—	—
Total recognized in other comprehensive income	$19.7	$(9.9)	$(0.3)	$(0.3)
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income				
Total recognized in net periodic benefit cost and other comprehensive income	$27.3	$(3.9)	$(0.2)	$(0.1)
Estimated Amounts to be Amortized from Accumulated Other Comprehensive Income into Net Periodic Benefit Cost				
Amortization of:				
Transition (asset)/obligation	$—	$—	$—	$—
Prior service cost/(credit)	—	—	—	—
Net (gain)/loss	2.0	1.2	(0.1)	—
Financial Assumptions Used to Determine Benefit Obligations at the Balance Sheet Date				
Discount rate (%)	3.73%	4.14%	3.67%	3.92%
Rate of compensation increases (%)	2.10%	2.51%	N/A	N/A
Financial Assumptions Used to Determine Net Periodic Benefit Cost for Financial Year				
Discount rate (%)	4.14%	4.09%	3.92%	3.38%
Rate of compensation increases (%)	2.51%	2.51%	N/A	N/A
Expected long-term rate of return (%)	5.11%	5.12%	N/A	N/A
Expected Future Contributions				
Financial Year				
2015	$8.9		$0.4	

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At June 30,	Retirement Benefits				Other Post-Retirement Benefits			
(Dollars in millions)	2014		2013		2014		2013	
Expected Future Benefit Payments								
Financial Year								
2015	9.7		10.9		0.4		0.5	
2016	11.3		9.2		0.4		0.5	
2017	10.6		10.7		0.4		0.5	
2018	12.7		10.4		0.4		0.4	
2019	12.7		12.1		0.4		0.4	
2020-2024	77.5		69.3		1.6		1.8	
Actual Asset Allocation (%)								
Equities	34.0	%	34.1	%	—	%	—	%
Government Bonds	27.0	%	21.0	%	—	%	—	%
Corporate Bonds	17.1	%	22.0	%	—	%	—	%
Property	3.0	%	2.8	%	—	%	—	%
Insurance Contracts	9.5	%	9.8	%	—	%	—	%
Other	9.4	%	10.3	%	—	%	—	%
Total	100.0	%	100.0	%	—	%	—	%
Actual Asset Allocation (Amount)								
Equities	75.7		67.9		—		—	
Government Bonds	60.0		41.6		—		—	
Corporate Bonds	37.9		43.6		—		—	
Property	6.6		5.5		—		—	
Insurance Contracts	21.0		19.4		—		—	
Other	21.0		20.4		—		—	
Total	222.2		198.4		—		—	
Target Asset Allocation (%)								
Equities	34.3	%	33.8	%	—	%	—	%
Government Bonds	24.5	%	18.1	%	—	%	—	%
Corporate Bonds	21.7	%	27.8	%	—	%	—	%
Property	3.6	%	3.7	%	—	%	—	%
Insurance Contracts	7.1	%	7.5	%	—	%	—	%
Other	8.8	%	9.1	%	—	%	—	%
Total	100.0	%	100.0	%	—	%	—	%

The Company employs a building block approach in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income are preserved consistent with the widely-accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. The long-term portfolio return is established via a building block approach with proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

Plan assets are recognized and measured at fair value in accordance with the accounting standards regarding fair value measurements. The following are valuation techniques used to determine the fair value of each major category of assets.

- Short-term Investments, Equity securities, Fixed Income Securities, and Real Estate are valued using quoted market prices or other valuation methods, and thus are classified within Level 1 or Level 2.

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- Insurance Contracts and Other include investments with some observable and unobservable prices that are adjusted by cash contributions and distributions, and thus are classified within Level 2 or Level 3.

The following table provides a summary of plan assets that are measured in fair value as of June 30, 2014, aggregated by the level in the fair value hierarchy within which those measurements fall:

(Dollars in millions)	Total Assets	Level 1	Level 2	Level 3
Equity Securities	$75.7	$6.1	$69.6	—
Debt Securities	97.9	26.8	71.1	—
Real Estate	6.6	—	0.4	6.2
Other	42.0	—	18.1	23.9
Total	$222.2	$32.9	$159.2	$30.1

Level 3 real estate assets consist of a UK Property fund ("UBS Life Triton Property Fund") which directly invests in properties which are held in the UK. The funds are priced using the Net Asset Value ("NAV") of the fund and investors also get Bid and Offer prices on a monthly basis. The NAV is extracted using UK GAAP and its primary asset is Investment Properties. Investment properties are measured at fair value as determined by third party independent appraisers (the "Values"). Their value is ascertained by reference to the market value, having regard to whether they are let or un-let at the date of valuation, in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

Level 3 other assets consist of an insurance contract in the UK to fulfill the benefit obligations for a portion of the participant's benefits. The value of this commitment is determined using the same assumptions and methods used to value the UK Retirement & Death Benefit Plan pension liability. Level 3 other assets also include the partial funding of the Eberbach Pension through a company promissory note or loan with an annual rate of interest of 5%. The value of this commitment fluctuates due to contributions and benefit payments in addition to loan interest.
The following table provides a summary of plan assets that are measured in fair value as of June 30, 2013, aggregated by the level in the fair value hierarchy within which those measurements fall:

(Dollars in millions)	Total Assets	Level 1	Level 2	Level 3
Equity Securities	$67.9	$6.0	$61.9	—
Debt Securities	85.2	23.5	61.7	—
Real Estate	5.5	—	0.7	4.8
Other	39.8	—	18.1	21.7
Total	$198.4	$29.5	$142.4	$26.5

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The following table provides a reconciliation of the beginning and ending balances of level 3 assets as well as the changes during the period attributable to assets held and those purchases, sales, settlements, contributions and benefits that were paid:

Total (Level 3)

Asset Category Allocations - June 30, 2014

Total (Level 3) All figures in U.S. Dollars (Dollars in millions)	Fair Value Measurement Using Significant Unobservable Inputs Total (Level 3)	Fair Value Measurement Using Significant Unobservable Inputs Insurance Contracts	Fair Value Measurement Using Significant Unobservable Inputs Other
Beginning Balance at June 30, 2013	$ 26.5	$ 4.0	$ 22.5
Actual return on plan assets:			
Relating to assets still held at the reporting date	4.0	1.0	—
Relating to assets sold during the period	—	—	3.1
Purchases, sales, settlements, contributions and benefits paid	(0.4)	(0.2)	—
Transfers in and/or out of Level 3	—	—	(0.2)
Ending Balance at June 30, 2014	$ 30.1	$ 4.8	$ 25.4

The investment policy reflects the long-term nature of the plans' funding obligations. The assets are invested to provide the opportunity for both income and growth of principal. This objective is pursued as a long-term goal designed to provide required benefits for participants without undue risk. It is expected that this objective can be achieved through a well-diversified asset portfolio. All equity investments are made within the guidelines of quality, marketability and diversification mandated by the Employee Retirement Income Security Act (“ERISA”) (for plans subject to ERISA) and other relevant statutes. Investment managers are directed to maintain equity portfolios at a risk level approximately equivalent to that of the specific benchmark established for that portfolio. Assets invested in fixed income securities and pooled fixed income portfolios are managed actively to pursue opportunities presented by changes in interest rates, credit ratings or maturity premiums.

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At June 30, (Actual dollar amounts)	Other Post-Retirement Benefits 2014		2013	
Assumed Healthcare Cost Trend Rates at the Balance Sheet Date				
Healthcare cost trend rate – initial (%)				
Pre 65	7.60	%	7.81	%
Post 65	10.91	%	7.14	%
Healthcare cost trend rate – ultimate (%)				
Pre 65	4.70	%	4.67	%
Post 65	4.70	%	4.67	%
Year in which ultimate rates are reached				
Pre 65	2021		2021	
Post 65	2020		2020	
Effect of 1% Change in Healthcare Cost Trend Rate				
Healthcare cost trend rate up 1%				
on APBO at balance sheet date	$278,651		$288,650	
on total service and interest cost	11,363		10,129	
Effect of 1% Change in Healthcare Cost Trend Rate				
Healthcare cost trend rate down 1%				
on APBO at balance sheet date	$(245,360	)	$(256,221	)
on total service and interest cost	(10,008	)	(8,987	)
Expected Future Contributions				
Financial Year				
2015	$383,065			

11. RELATED PARTY TRANSACTIONS

Advisor Transaction and Management Fees

The Company entered into a transaction and advisory fee agreement with affiliates of Blackstone and certain other Investors in BHP PTS Holdings L.L.C. (the “Investors”), the investment entity controlled by affiliates of Blackstone that was formed in connection with the Investors' investment in Phoenix. The Company pays an annual sponsor advisory fee to Blackstone and the Investors for certain monitoring, advisory and consulting services to the Company. During the fiscal year ended June 30, 2014, 2013 and 2012 this management fee was approximately $12.9 million, $12.4 million and $11.8 million, respectively. This fee was recorded as expense within selling, general and administrative expenses in the Consolidated Statements of Operations. In addition, pursuant to the terms of the transaction and advisory services agreement with affiliates of Blackstone, the Company paid $10.0 million in the aggregate in connection with the CTS Acquisition during the fiscal year ended 2012. In connection with the Initial Public Offering, the Company paid the Investors a termination fee of $29.8 million in August 2014.

Other Related Party Transactions

The Company participates in an employer health program agreement with Equity Healthcare LLC (“Equity Healthcare”). Equity Healthcare negotiates with providers of standard administrative services for health benefit plans and other related services for cost discounts and quality of service monitoring capability by Equity Healthcare. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms for providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis. In consideration for these services, the Company paid Equity Healthcare a fee of $2.60 and $2.70 per participating employee per month in calendar year 2013 and 2014, respectively. As of June 30, 2014, we had approximately 2,360 employees enrolled in our health benefit plans in the United States. Equity Healthcare is an affiliate of Blackstone.

In addition, the Company does ordinary course business with a number of other companies affiliated with Blackstone; we believe that all such arrangements have been entered into in the ordinary course of our business and have been conducted on an arm's length basis.

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12. EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Description of Capital Stock

The Company is authorized to issue 84 million shares of capital stock, all of which are Common Stock, with a par value of $0.01 per share. In accordance with the Certificate of Incorporation of the Company, each share of Common Stock shall have one vote, and the Common Stock shall vote together as a single class. As of June 30, 2014, substantially all of the outstanding shares of the capital stock of the Company have been issued to, and are held by, Phoenix Charter, LLC. In accordance with the By-Laws of the Company, the Board of Directors may declare dividends upon the stock of the Company as and when the Board deems appropriate. See Note 19 Subsequent Events for discussion of the Company's Initial Public Offering in July 2014.

Accumulated other comprehensive income/(loss)

Accumulated other comprehensive income/(loss) by component and changes for the fiscal years June 30, 2014, June 30, 2013 and June 30, 2012 consists of

(Dollars in millions)	Foreign Currency Translation Adjustments	Unrealized Gains/(Losses) on Derivatives	Deferred Compensation	Pension Liability Adjustments	Other Comprehensive Income/(Loss)
Balance at June 30, 2011	$ 69.9	$ (36.8)	0.6	$ (8.1)	$ 25.6
Activity, net of tax	(40.4)	12.3	0.1	(26.5)	(54.5)
Balance at June 30, 2012	29.5	(24.5)	0.7	(34.6)	(28.9)
Activity, net of tax	(47.9)	24.5	0.8	8.7	(13.9)
Balance at June 30, 2013	(18.4)	—	1.5	(25.9)	(42.8)
Activity, net of tax	32.4	—	1.7	(15.5)	18.6
Balance at June 30, 2014	$ 14.0	$ —	$ 3.2	$ (41.4)	$ (24.2)

For the year ended June 30, 2014 the Company reclassified $1.5 million of actuarial losses related to its defined benefit pension and other post-retirement benefit plans from accumulated other comprehensive income into selling, general and administrative expenses. Due to this reclassification, the Company recognized an income tax benefit of $0.3 million for the year ended June 30, 2014.

For the year ended June 30, 2012, the Company recorded $15.2 million of unrealized gains on derivatives related to the interest rate swaps with an associated tax effect of $2.9 million. For the year ended June 30, 2013, the Company's interest rate swap agreements matured and the unrealized gain and tax impacts were recorded through the statement of operations.

The components of the changes in the cumulative translation adjustment and minimum pension liability for the fiscal years June 30, 2014, June 30, 2013 and June 30, 2012 consists of:

	Year Ended June 30,		
	2014	2013	2012
Foreign currency translation adjustments:			
Net investment hedge	(13.6)	(20.9)	69.4
Long term inter-company loans	28.3	(4.8)	—
Translation adjustments	17.7	(22.2)	(96.7)
Total cumulative translation adjustment, pretax	32.4	(47.9)	(27.3)
Tax [(1)]	—	—	(13.1)
Total cumulative translation adjustment, net of tax	32.4	(47.9)	(40.4)
Net change in minimum pension liability			
Net (gain)/loss arising during the year	(20.4)	9.5	(38.7)
Net gain/(loss) recognized during the year	1.5	1.1	0.1
Foreign Exchange Translation and Other	(0.5)	(0.4)	3.0
Total Pension, pretax	(19.4)	10.2	(35.6)
Tax [(2)]	3.9	(1.5)	9.1
Net change in minimum pension liability, net of tax	(15.5)	8.7	(26.5)

(1) Tax related to foreign currency translation adjustments relate to the Net investment hedge activity.

(2) Tax related to minimum pension liability relate to the Company's foreign operations.

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Tax related to the minimum pension liability generated in the U.S., and deferred compensation have a full valuation allowance recorded offsetting the tax impact resulting in a net zero tax impact for the three years presented (See Note 9 to the Consolidated Financial Statements).

13. EQUITY-BASED COMPENSATION

Company Plan

The Company's stock-based compensation is comprised of stock options and restricted stock units. Awards issued under the 2007 PTS Holdings Corp. Stock Incentive Plan (the "2007 Plan") are generally issued for the purpose of retaining key employees and directors. The Company has adopted two forms of non-qualified stock option agreements (the "Form Option Agreements") for awards under the 2007 Plan. Under our Form Option Agreement, adopted in 2009, a portion of the stock option awards vest over a five-year period of time contingent solely upon the participant's continued employment with the Company, another portion of the stock option awards will vest over a specified performance period upon achievement of pre-determined operating performance targets over time and the remaining portion of the stock option awards will vest upon realization of certain internal rates of return or multiple of investment goals. Under our other Form Option Agreement, adopted in 2013, a portion of the stock option awards will vest over a specified performance period upon achievement of pre-determined operating performance targets over time while the other portion of the stock option awards will vest upon realization of a specified multiple of investment goal. The Form Option Agreements include certain forfeiture provisions upon a participant's separation from service with the Company. A maximum of 7,287,980 shares of our common stock may be issued pursuant to awards under the 2007 Plan. As of June 30, 2014, approximately 428,000 authorized shares are available for future awards under the 2007 Plan.

On July 31, 2014, the 2014 Omnibus incentive plan became effective. A maximum of 6,700,000 shares of common stock may be issued under this plan.

Stock Compensation Expense

Stock compensation expense recognized in the consolidated statements of income was $4.5 million, $2.8 million and $3.7 million in fiscal years 2014, 2013 and 2012, respectively. All stock compensation expense is classified in selling, general and administrative expenses along with the wages and benefits of the option participants. Stock compensation expense is based on awards expected to vest, and therefore has been reduced by estimated forfeitures. Forfeitures are required to be estimated at the time of grant and revised in subsequent periods, if necessary, if actual forfeitures differ from those estimates. As of June 30, 2014, $7.3 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over a weighted-average period of approximately 1.53 years.

Methodology and Assumptions

Stock options are granted with an exercise price equal to the fair market value on the date of grant. In the 2007 Plan, stock options granted generally vest in equal annual installments over a five year period from the grant date. Stock options granted typically have a contractual term of 10 years. The grant-date fair value, adjusted for estimated forfeitures, is recognized as expense on a ratable basis over the substantive vesting period. The fair value of stock options is determined using the Black-Scholes-Merton option pricing model for service and performance based awards, and an adaptation of the Black-Scholes-Merton option valuation model, which takes into consideration the internal rate of return thresholds, for market based awards. This model adaptation is essentially equivalent to the use of path dependent-lattice model.

The weighted average of assumptions used in estimating the fair value of stock options granted during each year were as follows:

	Year Ended June 30,		
	2014	2013	2012
Expected volatility	31%	30% - 31%	29% - 30%
Expected life (in years)	5.66 - 6.50	5.82 - 6.50	6.5 - 7.5
Risk-free interest rates	0.3% - 2.2%	0.3% - 1.9%	1.3% - 1.6%
Dividend yield	None	None	None

As of June 30, 2014, the Company was privately held and therefore the expected volatility assumption is based on the historical volatility of closing share price of a comparable peer group. The Company selected peer companies from the pharmaceutical industry with similar characteristics to us, including market capitalization, number of employees and product focus. In addition, since the Company does not have a pattern of exercise behavior of option holders, the Company used the simplified method to determine the expected life of each option, which is the mid-point between the vesting date and the end of

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the contractual term. The risk-free interest rate for the expected life of the option is based on the comparable U.S. Treasury yield curve in effect at the time of grant. The weighted-average grant-date fair value of stock options in 2014, 2013, and 2012 was $5.41 per share, $4.23 per share and $3.89 per share, respectively.

The following table summarizes stock option activity and shares outstanding for the year ended June 30, 2014.

		Time			Performance			Market		
	Weighted Average Exercise Price	Number of shares	WA Contractual Term	Aggregate Intrinsic Value	Number of shares	WA Contractual Term	Aggregate Intrinsic Value	Number of shares	WA Contractual Term	Aggregate Intrinsic Value
Outstanding as of June 30, 2013	$13.76	2,743,580	6.79	$17,708,630	1,617,980	8.47	$5,365,770	2,425,640	7.98	$10,616,630
Granted	$18.71	116,200	10.00	—	23,380	10.00	—	46,620	10.00	—
Exercised	$12.14	(22,960)	0	—	(14,700)	0	—	—	0	—
Forfeited	$13.60	(32,900)	0	—	(31,500)	0	—	(134,400)	0	—
Expired / Canceled	$12.03	(153,720)	0	—	(31,430)	0	—	—	0	—
Outstanding as of June 30, 2014	$13.96	2,632,280	5.96	$24,001,410	1,563,730	7.55	$9,483,970	2,337,860	7.06	$16,702,850
Expected to vest as of June 30, 2014	$13.85	2,541,840	5.89	$23,566,205	1,464,260	7.48	$9,142,187	2,260,160	7.06	$16,142,879
Vested and Exercisable as of June 30, 2014	$11.92	1,787,240	5.47	$17,919,180	636,860	6.30	$5,638,880	—	0.00	$—

Since the inception of the 2007 Plan, participants have exercised the option to purchase 19,963 and 5,250 shares in fiscal years 2014 and 2013, respectively, resulting in an inconsequential impact on the Company’s cash balance and income tax accounts. The intrinsic value of the options exercised in fiscal 2014 and 2013 was $0.4 million and $35 thousand, respectively.

Restricted Stock Units

The Company may grant restricted stock units ("RSUs") to employees for recognition and retention purposes. RSUs generally vest over a three to five-year period. The grant-date fair value, adjusted for estimated forfeitures, is recognized as expense ratably on a graded vesting schedule over the vesting period. The fair value of RSUs is determined based on the number of shares granted and the fair value of the Company’s common stock on the date of grant.

The following table summarizes non-vested RSU activity for the year ended June 30, 2014.

	RSU Units	Weighted Average Grant- Date Fair Value
Non-vested as of June 30, 2013	79,310	$11.93
Granted	29,400	$21.64
Vested	(53,690)	$11.62
Forfeited	—	—
Non-vested as of June 30, 2014	55,020	$17.43

As of June 30, 2014, $0.6 million of unrecognized compensation cost related to RSUs is expected to be recognized as expense over a weighted-average period of approximately 1.79 years. The weighted-average grant-date fair value of RSUs in fiscal years 2014 and 2012 was $21.64 and $14.86, respectively. There were no RSU grants in fiscal year 2013. The fair value of RSUs vested in fiscal 2014, 2013 and 2012 was $0.6 million, $0.6 million and $0.5 million, respectively.

14. REDEEMABLE NONCONTROLLING INTEREST

In July 2013, the Company acquired a 67% controlling interest in a softgel manufacturing facility located in Haining, China. The noncontrolling interest shareholders have the right to jointly sell the remaining 33% interest to Catalent during the 30-day period following the third anniversary of closing for a price based on the greater of (1) an amount that would provide the noncontrolling interest shareholders a return on their investment of a predetermined amount per annum on their pro rata share of the initial valuation or (2) a multiple of the sum of the target's earnings before interest, taxes, depreciation and

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amortization and amortization less net debt for the four quarters immediately preceding such sale. Noncontrolling interest with redemption features, such as the arrangement described above, that are not solely within the Company's control are considered redeemable noncontrolling interests, which is considered temporary equity and is therefore reported outside of permanent equity on the Company's consolidated balance sheet at the greater of the initial carrying amount adjusted for the noncontrolling interest's share of net income/(loss) or its redemption value. As of June 30, 2014, the redemption value of the redeemable noncontrolling interest approximated the carrying value.

15. COMMITMENTS AND CONTINGENCIES

The future minimum rental payments for operating leases having initial or remaining non-cancelable lease terms in excess of one year at June 30, 2014 are:

(Dollars in millions)	2015	2016	2017	2018	2019	Thereafter	Total
Minimum rental payments	$4.6	$3.5	$3.0	$2.7	$2.4	$ 6.8	$23.0

Rental expense relating to operating leases was approximately $9.5 million, $9.4 million and $13.1 million for the fiscal years ended June 30, 2014, June 30, 2013 and June 30, 2012, respectively. Sublease rental income was not material for any period presented herein.

Other Matters

As previously disclosed with regard to the Company’s participation in a multi-employer pension plan, the Company notified the plan trustees of its withdrawal from such plan in fiscal 2012. The withdrawal from the plan resulted in the recognition of liabilities associated with the Company’s long term obligations in both the prior and current year periods, which were primarily recorded as an expense within discontinued operations. The actuarial review process, which is administered by the plan trustees, is ongoing and the Company awaits final determination as to the Company’s ultimate liability. The annual cash impact associated with the Company’s long term obligation approximates $1.7 million per year. Refer to Note 10 to the Consolidated Financial Statements for further discussion.

Beginning in November 2006, the Company, along with several pharmaceutical companies, has been named in approximately 380 civil lawsuits. These lawsuits were filed by individuals allegedly injured by their use of the prescription acne medication Amnesteem®, a branded generic form of isotretinoin, and in some instances, of isotretinoin products made and/or sold by other firms as well. All but one of these lawsuits have been dismissed or settled. The Company was not required to make any contribution toward any settlement to date. While it is not possible to determine the ultimate outcome of this legal proceeding, including making a determination of liability, the Company believes it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position.

From time to time, the Company may be involved in legal proceedings arising in the ordinary course of business, including, without limitation, inquiries and claims concerning environmental contamination as well as litigation and allegations in connection with acquisitions, product liability, manufacturing or packaging defects and claims for reimbursement for the cost of lost or damaged active pharmaceutical ingredients, the cost of which could be significant. The Company intends to vigorously defend itself against such other litigation and does not currently believe that the outcome of any such other litigation will have a material adverse effect on the Company’s financial statements. In addition, the healthcare industry is highly regulated and government agencies continue to scrutinize certain practices affecting government programs and otherwise.

From time to time, the Company receives subpoenas or requests for information from various government agencies, including from state attorneys general and the U.S. Department of Justice relating to the business practices of customers or suppliers. The Company generally responds to such subpoenas and requests in a timely and thorough manner, which responses sometimes require considerable time and effort and can result in considerable costs being incurred. The Company expects to incur costs in future periods in connection with existing and future requests.

16. SEGMENT INFORMATION

The Company conducts its business within the following operating segments: Softgel Technologies, Modified Release Technologies, Medication Delivery Solutions and Development & Clinical Services. The Softgel Technologies and Modified Release Technologies segments are aggregated into one reportable operating segment – Oral Technologies. The Company evaluates the performance of its segments based on segment earnings before noncontrolling interest, other (income) expense, impairments, restructuring costs, interest expense, income tax (benefit)/expense, and depreciation and amortization (“Segment EBITDA”). EBITDA from continuing operations is consolidated earnings from continuing operations before interest expense, income tax (benefit)/expense, depreciation and amortization and is adjusted for the income or loss attributable to noncontrolling

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interest. The Company's presentation of Segment EBITDA and EBITDA from continuing operations may not be comparable to similarly-titled measures used by other companies.

The following tables include net revenue and Segment EBITDA during the fiscal years ended June 30, 2014, June 30, 2013, and June 30, 2012:

(Dollars in millions)	Fiscal Year Ended June 30, 2014	2013	2012
Oral Technologies			
Net revenue	$1,180.1	$1,186.3	$1,220.2
Segment EBITDA	$324.3	$315.7	$334.6
Medication Delivery Solutions			
Net revenue	246.1	219.3	223.9
Segment EBITDA	48.7	31.5	27.5
Development and Clinical Services			
Net revenue	412.2	404.8	268.3
Segment EBITDA	83.5	75.0	53.0
Inter-segment revenue elimination	(10.7)	(10.1)	(17.6)
Unallocated costs [1]	(82.1)	(90.6)	(84.8)
Combined Total			
Net revenue	$1,827.7	$1,800.3	$1,694.8
EBITDA from continuing operations	$374.4	$331.6	$330.3

(1) Unallocated costs include restructuring and special items, equity-based compensation, impairment charges, certain other corporate directed costs, and other costs that are not allocated to the segments as follows:

(Dollars in millions)	Fiscal Year Ended June 30, 2014	2013	2012
Impairment charges and gain/(loss) on sale of assets	$(3.2)	$(5.2)	$(1.8)
Equity compensation	(4.5)	(2.8)	(3.7)
Restructuring and other items [2]	(29.4)	(29.0)	(45.8)
Property and casualty losses	—	—	8.8
Sponsor advisory fee	(12.9)	(12.4)	(11.8)
Noncontrolling interest	1.0	0.1	(1.2)
Other income/(expense), net [3]	(10.4)	(25.1)	3.8
Non-allocated corporate costs, net	(22.7)	(16.2)	(33.1)
Total unallocated costs	$(82.1)	$(90.6)	$(84.8)

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

(3) Primarily relates to realized and unrealized gains/(losses) related to foreign currency translation and expenses related to financing transactions during the period

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

(Dollars in millions)	Fiscal Year Ended June 30,		
	2014	2013	2012
Earnings/(loss) from continuing operations	$17.9	$(50.9)	$18.1
Depreciation and amortization	142.9	152.2	129.7
Interest expense, net	163.1	203.2	183.2
Income tax (benefit)/expense	49.5	27.0	0.5
Noncontrolling interest	1.0	0.1	(1.2)
EBITDA from continuing operations	$374.4	$331.6	$330.3

The following table includes total assets for each segment, as well as reconciling items necessary to total the amounts reported in the Consolidated Financial Statements:

(Dollars in millions)	June 30, 2014	June 30, 2013
Assets		
Oral Technologies	$2,585.6	$2,464.4
Medication Delivery Solutions	292.8	286.2
Development and Clinical Services	672.1	645.9
Corporate and eliminations	(460.3)	(447.0)
Total assets	$3,090.2	$2,949.5

The following tables include depreciation and amortization expense and capital expenditures for the fiscal years ended June 30, 2014, June 30, 2013 and June 30, 2012 for each segment, as well as reconciling items necessary to total the amounts reported in the Consolidated Financial statements:

Depreciation and Amortization Expense

(Dollars in millions)	Fiscal Year Ended June 30,		
	2014	2013	2012
Oral Technologies	$80.8	$86.7	$82.5
Medication Delivery Solutions	22.6	20.6	20.7
Development and Clinical Services	30.9	33.2	17.1
Corporate	8.6	11.7	9.4
Total depreciation and amortization expense	$142.9	$152.2	$129.7

Capital Expenditures

(Dollars in millions)	Fiscal Year Ended June 30,		
	2014	2013	2012
Oral Technologies	$56.1	$47.7	$57.1
Medication Delivery Solutions	25.0	47.7	22.0
Development and Clinical Services	28.2	21.3	16.9
Corporate	13.1	5.8	8.2
Total capital expenditure	$122.4	$122.5	$104.2

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The following table presents revenue and long-lived assets by geographic area:

(Dollars in millions)	Net Revenue Fiscal Year Ended June 30, 2014	2013	2012	Long-Lived Assets[1] June 30, 2014	June 30, 2013
United States	$682.3	$695.8	$591.9	$413.7	$375.7
Europe	888.8	863.2	868.9	348.5	344.2
International Other	278.8	270.1	288.0	110.8	94.6
Eliminations	(22.2)	(28.8)	(54.0)	—	—
Total	$1,827.7	$1,800.3	$1,694.8	$873.0	$814.5

(1) Long-lived assets include property and equipment, net of accumulated depreciation.

17. SUPPLEMENTAL BALANCE SHEET INFORMATION

Supplementary balance sheet information at June 30, 2014 and June 30, 2013, is detailed in the following tables.

Inventories

Work-in-process and finished goods inventories include raw materials, labor and overhead. Total inventories consisted of the following:

(Dollars in millions)	June 30, 2014	June 30, 2013
Raw materials and supplies	$84.1	$70.6
Work-in-process	23.8	26.1
Finished goods	39.8	40.0
Total inventory, gross	147.7	136.7
Inventory reserve	(12.9)	(11.8)
Inventories	$134.8	$124.9

Prepaid expenses and other

Prepaid expenses and other current assets consist of the following:

(Dollars in millions)	June 30, 2014	June 30, 2013
Prepaid expenses	$16.6	$16.2
Spare parts supplies	12.5	11.8
Deferred taxes	12.7	17.5
Other current assets	32.8	44.3
Prepaid expenses and other	$74.6	$89.8

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Property, plant, and equipment, net

Property, plant, and equipment, net consists of the following:

(Dollars in millions)	June 30, 2014	June 30, 2013
Land, buildings and improvements	$619.0	$552.7
Machinery, equipment and capitalized software	683.6	641.6
Furniture and fixtures	8.1	9.0
Construction in progress	110.9	61.6
Property and equipment, at cost	1,421.6	1,264.9
Accumulated depreciation	(548.6)	(450.4)
Property, plant, and equipment, net	$873.0	$814.5

Other assets

Other assets consist of the following:

(Dollars in millions)	June 30, 2014	June 30, 2013
Deferred long term debt financing costs	$19.7	$18.2
Other	29.0	18.4
Total other assets	$48.7	$36.6

Other accrued liabilities

Other accrued liabilities consist of the following:

(Dollars in millions)	June 30, 2014	June 30, 2013
Accrued employee-related expenses	$86.7	$81.1
Restructuring accrual	10.3	6.0
Deferred income tax	1.0	0.9
Accrued interest	12.2	12.5
Deferred revenue and fees	47.1	36.3
Accrued income tax	61.5	30.7
Other accrued liabilities and expenses	60.9	57.0
Other accrued liabilities	$279.7	$224.5

Allowance for doubtful accounts

Trade receivables allowance for doubtful accounts activity as follows:

(Dollars in millions)	June 30, 2014	June 30, 2013	June 30, 2012
Trade receivables allowance for doubtful accounts			
Beginning balance	$5.7	$4.2	$4.3
Charged to cost and expenses	0.5	2.1	0.5
Deductions and other	(1.0)	(0.6)	(0.3)
Impact of foreign exchange	0.2	—	(0.3)
Closing balance	$5.4	$5.7	$4.2

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Inventory reserve

Inventory reserve activity as follows:

(Dollars in millions)	June 30, 2014	June 30, 2013	June 30, 2012
Inventory reserve			
Beginning balance	$11.8	$8.5	$9.8
Charged to cost and expenses	10.2	8.7	9.1
Deductions	(9.5)	(5.9)	(9.6)
Impact of foreign exchange	0.4	0.5	(0.8)
Closing balance	$12.9	$11.8	$8.5

18. DISCONTINUED OPERATIONS

In the fourth fiscal quarter of 2012, the Company sold its U.S. based commercial packaging operations and concluded the elimination of cash flows qualified the component as a discontinued operation. No material gain or loss was recognized on the sale. In conjunction with the exit of these operations, the Company incurred expenses related to long term pension obligations in the current and prior year periods.

The domestic commercial packaging component entity was previously reported in the Company's Packaging Services segment.

Summarized Consolidated Statements of Operations data for discontinued operations are as follows:

	Fiscal Year Ended June 30,		
(Dollars in millions)	2014	2013	2012
Net revenue	$—	$—	$94.3
Earnings/(loss) before income taxes	(2.7)	1.2	(41.2)
Income tax (benefit)/expense	—	—	0.1
Net earnings/(loss) from discontinued operations, net of tax	$(2.7)	$1.2	$(41.3)

19. SUBSEQUENT EVENTS

Stock Split

The Company's board of directors and holders of the requisite number of outstanding shares of its capital stock have approved an amendment to the Company's amended and restated certificate of incorporation to effect a 70-for-1 stock split of its outstanding common stock (the "stock split"). The stock split became effective on July 17, 2014 upon the filing of the Company's Certificate of Amendment of the Amended and Restated Certificate of Incorporation with the Delaware Secretary of State. On the effective date of the stock split, (i) each share of outstanding common stock was increased to seventy shares of common stock; (ii) the number of shares of common stock issuable under each outstanding option to purchase common stock was proportionately increased on a one-to-seventy basis; (iii) the exercise price of each outstanding option to purchase common stock was proportionately decreased on a one-to-seventy basis; and (iv) the number of shares underlying each restricted stock unit was proportionately increased on a one-to-seventy basis. All of the share and per share information referenced throughout the consolidated financial statements and notes to the consolidated financial statements have been retroactively adjusted to reflect this stock split.

Redemption of Notes and Unsecured Term Loan Prepayment

On July 29, 2014, Catalent Pharma Solutions, Inc., a wholly owned subsidiary of the Company, provided notice of its election to redeem all of the $350.0 million aggregate principal amount currently outstanding of the Senior Notes. The Senior Notes were redeemed on August 28, 2014 at a redemption price of 101.5% of the principal amount thereof plus accrued and unpaid interest. The redemption was funded with proceeds from the initial public offering.

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On August 5, 2014, Catalent Pharma Solutions, Inc., a wholly owned subsidiary of the Company, provided notice of its election to redeem all of the €225.0 million aggregate principal amount currently outstanding of the Senior Subordinated Notes. The Senior Subordinated Notes were redeemed on September 4, 2014 at a redemption price of 101.625% of the principal amount thereof plus accrued and unpaid interest. The redemption was funded with proceeds from the initial public offering.
On August 6, 2014 we have paid $114.5 million of the outstanding borrowings under the unsecured term loans with proceeds from the initial public offering.

Initial Public Offering
On August 5, 2014, the Company completed an initial public offering of 42.5 million shares of its common stock for an initial price of $20.50 per share for total proceeds, before underwriting discounts and commissions and other offering expenses of approximately $871.3 million and proceeds net of underwriters discount and commissions of approximately $828 million. The shares offered and sold in the IPO were registered under the Securities Act pursuant to our Registration Statement on Form S-1 (File No. 333-193542), which was declared effective by the SEC on July 30, 2014. The proceeds raised were used to pay a termination fee of $29.8 million to Blackstone and certain other existing owners, redeem the outstanding Senior Subordinated Notes, and redeem the outstanding Senior Notes. The remaining proceeds were used to repay portions of the unsecured term loan. The Company's common stock began trading on the New York Stock Exchange under the symbol "CTLT" as of July 31, 2014.
Authorized Shares
On July 30, 2014, authorized capital stock increased to 1,000,000,000, par value $0.01 per share, and 100,000,000 shares of preferred stock, par value $0.01 per share. No shares of preferred stock will be issued or outstanding immediately after the initial public offering is complete.
Equity-Based Compensation
On July 31, 2014, the 2014 Omnibus Incentive Plan became effective. A maximum of 6,700,000 share of common stock may be issued under this plan.
In the preparation of its consolidated financial statements, the Company completed an evaluation of the impact of any subsequent events and determined there were no other subsequent events requiring disclosure in or adjustment to these financial statements.
20. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table summarizes the Company's unaudited quarterly results of operation.

(Dollars in millions, except per share data)	Fiscal Year 2014			
	First	Second	Third	Fourth
Net revenue	$414.3	$440.7	$453.1	$519.6
Gross margin	119.2	137.4	151.7	190.3
Earnings/(loss) from continuing operations less net income (loss) attributable to noncontrolling interest	1.9	(18.6)	8.4	27.2
Net earnings/(loss) from discontinued operations, net of tax	(0.4)	(0.6)	(1.7)	—
Net earnings/(loss) attributable to Catalent	$1.5	$(19.2)	$6.7	$27.2
Earnings per share attributable to Catalent:				
Basic				
Earnings/(loss) from continuing operations	$0.03	$(0.25)	$0.11	$0.36
Net earnings/(loss)	$0.02	$(0.26)	$0.09	$0.36
Diluted				
Earnings/(loss) from continuing operations	$0.02	$(0.25)	$0.11	$0.36
Net earnings/(loss)	$0.02	$(0.26)	$0.09	$0.36

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(Dollars in millions, except per share data)	Fiscal Year 2013			
	First	Second	Third	Fourth
Net revenue	$412.0	$436.1	$447.0	$505.2
Gross margin	117.5	140.0	137.4	173.7
Earnings/(loss) from continuing operations less net income (loss) attributable to noncontrolling interest	(19.5)	(27.6)	(14.0)	10.3
Net earnings/(loss) from discontinued operations, net of tax	(0.2)	0.2	(4.9)	6.1
Net earnings/(loss) attributable to Catalent	$(19.7)	$(27.4)	$(18.9)	$16.4
Earnings per share attributable to Catalent:				
Basic				
Earnings/(loss) from continuing operations	$(0.26)	$(0.37)	$(0.19)	$0.14
Net earnings/(loss)	$(0.26)	$(0.37)	$(0.25)	$0.22
Diluted				
Earnings/(loss) from continuing operations	$(0.26)	$(0.37)	$(0.19)	$0.13
Net earnings/(loss)	$(0.26)	$(0.37)	$(0.25)	$0.21

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's President and Chief Executive Officer, and the Company's Executive Vice President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's President and Chief Executive Officer, and the Company's Executive Vice President and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, the Company's President and Chief Executive Officer and the Company's Executive Vice President and Chief Financial Officer concluded that, as of June 30, 2014, the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRSHRA"), which added Section 13(r) of the Exchange Act, the Company hereby incorporates by reference herein Exhibit 99.1 of this report, which includes disclosures publicly filed and/or provided to Blackstone by Travelport Limited, which may be considered our affiliates.

As of the filing of (i) Amendment No. 5 to the Company's Registration Statement on Form S-1 (File No. 333-193542), filed with the Securities and Exchange Commission (the "SEC") on July 18, 2014 (the "Registration Statement") and (ii) the prospectus included in the Registration Statement filed separately by the Company with the Commission on August 1, 2014 pursuant to Rule 424(b) under the Securities Act of 1933, as amended (the "Prospectus"), the fiscal 2014 MIP awards and any discretionary bonuses for the Company's named executive officers had not been determined and, therefore, were omitted from the Summary Compensation Tables included in the Registration Statement and the Prospectus. On August 27, 2014, the Company's compensation committee approved fiscal 2014 MIP awards for the Company's named executive officers (other than Mr. Khichi) and a discretionary cash bonus for Stephen Leonard. The fiscal 2014 MIP award earned by each of our named executive officers (other than Mr. Khichi), the discretionary bonus awarded to Mr. Leonard and the new total compensation amounts for the named executive officers (other than Mr. Khichi) are reported in the Summary Compensation Table in Item 11 of this Annual Report on Form 10-K and are incorporated herein by reference. In addition, on August 27, 2014, in recognition of their significant efforts in executing the Company's successful initial public offering, the Company's compensation committee determined to award Messrs. Chiminski and Walsh special IPO bonuses. See "Compensation Discussion and Analysis-Executive Compensation Program Elements-Cash Bonus Opportunities-Discretionary Bonuses" in Item 11 of this Annual Report on Form 10-K.

On September 3, 2014, the Company's board of directors granted performance share units to the following named executive officers in the following amounts, and such amounts assume that the target level of performance is

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achieved (with the actual number of shares to be earned based on actual performance against the performance criteria): Mr. Chiminski was granted 19,604 performance share units, Mr. Walsh was granted 14,991, Mr. Leonard was granted 10,494 and Mr. Downie was granted 9,572. The performance criteria and other material terms of the performance share units are described in the section entitled “Long -Term Equity Incentive Awards-Fiscal 2015 Awards” in Item 11 of this Annual Report on Form 10-K and are incorporated herein by reference.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Executive Officers and Directors

The following table sets forth the names, ages and positions of our directors and the executive officers as of September 1, 2014.

Name	Age	Position
John R. Chiminski	50	President & Chief Executive Officer and Director
Matthew Walsh	48	Executive Vice President and Chief Financial Officer
Scott Houlton	47	President, Development and Clinical Services
Aris Gennadios	49	President, Softgel Technologies
Barry Littlejohns	48	President, Advanced Delivery Technologies
William Downie	47	Senior Vice President, Global Marketing & Sales
Sharon Johnson	50	Senior Vice President, Global Quality and Regulatory Affairs
Stephen Leonard	51	Senior Vice President, Global Operations
Kurt Nielsen	47	Senior Vice President, Innovation & Growth and Chief Technology Officer
Lance Miyamoto	59	Senior Vice President, Human Resources
Chinh E. Chu	47	Director
Bruce McEvoy	37	Director
James Quella	64	Director
Melvin D. Booth	69	Director
Jack Stahl	61	Director
Rolf Classon	69	Director

John R. Chiminski has led Catalent as President and Chief Executive Officer since March 2009. Mr. Chiminski brings to Catalent a diversified business background that includes lean manufacturing, supply chain, research and development, customer service, and global business management, with a focus on customers and growth. He joined Catalent after more than 20 years of experience at GE Healthcare in engineering, operations, and senior leadership roles. From 2007 to 2009, Mr. Chiminski was President and Chief Executive Officer of GE Medical Diagnostics, a global business with sales of $1.9 billion. From 2005 to 2007, he served as Vice President and General Manager of GE Healthcare's Global Magnetic Resonance Business, and from 2001 to 2005, as Vice President and General Manager of Global Healthcare Services. Earlier at GE, he held a series of cross-functional leadership positions in both manufacturing and engineering, including a GE Medical Systems assignment in France. Mr. Chiminski holds a BS from Michigan State University and an M.S. from Purdue University, both in electrical engineering, as well as a Master in Management degree from the Kellogg School of Management at Northwestern University. He is on the Board of Trustees for the HealthCare Institute of New Jersey, and is also a director of DJO Global, Inc.

Matthew Walsh has served as our Executive Vice President and Chief Financial Officer since December 2012. Previously, Mr. Walsh served as our Senior Vice President and Chief Financial Officer since April 2008. Prior to joining the Company, Mr. Walsh served as President and Chief Financial Officer of Escala Group, Inc., a global collectibles network and precious metals trader. From 1996 through 2006, Mr. Walsh held positions of increasing responsibility in corporate development, accounting and finance at diversified industrial manufacturer GenTek, Inc., culminating in his appointment as Vice President and Chief Financial Officer. Prior to GenTek, he served in corporate development and other roles in banking and the chemicals industry. Mr. Walsh received a B.S. in chemical engineering and an MBA from Cornell University and is a CFA® charter holder.

Scott Houlton has served as our Group President, Development and Clinical Services since August 2009. Previously, Mr. Houlton was most recently Chief Operating Officer of Aptuit, Inc., responsible for Scientific Operations, Business Process Improvement, Human Resources, Clinical Operations and Capital Development and served as a director for Aptuit Laurus, Inc.

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Prior to Aptuit, Mr. Houlton held a variety of leadership roles in other companies including Vice President of Clinical Supplies at Quintiles Transnational Corporation. Earlier in his career, he was with Cardinal Health, Inc. where he served as Director of International Business Development. Mr. Houlton holds a B.S. degree in Business Administration from The Ohio State University.

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

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

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

Sharon Johnson has served as our Senior Vice President, Global Quality and Regulatory Affairs since August 1, 2009. Previously, Ms. Johnson was most recently Vice President of Quality for GE Healthcare, Medical Diagnostics in Buckinghamshire, England. Prior to GE, she was Quality Director for Baxter Healthcare's Europe operations for four years. Before that, she was with Rhone Poulenc Rorer as Quality Manager for Sterile Products and Microbiology in Essex, England. Earlier in her career, Ms. Johnson held Quality and Microbiology positions with Berk Pharmaceuticals in East Sussex, England and Medicines Testing Laboratory in Edinburgh, Scotland. Ms. Johnson holds a Post Graduate Diploma in Industrial Pharmaceutical Studies with Distinction from Brighton University and holds a B.S. Honours Degree in Biological Sciences/ Microbiology from North East Surrey College of Technology.

Stephen Leonard has served as our Senior Vice President of Global Operations since June 2009. Previously, Mr. Leonard was most recently General Manager of Global Operations for GE Healthcare's Medical Diagnostics business, responsible for more than 10 sites in Europe, Asia and the Americas. Earlier assignments in his 22 years at GE included a variety of leadership roles, with responsibility for areas such as plant management, global sourcing and supply chain, global product quality, and global operations. Mr. Leonard received his B.S. degree in Mechanical Engineering from Drexel University.

Kurt Nielsen has served as our Chief Technology Officer and Senior Vice President-Innovation and Growth since February 2010. Prior to joining Catalent, Mr. Nielsen was with URLMutual Pharmaceutical Company in Pennsylvania as Executive Vice President-Pharmaceuticals. In his role at URLMutual, Mr. Nielsen devised the strategy and led the execution for activities in the company's new product portfolio, employing a variety of business arrangements. Prior to that role, he was Vice President of R&D. Before joining URLMutual, Mr. Nielsen held executive positions with TEVA Pharmaceuticals USA; McNeil Consumer Products; Energy Biosystems, Inc.; Bachem Bioscience; and Hercules, Inc., Arco Chemical Company, and Chubb National Foam. He holds a Ph.D. in Chemistry from Villanova University and a B.S. in Chemistry from University of Delaware.

Lance Miyamoto was named Senior Vice President of Human Resources of Catalent in March 2011. Mr. Miyamoto has more than 25 years of experience in delivering HR systems including compensation and career structures that drive business results and growth. In addition to general HR expertise and organization development, he has experience leading in a global environment

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and has managed global company turnarounds, mergers and acquisitions. Prior to his own consulting business, Mr. Miyamoto held a number of HR leadership roles in other companies, including Executive Vice President of Comverse Technology Inc. He also served as Executive Vice President of HR for AOL LLC, a division of Time Warner, from 2004 to 2007. From 2001 to 2004, Mr. Miyamoto was Executive Vice President of HR for Lexis-Nexis, a $2.2 billion division of Reed Elsevier. He was also a senior executive with Dun and Bradstreet with responsibility for performance development. Mr. Miyamoto is a graduate of Harvard University, and holds an M.B.A. from the Wharton School of the University of Pennsylvania where he was a COGME (Council for Graduate Management Education) Fellow.

Chinh E. Chu has been a director since April 2007 and has served as chairman of the board of directors since August 2014. Mr. Chu is a Senior Managing Director in the Corporate Private Equity group of The Blackstone Group. Mr. Chu has led Blackstone's investment in Stiefel Laboratories, Biomet, Alliant, Celanese, Nalco, Nycomed, LIFFE, Graham Packaging, Kronos, Allied Barton, and Interstate Hotels. Before joining Blackstone in 1990, Mr. Chu worked at Salomon Brothers in the Mergers & Acquisition Department. Mr. Chu received a B.S. in Finance from the University of Buffalo. He currently serves as a Director of Kronos, Freescale, Biomet, and Healthmarkets.

Bruce McEvoy has been a director since April 2007. Mr. McEvoy is a Managing Director at The Blackstone Group. Before joining Blackstone in 2006, Mr. McEvoy worked as an Associate at General Atlantic from 2002 to 2004, and was a consultant at McKinsey & Company from 1999 to 2002. Mr. McEvoy received an MBA from Harvard Business School in 2006. Mr. McEvoy currently serves on the boards of directors of GCA Services, Performance Food Group, RGIS Inventory Services, Sea World Parks and Entertainment and Vivint.

James Quella has been a director since December 2009. Mr. Quella was a Senior Managing Director and Senior Operating Partner in the Corporate Private Equity group of The Blackstone Group until June 30, 2013. Mr. Quella was responsible for monitoring the strategy and operational performance of Blackstone portfolio companies and providing direct assistance in the oversight of large investments. He was also a member of the firm’s Private Equity Investment Committee. Currently, James serves as a Senior Advisor to the Private Equity Group of Blackstone and continues to be involved in a few key portfolio companies as a board member and executive advisor, as well as participating in selected portfolio review processes and due diligence. Prior to joining Blackstone in 2004, Mr. Quella was a Managing Director and Senior Operating Partner with DLJ Merchant Banking Partners-CSFB Private Equity. Prior to that, Mr. Quella worked at Mercer Management Consulting and Strategic Planning Associates, its predecessor firm, where he served as a senior consultant to CEOs and senior management teams, and was Co-Vice Chairman with shared responsibility for overall management of the firm. Mr. Quella received a BA in International Studies from the University of Chicago/University of Wisconsin-Madison and an MBA with dean’s honors from the University of Chicago. He is also the co-author of Profit Patterns: 30 Ways to Anticipate and Profit from the Strategic Forces Reshaping Your Business. Mr. Quella has been a member of various private equity company boards and currently, in addition to Catalent, serves as a Director of Freescale Semiconductor, Michaels Stores, Inc., and DJO Global.

Melvin D. Booth has been a member of the board of directors of our subsidiary, Catalent Pharma Solutions, Inc. since July 2010. Most recently, Mr. Booth served as President and Chief Operating Officer of Medimmune, Inc. from 1998 through his retirement in 2003, and as a Director from 1998 through 2005. Prior to that, Mr. Booth was President, Chief Operating Officer and Director of Human Genome Sciences, Inc. from 1995 to 1998. Mr. Booth also served in a variety of senior leadership positions for Syntex Inc., including leading both Syntex Laboratories, Inc. and Syntex Pharmaceuticals Pacific. Mr. Booth also served as Lead Director for Millipore Corporation until its recent acquisition by Merck KGaA, and currently serves on the board of Ventria BioScience, Chairman of the Board for Mallinckrodt plc, Chairman of the Board for ERT (Electronic Research Technologies) and as a strategic advisor in life sciences for Genstar Capital. Mr. Booth holds an undergraduate degree and an honorary Ph.D. in Science from the Northwest Missouri State University.

Jack Stahl has been a member of the board of directors since August 2014. Mr. Stahl was the President and Chief Executive Officer of Revlon Inc. from 2002 until his retirement in 2006. Prior to joining Revlon, Mr. Stahl served as President and Chief Operating Officer of Coca-Cola Company from 2000 to 2001. He also served in various management positions at Coca-Cola from 1979 prior to becoming President and Chief Operating Officer. Mr. Stahl currently serves on the boards of Coty Inc., Delhaize Group, Dr Pepper Snapple Group and the U.S. Board of

Advisors of CVC Capital. Mr. Stahl holds a bachelor's degree in economics from Emory University and a master's degree from the Wharton School of Business at the University of Pennsylvania.

Rolf Classon has been a member of the board of directors since August 2014. From October 2002 until his retirement in July 2004, Mr. Classon was Chairman of the Executive Committee of Bayer HealthCare AG, a subsidiary of Bayer AG. He served as President of Bayer Diagnostics from 1995 and 2002 and as Executive Vice President of Bayer Diagnostics from 1991 to 1995. Prior to 1991, Mr. Classon held various management positions with Pharmacia Corporation. Mr. Classon currently serves as Chairman of the Board of Directors of Auxilium Pharmaceuticals, Inc. and served as Vice Chairman from March 2005 to April 2005. Mr. Classon also currently serves as Chairman of the Board of Directors of Hill-Rom Corporation, where he also served as

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interim chief executive officer from May 2005 until March 2006. Mr. Classon currently serves as Chairman of the Board of Directors of Tecan Group Ltd. and as a member of the Board of Directors of Fresenius Medical Care. Mr. Classon previously served as a director of Millipore Corporation from December 2005 until July 2010, Prometheus Laboratories Inc. from September 2004 until 2010 and Enzon Pharmaceuticals Inc. from January 1997 until 2011. Mr. Classon received his Chemical Engineering Certificate from the Gothenburg School of Engineering and a Business Degree from the Gothenburg University.

Our executive officers are appointed by, and serve at the discretion of, our board of directors. Our directors serve until their successor is duly elected and qualified, or until their resignation or removal. There are no family relationships between our directors and executive officers.

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

Effective July 15, 2014, Samrat S. Khichi, our Senior Vice President, Chief Administrative Officer, General Counsel and Secretary, left the Company. We have commenced a search for a new general counsel.

Our Corporate Governance

Background and Experience of Directors

When considering whether our directors have the experience, qualifications, attributes and skills, taken as a whole, to enable the board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focused primarily on the information discussed in each of the board members' biographical information set forth above. Each of our directors possesses high ethical standards, acts with integrity and exercises careful, mature judgment. Each is committed to employing their skills and abilities to aid the long-term interests of our stakeholders. In addition, our directors are knowledgeable and experienced in one or more business or civic endeavors, which further qualify them for service as members of our board of directors. Each of Messrs. Chu, McEvoy and Quella possesses experience in owning and managing businesses and are familiar with corporate finance and strategic business planning activities that are unique to highly-leveraged companies like us. Mr. Stahl has leadership experience with other public companies and has experience serving as a director. Finally, many of our directors possess substantial expertise in advising and managing companies in various segments of the healthcare industry. In particular, Mr. Chu is experienced in management, having been involved in numerous Blackstone investments, including investments in the healthcare industry, such as the Stiefel Laboratories investment and the ReAble Therapeutics' acquisition of DJ Orthopedics. Mr. McEvoy has experience in the healthcare industry, serving as a director of DJO Incorporated, formerly known as ReAble Therapeutics. Mr. Quella is also familiar with the healthcare industry, serving as a director of Vanguard Health Systems. With respect to Mr. Booth, the board of directors considered his accounting expertise as a certified public accountant and his extensive experience in the biopharmaceutical industry, having served as the President and Chief Operating Officer, and as a director, of Medimmune, Inc. Mr. Classon has extensive experience as both an executive and a director of several global pharmaceutical companies. Finally, with regards to Mr. Chiminski, our board of directors considered his significant experience in the healthcare industry gained through his twenty-one year tenure at GE Healthcare and his service as our President & Chief Executive Officer with responsibility for the day-to-day oversight of our business operations.

Committees of the Board of Directors

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

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Audit Committee

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

The audit committee has oversight responsibilities regarding:

- the adequacy and integrity of our financial statements and our financial reporting and disclosure practices;
- the soundness of our system of internal controls regarding finance and accounting compliance;
- the annual independent audit of our consolidated financial statements;
- the independent registered public accounting firm’s qualifications and independence;
- the engagement of the independent registered public accounting firm;
- the performance of our internal audit function and independent registered public accounting firm;
- our compliance with legal and regulatory requirements in connection with the foregoing; and
- compliance with our Standard of Business Conduct.

The audit committee shall also prepare the report of the committee required by the rules and regulations of the SEC to be included in our annual proxy statement.

Compensation Committee

Our compensation committee consists of Messrs. Quella, Booth and McEvoy, with Mr. Quella serving as chair. The compensation committee is authorized to discharge the board’s responsibilities relating to:

- the establishment, maintenance and administration of compensation and benefit policies designed to attract, motivate and retain personnel with the requisite skills and abilities to contribute to our long term success;
- the goals, objectives and compensation of our President and Chief Executive Officer, including evaluating the performance of the President and Chief Executive Officer in light of those goals;
- the compensation of our other executives and non-management directors;
- our compliance with the compensation rules, regulations and guidelines promulgated by the New York Stock Exchange, the SEC and other law, as applicable; and
- the issuance of an annual report on executive compensation for inclusion in our annual proxy statement, once required.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Messrs. Quella, McEvoy and Booth, with Mr. Booth serving as chair. The nominating and corporate governance committee is authorized to:

- advise the board concerning the appropriate composition of the board and its committees;
- identify individuals qualified to become board members;
- recommend to the board the persons to be nominated by the board for election as directors at any meeting of stockholders;
- recommend to the board the members of the board to serve on the various committees of the board;
- develop and recommend to the board a set of corporate governance guidelines and assist the board in complying with them; and
- oversee the evaluation of the board, the board’s committees, and management.

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Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee has at any time been one of our executive officers or employees. None of our executive officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our board of directors or compensation committee. We are parties to certain transactions with affiliates of Blackstone described in the "Certain Relationships and Related Party Transactions" section below.

Standard of Business Conduct

The board of directors has adopted a Standard of Business Conduct that applies to all of our directors, officers and employees. You can find a link to such code on our website at http://investor.catalent.com/corporate-governance. In accordance with, and to the extent required by, the rules and regulations of the SEC, we intend to post on our Web site waivers or implicit waivers (as such terms are defined in Item 5.05 of Form 8-K of the Exchange Act) and amendments of the Standard of Business Conduct that apply to any of our directors and executive officers, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Section 16(a) Beneficial Ownership Reporting Compliance

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

Due to the timing of our IPO in August 2014, none of the Reporting Persons was subject to Section 16(a) in the year ended June 30, 2014.

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ITEM 11. EXECUTIVE COMPENSATION

Director Compensation

The following table provides summary information for fiscal 2014 concerning the compensation of the current members of our board of directors. The compensation paid to Mr. Chiminski, who became a member of our board of directors on March 17, 2009 and is our President and Chief Executive Officer, is presented in the Summary Compensation Table and the related explanatory tables. Our President and Chief Executive Officer is generally not entitled to receive additional compensation for his services as a director.

Name	Fees Earned or Paid In Cash ($)(1)	Option Awards ($)(2)(3)	Total ($)
Bruce McEvoy[4]	—	—	—
James Quella[4]	125,000	301,613	426,613
Chinh Chu[4]	—	—	—
Melvin Booth	125,000	—	125,000
Jack Stahl[5]	—	—	—
Rolf Classon[5]	—	—	—

(1) In connection with our initial public offering, Mr. Booth was appointed to our board of directors effective July 30, 2014. During fiscal 2014, Mr. Booth served as a director of our subsidiary, Catalent Pharma Solutions, Inc. Therefore, the amount reported in the column reflects the annual retainer fee paid to Mr. Booth for services rendered in his capacity as a director of Catalent Pharma Solutions, Inc.

(2) Amount reported for Mr. Quella reflects the grant date fair value computed in accordance with FASB ASC Topic 718 for the 46,200 options granted to him on July 11, 2013. For a discussion of the assumptions and methodologies used to calculate the amounts reported, please see the discussion of non-qualified stock option awards contained in Note 13 to our Consolidated Financial Statements for the period ended June 30, 2013, included in our Annual Report on Form 10-K for fiscal 2014.

(3) As of June 30, 2014, Mr. Quella held 46,200 unexercised options and Mr. Booth held 50,750 unexercised options.

(4) Employees of The Blackstone Group and its affiliates do not receive any compensation from us for their services on our board of directors. As described under "-Description of Director Compensation" below, in July 2013, as a result of Mr. Quella no longer being employed by The Blackstone Group, we approved an annual retainer for him and he was awarded 46,200 time-based vesting options which vest 20% per year on each of the first five anniversaries of the grant date, subject to his continued service.

(5) In connection with our initial public offering, Messrs. Stahl and Classon were appointed to our board of directors effective July 30, 2014. Since they were appointed after the 2014 fiscal year, they did not receive any compensation from us during fiscal 2014.

Description of Director Compensation

This section contains a description of the material terms of our compensation arrangements for Messrs. Booth and Quella. As employees of The Blackstone Group, Messrs. Chu and McEvoy do not receive any compensation from us for their services on our board of directors. All of our directors, including Messrs. Chu and McEvoy, are reimbursed for the out-of-pocket expenses they incur in connection with their service as directors.

Mr. Booth. In July 2010, we approved an annual retainer of $125,000 for Mr. Booth starting in fiscal 2011. Mr. Booth was granted an option to purchase 50,750 shares of our common stock on September 8, 2010 under the 2007 PTS Holdings Corp. Stock Incentive Plan (our stock incentive plan, which was adopted in 2007 prior to PTS Holdings Corp. being renamed Catalent, Inc. in January 2014) as part of his compensation. 100% of Mr. Booth's options are time options, and they will ordinarily become vested and exercisable in five substantially equal installments on each of the first five anniversaries of the grant date, subject to his continued provision of services. Mr. Booth's options will also become fully vested upon a change in control of the Company or BHP PTS Holdings L.L.C. (our indirect parent) and the portion of his options that would otherwise have vested within 12 months following a termination of service without cause or due to death or disability will become vested in connection with such a termination of service. Other than the vesting terms described in this paragraph, the other terms of Mr. Booth's options are generally the same as described below for the Named Officers (other than Messrs. Chiminski and Walsh) under the heading "-Description of Equity-Based Awards."

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Mr. Quella. In July 2013, as a result of Mr. Quella no longer being employed by The Blackstone Group, we approved an annual retainer for him of $125,000 starting in fiscal 2014. Mr. Quella was also granted an option to purchase 46,200 shares of our common stock on July 11, 2013 under the 2007 PTS Holdings Corp. Stock Incentive Plan as part of his compensation. 100% of Mr. Quella's options are time options, and they will ordinarily become vested and exercisable in five substantially equal installments on each of the first five anniversaries of the grant date, subject to his continued provision of services. Mr. Quella's options will also become fully vested upon a change in control of the Company or BHP PTS Holdings L.L.C. and the portion of his options that would otherwise have vested within 12 months following a termination of service without cause or due to death or disability will become vested in connection with such a termination of service. Other than the vesting terms described in this paragraph, the other terms of Mr. Quella's options are generally the same as described below for the Named Officers (other than Messrs. Chiminski and Walsh) under the heading "-Description of Equity-Based Awards."

In connection with our initial public offering, the Catalent Pharma Solutions, Inc. compensation committee retained Frederic W. Cook & Co., Inc. ("FW Cook"), an independent compensation consulting firm, to advise on executive compensation and director compensation for directors not employed by us or Blackstone. To assist the compensation committee in developing our director compensation program, FW Cook provided director compensation data from the same 13-company peer group that was used to evaluate executive compensation pay levels and program design and is described in detail below under the heading "Compensation Discussion and Analysis-Independent Compensation Consultant." Based on its review of the peer group compensation data, and consistent with its executive compensation philosophy, the compensation committee set director compensation at a level that approximates the peer group median.

As a result, following the completion of our initial public offering, each director who is not employed by us or Blackstone is entitled to compensation as follows:

- Cash retainer of $100,000, payable in quarterly installments in arrears;
- Additional cash retainer payable in quarterly installments in arrears for serving on committees or as the chairperson of a committee as follows:
- $15,000 annual chairman fee for the audit committee chairperson;
- $10,000 annual chairman fee for each of the nominating and corporate governance committee chairperson and the compensation committee chairperson; and
- $10,000 annual membership fee for audit committee members (other than the chairperson); and
- $140,000 in the form of restricted stock units vesting in full after one year of service and subject to accelerated vesting in the event of a "change of control."

We also adopted a stock ownership policy effective upon the consummation of our initial public offering. Each of our non-employee directors (other than a director employed by The Blackstone Group) is required to own stock in an amount equal to five times his or her annual cash retainer. For purposes of this requirement, a director's holdings includes shares held directly or indirectly, individually or jointly, shares underlying vested equity-based awards and shares held under a deferral or similar plan. Each non-employee director is required to retain 100% of the shares received following exercise of options or upon settlement of vested restricted stock units (net of any shares used to satisfy any applicable tax withholding obligations) until such guidelines are met.

Executive Compensation

Compensation Discussion and Analysis

This section contains a discussion of the material elements of compensation awarded to, earned by or paid to our President and Chief Executive Officer, our Chief Financial Officer and each of our three other most highly compensated executive officers who served in such capacities at the end of our fiscal year on June 30, 2014, collectively known as the "Named Officers."

Prior to our initial public offering, our executive compensation program was determined and approved by the compensation committee of our subsidiary, Catalent Pharma Solutions, Inc. In connection with our initial public offering, we established a compensation committee that is responsible for establishing, maintaining and administering our executive compensation and benefit policies.

Except where the context requires otherwise, the terms “compensation committee” and “board of directors” as used in this “Executive Compensation” section refer to the board of directors and compensation committee of Catalent Pharma Solutions, Inc.

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Over the course of the year our President and Chief Executive Officer provided written assessments of his performance against his specific annual performance goals and objectives to the board of directors at each quarterly meeting of the board of directors. The compensation committee took into account the Chief Executive Officer's recommendations regarding the compensatory arrangements for our executive officers other than himself. Our President and Chief Executive Officer provided the final compensation recommendations for our Named Officers (NEOs) to the compensation committee for review and approval. The other NEOs do not have any role in determining or recommending the form or amount of compensation paid to our NEOs. Our President and Chief Executive Officer was not a member of the compensation committee.

Executive Compensation Program Objectives and Overview

Our current executive compensation program is intended to achieve two fundamental objectives: (1) attract, motivate and retain high caliber talent; and (2) align executive compensation with achievement of our overall business goals, adherence to our core values and stockholder interests. In structuring our current executive compensation program, we are guided by the following basic philosophies:

Competitive Compensation. Our executive compensation program should provide a fair and competitive compensation opportunity that enables us to attract and retain high caliber executive talent. Executives should be appropriately rewarded for their contributions to our successful performance.

"Pay for Performance." A significant portion of each executive's compensation should be "at risk" and tied to overall company, business unit and individual performance.

Alignment with Stockholder Interests. Executive compensation should be structured to include variable elements that link executives' financial rewards to stockholder return. The equity portion of each executive's compensation should be significant.

As described in more detail below, the material elements of our executive compensation program for NEOs include base salary, cash bonus opportunities, a long-term equity incentive opportunity, a deferred compensation opportunity and other retirement benefits and welfare benefits. The NEOs may also receive severance payments and other benefits in connection with certain terminations of employment or a change in control of the Company or BHP PTS Holdings L.L.C. We believe that each element of our executive compensation program helps us to achieve one or more of our compensation objectives, as illustrated by the table below.

Compensation Element	Compensation Objectives Designed to be Achieved
Base Salary	Attract, motivate and retain high caliber talent
Cash Bonus Opportunity	Compensation "at risk" and tied to achievement of business goals and individual performance
Long-Term Equity Incentive Opportunity	Align compensation with the creation of stockholder value and achievement of business goals
Deferred Compensation Opportunity and Other Retirement Benefits	Attract, motivate and retain high caliber talent
Severance and other Benefits Potentially Payable Upon Certain Terminations of Employment or a Change in Control	Attract, motivate and retain high caliber talent
Welfare Benefits	Attract, motivate and retain high caliber talent

These individual compensation elements are intended to create a total compensation package for each NEO that we believe achieves our compensation objectives and provides competitive compensation opportunities.

Independent Compensation Consultant

As described above, the compensation committee retained FW Cook, an independent compensation consulting firm, to advise on executive and non-employee director (other than a director employed by The Blackstone Group) compensation in connection with our initial public offering. In addition, to assisting with the setting of director compensation following our initial public offering, FW Cook assisted the compensation committee in conducting a review of the competitiveness of our executive compensation program, designing our post-IPO long-term equity incentive award program and determining the size of the initial

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long-term equity incentive grants we made and expect to make to certain officers and employees, including all of our named executive officers (other than Mr. Khichi) in connection with our initial public offering.

To assist the compensation committee in its review and evaluation of each of these areas, FW Cook provided the compensation committee with executive compensation data from a peer group composed of the following 13 companies: CareFusion Corporation; Covance Inc.; The Cooper Companies Inc.; Charles River Laboratories International, Inc.; Haemonetics Corporation; Hospira, Inc.; Impax Laboratories, Inc.; Mettler-Toledo International, Inc.; PAREXEL International Corporation; PerkinElmer, Inc.; Perrigo Company; STERIS Corporation and West Pharmaceutical Services, Inc. The peer group was initially developed by FW Cook and was approved by the compensation committee following further refinement based on industry input from management and the compensation committee. While the peer group included companies of smaller, comparable and larger size, our revenue, EBITDA, estimated enterprise value and number of employees approximated the peer group median and our expected market capitalization approximated the 25th percentile of the peer group.

FW Cook evaluated the competitiveness of our executive compensation program using both the peer group compensation data as well as a third-party pharmaceutical industry survey. Overall, total target annual cash compensation (i.e., base salary plus target bonus) for our named executive officers ranged from the median to the 75th percentile depending on position and data reference point. Based on this evaluation, FW Cook informed the compensation committee that in the aggregate the competitive data did not indicate a need for widespread adjustments to total target annual cash compensation in connection with the initial public offering. With respect to our long-term equity incentive opportunities, the compensation committee determined to set the total grant value of the initial long-term equity incentive grants for all of our named executive officers (other than Mr. Khichi) at 100% of each named executive officer’s current base salary, which was below the 25th percentile of the peer group, in order to meet our goal of generally setting total compensation for our executive officers at the median of the peer group. See “Long Term Equity Incentive Awards” below for additional details on the initial long-term equity incentive grants.

Employment Agreements

For retention purposes, we have entered into employment agreements with Messrs. Chiminski and Walsh. A full description of the material terms of these agreements is presented below in the narrative section following the Grants of Plan Based Awards in Fiscal 2014 table.

Executive Compensation Program Elements

Base Salaries

Base salaries are an important element of compensation because they provide the Named Officers with a base level of income. Generally our NEOs are eligible for an adjustment to their base salaries on an 18-month cycle. Adjustments may occur earlier or later depending on performance and market competitiveness. During fiscal 2014, in recognition of their performance, we adjusted the base salary of each of Mr. Downie (from $395,000 to $415,000, effective September 1, 2013), Mr. Khichi (from $439,000 to $455,000, effective October 1, 2013) and Mr. Leonard (from $415,000 to $435,000, effective October 1, 2013 and from $435,000 to $455,000 effective November 4, 2013). The Summary Compensation Table below shows the base salary paid to each NEO along with base salary adjustments, in the corresponding footnotes, during fiscal 2014.

Fiscal 2015 Base Salary Adjustment

In recognition of his performance, effective July 1, 2014, we adjusted Mr. Walsh’s base salary from $625,000 to $650,000.

Cash Bonus Opportunities

Annual Cash Bonus Opportunity

We sponsor a management incentive plan (the “MIP”), which is not set forth in a formal plan document. All of our NEOs are eligible to participate in the MIP. The primary purpose of the MIP is to focus management on key measures that drive financial performance and provide competitive bonus opportunities tied to the achievement of our financial and strategic growth objectives.

Fiscal 2014 MIP

A target annual bonus, expressed as a percentage of base salary (other than with respect to Mr. Chiminski, whose employment agreement provides for a target annual bonus of $1,000,000), is established within certain NEOs’ employment agreements or offer letters and may be adjusted from time to time by the compensation committee in connection with an NEO's promotion. The target annual bonus for fiscal 2014 for each of the NEOs (other than Mr. Chiminski) was 75% of their respective base salary. The MIP

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award, which is a cash bonus, is tied to our overall financial results (the Business Performance Factor) and a combination of individual financial and/or strategic goals appropriate for each position (the Individual Performance Factor).

In fiscal 2012, the compensation committee accepted a recommendation by our senior management to make certain changes to the MIP formula for fiscal years beginning with fiscal 2013. The recommendations as they related to the NEOs were as follows: (1) the hurdle point at which the MIP pool begins to fund has been raised from 90% of achievement against financial targets to 95% achievement; and (2) the pre-established payout percentage scale has been adjusted only with respect to financial performance greater than 105% and up to 110% of financial target achievement. For fiscal 2013, the financial performance payout percentages increased by 7.5% for each 1.0% increase in specified financial performance target attainment between 105% and 110% achievement of our financial goals. Previously, the specified financial performance payout percentages increased by 5.0% for each 1% of specified financial performance target attainment. As a result of this change in the pre-established scale, the maximum financial performance payout percentage attainable at 110% achievement of financial targets was increased from 150% to 162.5%. The compensation committee accepted the recommendations as a way to more closely align incentive payouts with the achievement of financial targets and to enhance the value created through incremental achievement above financial targets. For fiscal 2014, no additional changes to the MIP formula were made.

The actual fiscal 2014 MIP award for the NEOs (other than Mr. Chiminski) was the product of their target annual bonus multiplied by the sum of (1) the Business Performance Factor achievement percentage (20% multiplied by the revenue payout percentage plus 60% multiplied by the internally-adjusted EBITDA payout percentage) and (2) their Individual Performance Factor achievement percentage (20% multiplied by the individual performance payout percentage). The actual fiscal 2014 MIP award for the NEOs (other than Mr. Chiminski) was capped at 150% of the NEOs' target annual bonus. For Mr. Chiminski, his actual fiscal 2014 MIP award was the product of his target annual bonus multiplied by the sum of (1) the Business Performance Factor achievement percentage (25% multiplied by the revenue payout percentage plus 75% multiplied by the internally-adjusted EBITDA payout percentage) and (2) his Individual Performance Factor and could not exceed 200% of his target annual bonus.

With respect to the NEOs, financial performance is measured 100% at the company-wide level. Financial performance relative to specified financial performance targets set by the board of directors determines the aggregate funding level and the Business Performance Factor for the MIP. In order for there to be any payment under the MIP, financial performance with respect to the internally-adjusted EBITDA target must meet or exceed 95% of target. If the financial performance targets set by the board of directors are met, the aggregate bonus pool amount will be set at 100% of the target amount in the annual operating budget and the specified financial performance target payout percentages will be set at 100%, subject to the compensation committee's discretion. If financial performance exceeds the targets, the aggregate bonus pool amount and the specified financial performance target payout percentages are increased above 100%, up to a maximum of 162.5%, based on a pre-established scale. If financial performance does not meet target, the bonus pool amount and the specified financial performance target payout percentages are decreased from 100% based on the pre-established scale. Pursuant to the pre-established scale, each 1% change in the specified financial performance results in relation to the target amount equates to a 5% change in the applicable financial performance payout percentages when the financial performance is 95% or greater up to 105%. For financial performance target attainment above 105% and up to 110% the change in financial performance payout percentage is 7.5% (for example, exceeding the financial performance target by 6% equates to a payout percentage of 132.5% and financial performance at 95% of the specified financial performance target equates to a payout percentage of 75%). The compensation committee has the discretion to adjust the MIP aggregate bonus pool amount and the Business Performance Factor determined by reference to the pre-established scale upwards or downwards to address special situations.

We believe that tying the NEOs' bonuses to company-wide performance goals encourages collaboration across the executive leadership team. We attempt to establish the financial performance target(s) at challenging levels that are reasonably attainable if we meet our performance objectives. For fiscal 2014, we used internally-adjusted EBITDA and revenue as measures of financial performance because we believe that they provide a reliable indicator of our strategic growth and the strength of our cash flow and overall financial results. Internally-adjusted EBITDA is generally calculated in the same manner as Adjusted EBITDA is calculated for purposes of the indentures governing our notes and the credit agreement governing our senior unsecured term loan facility, except for the impact of foreign exchange and other non-operational matters. In determining the actual Business Performance Factor, the achievement of internally-adjusted EBITDA against target is weighted 75% while the achievement of revenue against target is weighted 25%. The fiscal 2014 internally-adjusted EBITDA performance target was $453.8 million and our actual internally-adjusted EBITDA performance for fiscal 2014 was $435.7 million. The fiscal 2014 revenue performance goal was $1.91 billion and our revenue performance for fiscal 2014 was $1.83 billion. Based on this financial performance and pursuant to the pre-established scale, the internally-adjusted EBITDA payout percentage was 80% and the revenue payout percentage was also 80%, which therefore resulted in a Business Performance achievement percentage of 80% for Mr. Chiminski and 64% for Messrs. Walsh, Downie and Leonard. The Business Performance Factor determines the funding for 80% of the MIP pool.

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After setting the Business Performance Factor, the compensation committee determines the actual bonuses paid to the NEOs based on an assessment of each NEO's Individual Performance Factor. Other than with respect to Mr. Chiminski, the Individual Performance Factor payout percentage (which only impacts 20% of an NEO's MIP award) can range from 0% to 150%. Mr. Chiminski's Individual Performance Factor (which is not weighted and impacts his entire MIP award) can range from 0% to 100% and is based on the compensation committee's overall assessment of his individual performance based on the achievement of his personal strategic and financial objectives that are set at the beginning of the fiscal year. For fiscal 2014, Mr. Chiminski's individual goals and objectives for his individual performance factor related to the following five areas and were assigned the following weightings: revenue and strategic growth initiatives (40%), in-organic growth initiatives (25%), cash management and margin objectives (10%), operational excellence/quality compliance objectives (10%) and Chief Executive Officer leadership and organization vitality objectives (15%). The fiscal 2014 goals and objectives for the other NEOs related to the following five categories, but were not assigned numerical weightings: quality and compliance; operational excellence; customer innovation/growth; organizational vitality/leadership and financial accountability. Each fiscal year, the NEOs typically have between twenty and thirty individual goals and objectives established within the broader categories.

The compensation committee performed the assessment of Mr. Chiminski's Individual Performance Factor after reviewing the written assessments of his performance against his specific goals and objectives that Mr. Chiminski provided at each quarterly meeting of the board of directors. The Chief Executive Officer together with the Senior Vice President, Human Resources performed the assessment of the other NEOs' Individual Performance Factors and made a recommendation to the compensation committee.

The following table illustrates the calculation of the fiscal 2014 MIP award earned by each of our NEOs (other than Mr. Khichi). As further described in the "Severance and Other Benefits" section below, Mr. Khichi resigned from the Company, effective July 15, 2014. Since Mr. Khichi's resignation was effective prior to the Company's payment of the fiscal 2014 MIP awards, he was not eligible to receive a MIP award for fiscal 2014. Actual fiscal 2014 MIP awards are also presented in the Summary Compensation Table below.

	2014 Salary	MIP Award Potential Percentage	MIP Award Potential Target	Achievement Factor	Actual MIP Award Paid
John Chiminski	$850,000	n/a	1,000,000	158%	1,580,000
Matthew Walsh	$625,000	75%	468,750	91%	426,563
William Downie	$411,603	75%	308,702	88%	271,658
Stephen Leonard	$443,055	75%	332,291	91%	302,415

Sign-on Bonuses

From time to time, our compensation committee may award sign-on bonuses in connection with the commencement of an NEO's employment with us. Sign-on bonuses are used only when necessary to attract highly skilled officers to the Company. Generally they are used to incentivize candidates to leave their current employers, or may be used to offset the loss of unvested compensation they may forfeit as a result of leaving their current employers. Sign-on bonuses are typically subject to a claw-back obligation if the officer voluntarily terminates his employment with us within twelve months of the employment commencement date.

Discretionary Bonuses

From time to time, our compensation committee may award discretionary bonuses in addition to any annual bonus payable under the MIP in recognition of extraordinary performance. For fiscal 2014, our compensation committee awarded Mr. Leonard a discretionary bonus of $50,000 in recognition of his superior performance in fiscal 2014. This discretionary bonus amount is reported in the "Bonus" column in the Summary Compensation Table below.

In fiscal 2015, in recognition of their significant efforts in executing the Company's successful initial public offering, our compensation committee determined to award Messrs. Chiminski and Walsh special IPO bonuses of $500,000 and $200,000, respectively. Since these amounts were not earned until the closing of our initial public offering in fiscal 2015, they will be reported in the "Bonus" column in next year's Summary Compensation Table.

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Long-Term Equity Incentive Awards

We believe that the NEOs' long-term compensation should be directly linked to the value we deliver to our stockholders. Equity awards to the NEOs are designed to provide long-term incentive opportunities over a period of several years. Stock options have historically been our preferred equity award because the options will not have any value unless the underlying shares of common stock appreciate in value following the grant date. Accordingly, awarding stock options causes more compensation to be "at risk" and further aligns our executive compensation with our long term profitability and the creation of shareholder value. The 2007 PTS Holdings Corp. Stock Incentive Plan also permitted us to grant other types of equity-based awards, such as restricted stock units, stock appreciation rights, restricted stock and other "full value" awards. For example, we have granted restricted stock units ("RSUs") to Messrs. Chiminski and Walsh (see "Description of Equity-Based Awards" below) to further align their interests with those of our stockholders.

Another key component of our long-term equity incentive program prior to our initial public offering was that NEOs and other eligible employees were provided with the opportunity to invest in our common stock on the same general terms as our existing owners. We considered this investment opportunity an important part of our equity program because it encouraged stock ownership and aligned the NEOs' financial interests with those of our stockholders.

The amounts of each NEO's investment opportunity and stock option and/or RSU award, as applicable, were determined based on several factors, including: (1) each NEO's position and expected contribution to our future growth; (2) dilution effects on our stockholders and the need to maintain the availability of an appropriate number of shares for option awards to less-senior employees; and (3) ensuring that the NEOs were provided with appropriate and competitive total long-term equity compensation and total compensation amounts.

Generally, options were granted to senior level officers based on their position in the Company. Historically, grants have not been made on an annual basis, and instead were made upon an executive's commencement of employment with us or when an executive receives promotions into more senior level positions.

In May 2014, for retention purposes, our board of directors granted Mr. Walsh an additional 29,400 restricted stock units in accordance with and pursuant to the terms of the 2007 PTS Holdings Corp. Stock Incentive Plan as amended from time to time. Subject to Mr. Walsh's continued employment, 100% of the restricted stock units will vest on May 7, 2016. There were no other long-term equity incentive awards granted to the NEOs in fiscal 2014. See "Description of Equity-Based Awards" below for additional details.

New Long-Term Equity Incentive Program

In connection with our initial public offering, with the assistance of FW Cook, our compensation committee approved a new long-term equity incentive program which is expected to commence in fiscal 2016. After reviewing peer group market data provided by FW Cook, the compensation committee has determined to adopt a portfolio approach of annual grants with a value-based mix of performance share units, time-based stock options and time-based RSUs with 50%, 30% and 20% weightings, respectively. This new program is consistent with the peer group and broader public company practice and is consistent with our compensation objective of providing a long-term equity incentive opportunity that aligns compensation with the creation of sustainable stockholder value and achievement of business goals. Awards under this new program will reflect market based compensation, subject to the discretion of our compensation committee, and will be granted during our standard performance evaluation and compensation planning calendar following the end of each applicable fiscal year.

Fiscal 2015 Awards

In connection with our initial public offering, we also made initial long-term equity incentive grants under our 2014 Omnibus Incentive Plan to certain officers and employees, including all of our named executive officers (other than Mr. Khichi), which were structured the same way as the annual grants we expect to commence in fiscal 2016 and provide a mix of performance share units, time-based stock options and time-based restricted stock units with the same 50%, 30% and 20% value-based weightings described above. Subject to the recipient's continued service with the Company through each applicable vesting date, one-fourth of the shares subject to stock options will vest on each one-year anniversary following our initial public offering and the restricted stock units will be fully vested on the third anniversary of our initial public offering.

On a “change in control,” any outstanding and unvested time-based stock options and restricted stock units will become fully vested to the extent the acquiring or successor entity does not assume, continue or substitute for the stock options and restricted stock units. If the recipient’s employment is terminated by us without cause within eighteen (18) months following a “change in control”, any outstanding and unvested stock options and restricted stock units will become fully vested (to the extent the acquiring

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or successor entity assumes, continues or substitutes for the stock options and restricted stock units). Any outstanding and unvested stock options and restricted stock units will continue to vest on the originally scheduled vesting date(s) (subject to continued compliance with post-employment restrictive covenants through the originally scheduled vesting date(s) and the recipient executing a release of claims) in the event of the recipient's termination of employment by the recipient due to retirement or due to disability. Any outstanding and unvested stock options and restricted stock units will become fully vested in the event of the recipient's termination of employment due to the recipient's death. Upon any other termination of employment, all unvested stock options and restricted stock units will be forfeited.

Performance share units were granted on September 3, 2014 and, subject to the recipient's continued service with the Company through the vesting date, are scheduled to vest following the end of the three year performance period which began on July 1, 2014 and is scheduled to end on June 30, 2017, based on cumulative revenue growth relative to our revenue for fiscal 2014 (which represents 25% of the goals) as of the last day of the performance period plus cumulative EBITDA growth relative to our Adjusted EBITDA for fiscal 2014 (which represents 75% of the goals) as of the last day of the three year performance period (with "revenue" and "EBITDA" as defined in the award agreement). Depending on the level of growth achieved, the number of performance share units which may vest at the end of the performance period will range from 0% for below threshold performance up to 200% for maximum performance.

The value of the award was translated into a number of performance share units by dividing the value of the grant by the closing price per share of our common stock on the date of grant.

In the event of a "change in control" on or prior to July 1, 2015, to the extent the acquiring or successor entity does not assume, continue or substitute for the performance share units, the target number of performance share units will become fully vested. In the event of a "change in control" after July 1, 2015 but prior to June 30, 2017, to the extent the acquiring or successor entity does not assume, continue or substitute for the performance share units, a number of performance share units equal to the number that would have vested based on actual growth between July 1, 2014 and the last day of the fiscal year immediately preceding the date of the "change in control", assuming that the performance period ends on such date and measuring cumulative growth as of such date, will become fully vested and any remaining performance share units will be forfeited.

In the event of a "change in control" on or prior to July 1, 2015, to the extent the acquiring or successor entity assumes, continues or substitutes for the performance share units, the target number of performance share units will convert into time-based restricted stock units which will vest on June 30, 2017, subject to the recipient's continued employment through the vesting date. In the event of a "change in control" after July 1, 2015 but prior to June 30, 2017, to the extent the acquiring or successor entity assumes, continues or substitutes for the performance share units, the number of performance share units that will convert into time-based restricted stock units will be equal to the number of performance share units that would have vested based on actual growth between July 1, 2014 and the last day of the fiscal year immediately preceding the date of the "change in control", assuming that the performance period ends on such date and measuring cumulative growth as of such date, and any remaining performance share units will be forfeited.

In the event of the recipient's termination of employment due to disability or retirement, the performance share units will remain outstanding through the end of the performance period and the performance share units will vest based on actual performance during the performance period (subject to continued compliance with post-employment restrictive covenants through the originally scheduled vesting date and the recipient executing a release of claims) (unless a "change in control" occurs in which case, the performance share units will be treated as described above), however, in the case of the recipient's retirement, the number of performance share units that vest, if any, will be pro-rated based on the time elapsed as of the date of termination. In the event of the recipient's termination of employment due to the recipient's death, the target number of performance share units will become fully vested (unless a "change in control" occurs prior to such date in which case, the resulting number of performance share units as determined as described above will vest). If the recipient's employment is terminated by us without cause within eighteen (18) months following a "change in control," any outstanding and unvested converted restricted stock units will become fully vested. Upon any other termination of employment, all unvested performance share units (or converted restricted stock units, as applicable) will be forfeited.

The award agreement for each of the foregoing initial long-term equity incentive grants contains restrictive covenants, provided that if the recipient is party to an employment or similar agreement which already contains restrictive covenants, then the existing restrictive covenants will continue to apply in lieu of the restrictive covenants contained in the award agreement. Under the award agreements, while employed and for one year following their termination of employment, recipients are prohibited from competing with us and from soliciting our employees, consultants and certain actual and prospective clients. The award agreement also contains an indefinite restriction on the recipient's disclosure of our confidential information. If a recipient breaches

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any of these restrictive covenants or the Company determines after termination that grounds for a termination for cause existed, we have the right to "clawback" and recover any gains the recipient may have realized with respect to his or her awards or any shares issued in respect thereof.

The following table illustrates the total grant value of the above described initial long term incentive grants for each of our named executive officers (other than Mr. Khichi), which was translated into the number of performance share units, (assuming that the target level of performance is achieved, with the actual number of shares to be earned based on the performance criteria described above), stock options, and restricted stock units set forth below by taking such dollar amount and dividing it by the per share "fair value" used for reporting the compensation expense associated with the grant under applicable accounting guidance:

	Total Grant Value (100% of base salary)	50% Performance Share Units (#)	30% Stock Options (#)	20% Restricted Stock Units (#)
John Chiminski	$850,000	19,604	41,464	8,293
Matthew Walsh(1)	$650,000	14,991	31,708	6,342
Stephen Leonard	$455,000	10,494	22,196	4,440
William Downie	$415,000	9,572	20,244	4,049

(1) Mr. Walsh's base salary was increased from $625,000 to $650,000 on July 1, 2014; therefore, his grant was based on his new salary.

Deferred Compensation Opportunity and Other Retirement Benefits

Catalent Pharma Solutions, LLC Deferred Compensation Plan

Our NEOs are eligible to participate in our 401(k) plan and our non-qualified deferred compensation plan. The non-qualified deferred compensation plan generally allows participants to defer on a pre-tax basis up to 20% of their base salaries and 100% of their annual cash bonuses. We believe that providing the NEOs with deferred compensation opportunities is a market based benefit plan necessary for us to deliver competitive benefit packages. This plan allows its participants to receive the tax benefits associated with delaying the income tax event on the compensation deferred even though our related deduction is also deferred. The non-qualified deferred compensation plan also provides for three types of discretionary company contributions to supplement the amounts deferred by the NEOs and other eligible employees, subject to certain limits. In January 2009, we elected to suspend our employer non-matching contributions and, in February 2009, we elected to suspend our employer matching contribution. Effective February 1, 2010, we reinstated our employer matching contribution based on the strength of our financial results; however we did not reinstate the other employer contributions. We currently match 50% of the first 6% of eligible pay that employees contribute to the non-qualified deferred compensation plan up to the first $100,000 above the IRS qualified plan limits. The Nonqualified Deferred Compensation-Fiscal 2014 table and related narrative section below describe our non-qualified deferred compensation plan and the benefits it provides.

Chiminski RSU Bonus Election; Obligation to Purchase Common Stock

Pursuant to the terms of Mr. Chiminski's employment agreement, in addition to the shares of our common stock that he has already purchased, Mr. Chiminski was required to use 50% of the after-tax proceeds of any payment he received as an annual MIP bonus while employed paid in respect of fiscal 2010 or 2011, in each case, to promptly purchase shares of our common stock.

On June 30, 2010, we, Catalent Pharma Solutions, Inc. and Mr. Chiminski entered into a letter agreement, which modified certain terms of Mr. Chiminski's employment agreement. The primary purpose of the letter agreement was to provide Mr. Chiminski with a more tax-advantaged mechanism to satisfy his employment agreement obligation to purchase additional shares of our common stock. Specifically, the letter agreement permits Mr. Chiminski to irrevocably elect on an annual basis, prior to the beginning of each fiscal year, commencing with fiscal 2011, in lieu of receiving a portion of his annual MIP bonus in cash, to receive a grant of fully vested RSUs to be settled in shares of our common stock, which RSUs will be granted on the bonus payment date. Mr. Chiminski made such an election for fiscal 2011, and received 50% of his annual MIP bonus in respect of such fiscal year in the form of a grant of RSUs. For elections in respect of any fiscal year after fiscal 2011, Mr. Chiminski may elect to receive no less than 20% of his annual MIP bonus, if any, in the form of a grant of RSUs. The number of RSUs Mr. Chiminski receives will be based on the value of the portion of the annual MIP bonus he elects to defer into RSUs and the fair market value of a share of our common stock on the bonus payment date. For each of fiscal 2012, 2013, 2014 and 2015, Mr. Chiminski did not elect to receive fully vested RSUs in lieu of a portion of his annual MIP bonus.

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All grants made in connection with an annual MIP bonus election will be subject to a separate RSU agreement, which provides that the RSUs will be 100% vested on the date of grant (which will be the bonus payment date) and will be settled in shares of our common stock on the earlier to occur of a change in control of the Company or BHP PTS Holdings L.L.C. and the sixth anniversary of the date of grant.

Other Retirement Benefits

In addition to our 401(k) plan and non-qualified deferred compensation plan, we have three frozen defined-benefit pension plans. These pension plans were originally established by R.P. Scherer Corporation and its affiliates, which was a predecessor corporation that was acquired by Cardinal Health. In connection with the Acquisition, we agreed with Cardinal Health to assume liability for benefits provided under these pension plans, subject to receiving certain asset transfers from Cardinal Health and its benefit plans. All three plans are currently closed to new participants and frozen with respect to benefit accruals. None of the NEOs are currently eligible to participate in the frozen defined-benefit pension plans. In connection with his relocation to the United States, we agreed to permit Mr. Downie's continued his participation in the Catalent Pharma Solutions UK Pension Plan. The Catalent Pharma Solutions UK Pension Plan is a defined contribution plan open to all employees of our Catalent Pharma Solutions Limited UK entity. The plan provides for an employer matching contribution of between 5% and 8% of eligible base salary compensation dependent upon the participant contributing between 3% and 6% of eligible base salary compensation.

Severance and Other Benefits

We believe that severance protections can play a valuable role in attracting and retaining high caliber talent. In the competitive market for executive talent, we believe severance payments and other termination benefits are an effective way to offer executives financial security to offset the risk of foregoing an opportunity with another company. For example, we offer each NEO an enhanced outplacement benefit. Consistent with our objective of using severance payments and benefits to attract and retain executives, we generally provide each NEO with amounts and types of severance payments and benefits that we believe will permit us to attract and/or continue to employ the individual NEO.

The severance benefits under these agreements are generally more favorable than the benefits payable under our general severance policy. For example, we offer each NEO a severance benefit payable upon a termination by the NEO for good reason or by us without cause. The good reason definition in these agreements would only be triggered by adverse circumstances that we believe would give rise to a constructive termination of employment.

At our discretion, we may also provide certain executives with enhancements to our existing benefits that are not available to other employees, such as relocation assistance. As part of Mr. Chiminski's amended employment contract he is eligible to receive reimbursement (on a tax grossed-up basis), on an annual basis during each calendar year of the employment term, for the reasonable cost of (1) premiums for an executive life insurance policy (not to exceed $15,000) and (2) financial services/planning (not to exceed $15,000).

On April 28, 2014, Mr. Khichi notified the Company of his decision to leave the Company, effective July 21, 2014, to serve as Senior Vice President, General Counsel and Corporate Secretary of a multinational public company.

Mr. Khichi agreed to continue to serve in his various capacities for a transition period ending on July 21, 2014. In connection therewith, we agreed to increase Mr. Khichi's base salary $25,000 per month, effective May 1, 2014. In addition, Mr. Khichi received a retention bonus in the amount of $100,000, which was paid on August 1, 2014, in connection with his satisfactory completion of specified projects as determined by our President and Chief Executive Officer. Mr. Khichi did not receive any severance or additional payments or benefits in connection with his resignation. See "Potential Payments upon Termination or Change in Control-Messrs. Downie, Khichi, and Leonard" below for additional details. The Company and Mr. Khichi subsequently determined that Mr. Khichi's last day of employment would be July 15, 2014.

Section 162(m) of the Internal Revenue Code

Following our initial public offering, we expect to be able to claim the benefit of a special exemption rule that applies to compensation paid (or compensation in respect of equity awards such as stock options or restricted stock granted) during a specified transition period. This transition period may extend until the first annual stockholders meeting that occurs after the close of the third calendar year following the calendar year in which our initial public offering occurred, unless the transition period is terminated earlier under the Section 162(m) post-offering transition rules. At such time as we are subject to the deduction limitations of Section 162(m), we expect that the compensation committee will take the deductibility limitations of Section 162(m) into account in its compensation decisions; however, the compensation committee may, in its judgment, authorize compensation payments that are not exempt under Section 162(m) when it believes that such payments are appropriate to attract or retain talent.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on its review and discussion with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K for the fiscal year ended June 30, 2014.

Submitted by the Compensation Committee of our Board of Directors:

James Quella, Chair
Melvin D. Booth
Bruce McEvoy

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Summary Compensation Table

The following table provides summary information concerning the compensation of our Chief Executive Officer, our Chief Financial Officer and each of our other NEOs.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(6)	Total ($)
John Chiminski	2014	850,000	—	—	—	1,580,000	—	36,420	2,466,420
President & Chief	2013	850,000	—	—	2,904,100	1,550,000	—	33,048	5,337,148
Executive Officer and Director	2012	801,923	—	—	—	2,000,000	—	63,064	2,864,987
Matthew Walsh	2014	625,000	—	602,700(3)	—	426,563	—	10,229	1,664,492
Executive Vice President	2013	612,397	114,698	—	396,825	413,344	—	10,697	1,547,961
& Chief Financial Officer	2012	571,650	185,000	520,000(3)	346,380	526,097	—	23,572	2,172,699
William Downie(7)	2014	411,603	—	—	—	271,658	—	248,216	931,477
Senior Vice President,	2013	395,000	9,480	—	257,303	254,775	—	208,581	1,125,139
Sales & Marketing	2012	385,000	—	—	—	335,520	—	178,798	899,318
Samrat Khichi	2014	500,967	—	—	—	—	—	11,199	512,166
Senior Vice President,	2013	439,000	85,536	—	557,712	296,325	—	10,598	1,389,171
Chief Administrative Officer and General Counsel	2012	412,192	150,000	—	—	378,310	—	10,343	950,845
Stephen Leonard	2014	443,055	50,000	—	—	302,415	—	10,950	806,420
Senior Vice President,	2013	415,000	84,960	—	270,207	280,125	—	10,759	1,061,051
Global Operations	2012	392,500	100,000	—	—	375,000	—	10,540	878,040

(1) Amounts reported include any compensation an NEO elected to defer under our non-qualified deferred compensation plan. Our practice is to review executive compensation on an 18 month cycle. Actual changes in compensation may occur earlier based on performance and market competitiveness. As a result, Messrs. Downie,

Khichi and Leonard each received an increase in base salary. Mr. Downie's base salary was increased from $395,000 to $415,000, effective September 1, 2013. Mr. Walsh's base salary was increased from $625,000 to $650,000 on July 1, 2014. Mr. Khichi's base salary was increased from $439,000 to $455,000, effective October 1, 2013. Mr. Leonard's base salary was increased from $415,000 to $435,000, effective October 1, 2013 and from $435,000 to $455,000, effective November 4, 2013. On April 28, 2014, Mr. Khichi notified the Company of his decision to leave the Company on July 21, 2014. In connection with Mr. Khichi agreeing to continue to serve in his various capacities for a transition period ending on July 21, 2014, his base salary was increased by $25,000 per month, effective May 1, 2014.

(2) Amount reported for Mr. Leonard for fiscal 2014 represents an additional discretionary bonus awarded in recognition of his superior performance in fiscal 2014.

(3) Reflects RSUs we granted to Mr. Walsh on October 11, 2011 pursuant to the terms of his new employment agreement and additional RSUs we granted to him in May 2014. The RSUs granted to Mr. Walsh in May 2014 were valued based on our initial public offering price of $20.50 per share for purposes of calculating the aggregate grant date fair value in accordance with FASB ASC Topic 718.

(4) Reflects options we granted to the NEOs to acquire shares of our common stock. Amounts reported reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718.

(5) Amounts reported reflect the fiscal 2014 MIP award earned by each of our NEOs (other than Mr. Khichi), Since Mr. Khichi's resignation was effective prior to the Company's payment of the fiscal 2014 MIP awards, he was not eligible to receive a MIP award for fiscal 2014.

(6) The supplemental table below sets forth the details of amounts reported as "All Other Compensation" for fiscal 2014.

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(7) Certain amounts in "All Other Compensation" were paid to Mr. Downie in pounds sterling. These amounts were converted to U.S. dollars at an exchange rate of 1.63 which represents the average end of month rates during our fiscal year ending June 30, 2014.

Name	Employer 401(k) Matching Contributions ($)(1)	Employer Non-Qualified Deferred Compensation Matching Contributions ($)(2)	Employer Qualified UK DC Plan Contributions ($)(3)	International Relocation Benefits($)(4)	Financial Services Reimbursement ($)(5)	Life Insurance Policy Reimbursement ($)(6)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
John Chiminski	6,842	—	—	—	16,770	12,807	36,420
Matthew Walsh	7,500	2,729	—	—	—	—	10,229
William Downie	—	—	34,770	213,446	—	—	248,216
Samrat Khichi	8,415	2,784	—	—	—	—	11,199
Stephen Leonard	8,100	2,850	—	—	—	—	10,950

(1) Our 401(k) plan provides for a 50% matching contribution on the first 6% of participants' pre-tax contributions up to IRS limits.

(2) The Catalent Pharma Solutions, LLC Deferred Compensation Plan provides for a 50% matching contribution on the first 6% of eligible pay that employees contribute to the plan up to the first $100,000 above the IRS qualified plan limits.

(3) On October 11, 2010, Mr. Downie transferred from Swindon U.K. to our corporate offices in the United States for his assignment as Senior Vice President, Global Sales & Marketing. As part of the terms of his November 18, 2010 letter agreement, Mr. Downie was allowed to maintain his continued participation in the Catalent Pharma Solutions UK Pension Plan with an employer contribution of 8%.

(4) Pursuant to Mr. Downie's November 18, 2010 letter agreement relating to his relocation assignment, we also agreed to provide Mr. Downie with certain benefits that are generally included in our international relocation program for a period of 24 months from the effective date of his assignment, which benefits were extended for an additional 24 months (36 months in the case of his housing benefits) in fiscal 2013. The amount reported in column (e) reflects the following: $111,377 for payment of housing expenses; $19,900 for continuation of his U.K. car allowance; $17,080 for reimbursement of expenses related to his children's educational needs; and an aggregate tax gross-up of $65,089 with respect to his housing benefits.

(5) Pursuant to the terms of Mr. Chiminski's December 2011 letter agreement, with respect to each calendar year during the employment term, he is entitled to be reimbursed by us (on a tax-grossed-up basis) for the reasonable cost of financial services/planning, subject to an aggregate cap of $15,000 for such service/planning. Mr. Chiminski received financial services/planning reimbursement in October 2013 totaling $4,688 and in March 2014 totaling $7,250. The amount in column (f) includes an aggregate tax gross-up of $4,833 with respect to Mr. Chiminski's financial services reimbursement benefit.

(6) Pursuant to the terms of Mr. Chiminski's December 2011 letter agreement, with respect to each calendar year during the employment term, he is entitled to be reimbursed by us (on a tax-grossed-up basis) for the reasonable cost of premiums for an executive life insurance policy subject to an aggregate cap of $15,000. For fiscal 2014, Mr. Chiminski received reimbursement in the amount of $8,775 in November 2013. The amount in column (g) includes a tax gross-up of $4,032 with respect to Mr. Chiminski's life insurance policy benefit.

Grants of Plan-Based Awards in Fiscal 2014

The following table provides supplemental information relating to grants of plan-based awards made during fiscal 2014 to help explain information provided above in our Summary Compensation Table. This table presents information regarding all grants of plan-based awards occurring during fiscal 2014.

Name	Grant Date	Estimated Possible Payouts Under Non-equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
John Chiminski	—	562,500	1,000,000	2,000,000	—	—	—	—	—	—	—
Matthew Walsh	—	210,938	468,750	703,125	—	—	—	—	—	—	—
	5/7/2014	—	—	—	—	—	—	24,500(2)	—	—	502,250
	5/13/2014	—	—	—	—	—	—	4,900(2)	—	—	100,450
William Downie	—	138,916	308,702	463,053	—	—	—	—	—	—	—
Samrat Khichi	—	169,076	375,725	563,588	—	—	—	—	—	—	—
Stephen Leonard	—	149,531	332,291	498,437	—	—	—	—	—	—	—

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(1) Figures represent awards payable under our Management Incentive Plan (MIP). See "Compensation Discussion and Analysis-Executive Compensation Program Elements-Cash Bonus Opportunities-Fiscal 2014 MIP" above for a description of our MIP. Mr. Khichi has resigned from the Company effective July 15, 2014. Since Mr. Khichi's resignation was effective prior to the Company's payment of the fiscal 2014 MIP awards, he was not eligible to receive a MIP award for fiscal 2014.

(2) Represents a grant of RSUs to Mr. Walsh. The RSUs granted to Mr. Walsh in May 2014 were valued based on our initial public offering price of $20.50 per share for purposes of calculating the aggregate grant date fair value in accordance with FASB ASC Topic 718. The vesting and settlement terms of the RSUs are described in more detail in the section entitled "Description of Equity-Based Awards" below.

Summary of Certain Named Officer Employment Agreements

This section describes employment agreements in effect for our NEOs during fiscal 2014. In addition, the terms with respect to grants of RSUs and stock options are described below for our NEOs in the section entitled "Description of Equity-Based Awards." Severance agreements and arrangements are described below in the section entitled "Potential Payments upon Termination or Change in Control."

Employment Agreement of John R. Chiminski

On December 12, 2011, we, Catalent Pharma Solutions, Inc. and John Chiminski, our President and Chief Executive Officer, entered into a letter agreement (the "Letter Agreement"), effective as of December 12, 2011 (the "Effective Date"), which modifies certain terms of Mr. Chiminski's employment agreement with us and Catalent Pharma Solutions, Inc., dated February 23, 2009, as amended by the letter agreements among us, Catalent Pharma Solutions, Inc. and Mr. Chiminski, dated October 30, 2009 and June 29, 2010 (the "Employment Agreement").

The letter agreement provides for a new three-year employment term commencing on December 12, 2011, which initial term will be automatically extended for successive one-year periods thereafter unless one of the parties provides the other with written notice of non-renewal at least sixty days prior to the end of the applicable term.

The financial terms of the letter agreement include (1) an increased annual base salary of $850,000, subject to discretionary increases from time to time and (2) continued participation in our management incentive plan, with an increased target annual cash bonus amount equal to $1,000,000 and a maximum of 200% of such target amount. Any payment under the management incentive plan with respect to fiscal 2012 was pro-rated to reflect the increase in Mr. Chiminski's target bonus amount.

In addition to the foregoing, we have also agreed to reimburse Mr. Chiminski (on a tax grossed-up basis), on an annual basis during each calendar year of the employment term, for the reasonable cost of (1) premiums for an executive life insurance policy (not to exceed $15,000) and (2) financial services/planning (not to exceed $15,000).

The financial terms of Mr. Chiminski's employment agreement dated February 23, 2009 included (1) a cash payment of $375,000 paid on June 30, 2010, in lieu of any annual cash bonus in respect of fiscal 2009, and (2) a cash sign-on bonus of $1,000,000 paid on his employment commencement date of which $250,000 was to be invested by Mr. Chiminski in our common stock at a purchase price of $14.29 per share (he invested $100,000 on his commencement date and the remaining portion was to be invested on a later date as mutually agreed upon by the parties. Mr. Chiminski was required to repay the entire portion of the sign-on bonus that was not used to purchase our common stock within thirty days following any termination of employment by him without good reason (and not due to death or disability) or by Catalent Pharma Solutions, Inc. or us for cause, in either case, prior to the second anniversary of his commencement date. In addition to the requirement to purchase $250,000 worth of our common stock, Mr. Chiminski was required, pursuant to his employment agreement, to use 50% of the after-tax proceeds of his annual MIP bonus paid in respect of fiscal 2010 or 2011, in each case, to promptly purchase shares of our common stock. Mr. Chiminski's total investment in our common stock is subject to a cap of $2,500,000.

On October 23, 2009, we and Catalent Pharma Solutions, Inc. entered into a letter agreement with Mr. Chiminski, which modified Mr. Chiminski's obligation to purchase shares of our common stock by reducing the purchase price from $14.29 per share to $10.71 per share. This reduced purchase price was also applied to the 7,000 shares that he purchased on March 17, 2009. Accordingly, Mr. Chiminski was refunded $25,000 and then immediately used such amount to purchase an additional 2,333.31 shares of our common stock. On October 5, 2009, Mr. Chiminski used 50% of the after-tax proceeds of his 2009 bonus payment (which was a gross amount of $375,000) to purchase 8,680 shares of our common stock at $10.71 per share for $93,000. Mr. Chiminski purchased 10,500 shares of our common stock in July 2010 and an additional 35,000 shares in September 2010. The shares were purchased at $10.71 per share pursuant to the terms of the October 23, 2009 letter agreement. However, subsequent to these purchases, we determined that the actual market value of the shares was $12.14 per share as of June 30, 2011. Therefore, since the shares were purchased at a $65,000 discount to their market value, the amounts reported in the “All Other Compensation” column for fiscal 2011 of the Summary Compensation Table reflected the compensation cost computed in accordance with FASB ASC Topic 718 with respect to the purchases.

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In addition, on June 30, 2010, we, Catalent Pharma Solutions, Inc. and Mr. Chiminski entered into a second letter agreement, which permits Mr. Chiminski to irrevocably elect on an annual basis, prior to the beginning of each fiscal year, in lieu of receiving a portion of his annual MIP bonus, if any, in cash, to receive a grant of fully vested RSUs settleable in shares of our common stock, which RSUs will be granted on the bonus payment date (see "Compensation Discussion and Analysis-Deferred Compensation Opportunity and Other Retirement Benefits-Chiminski RSU Bonus Election").

In addition to the foregoing, Mr. Chiminski is entitled to participate in all group health, life, disability, and other employee benefit and perquisite plans and programs in which our other senior executives generally participate.

Employment Agreement of Matthew Walsh

On October 11, 2011, we entered into a new employment agreement with Mr. Walsh, effective as of September 26, 2011. The employment agreement replaced the offer letter and severance agreement that Mr. Walsh entered into in 2008 in connection with the commencement of his employment with us.

The employment agreement provides for an initial term of three years commencing on September 26, 2011, which will be automatically extended for successive one-year terms thereafter unless one of the parties provides the other with notice of non-renewal.

The financial terms of the employment agreement include (1) an increased annual base salary of $600,000, effective as of September 26, 2011, subject to discretionary increases from time to time and (2) and continued participation in our management incentive plan, with a target annual cash bonus amount equal to 75% of Mr. Walsh's annual base salary. Any payment under the management incentive plan with respect to fiscal 2012 was pro-rated to reflect the increase in Mr. Walsh's annual base salary.

Pursuant to the terms of the employment agreement, Mr. Walsh is subject to a covenant not to (x) compete with us while employed and for two years following his termination of employment for any reason and (y) solicit our employees, consultants and certain actual and prospective clients while employed and for two years following his termination of employment for any reason, in each case, subject to certain specified exclusions. The employment agreement also contains a covenant not to disclose confidential information.

In addition to the foregoing, Mr. Walsh's employment agreement provides for the grant to Mr. Walsh, in accordance with and pursuant to the terms of the 2007 PTS Holdings Corp. Stock Incentive Plan, of 35,000 RSUs and non-qualified stock options to purchase 105,000 shares of our common stock.

A description of the terms of the awards is included below in the "Description of Equity-Based Awards" section.

Relocation Agreement for William Downie

In connection with Mr. Downie's November 1, 2010 relocation assignment from our facility in Swindon, U.K. to our corporate offices in the United States, pursuant to a letter agreement dated November 18, 2010 he was afforded certain benefits that are generally included in our international relocation program for a period of 24 months from the effective date of his assignment, which were extended for an additional 24 months (36 months in the case of his housing benefits) in fiscal 2013. These benefits include shipment of household goods, eligibility to participate in our U.S. health and welfare benefit plans, continued participation in the Catalent Pharma Solutions UK Pension plan and the U.K. National Insurance Contribution program (the U.K. statutory retirement plan), housing costs (grossed up for U.S. taxes), continuation of his U.K. car allowance, and tax preparation.

Description of Equity-Based Awards

Effective June 25, 2013, our board of directors approved a new option grant framework pursuant to which employees who are holders of options to purchase our common stock would be eligible for new biennial option awards beginning on the fourth anniversary of the date of their original option grant. In connection with the adoption of the new option grant framework, on June 25, 2013, our board of directors granted new option awards to each of our Named Officers. We do not intend to make any further grants under the new option framework as a result of our initial public offering. The options granted under the new framework were divided into two tranches for vesting purposes: one-half of the options are subject to performance-based vesting restrictions and one-half of the options are subject to exit event-based vesting restrictions. The performance-based options will vest and become exercisable with respect to 20% of the options subject to performance-based vesting on each of the first five anniversaries of the applicable vesting reference date if we achieve specified EBITDA performance targets (subject to a cumulative catch-up). The EBITDA performance targets were established at levels that are reasonably attainable

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but challenging to achieve. Fiscal 2014 budgeted EBITDA serves as the base line target for the first fiscal year in the vesting schedule and the targets for the remaining four fiscal years of the vesting schedule are based on eight percent (8%) year over year increases thereafter. The exit event-based options will vest and become exercisable on the date, if any, when The Blackstone Group will have received cash proceeds or marketable securities from the sale of its investment in us aggregating in excess of 2.0 times the amount of its initial investment in us. Vesting under both the performance-based options and the exit event-based options is generally subject to continued employment with us through the applicable vesting dates. In addition, in the event of a change of control (as defined in the 2007 PTS Holdings Corp. Stock Incentive Plan or the option agreement, as applicable) in which the exit event-based options vest, any outstanding unvested performance-based options will also vest. All other terms of the options granted under the new option framework, including any continued vesting following termination, are substantially similar to the terms of the option holder's existing options, the material terms of which are described below.

In connection with the commencement of his employment, on March 17, 2009, we granted Mr. Chiminski 140,000 RSUs and, on October 23, 2009, we granted Mr. Chiminski an additional 70,000 RSUs in connection with his election to participate in the option exchange offer. Subject to Mr. Chiminski's continued employment on the applicable vesting dates, 20% of the RSUs will vest on each of the first five anniversaries of the grant date. All vested RSUs will be settled on the earlier to occur of (x) the seventh anniversary of his commencement date or (y) the date that a change in control of the Company or our parent, BHP PTS Holdings L.L.C., occurs.

On September 18, 2009, we commenced an offer to all eligible option holders, including Messrs. Chiminski, Walsh and Khichi, to exchange their existing unvested options for new options with a lower per-share exercise price and new vesting terms. The number of shares of common stock underlying the new options was either more than, less than or equal to the number of shares of common stock underlying the option holder's then-existing options. All of the option holders who were eligible for the option exchange elected to participate in the exchange and were required to enter into a new option agreement that reflected the revised terms and an amendment to their then-existing option agreement that reflected the cancellation and forfeiture of their original unvested options. The exchange offer was completed on October 23, 2009.

Mr. Downie also received a grant of options on October 23, 2009 in recognition of his promotion to Senior Vice President of Global Sales and Marketing that have the same per-share exercise price and vesting terms as the new options granted to Messrs. Walsh and Khichi in connection with the option exchange.

The options granted to Mr. Leonard in fiscal 2011 were granted in connection with his offer of employment with us and have the same per-share exercise price and vesting terms as the new options granted to Messrs. Walsh and Khichi in connection with the option exchange.

In May 2014, our board of directors granted Mr. Walsh 29,400 restricted stock units in accordance with and pursuant to the terms of the 2007 PTS Holdings Corp. Stock Incentive Plan. Subject to Mr. Walsh's continued employment, 100% of the restricted stock units will vest on May 7, 2016. In the event of a change of control, subject to Mr. Walsh's continued employment, all unvested restricted stock units will become fully vested as of the change of control. In the event of any termination of Mr. Walsh's employment, all unvested restricted stock units which remain outstanding will immediately be forfeited without consideration as of the termination date. All vested restricted stock units will be settled on the date on which they vest, but in no event later than the 30th day following such date.

In connection with entering into Mr. Walsh's new employment agreement, on October 11, 2011, we granted Mr. Walsh 35,000 RSUs and an additional 105,000 options. 11,690 of the RSUs vested on September 26, 2012, 11,620 of the RSUs vested on September 26, 2013, and subject to Mr. Walsh's continued employment on the applicable vesting dates, the remaining 11,690 RSUs will vest on September 26, 2014. All such vested RSUs will be settled on the earlier to occur of (x) March 26, 2015 and (y) the date that a change in control of the Company or our parent, BHP PTS Holdings L.L.C., occurs. Similar to Mr. Walsh's previously-granted options, the additional options are divided into three tranches for vesting purposes: one-half of the options are subject to time-based vesting restrictions, one-sixth of the options are subject to performance-based vesting restrictions and one-third of the options are subject to exit event-based vesting restrictions. The time-based options are scheduled to vest based on a three year vesting schedule (as opposed to the five year vesting schedule that Mr. Walsh's previously-granted time-based options are subject to) and, subject to continued employment with us through the applicable vesting reference dates, one-third of the options subject to time-based vesting will vest and become exercisable on each of September 26, 2012, September 26, 2013 and September 26, 2014. The performance-based vesting options are scheduled to vest and become exercisable with respect to one-sixth of the options subject to performance-based vesting on each of September 26, 2012, September 26, 2013 and September 26, 2014 (as opposed to the five year vesting schedule Mr. Walsh's previously-granted performance-based options are subject to), if we achieve specified EBITDA performance targets (subject to cumulative catch-up). Similar to Mr. Walsh's existing exit options, the exit event-based vesting options will vest and become exercisable in two tiers if either the specified internal rate of return or multiple of investment targets are achieved. In the event of any termination of Mr. Walsh's employment, all unvested RSUs and options which remain outstanding will be immediately forfeited without consideration as of the termination date; however, in the event of a termination of Mr. Walsh's employment (1) by us without cause, (2) by Mr. Walsh for good reason, (3) due to death or disability or (4) due to our election not to extend the employment term, Mr. Walsh will be deemed vested as of the termination date in any portion of the time-based option that would have otherwise vested if he had remained employed by us through the first anniversary of the termination date. In the event of a change in control of the Company or our parent, BHP PTS Holdings L.L.C., all unvested RSUs and time-based options will become fully vested as of the change in control (or immediately prior to the change in control with respect to the options).

Each option may be exercised to purchase one share of our common stock at an exercise price equal to the fair market value of the underlying common stock on the grant date. Each NEO's stock option award has an ordinary term of ten years. The NEOs are not entitled to any dividends or equivalent rights on their stock option awards.

Generally all NEOs' option awards, other than those granted on June 25, 2013 as part of the new option framework awards, are divided into three tranches for vesting purposes: a time option, a performance option and an exit option. As noted above, one-half of the options are subject to time-based vesting restrictions, one-sixth of the options are subject to performance-based vesting restrictions and one-third of the options are subject to exit event-based vesting restrictions. However, to the extent any option holder had vested time options at the time of the exchange offer, the number of time options granted in the exchange offer was adjusted so that after the exchange offer one-half of the option holder's aggregate options would be time-based. The time-based options are scheduled to vest based on a five year vesting schedule. Accordingly, other than with respect to Mr. Walsh's most-recently granted options as noted above, subject to continued employment with us through the applicable vesting dates, 20% of the options subject to time-based vesting will vest and become exercisable on each of the first five anniversaries of the date of grant or vesting reference date, as applicable (or the date of commencement of employment, in the case of Mr. Chiminski). In addition, solely for Mr. Chiminski, to the extent that all or a fraction of the exit event-based vesting options vest, a proportionate amount of each tranche of unvested time-based options will vest. Subject to continued employment with us through the applicable vesting dates, the performance-based vesting options will vest and become exercisable with respect to 20% of the options subject to performance-based vesting on each of the first five anniversaries of the date of grant or vesting reference date, as applicable (which date is either before or after the end of the applicable fiscal year, depending on the grant date of the options), if we achieve specified EBITDA performance targets (subject to a cumulative catch-up). The EBITDA performance targets were established at levels that are reasonably attainable but challenging to achieve. Fiscal 2010 budgeted EBITDA served as the base line target for the first fiscal year in the vesting schedule and the targets for the remaining four fiscal years of the vesting schedule are based on eight percent (8%) year over year increases thereafter. The exit event-based vesting options will vest and become exercisable in two tiers if either specified internal rate of return or multiple of investment targets are achieved as follows:

- One-half of the shares subject to the exit event-vesting options will vest on the date, if any, when either (1) The Blackstone Group will have received cash proceeds or marketable securities from the sale of its investment in us aggregating in excess of 2.5 times the amount of its initial investment in us or (2) The Blackstone Group will have received a cash internal rate of return of at least 20% on its initial investment in us; and
- One-half of the shares subject to the exit event-vesting options will vest on the date, if any, when either (1) The Blackstone Group will have received cash proceeds or marketable securities from the sale of its investment in us aggregating in excess of 1.75 times the amount of its initial investment in us or (2) The Blackstone Group will have received a cash internal rate of return of at least 15% on its initial investment in us.

However, subject to continued employment through the applicable vesting date, in the event that the 2.5 multiple hurdle or the 20% internal rate of return hurdle is not met, but the 1.75 multiple hurdle or the 15% internal rate of return hurdle is met, the first tier of options will vest based on straight line interpolation between the two points.

Except as otherwise specifically provided for in the stock option agreement, any part of a NEO's stock option award that is not vested and exercisable upon his termination of employment will be immediately cancelled. With the exception of Mr. Chiminski, any part of an NEO's stock option award that is vested upon termination of employment will generally remain outstanding and exercisable for three months after termination of employment (or, if later, until the 90th day following the date on which the options vest), although this period is extended to 12 months (or, if later, the first anniversary of the date on which the option vests) if the termination of employment is due to death or disability, and vested options will immediately terminate if the NEO's employment is terminated by us for cause. Any vested options that are not exercised within the applicable post-termination exercise window will terminate. Any part of Mr. Chiminski's stock option award that is vested upon termination of employment will generally remain outstanding and exercisable for three months after termination of employment or the date on which such portion of the option vests in the event of a termination other than a "good termination" or a termination by us or Catalent Pharma Solutions, Inc. for cause or one year after termination of employment in the case of a "good termination" and vested options will immediately terminate if Mr. Chiminski's employment is terminated by us or Catalent Pharma Solutions, Inc. for cause. Please see "Potential

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Payments Upon Termination or Change in Control" section below for a description of the potential vesting of the NEOs' stock option and RSU awards that may occur in connection with a change in control of the Company or our parent, BHP PTS Holdings L.L.C., or certain terminations of employment.
As a condition to receiving his equity-based awards, each NEO was required to enter into a subscription agreement with us. The subscription agreement generally governs the NEOs' rights with respect to any shares of our common stock acquired on exercise of vested stock options or settlement of RSUs, to the extent applicable. The subscription agreement also contains certain restrictive covenants. While employed and for one year (two years for Messrs. Chiminski and Walsh as it relates to the covenant not to solicit) following their termination of employment, NEOs are prohibited from competing with us and from soliciting our employees, consultants and certain actual and prospective clients. The subscription agreement also contains an indefinite restriction on the NEO's disclosure of our confidential information. If an NEO materially breaches any of these restrictive covenants and is unable to cure the breach, we have the right to "clawback" and recover any gains the NEO may have realized with respect to his shares (and with respect to Mr. Chiminski only the shares acquired upon exercise of the options or settlement of RSUs).

Each NEO's equity-based award described in this section was granted under, and is subject to the terms of, the 2007 PTS Holdings Corp. Stock Incentive Plan.

The following table provides information regarding outstanding equity awards held by each NEO as of June 30, 2014.
Outstanding Equity Awards at 2014 Fiscal-Year End

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable[1]	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date[2]	Number of Shares of Units of Stock that Have Not Vested (#)[3]	Market Value of Shares or Units of Stock that Have Not Vested ($)[4]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards or Payout Value of Unearned Shares, Units or Other Rights That have not Vested ($)
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
John Chiminski	6/25/2013	70,000	—	630,000	18.71	6/25/2023	—	—	—	—
	10/23/2009	598,500	—	346,500	10.71	10/23/2019	—	—	—	—
	10/23/2009	—	—	—	—	—	14,000	287,000	—	—
Matthew Walsh	5/7/2014	—	—	—	—	—	24,500	502,250	—	—
	5/13/2014	—	—	—	—	—	4,900	100,450	—	—
	6/25/2013	9,520	—	86,170	18.71	6/25/2023	—	—	—	—
	10/11/2011	46,620	17,500	40,880	14.86	10/11/2021	—	—	—	—

	10/11/2011	—	—	—	—	—	11,690	239,645	—	—
	10/23/2009	134,400	24,290	102,620	10.71	10/23/2019	—	—	—	—
	4/17/2008	18,690	—	—	14.29	4/17/2018	—	—	—	—
William Downie	6/25/2013	—	—	62,020	18.71	6/25/2023	—	—	—	—
	10/23/2009	112,000	21,000	77,000	10.71	10/23/2019	—	—	—	—
Samrat Khichi(5)	6/25/2013	13,440	—	121,030	18.71	6/25/2023	—	—	—	—
	10/23/2009	104,510	19,180	77,000	10.71	10/23/2019	—	—	—	—
	11/27/2007	9,310	—	—	14.29	11/27/2017	—	—	—	—
Stephen Leonard	6/25/2013	—	—	65,170	18.71	6/25/2023	—	—	—	—
	10/23/2009	149,380	28,000	102,620	10.71	10/23/2019	—	—	—	—

(1) The number of outstanding time-vesting and performance-vesting options vested and exercisable are reported in column (b) above. Unvested outstanding time options are reported in column (c) above and ordinarily become vested pursuant to the vesting schedule for time options described in the “Description of Equity-Based Awards” section above. Unvested outstanding performance options and exit options are reported in column (d) above and ordinarily become vested pursuant to the vesting schedule for performance options and exit options, as applicable, described in the “Description of Equity-Based Awards” section above. Other than with respect to (i) the options granted on June 25, 2013, which have a vesting reference date of June 30th for Messrs. Chiminski, Walsh and Khichi and July 1st for Messrs. Downie and Leonard, (ii) the time-based options granted to Mr. Chiminski in fiscal 2010, which vest on the first five anniversaries of his March 17, 2009 employment commencement date and (iii) the options granted to Mr. Walsh in fiscal 2012, which have a vesting reference date of September 26th, all vesting of time-vesting and performance-vesting options granted to the NEOs occurs on the applicable anniversary of the grant date. The first 20% of the performance-based options granted in fiscal 2010 vested on October 23, 2010, the second 20% vested on October 23, 2011, the third 20% vested on October 23, 2012 and the fourth 20% vested on October 23, 2013. The first third of the performance-based options granted

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to Mr. Walsh in fiscal 2012 vested on September 26, 2012, and the second third vested on September 26, 2013. The first 20% of the performance-based options granted to Messrs. Chiminski, Walsh and Khichi in fiscal 2013 vested on June 30, 2014 and the first 20% of the performance-based options granted to Messrs. Downie and Leonard in fiscal 2013 vested on July 1, 2014. None of the outstanding performance exit options have vested. As described in the "Potential Payments Upon Termination or Change in Control" section below, all or a portion of each option grant may vest earlier in connection with a change in control of the Company or BHP PTS Holdings L.L.C. or certain terminations of employment.

(2) The expiration date shown is the normal expiration date occurring on the tenth anniversary of the grant date. Options may terminate earlier in certain circumstances, such as in connection with an NEO's termination of employment or in connection with certain corporate transactions, including a change in control of the Company or BHP PTS Holdings L.L.C.

(3) The number of outstanding RSUs reported for Mr. Chiminski in column (g) above represents two separate grants: 140,000 RSUs granted on March 17, 2009 and 70,000 RSUs granted on October 23, 2009. Each RSU grant vests 20% per year from the date of grant, subject to the executive's continued employment through the applicable vesting date. Once vested, the RSUs will be settled on the earlier to occur of (1) the seventh anniversary of Mr. Chiminski's employment commencement date (March 17, 2009), or (2) the date a change in control of the Company or BHP PTS Holdings L.L.C. occurs. For Mr. Walsh, the number of outstanding RSUs in column (g) above represents 35,000 RSUs granted on October 11, 2011 and 29,400 RSUs granted in May 2014. The RSUs granted on October 11, 2011 vest as follows: 11,690 of the RSUs vested on September 26, 2012, 11,620 of the RSUs vested on September 26, 2013, and subject to Mr. Walsh's continued employment on the applicable vesting date, the remaining 11,690 RSUs will vest on September 26, 2014. Once vested, the RSUs will be settled on the earlier of (i) March 26, 2015 or (ii) the date of a change in control. 100% of the RSUs granted in May 2014 will vest on May 7, 2016 and all such vested restricted stock units will be settled on the date on which they vest, but in no event later than the 30th day following such date. As described in the "Potential Payments Upon Termination or Change in Control" section below, all or a portion of the RSUs may vest earlier in connection with a change in control of the Company or BHP PTS Holdings L.L.C. or certain terminations of employment.

(4) The market price for our common stock is based upon our initial public offering price of $20.50 per share.

(5) Mr. Khichi has resigned from the Company effective July 15, 2014. As a result of his resignation, all of Mr. Khichi's then unvested stock options were immediately forfeited. In addition, Mr. Khichi will have the right to exercise all of his vested stock options within three months after his resignation date (or, if later, until the 90th day following the date on which the options vest) after which date they will immediately terminate.

Option Exercises and Stock Vested in Fiscal 2014

On March 17, 2014, Mr. Chiminski vested in the remaining 20% of the 140,000 RSUs granted to him on March 17, 2009 and on October 23, 2013, he vested in an additional 20% of the 70,000 RSUs granted to him on October 23, 2009. On September 26, 2013, Mr. Walsh vested in 11,620 RSUs of the 35,000 RSUs granted to him on October 11, 2011. The following table provides information regarding this vesting. During fiscal 2014, the other NEOs did not exercise any options or similar instruments or vest in any stock or similar instruments.

	Option Awards		Stock Awards[1]	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
(a)	(b)	(c)	(d)	(e)
John Chiminski	—	—	42,000	984,400
Matthew Walsh	—	—	11,620	217,460
William Downie	—	—	—	—
Stephen Leonard	—	—	—	—

Samrat Khichi	—	—	—	—

(1) For Mr. Chiminski the vested shares includes the vesting of 14,000 RSUs on October 23, 2013 with a value realized on vesting of $262,000 that were originally granted on October 23, 2009 and the vesting of 28,000 RSUs on March 17, 2014 with a value realized on vesting of $722,400 that were originally granted on March 17, 2009. The 14,000 RSUs that vested on October 23, 2013 and the 28,000 RSUs that vested on March 17, 2014 will be settled on the earlier to occur of (1) the seventh anniversary of Mr. Chiminski's employment commencement date (March 17, 2009), or (2) the date a change in control of the Company or BHP PTS Holdings L.L.C. occurs. For Mr. Walsh the vested shares include the vesting of 11,620 RSUs on September 26, 2013 with a value realized on vesting of $217,460. These vested RSUs will be settled on the earlier to occur of (x) March 26, 2015 and (y) the date that a change in control of the Company or BHP PTS Holdings L.L.C. occurs.

(2) Based on a market value of $18.71 per share on September 26, 2013 and October 23, 2013 and $25.80 per share on March 17, 2014, the applicable vesting dates.

Non-qualified Deferred Compensation-Fiscal 2014

The following table provides information regarding contributions, earnings and balances for our NEOs under our deferred compensation plan.

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Name (a)	Executive Contributions in Last FY ($)[1] (b)	Registrant Contributions in Last FY ($)[3] (c)	Aggregate Earnings in Last FY ($)[4] (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($)[5] (f)
John Chiminski					
Deferred Compensation	236,731	—	90,399	—	546,252
Vested but Undelivered RSUs[2]	984,400	—	523,437	—	5,334,548
Total	1,221,131	—	613,836	—	5,880,800
Matthew Walsh					
Deferred Compensation	85,833	2,729	96,504	—	663,520
Vested but Undelivered RSUs[2]	217,460	—	68,265	—	504,495
Total	303,293	2,729	164,769	—	1,168,015
William Downie					
Deferred Compensation	—	—	—	—	—
Samrat Khichi					
Deferred Compensation	73,619	2,784	41,603	—	271,043
Stephen Leonard					
Deferred Compensation	26,515	2,850	19,547	—	124,891

(1) The amounts under "Deferred Compensation" are reported as compensation for fiscal 2014 under "Salary" in the Summary Compensation Table.

(2) The amount reported for Mr. Chiminski in column (b) reflects the value of 42,000 vested and undelivered RSUs as of the vesting date of which 14,000 RSUs vested on October 23, 2013 and 28,000 RSUs vested on March 17, 2014. The 14,000 RSUs that vested on October 23, 2013 and the 28,000 RSUs that vested on March 17, 2014 will be settled on the earlier to occur of (1) the seventh anniversary of Mr. Chiminski's employment commencement date (March 17, 2009), or (2) the date a change in control of the Company or BHP PTS Holdings L.L.C. occurs. The amount reported for Mr. Walsh in column (b) reflects the value of 11,620 vested and undelivered RSUs as of the September 26, 2013 vesting date. The 11,620 RSUs that vested on September 26, 2013 will be settled on the earlier to occur of (x) March 26, 2015 and (y) the date that a change in control of the Company or BHP PTS Holdings L.L.C. occurs.

(3) The amount reported for Messrs. Walsh, Khichi and Leonard are reported as compensation for fiscal 2014 under "All Other Compensation" in the Summary Compensation Table.

(4) Amount reported for Mr. Chiminski under "Vested but Undelivered RSUs" reflects the increase in fair market value between October 23, 2013 and June 30, 2014 with respect to 14,000 of the vested RSUs reported in column (b), and between March 17, 2014 and June 30, 2014 with respect to the 28,000 RSUs reported in column (b). The amount reported for Mr. Chiminski also reflects the increase in fair market value between July 1, 2013 and June 30, 2014 with respect to: (1) 28,000 RSUs that vested on March 17, 2010 and that were reported in column (b) in the fiscal 2010 Non-Qualified Deferred Compensation Table, (2) 42,000 RSUs in which 14,000 vested on October 23, 2010 and 28,000 vested on March 17, 2011 and that were reported in column (b) in the fiscal 2011 Non-Qualified Deferred Compensation Table, (3) 42,000 RSUs in which 14,000 vested on October 23, 2011 and 28,000 vested on March 17, 2012 and that were reported in column (b) in the fiscal 2012 Non-Qualified Deferred Compensation Table, (4) 42,000 RSUs in which 14,000 vested on October 23, 2012 and 28,000 vested on March 17, 2013 and that were reported in column (b) in the fiscal 2013 Non-Qualified Deferred Compensation Table and

(5) the 50,480.50 RSUs which were fully vested on the grant date of September 16, 2011 pursuant to Mr. Chiminski's election to defer 50% of his annual MIP bonus for fiscal 2011 to satisfy his stock purchase requirement for fiscal 2011 and that were reported in column (b) in the fiscal 2012 Non-Qualified Deferred Compensation Table. The amount reported for Mr. Walsh under "Vested but Undelivered RSUs" reflects the increase in fair market value between September 26, 2013 and June 30, 2014 with respect to 11,620 vested RSUs reported in column (b). The amount reported for Mr. Walsh also reflects the increase in fair market value between July 1, 2013 and June 30, 2014 with respect to 11,690 RSUs that vested on September 26, 2012 and that were reported in column (b) in the fiscal 2013 Non-Qualified Deferred Compensation Table. The amounts reported are not considered compensation reportable in the Summary Compensation Table.

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(5) Includes $183,966 previously reported as compensation to Mr. Chiminski in the columns “Salary” and “All Other Compensation” in the Summary Compensation Table in previous years. Includes $359,538 previously reported as compensation to Mr. Walsh in the columns “Salary” and “All Other Compensation” in the Summary Compensation Table in previous years. Includes $112,168 previously reported as compensation to Mr. Khichi in the columns “Salary” and “All Other Compensation” in the Summary Compensation Table in previous years. Includes $62,931 previously reported as compensation to Mr. Leonard in the columns “Salary” and “All Other Compensation” in the Summary Compensation Table in previous years. Aggregate balance for Mr. Chiminski under “Vested but Undelivered RSUs” reflects the value of 246,480.50 RSUs based upon our initial public offering price of $20.50 per share. 196,000 of these RSUs were previously reported as “Stock Awards” in the Summary Compensation Table and with respect to the 50,480.50 fully vested RSUs granted to Mr. Chiminski pursuant to his election to defer 50% of his annual MIP bonus for fiscal 2011, $750,000 has been previously reported in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table. Aggregate balance for Mr. Walsh under “Vested but Undelivered RSUs” reflects the value of 23,310 RSUs based upon our initial public offering price of $20.50 per share. These RSUs were previously reported as “Stock Awards” in the Summary Compensation Table.

Non-qualified Deferred Compensation Plan

We offer a non-qualified deferred compensation plan for a select group of our management and highly compensated employees. Eligible employees selected to participate in the plan may elect to defer on a pre-tax basis up to 20% of their base salaries and 100% of their annual cash bonuses. Participating directors may elect to defer between 20% and 100% of their fees for service on our board of directors (including meeting fees) into the plan each year.

In our discretion, each year we may elect to make one or more company contributions to participants under the plan; however, the plan does not require us to make any such contributions. Company contributions can be matching contributions or one or more contributions equal to a percentage of a participant’s compensation (regardless of the amount deferred), which includes a contribution designed to supplement social security benefits. Any matching contributions are made with respect to base salary only for all participants with the exception of sales people who are eligible to receive a company matching contribution on base salary, bonuses and commissions. Any company contributions, however, are generally only made with respect to the first $100,000 of a participant’s eligible compensation in excess of the annual compensation limit under the Internal Revenue Code for each year (the limit is $260,000 for calendar year 2014).

Participants are always 100% vested in their elective deferrals, and in any company matching contributions (including related earnings in each case). Participants become vested in other company contributions and related earnings after three years of service with us or upon retirement, death, total disability or a change in control of us. We have not made any company contributions other than matching contributions since 2009.

Under the plan, we have the discretion to either credit participants’ accounts with a hypothetical earnings rate, or to credit the accounts with earnings and/or losses based on the deemed investment of the accounts in investment alternatives selected by us, which investment alternatives generally include the investment funds available under our 401(k) plan. During fiscal 2014, participants were permitted to select the investment alternatives in which they wanted their accounts to be deemed to be invested and were credited with earnings and/or losses based on the performance of the relevant investments. Participants were able to change the investment elections for their accounts on a daily basis during fiscal 2014. For fiscal 2014, participants were able to choose from among a total of 24 investment options, however, the Named Officers were only invested in the following twelve investment options in fiscal 2014:

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Name of Investment Fund	1-Year Rate of Return % (as of 6/30/14)	
Spartan 500 Index Fund-Institutional Class	24.57	%
Spartan Extended Market Index Fund-Fidelity Advantage Class	26.76	%
Spartan Intermediate Treasury Bond Index Fund-Fund Fidelity Advantage Class	2.42	%
CRM Mid Cap Value Fund Class Investor	22.54	%
PIMCO Total Return Fund-Institutional Class	(1.24	)%
Columbia Acorn USA Class Z	20.92	%
Fidelity Growth Company Fund-Class K	30.13	%
Fidelity Diversified International Fund-Class K	23.11	%
Fidelity Freedom K 2000 Fund	7.68	%
Fidelity Freedom K 2025 Fund	17.23	%
Fidelity Freedom K 2035 Fund	19.97	%
Fidelity Balanced	19.73	%

Participants' accounts that are paid out in a lump-sum cash payment are paid on the 15th day of the month immediately following the month during which the six month anniversary of the participant's separation from service (other than due to death) with us (within the meaning of Section 409A of the Internal Revenue Code) occurs. In the event of the death of a participant prior to the commencement of the distribution of benefits under the plan, such benefits will be paid no later than the later of (x) December 31 of the year in which the participant's death occurs and (y) the ninetieth (90^{th}) day following the date of the participant's death. Participants may also elect to receive a payout of their accounts in annual installments over a period of five or 10 years after their separation from service (including death), although notwithstanding any such elections, the participant's account will be paid in a lump-sum cash payment in connection with a participant's separation from service within two years following a change in control of us. Participants may also elect to receive a distribution in connection with an unforeseeable emergency, in accordance with the requirements of Section 409A of the Internal Revenue Code. Salary deferrals, company contributions and any applicable gains are held in a "rabbi" trust. "Rabbi" trust assets are ultimately controlled by us. Operating the deferred compensation plan this way is required by federal tax law in order to defer the taxation benefits from the plan until they are paid to the participants.

Potential Payments Upon Termination or Change in Control

The following section describes the payments and benefits that may become payable to the NEOs in connection with their termination of employment and/or a change in control. All such payments and benefits will be paid or provided by us or Catalent Pharma Solutions, Inc. For purposes of this section, we have assumed that (1) the price per share of our common stock on June 30, 2014, the last business day of fiscal 2014 is equal to our initial public offering price of $20.50 per share, (2) we do not exercise any discretion to accelerate the vesting of outstanding options or restricted stock units in connection with a change in control of Catalent Pharma Solutions, Inc. and (3) the value of any stock options that may be accelerated is equal to the full value of such awards (i.e., the full "spread" value for stock options on June 30, 2014). The 2007 PTS Holdings Corp. Stock Incentive Plan gives our board of directors considerable discretion with respect to the treatment of outstanding options and restricted stock units in the event of a change in control. If our board of directors exercises its discretion to fully vest outstanding options and RSUs, the NEOs may receive benefits in addition to those described below.

In addition to the amounts presented below, the NEOs will also be entitled to the benefits quantified and described under the "Non-Qualified Deferred Compensation-Fiscal 2014" section above. Please see "-Executive Compensation-Severance and Other Benefits" for a discussion of how the amounts of the payments and benefits presented below were determined.

Mr. Chiminski

Mr. Chiminski's employment agreement, the 2007 PTS Holdings Corp. Stock Incentive Plan and the related stock option agreement and restricted stock unit agreements each provide for certain benefits to be paid to him upon termination under the terms described below. If Mr. Chiminski's employment terminates due to his disability or death, he would be entitled to (1) a pro-rata portion of any annual cash bonus he would have earned for the year of termination and (2) accelerated vesting of the portion of his time vesting options and restricted stock units that would otherwise have vested within 12 months following his termination of employment. In addition, Mr. Chiminski will retain the opportunity through the ten year term to vest, subject only to attaining

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the specified internal rate of return or multiple of investment targets, in a portion of the unvested exit options equal to a fraction, the numerator of which is the number of days elapsing from his commencement date through the termination date and the denominator of which is the number of days elapsing from his commencement date through the date of the event that triggers additional exit option vesting. Any pro-rata bonus payment would have been paid in a lump-sum within two and one-half (2-1/2) months after the end of the fiscal year in which Mr. Chiminski's termination of employment occurred. Should Mr. Chiminski's employment have terminated due to death, his beneficiaries would have received a death benefit equal to 1.5 times his base salary ($1,275,000) under a company provided group life insurance benefit program which covers all eligible active employees.

The employment agreement provides that upon any good termination or due to Mr. Chiminski's election not to extend the term, he will be entitled to receive a pro-rata portion of any annual cash bonus he would have earned for the year of termination based on Catalent's actual performance in respect of the full fiscal year in which Mr. Chiminski's employment terminates.

The employment agreement further provides that if Mr. Chiminski's employment is terminated by us or Catalent Pharma Solutions, Inc. without cause, by Mr. Chiminski for good reason or due to our or Catalent Pharma Solutions, Inc.'s election not to extend the term, then, subject to his execution, delivery and non-revocation of a release of claims with respect to Catalent and its affiliates, Mr. Chiminski will be entitled to receive, in addition to certain accrued amounts and a pro-rata bonus, as discussed above, an amount equal to two times the sum of (x) Mr. Chiminski's annualized then-current base salary (which salary, for purposes of calculating severance amounts, will in no event be less than $850,000) and (y) his annual target bonus, payable in equal monthly installments over a two year period; provided, however, that if such termination occurs within the two year period following a change in control such payment will instead be made in a single lump sum payment within thirty days following the termination date. Notwithstanding the foregoing, Catalent's obligation to make such payments will cease in the event of a material breach by Mr. Chiminski of the restrictive covenants contained in the employment agreement (described below), if such breach remains uncured for a period of ten days following written notice of such breach. Pursuant to the terms of the employment agreement, Mr. Chiminski is subject to a covenant not to (x) compete with us while employed and for one year following his termination of employment for any reason and (y) solicit our employees, consultants and certain actual and prospective clients while employed and for two years following his termination of employment for any reason, in each case, subject to certain specified exclusions. The employment agreement also contains a covenant not to disclose confidential information, an assignment of property rights provision and customary indemnification provisions.

In addition to the payments described above, if Mr. Chiminski's employment is terminated by us or Catalent Pharma Solutions, Inc. without cause, by Mr. Chiminski for good reason or due to our or Catalent Pharma Solutions, Inc.'s election not to extend the term, Mr. Chiminski (and his spouse and eligible dependents, to the extent applicable) will also be entitled to continued participation in Catalent's group health plans for up to two years (for the final six months of this period if coverage cannot be continued he will be paid an amount on a grossed up basis for the company's cost of such coverage).

At the end of fiscal 2014, Mr. Chiminski would have had a good reason to terminate employment if any of the following had occurred without his consent: (a) any material diminution in his duties, authorities, or responsibilities, or the assignment to him of duties that are materially inconsistent with, or that significantly impair his ability to perform, his duties as Chief Executive Officer of Catalent Pharma Solutions, Inc. or us; (b) any material adverse change in his positions or reporting structures, including ceasing to be the Chief Executive Officer of Catalent Pharma Solutions, Inc. or us or ceasing to be a member of the board of directors of Catalent Pharma Solutions, Inc. or our board of directors; (c) any reduction in his base salary or target annual bonus opportunity (other than a general reduction in base salary or target annual bonus opportunity that affects all members of senior management proportionately); (d) any material failure by us to pay compensation or benefits when due under his employment agreement; (e) any relocation of our principal office or of his principal place of employment to a location more than 50 miles from its location in Somerset, New Jersey, as of his commencement date; or (f) any failure by Catalent Pharma Solutions, Inc. or us, as applicable, to obtain the assumption in writing of its obligation to perform his employment agreement by any successor to all or substantially all of the assets of Catalent Pharma Solutions, Inc. or us, as applicable. No termination of his employment based on a specified good reason event will be effective as a termination for good reason unless (x) Mr. Chiminski gives notice to Catalent Pharma Solutions, Inc. and us of such event within 90 days after he learns that such event has occurred (or, in the case of any event described in clauses (e) or (f), within 30 days after he learns that such event has occurred), (y) such good reason event is not fully cured within 30 days after such notice, and (z) Mr. Chiminski's employment terminates within 60 days following the end of the cure period.

In the event of any termination of Mr. Chiminski's employment other than a good termination, all unvested RSUs and options which remain outstanding will be immediately forfeited without consideration as of the termination date. In the event of a good termination, Mr. Chiminski will be deemed vested as of the termination date in any portion of the RSUs and time options that would have otherwise vested if he had remained employed by us or Catalent Pharma Solutions, Inc. through the first anniversary of the termination date and he will also retain the opportunity through the ten year term to vest, subject only to attaining the specified internal rate of return or multiple of investment targets, in a portion of the unvested exit options equal to a fraction, the numerator of which is the number of days elapsing from his commencement date through the termination date and the denominator of which is the number of days elapsing from his commencement date through the date of the event that triggers additional exit option vesting.

To the extent that all or a fraction of the exit options vest, a proportionate amount of each tranche of unvested RSUs and time options which remain outstanding will also vest.

In the event of (x) a change in control or (y) a good termination that occurs within the six month period prior to a change in control, all unvested RSUs and time options will become fully vested as of the change in control (or immediately prior to the change in control, with respect to the options). Any portion of the exit options that remain unvested upon a change in control will remain outstanding and remain eligible for potential future vesting in accordance with the terms of the stock option agreement.

In the event of a change of control in which the exit event-based options granted under the new framework vest, any outstanding unvested performance-based options will also vest.

Unless otherwise specifically provided for in the stock option agreement, any options that are not vested and exercisable upon Mr. Chiminski's termination of employment will be immediately cancelled. Any options that are vested upon a good termination will remain outstanding and exercisable generally for one year from the termination date or the date on which the option became vested, as applicable, although the period is reduced to 90 days in the case of a termination of employment that is not a good termination and vested options will terminate immediately if Mr. Chiminski's employment is terminated by Catalent Pharma Solutions, Inc. or us for cause. Any vested options that are not exercised within the applicable post-termination exercise period will terminate.

All shares of our common stock acquired by Mr. Chiminski, including without limitation, shares settled following vesting of the RSUs and shares acquired upon the exercise of the options will be subject to the terms of a subscription agreement. In addition, in connection with the purchase of the shares of our common stock and the grant of the RSUs and options, Mr. Chiminski became a party to our securityholders agreement. These documents generally govern Mr. Chiminski's rights with respect to all such shares.

If any payments to Mr. Chiminski are subject to golden parachute excise taxes in connection with a change in control and are eligible for exemption under the shareholder approval exemption, we and Catalent Pharma Solutions, Inc. agree to use commercially reasonable efforts to seek the requisite stockholder vote. However, if such exemption is not available and Mr. Chiminski is subject to such taxes, he will also be entitled to receive a tax-gross up payment, provided that such payment will not exceed $1 million.

The following table lists the payments and benefits that would have been triggered for Mr. Chiminski under the circumstances described below assuming that the applicable triggering event occurred on June 30, 2014.

Triggering Event	Value of Option/RSU Acceleration(1)	Value of Base Salary and Target Bonus Payment(2)	Value of Continued Benefits Participation(3)	Total ($)
Death or Disability	287,000			287,000
Termination by Us Without Cause or by Mr. Chiminski for Good Reason	287,000	3,700,000	28,482	4,015,482
Change in Control	287,000			287,000
Death or Disability Within Six months Prior to a change in Control	287,000			287,000
Termination by Us Without Cause or by Mr. Chiminski for Good Reason in Connection With a Change in Control	287,000	3,700,000	28,482	4,015,482

(1) The amounts reported represent accelerated vesting of 14,000 RSUs and are based on our initial public offering price of $20.50 per share. Amounts reported assume that the exit event options do not vest upon a change in

control.

(2) The amount reported consists of two times the sum of Mr. Chiminski's annual salary and target annual MIP bonus.

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(3) The amount reported represents income attributable to the health care premiums paid by us with respect to Mr. Chiminski's participation in our employee benefit plans for a two year period. Mr. Chiminski would also be entitled to be paid out for any unused paid time off days accrued during 2014 and up to five unused days from the prior year.

Mr. Walsh

On October 11, 2011, we and Mr. Walsh entered into an employment agreement which replaced the offer letter and severance agreement that Mr. Walsh entered into in 2008 in connection with the commencement of his employment with us. Mr. Walsh's employment agreement, the 2007 PTS Holdings Corp. Stock Incentive Plan and the related stock option agreement and RSU agreements each provide for certain benefits to be paid to him upon termination.

The employment agreement also provides that if Mr. Walsh's employment is terminated by us without cause, due to death or disability, by Mr. Walsh for good reason or due to our election not to extend the term, then Mr. Walsh will be entitled to receive, in addition to certain accrued amounts, a pro-rated annual cash bonus. In addition, if Mr. Walsh's employment is terminated by Catalent without cause (other than by reason of death or disability), by Mr. Walsh for good reason, or due to Catalent's election not to extend the term, Mr. Walsh will also be entitled to receive, an amount equal to two (2) times the sum of (x) Mr. Walsh's then annualized base salary and (y) his target bonus (75%), payable in equal monthly installments over a two-year severance period. Should Mr. Walsh's employment have terminated due to death, his beneficiaries would have received a death benefit equal to 1.5 times his then-current base salary ($937,500) under a company provided group life insurance program which covers all eligible active employees.

In addition to the payments described above, if Mr. Walsh's employment is terminated by Catalent without cause, by Mr. Walsh for good reason or due to Catalent's election not to extend the term, Mr. Walsh (and his spouse and eligible dependents, to the extent applicable) will also be entitled to continued participation in Catalent's group health plans for up to two years (for the final six months of this period, if coverage cannot be continued he will be paid an amount on a grossed up basis for the company's cost of such coverage).

At the end of fiscal 2014, Mr. Walsh would have had a good reason to terminate employment if any of the following had occurred without his consent, (1) any substantial diminution in his position or duties, adverse change in reporting lines, up and down, or the assignment to him of duties that are materially inconsistent with his position, (2) any reduction in his base salary, (3) any failure of Catalent to pay compensation or benefits when due, (4) Catalent's failure to provide him with an annual bonus opportunity that is at the same level as established in his offer letter, dated February 29, 2008, or (5) he is required to move his principal business location more than fifty (50) miles. No termination of Mr. Walsh's employment based on a specified good reason event will be effective as a termination for good reason unless (x) he gives notice to Catalent of such event within thirty (30) days after he learns that such event has occurred, (y) such good reason event is not fully cured within thirty (30) days after such notice (such period, the "Cure Period"), and (z) his employment terminates within sixty (60) days following the end of the Cure Period.

In the event of any termination of Mr. Walsh's employment, all unvested RSUs and options which remain outstanding will be immediately forfeited without consideration as of the termination date; however, that in the event of a termination of Mr. Walsh's employment (1) by us without cause, (2) by Mr. Walsh for good reason, (3) due to death or disability or (4) due to our election not to extend the employment term, Mr. Walsh will be deemed vested as of the termination date in any portion of the time-based option that would have otherwise vested if he had remained by us through the first anniversary of the termination date. In the event of a change in control of the Company or BHP PTS Holdings L.L.C., all unvested RSUs and time-based options will become fully vested as of the change in control (or immediately prior to the change in control, with respect to the options).

In the event of a change of control in which the exit event-based options granted under the new framework vest, any outstanding unvested performance-based options will also vest.

The following table lists the payments and benefits that would have been triggered for Mr. Walsh under the circumstances described below assuming that the applicable triggering event occurred on June 30, 2014.

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Triggering Event	Value of Option/RSU Acceleration(1)	Value of Base Salary and Target Bonus Payment(2)	Value of Continued Benefits Participation(3)	Total ($)
Death or Disability	336,445	—	—	336,445
Termination by Us Without Cause or by Mr. Walsh for Good Reason	336,445	2,187,500	28,482	2,552,427
Change in Control	1,178,790	—	—	1,178,790

(1) The amounts reported are based on our initial public offering price of $20.50 per share. The amounts reported reflect the "spread" value of the options of $8.00 per share for the options granted on October 23, 2009 and $3.86 per share for the options granted on October 11, 2011, in each case representing the difference between the initial public offering price and the exercise price. Amounts reported assume that the exit event options do not vest upon a change in control. The amount reported for Mr. Walsh for a change in control of the Company or BHP PTS Holdings L.L.C. also includes the vesting of 41,090 RSUs.

(2) The amount reported for Mr. Walsh represents the two times the sum of (x) Mr. Walsh's current base salary and (y) his target annual cash bonus.

(3) Per Mr. Walsh's employment agreement which became effective on September 26, 2011, the amount for Mr. Walsh includes 18 months of coverage plus 6 months (on a tax grossed-up basis). Mr. Walsh would also be entitled to be paid out for any unused paid time off days accrued during 2014 and up to five unused days from the prior year.

Messrs. Downie, Khichi, and Leonard

Messrs. Downie, Khichi, and Leonard were not covered by employment agreements at the end of fiscal 2014. However, Mr. Downie's, Mr. Khichi's and Mr. Leonard's severance agreements, the 2007 PTS Holdings Corp. Stock Incentive Plan, and the related stock option agreements provide for certain benefits to be paid to each of them if their employment terminates for one of the reasons described below. If the employment of Messrs. Downie, Khichi or Leonard terminated due to death or disability, each would have been entitled to accelerated vesting of the portion of their time options that would otherwise have vested within 12 months following a termination of employment (like Mr. Chiminski, they will not be entitled to any similar accelerated vesting for performance options and exit options). Should Mr. Downie's, Mr. Khichi's or Mr. Leonard's employment have terminated due to death, their beneficiaries would have received a death benefit equal to 1.5 times their current base salary ($622,500, $682,500 and $682,500, respectively) under a company provided group life insurance program which covers all eligible active employees.

If the employment of Messrs. Downie, Khichi or Leonard was terminated by us without cause or by the executive for good reason, in each case at the end of fiscal 2014, each would have been entitled to a severance payment equal to one times the sum of their annual base salary and target annual bonus, payable in equal installments over the one period following the date of their termination of employment. Each would also be entitled to continued participation in our group health plans (to the extent the executives were receiving such coverage as of the termination date), at the same premium rates as may be charged from time to time for employees of Catalent generally, which coverage would be provided until the earlier of (1) the expiration of the one year period following the date of termination of employment and (2) the date the executive becomes eligible for coverage under group health plan (s) of any other employer. Each Named Officer is required to enter into a binding general release of claims as a condition to receiving most severance payments and benefits.

Under the stock option agreements entered into in connection with the 2007 PTS Holdings Corp. Stock Incentive Plan, if the employment of Messrs. Downie, Khichi or Leonard was terminated by us without cause or by the Named Officer for good reason, each would be entitled to receive accelerated vesting of the portion of his time options that would otherwise have vested within 12 months following termination of employment (there is no similar accelerated vesting for performance options and exit options). At the end of fiscal 2014, each of Messrs. Downie, Khichi and Leonard would have had a good reason to terminate employment if, without his consent (a) there had been a substantial diminution in his position or duties or an adverse change in his reporting lines, (b) he was assigned duties that were materially inconsistent with his position, (c) his base salary had been reduced or other earned compensation was not paid when due, (d) our headquarters were relocated by more than 50 miles, or (e) he was not provided with the same annual bonus opportunity specified in his offer letter, in each case, which was not cured within 30 days following our receipt of written notice from him describing the event constituting good reason.

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In the event of a change of control in which the exit event-based options granted under the new framework vest, any outstanding unvested performance-based options would also vest.
In the event of a change in control of the Company or BHP PTS Holdings L.L.C., each of Messrs. Downie, Khichi, and Leonard would be entitled to full vesting of their time options. As with Mr. Chiminski, their exit options and performance options would not automatically become fully vested in connection with a change in control; however, the exit options and performance options may become vested in connection with the transaction if the applicable performance targets are attained. Messrs. Downie, Khichi, and Leonard, are each subject to the restrictive covenants contained in the subscription agreement, which covenants are described in the “Description of Equity-Based Awards” section above.
The following table lists the payments and benefits that would have been triggered for Messrs. Downie, Khichi, and Leonard under the circumstances described below assuming that the applicable triggering event occurred on June 30, 2014.

Triggering Event	Value of Option Acceleration ($)(1)	Value of Severance Payment ($)(2)	Value of Continued Benefits Participation ($)(3)	Total ($)
Death or Disability				
William Downie	205,500	—	—	205,500
Samrat Khichi	187,690	—	—	187,690
Stephen Leonard	274,000	—	—	274,000
Termination by Us Without Cause or by the Executive for Good Reason				
William Downie	205,500	726,250	12,001	943,751
Samrat Khichi	187,690	796,250	12,455	996,395
Stephen Leonard	274,000	796,250	12,455	1,082,705
Change in Control				
William Downie	205,500	—	—	205,500
Samrat Khichi	187,690	—	—	187,690
Stephen Leonard	274,000	—	—	274,000

(1) The amounts reported are based on our initial public offering price of $20.50 per share. The amounts reported reflect the “spread” value of $8.00 per share for the options granted on October 23, 2009, in each case representing the difference between the initial public offering price and the exercise price. Amounts reported assume that the exit event options do not vest upon a change in control.

(2) The amounts reported for Messrs. Downie, Khichi and Leonard represent the sum of each executive’s annual base salary and target annual bonus.

(3) The amounts reported represent income attributable to the health care premiums paid by us with respect to each Named Officer’s continued participation in our employee benefit plans for a one year period.

Resignation of Mr. Khichi

On April 28, 2014, Mr. Khichi notified the Company of his decision to leave the Company effective July 21, 2014 to serve as Senior Vice President, General Counsel and Corporate Secretary of a multinational public company.
Mr. Khichi agreed to continue to serve in his various capacities for a transition period ending on July 21, 2014. In connection therewith, we agreed to increase Mr. Khichi’s base salary $25,000 per month, effective May 1, 2014. In addition, Mr. Khichi received a retention bonus in the amount of $100,000, which was paid on August 1, 2014 in connection with his satisfactory completion of specified projects as determined by our President and Chief Executive Officer. Mr. Khichi did not receive any severance or additional payments or benefits in connection with resignation and since his resignation was effective prior to the Company’s payment of the fiscal 2014 MIP awards, he was not be

eligible to receive a MIP award for fiscal 2014. In addition, upon his resignation, all of his then unvested stock options were forfeited. Mr. Khichi will have the right to exercise all of his vested stock options within three months after his resignation date (or, if later, until the 90th day following the date on which the options vest) after which date they will immediately terminate. The Company and Mr. Khichi subsequently determined that Mr. Khichi's last day of employment would be July 15, 2014.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of shares of our common stock, except as otherwise indicated, as of September 1, 2014 by (1) each person known to us to beneficially own more than 5% of our outstanding common stock, (2) each of our directors and named executive officers and (3) all of our directors and executive officers as a group.

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

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

As of September 1, 2014, there were 117,321,348 shares of our Common Stock outstanding.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent
Blackstone(2)	64,536,152	55.01 %
Genstar Capital(3)	7,044,901	6.00%
John R. Chiminski(4)(6)	763,513	*
Matthew Walsh(5)(6)	294,322	*
William Downie(6)	164,423	*
Stephen Leonard(6)	216,519	*
Chinh E. Chu(7)	—	*
Bruce McEvoy(8)	—	*
James Quella(9)	9,240	*
Melvin D. Booth(6)	40,600	*
Jack Stahl	—	*
Rolf Classon	—	*
Directors and executive officers as a group (16 persons)(10)	2,170,709	1.85%

*Represents less than 1%.

(1) Fractional shares beneficially owned have been rounded down to the nearest whole share.

(2) Shares shown as beneficially owned by Blackstone were held directly by Blackstone Healthcare Partners L.L.C. Blackstone Capital Partners V L.P. is the managing member of Blackstone Healthcare Partners L.L.C. Blackstone Management Associates V L.L.C. ("BMA") is the general partner of Blackstone Capital Partners V L.P. BMA V L.L.C. is the sole member of BMA. Blackstone Holdings III L.P. is the managing member and majority in interest owner of BMA V L.L.C. Blackstone Holdings III GP L.P. is the general partner of Blackstone Holdings III L.P. Blackstone Holdings III GP Management L.L.C. is the general partner of Blackstone Holdings III GP L.P. The Blackstone Group L.P. is the sole member of Blackstone Holdings III GP Management L.L.C. The Blackstone Group L.P. is controlled by its general partner, Blackstone Group Management L.L.C. Blackstone Group

Management L.L.C. is wholly owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of BHP PTS Holdings L.L.C., Blackstone Healthcare Partners L.L.C., Blackstone Capital Partners V L.P., BMA, BMA V L.L.C., Blackstone Holdings III L.P., Blackstone Holdings III GP L.P., Blackstone Holdings III GP Management L.L.C., The Blackstone Group L.P., Blackstone Group Management

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L.L.C., Mr. Schwarzman, Mr. Chu and Mr. McEvoy disclaims beneficial ownership of the shares of our common stock directly held by Blackstone Healthcare Partners, L.L.C. Mr. Chu and Mr. McEvoy, our directors, are employees of affiliates of Blackstone. The address of each of the entities listed in this footnote is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

(3) Shares shown as beneficially owned by Genstar Capital are held directly by Genstar Phoenix Holdings, LLC. Genstar Capital Partners IV, L.P. is the Manager of Genstar Phoenix Holdings, LLC. The sole general partner of Genstar Capital Partners IV, L.P. is Genstar Capital IV, L.P. The sole general partner of Genstar Capital IV, L.P. is Genstar IV GP LLC. The members of Genstar IV GP LLC are Jean-Pierre Conte and Robert Weltman. Each of Genstar Capital Partners IV, L.P., Genstar Capital IV, L.P., Genstar IV GP LLC and Messrs. Conte and Weltman disclaims beneficial ownership of the shares of our common stock directly held by Genstar Phoenix Holdings, LLC. The address of each of the entities and individuals listed in this footnote is c/o Genstar Capital LLC, Four Embarcadero Center, San Francisco, CA 94111.

(4) Does not include 260,481 vested non-voting restricted stock units, none of which Mr. Chiminski has the right to have settled in shares of our common stock within 60 days.

(5) Does not include 35,000 vested non-voting restricted stock units, none of which Mr. Walsh has the right to have settled in shares of our common stock within 60 days.

(6) The number of shares beneficially owned includes shares of common stock issuable upon exercise of options that are currently exercisable and/or will be exercisable within 60 days after September 1, 2014, as follows: Mr. Chiminski (700,000), Mr. Walsh (266,322), Mr. Downie (146,202), Mr. Leonard (193,270), Mr. Quella (9,240) and Mr. Booth (40,600).

(7) Mr. Chu is a Senior Managing Director of Blackstone. Mr. Chu disclaims beneficial ownership of any shares owned directly or indirectly by Blackstone. Mr. Chu's address is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

(8) Mr. McEvoy is a Principal of Blackstone. Mr. McEvoy disclaims beneficial ownership of any shares owned directly or indirectly by Blackstone. Mr. McEvoy's address is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

(9) Mr. Quella was a Senior Managing Director and Senior Operating Partner in the Corporate Private Equity group of Blackstone. Mr. Quella disclaims beneficial ownership of any shares owned directly or indirectly by Blackstone. Mr. Quella's address is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

(10) Includes 1,960,406 shares of common stock issuable upon exercise of options that are currently exercisable and/or exercisable within 60 days after September 1, 2014.

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Equity Compensation Plan Information

The following table provides information for the fiscal year ended June 30, 2014 with respect to shares of Catalent, Inc. common stock that may be granted under the 2007 PTS Holdings Corp. Stock Incentive Plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) [2]	Weighted-average exercise price of outstanding options, warrants and rights (b) [3]	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) [4]
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders [1]	6,534,990	$13.96	428,109

(1) The 2007 PTS Holdings Corp. Stock Incentive Plan was approved by the Board of Directors of PTS Holdings Corp. on May 7, 2007, and amended on September 8, 2010 and June 25, 2013.

(2) All of the awards granted under the 2007 PTS Holdings Corp. Stock Incentive Plan are stock options, except for the 260,481 restricted stock units granted to Mr. Chiminski and 64,400 restricted stock units granted to Mr. Walsh.

(3) The weighted-average exercise price does not take into account restricted stock unit awards, which by their nature do not have an exercise price.

(4) Consists of shares of our common stock issuable under the 2007 PTS Holdings Corp. Stock Incentive Plan, including non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, and other equity-based awards of which 11,259 shares have been specifically set aside for the granting of restricted stock units.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Agreements with Our Parent Companies

BHP PTS Holdings L.L.C. Securityholders Agreement
In connection with the closing of the acquisition from Cardinal and the related financings, BHP PTS Holdings L.L.C. entered into a Securityholders Agreement with the investors. The BHP PTS Holdings L.L.C. Securityholders Agreement governs the economic and voting characteristics of the units representing limited liability company membership interests in BHP PTS Holdings L.L.C. (which owned all of the equity interests of Phoenix Charter LLC, which was our majority stockholder prior to the completion of our initial public offering), including with respect to restrictions on the issuance or transfer of shares, including tagalong rights and drag-along rights, other special corporate governance provisions and registration rights (including customary indemnification provisions). BHP PTS Holdings L.L.C. and Phoenix Charter LLC were dissolved in connection with our initial public offering. The shares of our common stock held by Phoenix Charter LLC were be distributed to the members of BHP PTS Holdings L.L.C. This agreement was terminated in connection with our initial public offering.

Catalent, Inc. Securityholders Agreement
Following the consummation of the acquisition from Cardinal and related financings, we issued shares of our common stock and granted stock option awards and RSUs to certain of our officers, directors and key employees (collectively, “Executives”) pursuant to the 2007 PTS Holdings Corp. Stock Incentive Plan, as amended (our stock incentive plan, which was adopted in 2007 prior to PTS Holding Corp. being renamed Catalent, Inc. in January 2014). As a condition to acquiring such shares of common stock and receiving such options and RSUs, the Executives were required to become a party, or agree to become a party, to the security holders’ agreement among us, BHP PTS Holdings L.L.C. and Blackstone Healthcare Partners LLC. BHP PTS Holdings L.L.C. owned all of the equity interests of Phoenix Charter LLC, which was our majority stockholder prior to the completion of our initial public offering. Blackstone Healthcare Partners LLC was the managing member and controlled approximately 87% of BHP PTS Holdings L.L.C. Under the security holders agreement each party agreed, among other things, to elect or cause to be elected to our board of directors and the boards of directors of each of our subsidiaries such individuals as are designated by BHP PTS Holdings L.L.C. Each party also agreed to vote their shares in the manner in which BHP PTS Holdings L.L.C. directs in connection with amendments to our organizational documents (except for changes that would have a material adverse effect on our management), the merger, security exchange, combination or consolidation of the Company with any other person, the sale, lease or exchange of all or substantially all of the property and assets of the Company and its subsidiaries on a consolidated basis, and the reorganization, recapitalization, liquidation, dissolution or winding-up of the Company. The security holders agreement also includes certain restrictions on the transfer of shares, “tag along” and “drag along” rights, and rights of first refusal in favor of the Company. This agreement was terminated in connection with our initial public offering.

Catalent,Inc. Shareholders Agreement
In connection with our initial public offering, we entered into a stockholders agreement with affiliates of Blackstone. This agreement grants such Blackstone parties the right to nominate to our board of directors a number of designees equal to: (i) at least a majority of the total number of directors comprising our board of directors as long as Blackstone and its affiliates beneficially own at least 50% of the shares of our common stock entitled to vote generally in the election of our directors; (ii) at least 40% of the total number of directors comprising our board of directors at such time as long as Blackstone and its affiliates beneficially own at least 40% but less than 50% of the shares of our common stock entitled to vote generally in the election of our directors; (iii) at least 30% of the total number of directors comprising our board of directors at such time as long as Blackstone and its affiliates beneficially own at least 30% but less than 40% of the shares of our common stock entitled to vote generally in the election of our directors; (iv) at least 20% of the total number of directors comprising our board of directors at such time as long as

Blackstone and its affiliates beneficially own at least 20% but less 30% of the shares of our common stock entitled to vote generally in the election of our directors; and (v) at least 10% of the total number of directors comprising our board of directors at such time as long as Blackstone and its affiliates beneficially own at least 5% but less than 20% of the shares of our common stock entitled to vote generally in the election of our directors. For purposes of calculating the number of directors that affiliates of Blackstone are entitled to nominate pursuant to the formula outlined above, any fractional amounts would be rounded up to the nearest whole number (e.g., one and one quarter directors shall equate to two directors) and the calculation would be made on a pro forma basis after taking into account any increase in the size of our board of directors.

In addition, in the event a vacancy on the board of directors is caused by the death, retirement or resignation of Blackstone’s director-designee, affiliates of Blackstone shall, to the fullest extent permitted by law, have the right to have the vacancy filled by Blackstone’s new director-designee.

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Registration Rights Agreement

In connection with our initial public offering, we entered into a registration rights agreement with certain affiliates of Blackstone and certain other investors and members of management. This agreement provides to affiliates of Blackstone an unlimited number of “demand” registrations and to both affiliates of Blackstone and such other investors and members of management party thereto customary “piggyback” registration rights. The registration rights agreement also provides that we will pay certain expenses relating to such registrations and indemnify Blackstone and its affiliate, such other investors and the members of management party thereto against certain liabilities which may arise under the Securities Act of 1933, as amended.

Transaction and Advisory Fee Agreement

We and one or more of our parent companies entered into a transaction and advisory fee agreement with the affiliates of Blackstone and certain of the other investors pursuant to which such entities or their affiliates provide certain strategic and structuring advice and assistance to us. In addition, under this agreement, affiliates of Blackstone and certain of the other Investors provide certain monitoring, advisory and consulting services to us for an aggregate annual management fee equal to the greater of $10 million or 3.0% of Consolidated Adjusted EBITDA (as defined in the Secured Credit Agreement) per year. Affiliates of Blackstone and certain of the other investors also receive reimbursement for out-of-pocket expenses incurred by them or their affiliates in connection with the provision of services pursuant to the agreement.

Pursuant to the terms of the transaction and advisory fee agreement with respect to acquisitions, each of Blackstone and an affiliate of Blackstone is entitled to a 1% transaction fee based on the transaction purchase price.

Upon a change of control in our ownership, a sale of all of our assets, or an initial public offering of our equity, and in recognition of facilitation of such change of control, asset sale or public offering by affiliates of Blackstone, these affiliates of Blackstone may elect to receive, in lieu of annual payments of the management fee, a single lump sum cash payment equal to the then-present value of all then current and future management fees payable under the agreement. The lump sum payment would only be payable to the extent that it is permitted under other agreements governing our indebtedness.

This agreement was terminated in connection with our initial public offering. Upon completion of our initial public offering, we paid a lump sum termination fee as described above equal to approximately $29.8 million to affiliates of Blackstone and certain of the other investors.

Other Related-Party Transactions

Employer Health Program

We participate in an employer health program agreement with Equity Healthcare LLC (“Equity Healthcare”). Equity Healthcare negotiates with providers of standard administrative services for health benefit plans and other related services for cost discounts and quality of service monitoring capability by Equity Healthcare. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms for providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis. In consideration for these services, the Company paid Equity Healthcare a fee of $2.60 and $2.70 per participating employee per month in calendar year 2013 and 2014, respectively. As of June 30, 2014, we had approximately 2,360 employees enrolled in our health benefit plans in the United States. Equity Healthcare is an affiliate of Blackstone.

In addition, we do business with a number of other companies affiliated with Blackstone; we believe that all such arrangements have been entered into in the ordinary course of our business and have been conducted on an arm’s length basis.

Statement of Policy Regarding Transactions with Related Persons

Prior to the completion of our initial public offering, our board of directors adopted a written statement of policy regarding transactions with related persons, which we refer to as our “related person policy.” Our related person policy requires that a “related person” (as defined as in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our General Counsel any “related person transaction” (defined as any transaction that we anticipate would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The General Counsel will then promptly communicate that information to our board of directors. No related person transaction will

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be executed without the approval or ratification of our board of directors or a duly authorized committee of our board of directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

Director Independence and Independence Determinations

Under our Corporate Governance Guidelines and NYSE rules, a director is not independent unless the board of directors affirmatively determines that he or she does not have a direct or indirect material relationship with us or any of our subsidiaries.

Our Corporate Governance Guidelines define independence in accordance with the independence definition in the current NYSE corporate governance rules for listed companies. Our Corporate Governance Guidelines require the board of directors to review the independence of all directors at least annually.

In the event a director has a relationship with the Company that is relevant to his or her independence and is not addressed by the objective tests set forth in the NYSE independence definition, the board of directors will determine, considering all relevant facts and circumstances, whether interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Our board of directors has affirmatively determined that each of Melvin D. Booth, Jack Stahl and Rolf Classon is independent under the guidelines for director independence set forth in the Corporate Governance Guidelines and under all applicable NYSE guidelines, including with respect to committee membership. Our board of directors also has determined that each of Messrs. Booth, Stahl and Classon is “independent” for purposes of Section 10A(m)(3) of the Exchange Act.

In making its independence determinations, the board of directors considered and reviewed all information known to it (including information identified through annual directors’ questionnaires).

Controlled Company Exception

Affiliates of Blackstone who are party to the shareholders agreement beneficially own shares representing more than 50% of the voting power of our shares eligible to vote in the election of directors. As a result, we are a “controlled company” within the meaning of corporate governance standards. Under these corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance standards, including the requirements (1) that a majority of our board of directors consist of independent directors, (2) that our board of directors have a compensation committee that is comprised entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities and (3) that our board of directors have a nominating and corporate governance committee that is comprised entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities. We utilize these exemptions. As a result, although we will have a fully independent audit committee within one year following our initial public offering and have independent director representation on our compensation and nominating and corporate governance committees, the majority of our directors are not be independent and our compensation committee or nominating and corporate governance committee may not be comprised entirely of independent directors. Accordingly, although we may have fully independent compensation and nominating and corporate governance committees prior to the time we cease to be a “controlled company,” for such period of time you may not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a “controlled company” and our shares continue to be listed on the New York Stock Exchange, we will be required to comply with these provisions within the applicable transition periods.

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ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit and Non-Audit Fees

The following table presents fees for professional services rendered by Ernst & Young, LLP for the audit of the Company’s annual financial statements for the fiscal years ended June 30, 2014 and June 30, 2013, and fees billed for other services rendered by Ernst & Young, LLP during those periods.

(Dollars in thousands)	2014	2013
Audit Fees	$3,499	$3,382
Audit-Related Fees (1)	2	2
Tax Fees (2)	759	869
All Other Fees	—	—
Total	$4,260	$4,253

1. Includes the aggregate fees recognized in each of the last two fiscal years for professional services rendered by Ernst & Young LLP that are reasonably related to the performance of the Company’s audit. Specifically, these costs include fees for audits of employee benefit plans, accounting and audit consultation and other attest services.
2. Includes the aggregate fees recognized in each of the last two fiscal years for professional services rendered by Ernst & Young LLP for tax compliance, tax advice and tax planning.

All of the services covered under the captions “Audit Fees,” “Audit-Related Fees,” “Tax Fees” and “All Other Fees” were pre-approved by the audit committee.

Policy on audit committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public
Accounting Firm

Consistent with SEC and Public Company Accounting Oversight Board requirements regarding auditor independence, the audit committee has responsibility for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In recognition of this responsibly, the audit committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

Prior to engagement of the independent registered public accounting firm for the next year’s audit, management will submit a list of services and related fees expected to be rendered during that year within each of the four categories of services to the audit committee for approval.

1. Audit services include audit work performed on the financial statements and internal control over financial reporting, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters, statutory audits, and discussions surrounding the proper application of financial accounting and/or reporting standards.
2. Audit-Related services are for assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.
3. Tax services include all services, except those services specifically related to the financial statements, performed by the independent registered public accounting firm’s tax personnel, including tax analysis; assisting with coordination of execution of tax-related activities, primarily in the area of corporate development; supporting other tax-related regulatory requirements; tax planning; and tax compliance and reporting.

4. All Other services are those services not captured in the audit, audit-related or tax categories.

Prior to engagement, the audit committee pre-approves independent public accounting firm services within each category and the fees of each category are budgeted. The audit committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval categories. In those instances, the audit committee requires specific preapproval before engaging the independent registered public accounting firm.

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The audit committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the audit committee at its next scheduled meeting. All of the services under the captions “Audit Fees”, “Audit-Related Fees”, “Tax Fees” and “All-Other Fees” in the table above were pre-approved by the audit committee.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements. The Financial Statements listed in the Index to Financial Statements, filed as part of this Annual Report on Form 10-K.

(a)(2) Financial Statements Schedule.

Deferred Tax Assets - Valuation Allowance

(Dollars in millions)	Beginning Balance	Current Period (Charge) / Benefit	Deductions and Other	Ending Balance
Year ended June 30, 2012				
Tax Valuation Allowance	$(281.6)	$47.4	$30.9	$(203.3)
Year ended June 30, 2013				
Tax Valuation Allowance	$(203.3)	$(9.1)	$4.0	$(208.4)
Year ended June 30, 2014				
Tax Valuation Allowance	$(208.4)	$(16.1)	$6.3	$(218.2)

(b) Exhibits.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Catalent, Inc. (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587)
3.2	Amended and Restated Bylaws of Catalent, Inc. (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587)
4.1	Senior Subordinated Indenture dated as of April 10, 2007, among PTS Acquisition Corp., Cardinal Health 409, Inc. and the Bank of New York (incorporated by reference to Exhibit 4.2 to Catalent Pharma Solutions, Inc.’s Registration Statement on Form S-4 filed on December 6, 2007, File No. 333-147871)
4.2	First Supplemental Indenture, dated as of July 3, 2008, to the Senior Subordinated Indenture dated as of April 10, 2007, among Catalent US Holding I, LLC, Catalent US Holding II, LLC and The Bank of New York Mellon (incorporated by reference to Exhibit 4.5 to Catalent Pharma Solutions, Inc.’s Annual Report on Form 10-K for the fiscal year ended June 30, 2008 filed on September 29, 2008, File No. 333-147871)
4.3	Indenture, dated as of September 18, 2012, among Catalent Pharma Solutions, Inc., the Guarantors named therein and The Bank of New York Mellon, as Trustee, governing the 7.875% Senior Notes Due 2018 (incorporated by reference to Exhibit 4.1 to Catalent Pharma Solutions, Inc.’s Current Report on Form 8-K filed on September 18, 2012, File No. 333-147871)

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10.1	Stockholders Agreement, dated as of August 5, 2014, between Catalent, Inc. and Blackstone Healthcare Partners L.L.C. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587)
10.2	Registration Rights Agreement, dated as of August 5, 2014, by and among Catalent, Inc. and certain of its stockholders (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587)
10.3	Form of Severance Agreement between named executive officers and Catalent Pharma Solutions, Inc. (incorporated by reference to Exhibit 10.3 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2011 filed on September 17, 2010, File No. 333-147871) †
10.4	Offer Letter, dated August 25, 2009, between William Downie and Catalent Pharma Solutions, Inc. (incorporated by reference to Exhibit 10.4 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K filed on September 4, 2012, File No. 333-147871) †
10.5	Letter Agreement, dated November 18, 2010, between Catalent Pharma Solutions, Inc. and William Downie (incorporated by reference to Exhibit 10.6 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K filed on September 4, 2012, File No. 333-147871) †
10.6	Employment Agreement, dated February 23, 2009 by and among Catalent, Inc. (formerly known as PTS Holdings Corp.), Catalent Pharma Solutions, Inc. and John R. Chiminski (including Form of Restricted Stock Unit Agreement and Form of Management Equity Subscription Agreement) (incorporated by reference to Exhibit 99.2 to Catalent Pharma Solutions, Inc.'s Current Report on Form 8-K filed on March 5, 2009, File No. 333-147871) †
10.7	Letter Agreement, dated October 30, 2009, by and among Catalent, Inc. (formerly known as PTS Holdings Corp.), Catalent Pharma Solutions, Inc. and John R. Chiminski (incorporated by reference to Exhibit 10.4 to Catalent Pharma Solutions, Inc.'s Quarterly Report on Form 10-Q filed on February 12, 2010, File No. 333-147871) †
10.8	Letter Agreement, entered into on June 30, 2010, by and among Catalent, Inc. (formerly known as PTS Holdings Corp.), Catalent Pharma Solutions, Inc. and John R. Chiminski (including Form of Restricted Stock Unit Agreement) (incorporated by reference to Exhibit 10.1 to Catalent Pharma Solutions, Inc.'s Current Report on Form 8-K filed on July 7, 2010, File No. 333-147871) †
10.9	Letter Agreement, entered into on December 12, 2011, by and among Catalent, Inc. (formerly known as PTS Holdings Corp.), Catalent Pharma Solutions, Inc. and John R. Chiminski (incorporated by reference to Exhibit 10.1 to Catalent Pharma Solutions, Inc.'s Quarterly Report on Form 10-Q filed on February 10, 2012, File No. 333-147871) †
10.10	Employment Agreement, dated as of October 11, 2011, and effective as of September 26, 2011, by and between Catalent Pharma Solutions, Inc. and Matthew Walsh (including Form of Restricted Stock Unit Agreement and Form of Nonqualified Stock Option Agreement) (incorporated by reference to Exhibit 10.42 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K filed on September 4, 2012, File No. 333-147871) †
10.11	Management Equity Subscription Agreement dated September 8, 2010 by and between Catalent, Inc. (formerly known as PTS Holdings Corp.) and Melvin D. Booth (incorporated by reference to Exhibit 10.7

	to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2011 filed on September 17, 2010, File No. 333-147871) †
10.12	Amended and Restated Management Equity Subscription Agreement dated as of October 11, 2011 by and between Catalent, Inc. (formerly known as PTS Holdings Corp.) and Matthew Walsh (including Form of Restricted Stock Unit Agreement and Form of Nonqualified Stock Option Agreement) (incorporated by reference to Exhibit 10.43 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K filed on September 4, 2012, File No. 333-147871) †
10.13	Securityholders Agreement, dated as of May 7, 2007, among Catalent, Inc. (formerly known as PTS Holdings Corp.), Blackstone Healthcare Partners V L.P., BHP PTS Holdings L.L.C. and the other parties thereto (incorporated by reference to Exhibit 10.11 to Catalent Pharma Solutions, Inc.'s Registration Statement on Form S-4 filed on December 6, 2007, File No. 333-147871) †
10.14	Form of Unit Subscription Agreement (incorporated by reference to Exhibit 10.12 to Catalent Pharma Solutions, Inc.'s Amendment No. 1 to the Registration Statement on Form S-4/A filed on March 3, 2008, File No. 333-147871) †

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10.15	Form of Management Equity Subscription Agreement (incorporated by reference to Exhibit 10.13 to Catalent Pharma Solutions, Inc.'s Amendment No. 1 to the Registration Statement on Form S-4/A filed on March 3, 2008, File No. 333-147871) †
10.16	Form of Nonqualified Stock Option Agreement (executives) (incorporated by reference to Exhibit 10.14 to Catalent Pharma Solutions, Inc.'s Amendment No. 1 to the Registration Statement on Form S-4/A filed on March 3, 2008, File No. 333-147871) †
10.17	Form of Nonqualified Stock Option Agreement (non-employee directors) (incorporated by reference to Exhibit 10.15 to Catalent Pharma Solutions, Inc.'s Amendment No. 1 to the Registration Statement on Form S-4/A filed on March 3, 2008, File No. 333-147871) †
10.18	2007 PTS Holdings Corp. Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Catalent Pharma Solutions, Inc.'s Registration Statement on Form S-4 filed on December 6, 2007, File No. 333-147871) †
10.19	Amendment No. 1 to the 2007 PTS Holdings Corp. Stock Incentive Plan, dated September 8, 2010 (incorporated by reference to Exhibit 10.16 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2011 filed on September 17, 2010, File No. 333-147871) †
10.20	Amendment No. 2 to the 2007 PTS Holdings Corp. Stock Incentive Plan, dated June 25, 2013 (incorporated by reference to Exhibit 10.45 to Catalent, Inc.'s Registration Statement on Form S-1, File No. 333-193542) †
10.21	Form of Nonqualified Stock Option Agreement (executives) approved October 23, 2009 (incorporated by reference to Exhibit 10.1 to Catalent Pharma Solutions, Inc.'s Quarterly Report on Form 10-Q filed on February 12, 2010, File No. 333-147871) †
10.22	Form of Nonqualified Stock Option Agreement Amendment (executives) approved October 23, 2009 (incorporated by reference to Exhibit 10.3 to Catalent Pharma Solutions, Inc.'s Quarterly Report on Form 10-Q filed on February 12, 2010, File No. 333-147871) †
10.23	Form of Nonqualified Stock Option Agreement (executives) approved June 25, 2013 (incorporated by reference to Exhibit 10.45 of Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K filed on September 10, 2013) †
10.24	Form of Nonqualified Stock Option Agreement (Chief Executive Officer) approved June 25, 2013 (incorporated by reference to Exhibit 10.46 of Catalent Pharma Solutions Inc.'s Annual Report on Form 10-K filed on September 10, 2013) †
10.25	Form of Nonqualified Stock Option Agreement (John R. Chiminski) approved October 23, 2009 (incorporated by reference to Exhibit 10.4 to Catalent Pharma Solutions, Inc.'s Quarterly Report on Form 10-Q filed on February 12, 2010, File No. 333-147871) †
10.26	Form of Restricted Stock Unit Agreement (John R. Chiminski) approved October 23, 2009 (incorporated by reference to Exhibit 10.5 to Catalent Pharma Solutions, Inc.'s Quarterly Report on Form 10-Q filed on February 12, 2010, File No. 333-147871) †
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	Catalent Pharma Solutions, LLC Deferred Compensation Plan (incorporated by reference to Exhibit 10.19 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2010 filed on September 28, 2009, File No. 333-147871) †
10.28	First Amendment to the Catalent Pharma Solutions, LLC Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to Catalent Pharma Solutions, Inc.'s Quarterly Report on Form 10-Q filed on February 17, 2009, File No. 333-147871) †
10.29	Second Amendment to the Catalent Pharma Solutions, LLC Deferred Compensation Plan (incorporated by reference to Exhibit 10.21 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2010 filed on September 28, 2009, File No. 333-147871) †
10.30	Catalent, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587) †
10.31	Form of Stock Option Agreement for U.S. Employees (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587) †

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10.32	Form of Restricted Stock Unit Agreement for U.S. Employees (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587) †
10.33	Form of Restricted Stock Unit Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587) †
10.34	Form of Stock Option Agreement for Non-U.S. Employees (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587) †
10.35	Form of Restricted Stock Unit Agreement for Non-U.S. Employees (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on August 5, 2014, File No. 001-36587) †
10.36	Amended and Restated Credit Agreement, dated as of May 20, 2014, relating to the Credit Agreement, dated as of April 10, 2007, as amended, among Catalent Pharma Solutions, Inc., PTS Intermediate Holdings LLC, Morgan Stanley Senior Funding, Inc., as the administrative agent, collateral agent and swing line lender and other lenders as parties thereto (incorporated by reference to Exhibit 10.1 to Catalent Pharma Solutions, Inc.'s Current Report on Form 8-K filed on May 27, 2014, File No. 333-147871)
10.37	Security Agreement, dated as of April 10, 2007, among PTS Acquisition Corp., Cardinal Health 409, Inc., PTS Intermediate Holdings LLC, Certain Subsidiaries of Holdings Identified Therein and Morgan Stanley Senior Funding, Inc., (incorporated by reference to Exhibit 10.20 to Catalent Pharma Solutions, Inc.'s Registration Statement on Form S-4 filed on December 6, 2007, File No. 333-147871)
10.38	Security Agreement Supplement, dated as of July 1, 2008, to the Security Agreement, dated as of April 10, 2007, among PTS Acquisition Corp., Cardinal Health 409, Inc., PTS Intermediate Holdings LLC, Certain Subsidiaries of Holdings Identified Therein and Morgan Stanley Senior Funding Inc. (incorporated by reference to Exhibit 10.26 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2008 filed on September 29, 2008, File No. 333-147871)
10.39	Intellectual Property Security Agreement, dated as of April 10, 2007, among PTS Acquisition Corp., Cardinal Health 409, Inc., PTS Intermediate Holdings LLC, Certain Subsidiaries of Holdings Identified Therein and Morgan Stanley Senior Funding, Inc. (incorporated by reference to Exhibit 10.21 to Catalent Pharma Solutions, Inc.'s Registration Statement on Form S-4 filed on December 6, 2007, File No. 333-147871)
10.40	Intellectual Property Security Agreement Supplement, dated as of July 1, 2008, to the Intellectual Property Security Agreement, dated as of April 10, 2007, among PTS Acquisition Corp., Cardinal Health 409, Inc., PTS Intermediate Holdings LLC, Certain Subsidiaries of Holdings Identified Therein and Morgan Stanley Senior Funding, Inc. (incorporated by reference to Exhibit 10.28 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2008 filed on September 29, 2008, File No. 333-147871)
10.41	Guaranty, dated as of April 10, 2007, among PTS Intermediate Holdings LLC, Certain Subsidiaries of Holdings Identified Therein and Morgan Stanley Senior Funding, Inc. (incorporated by reference to Exhibit 10.22 to Catalent Pharma Solutions, Inc.'s Registration Statement on Form S-4 filed on December 6, 2007, File No. 333-147871)
10.42	Guaranty Supplement, dated as of July 1, 2008, to the Guaranty, dated as of April 10, 2007, among PTS Intermediate Holdings LLC, Certain Subsidiaries of Holdings Identified Therein and Morgan Stanley

	Senior Funding, Inc. (incorporated by reference to Exhibit 10.30 to Catalent Pharma Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2008 filed on September 29, 2008, File No. 333-147871)
10.43	Senior Unsecured Term Loan Credit Agreement, dated as of April 29, 2013, among the Company, the guarantors named therein, Morgan Stanley Senior Funding, Inc., as the administrative agent, and other lenders party thereto. (incorporated by reference to Exhibit 10.1 to Catalent Pharma Solutions, Inc.'s Current Report on Form 8-K filed on May 2, 2013, File No. 333-147871)
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges*
21.1	Subsidiaries of the Registrant
23.1	Consent of Ernst & Young LLP*
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended*

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31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.1	The following materials are formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statement of Changes in Shareholders' Equity (Deficit), (v) the Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements***

* Filed herewith
** Furnished herewith

*** Pursuant to Rule 406T of Regulation S-T, the Interactive Data files on Exhibit 101.1 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 133, as amended, are deemed not file for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† Represents a management contract, compensatory plan or arrangement in which directors and/or executive officers are eligible to participate.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	CATALENT, INC.
Date: September 8, 2014	By: /s/ MATTHEW M. WALSH Matthew M. Walsh Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOHN R. CHIMINSKI John R. Chiminski	President & Chief Executive Officer (Principal Executive Officer) and Director	September 8, 2014
/s/ MATTHEW M. WALSH Matthew M. Walsh	Executive Vice President & Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 8, 2014
Chinh E. Chu	Chairman of the Board and Director	September 8, 2014
/s/ BRUCE MCEVOY Bruce McEvoy	Director	September 8, 2014
/s/ JAMES QUELLA James Quella	Director	September 8, 2014
/s/ MELVIN D. BOOTH Melvin D. Booth	Director	September 8, 2014
/s/ JACK STAHL Jack Stahl	Director	September 8, 2014
/s/ ROLF CLASSON Rolf Classon	Director	September 8, 2014