Important notice

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR (2) OUTSIDE THE UNITED STATES (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum (this "Offering Memorandum") following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Memorandum. In accessing this Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

This Offering Memorandum has been prepared in connection with the proposed offer and sale of the securities described herein. This Offering Memorandum and its contents are confidential and should not be distributed, published, reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities described herein, investors must be either (1) qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act ("QIBs") or (2) outside the United States; *provided* that investors resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant Member State) and any relevant implementing measure in each Member State of the European Economic Area). This Offering Memorandum is being sent at your request. By accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such Offering Memorandum by electronic transmission; and

(2) either you and any customers you represent are:

- (a) QIBs; or
- (b) outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia (and if you are resident in a Member State of the European Economic Area, you are a qualified investor).

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A under the U.S. Securities Act.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person.

The materials relating to this Offering (as defined below) do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this Offering be made by a licensed broker or dealer and the Initial Purchasers (as defined below) or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, this Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of us in such jurisdiction.

Under no circumstances shall this Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This Offering Memorandum has not been approved by an authorized person in the United Kingdom and is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Initial Purchasers, or any person who controls any Initial Purchaser, or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between this Offering Memorandum distributed to you in electronic format and the hard copy version available to you from the Initial Purchasers upon your request.

Offering memorandum
Strictly confidential

Not for general distribution
in the United States

SGD Group S.A.S.
€350,000,000 5.625% Senior Secured Notes due 2019

SGD Group S.A.S., a private limited liability company (*société par actions simplifiée*) organized and existing under the laws of France (the "Issuer"), is offering (the "Offering") €350.0 million aggregate principal amount of its 5.625% senior secured notes due 2019 (the "Notes").

The Notes will mature on May 15, 2019. The Issuer will pay interest on the Notes semi-annually in arrears on November 30 and May 31, commencing on November 30, 2014. Prior to October 15, 2015, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying a "make-whole" premium. At any time on or after October 15, 2015, the Issuer may redeem all or part of the Notes at the redemption prices set forth in this offering memorandum (this "Offering Memorandum"). In addition, prior to October 15, 2015, the Issuer may redeem, at its option, up to 40% of the Notes with the net cash proceeds from certain equity offerings. Upon certain events defined as constituting a change of control or upon certain asset sales, the Issuer may be required to make an offer to purchase the Notes. However, a change of control will not be deemed to have occurred if a specified consolidated leverage ratio is not exceeded in connection with such event. In the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the Notes.

The Notes will be senior secured obligations of the Issuer, will rank senior in right of payment to all of the Issuer's future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not subordinated, including the Issuer's obligations under the Revolving Credit Facility (as defined herein) and certain hedging obligations. On the Issue Date, the Notes will be guaranteed on a senior secured basis (the "Guarantees," and each of them, a "Guarantee") by SGD S.A., SGD Germany GmbH and SGD Kipfenberg GmbH (the "Guarantors," and each of them, a "Guarantor"). The Guarantees will rank senior in right of payment to the respective Guarantor's future debt that is expressly subordinated in right of payment to such Guarantee and will rank *pari passu* in right of payment with the respective Guarantor's existing and future debt that is not subordinated, including such Guarantor's obligations under the Revolving Credit Facility and certain hedging obligations.

On the Issue Date (as defined below), the Notes will be secured by the collateral described under "*Description of the Senior Secured Notes—Security*" (the "Collateral"). The Revolving Credit Facility and certain hedging obligations will be secured by first-priority security interests over the Collateral, ranking *pari passu* with the security interests securing the Notes, with an assignment by way of security (*Dailly*) over third-party receivables owed to SGD S.A. securing the Revolving Credit Facility and certain hedging obligations only. Under the terms of the Intercreditor Agreement (as defined herein), in the event of enforcement of the security interests, holders of Notes will receive proceeds from the Collateral only after the Revolving Credit Facility and certain hedging obligations have been repaid. The validity and enforceability of the Guarantees and the security interests and the liability of the Guarantors will be subject to the limitations described in "*Limitations on validity and enforceability of the Guarantees and the security interests*." The Notes will be structurally subordinated to all obligations of the Issuer's subsidiaries that do not guarantee the Notes and effectively subordinated to any existing and future debt of the Issuer and its subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such debt.

The Notes will be represented on issuance by one or more Global Notes (as defined herein), which we expect will be delivered in book-entry form through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on or about April 24, 2014 (the "Issue Date"). Interests in each Global Note will be exchangeable for the relevant definitive notes only in certain limited circumstances. See "*Book-entry, delivery and form*."

Currently, there is no public market for the Notes. Application will be made to list the Notes on the Official List of the Irish Stock Exchange and for the Notes to be admitted to trading on the Global Exchange Market thereof. No certainty can be given that this application will be granted, and we cannot assure you that an active trading market for the Notes will develop.

INVESTING IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 19 FOR A DISCUSSION OF CERTAIN RISKS THAT YOU SHOULD CONSIDER BEFORE INVESTING IN THE NOTES.

Issue price of the Notes: 100.00%, plus accrued interest, if any, from the Issue Date.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Notes and the Guarantees are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A") and outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and, if investors are residents of a member state of the European Economic Area (the "EEA"), only to qualified investors. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For further details about eligible offerees and resale restrictions, see "*Transfer restrictions*."

Global Coordinators and Joint Bookrunners

J.P. Morgan **Credit Suisse**

Joint Bookrunner

BNP PARIBAS

The date of this Offering Memorandum is April 15, 2014.

Contents

Important information about this Offering Memorandum

This Offering Memorandum has been prepared by the Issuer solely for use in connection with the proposed Offering. This Offering Memorandum may not be distributed to any person other than prospective investors and any person retained to advise such prospective investors with respect to the purchase of the Notes, and any disclosure of the contents of this Offering Memorandum without our prior written consent is prohibited. By accepting delivery of this Offering Memorandum, you agree to the foregoing and you agree to not make copies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), this Offering Memorandum contains all information that is material in the context of the issuance and offering of the Notes and the Guarantees, that the information contained in this Offering Memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this Offering Memorandum or any such information misleading in any material respect. The information contained in this Offering Memorandum is as of the date hereof. The Issuer accordingly accepts responsibility for the information contained in this Offering Memorandum.

The Issuer is offering the Notes in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed in this section. You may be required to bear the financial risk of an investment in the Notes for an indefinite period.

In making an investment decision, you should rely only on the information contained in this Offering Memorandum. Neither the Issuer nor any of the Initial Purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. Neither the Issuer nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

The information contained in "*Exchange rate information*," "*Summary*," "*Management's discussion and analysis of financial condition and results of operations*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data and estimates, released by publicly available resources in Europe and elsewhere. Although the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and it accepts no further responsibility in respect of such information and data. In addition, the information set forth in relation to sections of this Offering Memorandum describing clearing arrangements, including under "*Description of the Senior Secured Notes*" and "*Book-entry, delivery and form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream as of the date on the front cover of this Offering Memorandum, it accepts no further responsibility in respect of such information.

The Issuer reserves the right to withdraw this Offering at any time. The Issuer is making this Offering subject to the terms described in this Offering Memorandum and the purchase agreement (the "Purchase Agreement") relating to the Notes entered into between the Issuer and the Initial Purchasers, as defined below. The Issuer and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all the Notes for which it has subscribed.

J.P. Morgan Securities plc, Credit Suisse Securities (Europe) Limited and BNP Paribas (collectively, the "Initial Purchasers"), and the Trustee, the Security Agent, the Transfer Agent and the Paying Agent (each as defined herein) make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Security Agent, the Transfer Agent or the Paying Agent as to the past or the future.

The Initial Purchasers will provide you with a copy of this Offering Memorandum and any related amendments or supplements. By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to ask questions of us, and that you have received all answers you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

Investing in the Notes involves substantial risks. See "*Risk factors*."

In making an investment decision, you must rely solely on the information contained in this Offering Memorandum and your own examination of us and the terms of the Offering, including the merits and risks involved. In addition, none of us, the Initial Purchasers, the Trustee, the Security Agent, the Transfer Agent or the Paying Agent, or any of their respective representatives, are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Offering Memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; none of us, the Initial Purchasers, the Trustee, the Security Agent, the Transfer Agent or the Paying Agent shall have any responsibility for any of the foregoing legal requirements. The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. See "*Transfer restrictions*."

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this Offering Memorandum will be issued in the form of one or more Global Notes. The Global Notes will be deposited and registered in the name of a common depositary for Euroclear and Clearstream. Transfers of interests in the Global Notes will be effected through records maintained by Euroclear and Clearstream, respectively, and their respective participants. The Notes will not be issued in definitive registered form except under certain limited circumstances described in "*Book-entry, delivery and form*."

Application will be made to list the Notes on the Official List of the Irish Stock Exchange and to admit them for trading on its Global Exchange Market. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this Offering Memorandum in producing listing particulars for such listing. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. We may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. There can be no assurance that the Notes will be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market thereof, and settlement of the Notes is not conditioned on obtaining this listing.

Stabilization

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SECURITIES PLC (THE "STABILIZING MANAGER"), OR PERSONS ACTING ON ITS BEHALF, MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS, FOR A LIMITED PERIOD AFTER THE ISSUE DATE, WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER OR PERSONS ACTING ON ITS BEHALF WILL UNDERTAKE ANY SUCH STABILIZING ACTION. ANY SUCH STABILIZING ACTION, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Notice to investors in the United States

This Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Transfer restrictions*."

This Offering Memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) outside the United States in connection with offshore transactions complying with Regulation S. The Notes described in this Offering Memorandum and the Guarantees have not been, and will not be, registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC or any state securities commission in the United States or any such other securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense. Prospective investors are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

U.S. Treasury Department Circular 230 disclosure

PURSUANT TO U.S. TREASURY DEPARTMENT CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN IN CONNECTION WITH THE MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Notice to New Hampshire residents only

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED 1995, AS AMENDED ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to European Economic Area investors

This Offering Memorandum has been prepared on the basis that the offer and sale of the Notes will be made pursuant to an exemption under Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU as implemented in member states of the EEA, from the requirement to produce and publish a prospectus that is compliant with Prospectus Directive, as so implemented, for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA or any of its member states (each a "Relevant Member State") of the Notes that are the subject of the placement referred to in this Offering Memorandum must only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce and publish a prospectus that is compliant with the Prospectus Directive, including Article 3 thereof, as so implemented for such offer. For EEA jurisdictions that have not implemented the Prospectus Directive, all offers of the Notes must be in compliance with the laws of such jurisdictions. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute a final placement of the Notes contemplated in this Offering Memorandum.

In relation to each Relevant Member State, each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of the Notes that are the subject of the Offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- to any legal entity that is a "qualified investor" as defined in the Prospectus Directive;

- to fewer than 100 natural or legal persons or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the Initial Purchasers nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of the Notes shall result in a requirement for the publication by the Issuer or the Initial Purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

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

Notice to investors in France

This Offering Memorandum has not been prepared and is not being distributed in the context of a public offering of financial securities in France within the meaning of Article L. 411-1 of the French *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the French financial markets authority) (the "AMF"). Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*), and neither this Offering Memorandum nor any offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with Articles L. 411-1, L. 411-2, D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code Monétaire et Financier*.

Prospective investors are informed that:

(i) this Offering Memorandum has not been and will not be submitted for clearance to the AMF;

(ii) in compliance with Articles L. 411-2, D. 411-1, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code Monétaire et Financier*, any qualified investors subscribing for the Notes should be acting for their own account; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 through L. 621-8-3 of the French *Code Monétaire et Financier*.

Notice to investors in the United Kingdom

This Offering Memorandum has not been approved by an authorized person in the United Kingdom and is for distribution only to, and is only directed at, persons who (i) are investment professionals, being persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, partnerships or high value trusts, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is permitted only by relevant persons and will be engaged in only with relevant persons.

Notice to Luxembourg residents

This Offering should not be considered a public offering of securities in the Grand Duchy of Luxembourg. This Offering Memorandum may not be reproduced or used for any purpose other than this private placement nor provided to any person other than the recipient thereof. The Notes are offered to a limited number of sophisticated investors in all cases under circumstances designed to preclude a distribution, which would be other than a private placement. All public solicitations are banned and the sale may not be publicly advertised.

The Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

(a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the “CSSF”) pursuant to part II of the Luxembourg law dated July 10, 2005 on prospectuses for securities, as amended (the “Luxembourg Prospectus Law”), implementing the Prospectus Directive, if Luxembourg is the “home Member State” as defined under the Luxembourg Prospectus Law; or

(b) if Luxembourg is not the home Member State, the CSSF has been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus; or

(c) the offer of the Notes benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law (including, but not limited to, if the offer of the Notes is made only to “qualified investors” as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients).

For the purposes of this restriction, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Forward-looking statements

This Offering Memorandum includes forward-looking statements, that are based on our current expectations and projections about future events. All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

In addition, any forward-looking statements are made only as of the date of this Offering Memorandum and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Memorandum. Factors that could cause such differences in actual results include, among other things:

- faulty or contaminated products and product recalls;
- the loss of key customers or the increased consolidation of our customer base;
- interruptions in the operations of our manufacturing facilities;
- interruptions in energy supplies, increasing energy costs and our ability to pass on those increases to our customers;
- our ability to obtain raw materials, increasing raw material costs, and our ability to pass on those increases to our customers;
- our ability to meet the demands of our customers;
- the length of customer validation procedures;
- the effect of economic conditions on customer demand;
- competition from other manufacturers of pharmaceutical glass packaging and alternative forms of packaging;
- the possibility of our products being substituted by other packaging materials;
- returns yielded from our investments in new technology and other capital expenditures;
- the various environmental, health and safety, product and other legal requirements to which we are subject;
- customer site closures by the European Medicines Agency and other regulatory authorities;
- disruptions or changes to the services offered by our transportation and warehousing providers;
- the economic, political and other risks associated with the international nature of our operations;
- our employment costs, collective bargaining agreements and relationships with our employees and trade unions;
- the performance of pension fund investments and our assumptions relating to pension costs;
- challenges to our historical and future tax positions;
- our and our customers' ability to protect intellectual property and trade secrets;
- our ability to obtain and maintain adequate insurance coverage;
- the interests of our principal shareholders; and
- other risks associated with the Demerger, our financing, the Notes and our structure discussed in "*Risk factors*."

We disclose important factors that could cause our actual results to differ materially from our expectations in "*Summary*," "*Risk factors*" and "*Management's discussion and analysis of financial condition and results of operations.*" Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors. We cannot assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

Industry and market data

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. We have generally obtained the market and competitive-position data in this Offering Memorandum from industry publications and from surveys or studies conducted by third-party sources commissioned by us, including Freedonia, IMS and INIT.

We believe that these industry publications, surveys and studies are reliable. However, we cannot assure you of the accuracy and completeness of such information and we have not independently verified such industry and market data.

Industry and consultant publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of the studies and publications we have used is reliable, neither we nor the Initial Purchasers have independently verified the data that were extracted or derived from these industry and consultant publications or reports and cannot guarantee their accuracy or completeness. Market data and statistics are inherently uncertain and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed in "*Risk factors*." As far as we are aware and have been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this Offering Memorandum.

In addition, we have made statements in this Offering Memorandum regarding our industry and our position in the industry based on our experience and our own investigation of market conditions. Neither we nor the Initial Purchasers can assure you that any of these statements are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources.

Certain numerical figures contained in this Offering Memorandum, including financial information, market data and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

Presentation of financial information and other data

Financial statements presented

We have included in this Offering Memorandum, and primarily discuss herein, the audited combined financial statements of the Combined Business (as defined herein) as of and for the years ended December 31, 2011, 2012 and 2013. Unless specified otherwise, the combined financial information included in this Offering Memorandum relates to the Combined Business.

The audited combined financial statements of the Combined Business have been prepared in accordance with IFRS (as defined herein). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are significant to the preparation of our combined financial statements, are disclosed in our audited combined financial statements. See "*Management's discussion and analysis of financial condition and results of operations—Critical accounting policies and estimates*."

In making an investment decision, you must rely upon your own examination of the terms of this Offering and the financial information contained in this Offering Memorandum. You should consult your own professional advisors for an understanding of the differences between IFRS and generally accepted accounting principles in the United States and how those differences could affect the financial information contained in this Offering Memorandum.

Our combined financial statements, included elsewhere in this Offering Memorandum, are presented in euro rounded to the nearest thousand. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. Rounding adjustments have been made in calculating some of the financial and other information included in this Offering Memorandum. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Presentation on a carve-out basis

The combined financial statements of the Combined Business included in this Offering Memorandum have been prepared on a "carve-out" basis from the Issuer's consolidated financial statements. Our pharmaceutical glass packaging operations have been managed as a stand-alone business unit since 2010, with separate financial reporting and a separate management team. Our pharmaceutical glass packaging operations do not have significant recurring inter-businesses relationships, interdependencies and common facilities with the perfumery glass packaging operations, other than treasury, audit, tax, legal, procurement, information technology, financial reporting, and to a certain extent, engineering and research and development. The combined financial statements of the Combined Business include only financial information attributable to the pharmaceutical glass packaging segment of the Issuer, as well as the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility (which is expected to be transferred by SGD S.A. to FrenchCo Perfumery (as defined herein) on or prior to December 31, 2015 in accordance with the Put Option Agreement (as defined herein)) and give effect to the Master Reorganization Agreement.

The pharmaceutical glass packaging segment (as defined below) includes the pharmaceutical glass packaging operations (as defined below), as well as certain non-pharmaceutical glass packaging-related activities, such as (i) our perfumery glass packaging operations at our Zhanjiang manufacturing facility, (ii) our trading business VG Emballage and (iii) the glass packaging operations of Société des Services Verriers S.A.R.L. In this Offering Memorandum, we use "pharmaceutical glass packaging segment" primarily to discuss financial information derived from our "pharmacy segment" (as defined in note 3 to the audited combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013 included elsewhere in this Offering Memorandum), whereas we use "pharmaceutical glass packaging operations" primarily to discuss (i) sales by region, (ii) sales by glass type and (iii) sales by product category. "Pharmaceutical glass packaging operations" primarily reflect the manner in which our management monitors our sales, whereas "pharmaceutical glass packaging segment" is primarily used by our management for financial reporting purposes.

For the preparation of the combined financial statements it was necessary to make assumptions and estimates for carve-out adjustments as set forth in the notes to the combined financial statements included elsewhere in this Offering Memorandum. Accordingly, the combined financial statements do not reflect the financial position and performance that would have been presented if our pharmaceutical glass packaging operations had existed as an independent company during the periods presented and if the transactions between our pharmaceutical glass packaging operations and the perfumery glass packaging operations had been carried out between independent companies. As a result, the combined financial statements are not necessarily indicative of the future development of the business of the Issuer. In particular, the combined financial statements do not reflect estimates of one-time and ongoing incremental costs required for us to operate as a separate company.

Other financial measures

This Offering Memorandum contains non-IFRS measures and ratios, including EBITDA and EBITDA margin (collectively, the "EBITDA measures"), each as defined by us, that are not required by, or presented in accordance with, SEC requirements, IFRS, French GAAP or the accounting standards of any other jurisdiction. We have included these measures because our management uses them to measure operating performance in presentations to our directors and as a basis for strategic planning and forecasting, as well as for monitoring certain aspects of our cash flows from operating activities and liquidity. Our non-IFRS measures are defined by us as follows:

- "EBITDA" represents operating income from ordinary activities before accumulated depreciation and is adjusted for non-recurring items recorded under 'other operating income/expense' in the income statement in the audited combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013. For a reconciliation of EBITDA to operating income from ordinary activities, see footnote 1 under "*Summary—Summary combined financial and other information*"; and
- "EBITDA margin," expressed as a percentage, is calculated as EBITDA divided by Total Revenue, unless the context indicates otherwise.

We present the EBITDA measures for informational purposes only. There is no assurance that items we have identified for adjustment as non-recurring will not recur in the future or that similar items will not be incurred in the future. The calculations of the EBITDA measures are based on various assumptions and management estimates. These amounts have not been and, in certain cases, cannot be, audited, reviewed or verified by any independent accounting firm. We present the EBITDA measures because we believe they are helpful to investors as measures of our operating performance and ability to service our debt, and because our management uses these measures to assess our liquidity and operating performance. These measures should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

Our EBITDA measures have limitations as analytical tools. Our EBITDA measures may not give an accurate or complete picture of our results or transactions for the periods presented, may not be comparable to the combined financial statements or the other financial information included in this Offering Memorandum and should not be relied upon when making an investment decision. Some of the limitations related to the EBITDA measures are:

- they do not reflect our cash expenditures or future requirements for capital commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes and certain other taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations; and
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and the EBITDA measures do not reflect any cash requirements for such replacements.

Other companies in our industry may calculate the EBITDA measures differently than we do, which may limit their usefulness as comparative measures. Because of these limitations, the EBITDA measures and related ratios should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations or reduce our indebtedness. You should compensate for these limitations by relying primarily on our IFRS results and using the EBITDA measures only as a supplement to evaluate our performance.

Unaudited pro forma condensed combined financial information

We present in this Offering Memorandum certain financial information on an as adjusted basis to give pro forma effect to (i) the Refinancing (as defined herein), (ii) the entry into the Framework Services Agreement (as defined herein) and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery. See "*Summary—Summary combined financial and other information*," "*Unaudited pro forma condensed combined financial information*," "*Capitalization"* and *"Management's discussion and analysis of financial condition and results of operations*." For a description of the pro forma effect of (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery, see "*Capitalization*," "*Use of proceeds*" and "*Unaudited pro forma condensed combined financial information*." The Issuer's unaudited pro forma condensed combined balance sheet as of December 31, 2013 has been prepared as though (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility had occurred as of December 31, 2013. The Issuer's unaudited pro forma condensed combined income statement for the year ended December 31, 2013 has been prepared as though (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility had occurred as of January 1, 2013. The unaudited pro forma condensed combined financial information has been prepared for illustrative purposes only and does not represent what our actual results would have been had (x) (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility occurred on January 1, 2013; (y) what our actual indebtedness would have been had (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility occurred on December 31, 2013; or (z) what our actual interest expense would have been had (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility occurred on January 1, 2013; nor does it purport to project our indebtedness or interest expense at any future date. The unaudited pro forma condensed combined financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or the Prospectus Directive. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Certain definitions

We have provided definitions for some of the industry terms used in this Offering Memorandum in the "*Glossary*" beginning on page G-1 of this Offering Memorandum. Unless otherwise specified or the context requires otherwise, in this Offering Memorandum references to:

"addressable markets"	means primarily regions with stringent requirements on the quality of pharmaceutical glass packaging, notably because of regulatory requirements as to safety;
"CAGR"	means the compound annual growth rate;
"CICE"	means the competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi*) provided for in article 244 *quater* C of the French Tax Code (*Code général des impôts*). This tax credit is calculated based on the gross salaries paid up to a certain cap;
"CIR"	means the research tax credit (*crédit d'impôt recherche*) provided for in article 244 *quater* B of the French Tax Code (*Code général des impôts*). This tax credit amounts to a percentage of certain of our research expenses over the previous fiscal year;
"Clearstream"	means Clearstream Banking, *société anonyme*;
"Collateral"	means the collateral securing the Notes, as described in "*Description of the Senior Secured Notes—Security*." The validity and enforcement of the security interests over the Collateral is subject to certain restrictions under applicable laws. See "*Limitations on validity and enforceability of the Guarantees and the security interests*";
"Combined Business"	means the business and assets of the Issuer and its subsidiaries engaged in the production of glass packaging for the pharmaceutical industry, as well as the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility (which is expected to be transferred by SGD S.A. to FrenchCo Perfumery on or prior to December 31, 2015 in accordance with the Put Option Agreement), the Zhanjiang manufacturing facility, our trading business VG Emballage and the operations of Société des Services Verriers S.A.R.L.;
"Cost of goods sold"	means the sum of the line items "materials consumption and change in inventory," "production costs," "production depreciation" and "overheads, taxes and costs of other operations" in the income statement in the audited combined financial statements of the Combined Business for the years ended December 31, 2011, 2012 and 2013;
"Demerger"	means the demerger of the perfumery glass packaging operations pursuant to the Demerger Agreements;
"Demerger Agreements" . .	refers collectively to the Master Reorganization Agreement and the Put Option Agreement;
"Designated Bank Account"	has the meaning ascribed to it in "*The Transactions—Funding shortfall of the perfumery glass packaging operations*";
"euro," "EUR" or "€"	means the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
"Euroclear"	means Euroclear Bank SA/NV;
"European Union" or "EU"	means the European economic and political union;

"Excess Cost Indemnity" . . .	has the meaning ascribed to it in "*The Transactions—Funding shortfall of the perfumery glass packaging operations*";
"Existing Operational Facilities"	means the credit facilities established under the operational facilities agreement dated February 4, 2010, as amended from time to time, between, among others, the Issuer, SGD S.A. and SGD Kipfenberg GmbH as borrowers, and The Royal Bank of Scotland plc as arranger, original lender, agent and security agent;
"Existing Senior Facilities"	means the credit facilities established under the senior facilities agreement dated February 4, 2010, as amended from time to time, between, among others, the Issuer, SGD S.A. and SGD Germany GmbH as borrowers, and The Royal Bank of Scotland plc as arranger, original lender, agent and security agent;
"Framework Services Agreement"	means the framework services agreement, expected to be entered into between the Issuer and LuxCo Perfumery on the Issue Date, relating to the continued provision of services between our pharmaceutical glass packaging operations and our perfumery glass packaging operations until the Put Option Transfer Date and, if necessary, thereafter;
"French GAAP"	means French generally accepted accounting principles;
"FrenchCo Perfumery"	means SGD Parfumerie France, a private limited liability company (*société par actions simplifiée)* organized and existing under the laws of France and currently being incorporated, which is expected to have its registered office at 14 bis Terrasse Bellini, 92800 Puteaux, France;
"Guarantees"	means the guarantees of the Notes on a senior secured basis by the Guarantors;
"Guarantors"	means SGD S.A., SGD Germany GmbH and SGD Kipfenberg GmbH;
"IFRS"	means the International Financial Reporting Standards as adopted by the European Union;
"Indenture"	means the indenture to be dated on or about the Issue Date governing the Notes offered hereby;
"Initial Purchasers"	means, collectively, J.P. Morgan Securities plc, Credit Suisse Securities (Europe) Limited and BNP Paribas;
"Intercreditor Agreement"	means the intercreditor agreement to be entered into on or prior to the Issue Date by and among, *inter alios*, the lenders and agents under the Revolving Credit Facility, certain hedge counterparties, the Issuer, the Security Agent and the Trustee, which is described in more detail in "*Description of certain financing arrangements—Intercreditor Agreement*";
"Issue Date"	means the date of original issuance of the Notes, on or about April 24, 2014;
"Issuer"	means SGD Group S.A.S., a private limited liability company (*société par actions simplifée*) organized and existing under the laws of France with registered number 494 163 876 RCS Nanterre, having its registered office at 14 bis Terrasse Bellini, 92800 Puteaux, France;
"LuxCo"	means SGD Luxembourg Holdings S.C.A., a partnership limited by shares (*société en commandite par actions*) organized and existing under the laws of the Grand Duchy of Luxembourg with registered number B 150476, having its registered office at 26A, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg;
"LuxCo Perfumery"	means SGD Luxembourg Perfumery Holdings, a private limited liability company (*société à responsabilité limitée*) organized and existing under the laws of the Grand Duchy of Luxembourg with registered number B 185198, having its

registered office at 26A, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, an affiliate of ours that is indirectly controlled by our controlling shareholders or, when the context otherwise requires, a Successor Security Provider (as defined herein) following the transfer of the Security Provider Collateral (as defined in "*Description of the Senior Secured Notes*");

"Master Reorganization Agreement" . . . . means the share purchase agreement to be entered into on or prior to the Issue Date in relation to the transfer on the Issue Date to LuxCo Perfumery and FrenchCo Perfumery of the Group subsidiaries relating to the perfumery glass packaging operations other than our perfumery glass packaging operations at the Mers-les-Bains and Zhanjiang manufacturing facilities, as set forth in "*The Transactions—Process of the Demerger—First stage: share transfers*";

"Member States" . . . . means the member states of the European Union;

"Net Perfumery Cash Need" . . . . means the excess of (i) any cash payment made by SGD S.A. between the Issue Date and the Put Option Transfer Date and which relates to the perfumery glass packaging operations pursuant to a predetermined cost allocation key, over (ii) any cash received by SGD S.A. between the Issue Date and the Put Option Transfer Date and which relates to the perfumery glass packaging operations;

"Notes" . . . . means the €350.0 million aggregate principal amount of 5.625% senior secured notes offered hereby;

"Oaktree" . . . . means Oaktree Capital Management, LP, together with investment funds advised or managed by it and their respective subsidiaries from time to time;

"Offering" . . . . means the offering of the Notes pursuant to this Offering Memorandum;

"perfumery glass packaging operations" . . . . .means the perfumery glass packaging activities of the Issuer and its subsidiaries engaged in the production of perfumery glass packaging;

"perfumery glass packaging segment" . . . . .means the perfumery glass packaging activities of the Issuer and its subsidiaries engaged in the production of glass packaging for the perfumery industry and is mainly composed by the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility, and referred to as the "perfumery business" in note 3 to the audited combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013, included elsewhere in this Offering Memorandum;

"pharmaceutical glass packaging operations" . . means the pharmaceutical glass packaging activities of the Issuer and its subsidiaries engaged in the production of glass packaging for the pharmaceutical industry, excluding the perfumery glass packaging operations at our Zhanjiang manufacturing facility, the operations of Sociéte des Services Verriers S.A.R.L. and our trading business VG Emballage;

"pharmaceutical glass packaging segment" . . . . means the pharmaceutical glass packaging activities of the Issuer and its subsidiaries engaged in the production of glass packaging for the pharmaceutical industry (including the perfumery glass packaging operations at our Zhanjiang manufacturing facility, our trading business VG Emballage and the perfumery glass packaging operations of Société des Services Verriers S.A.R.L.), and referred to as the "pharmacy business" in note 3 to the audited combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013, included elsewhere in this Offering Memorandum;

"Put Option Agreement" . .	means the put option agreement to be entered into on the Issue Date with SGD S.A. as beneficiary of the put option and FrenchCo Perfumery as promisor under the put option in relation to the expected transfer on the Put Option Transfer Date of the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility by SGD S.A. to FrenchCo Perfumery;
"Put Option Exercise Date"	means the date on which SGD S.A., as beneficiary under the Put Option Agreement, exercises its put option, pursuant to which SGD S.A. is expected to transfer on the Put Option Transfer Date the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility to FrenchCo Perfumery as promisor under the Put Option Agreement;
"Put Option Transfer Date"	means the date on which the transfer of the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility by SGD S.A. as beneficiary under the Put Option Agreement to FrenchCo Perfumery as promisor is effective, and which is expected to be no later than December 31, 2015;
"qualified institutional buyer" or "QIB"	has the meaning ascribed to such terms in Rule 144A under the U.S. Securities Act;
"Refinancing"	means this Offering, the prepayment in full of the Existing Operational Facilities, the Existing Senior Facilities and the payment of the estimated fees and expenses incurred in connection therewith, as further described in "*Use of proceeds*";
"Registrar"	means Elavon Financial Services Limited;
"Regulation S"	means Regulation S under the U.S. Securities Act;
"Revolving Credit Facility"	means the €35.0 million senior secured revolving credit facility established under the Revolving Credit Facility Agreement, which is described in more detail in "*Description of certain financing arrangements—Revolving Credit Facility Agreement*";
"Revolving Credit Facility Agreement"	means the revolving credit facility agreement to be entered into on or prior to the Issue Date by and among, *inter alios*, the Issuer, J.P. Morgan Limited, BNP Paribas and Credit Suisse International, as arrangers, the financial institutions named therein as original lenders and BNP Paribas as agent and security agent;
"Rule 144A"	means Rule 144A under the U.S. Securities Act;
"Security Agent"	means BNP Paribas S.A.;
"Security Documents"	has the meaning ascribed to it in "*Description of the Senior Secured Notes—Certain definitions*";
"Shareholders' Agreement"	means the shareholders' agreement described in "*Principal shareholders—Shareholders' Agreement*";
"Total Revenue"	means revenue and other income;
"Transactions"	refers collectively to the Demerger and the Refinancing;
"Transfer Agent"	means Elavon Financial Services Limited, UK Branch;
"Trustee"	means U.S. Bank Trustees Limited, as trustee for the Notes;

"United States" or "U.S." . .	means the United States of America;
"U.S. dollar," "USD," "U.S.$" or "$"	means the lawful currency of the United States;
"us," "Group," "our" or "we"	means the Issuer and its subsidiaries, unless the context requires otherwise, particularly when reference is made to the pharmaceutical glass packaging operations or the pharmaceutical glass packaging segment; and
"VG Emballage" or "VGE"	means VG Emballage S.A.S., our trading business based in France, which designs, develops and distributes packaging solutions ancillary to our pharmaceutical glass packaging products.

Unless otherwise stated, references to capacities of our manufacturing facilities refer to the actual capacities of such manufacturing facilities, which may be more or less than the nameplate capacities due to the current operating conditions and asset configuration of each manufacturing facility.

All references to "tonnes" are to metric tonnes, unless the context requires otherwise.

All references to "glass" are to molded glass, unless the context requires otherwise.

Exchange rate information

The table below sets forth the period end, average, high and low Bloomberg (London) Composite Rate, expressed as U.S. dollars per €1.00, for the periods and dates indicated. The rates below may differ from the actual rates used in the preparation of the combined financial statements and the other financial information appearing in this Offering Memorandum. The figure in the "Average" column for the annual presentation represents the average noon buying rate on the last business day of each month during the relevant period. The figure in the "Average" column of the monthly presentation represents the average daily noon buying rate for each business day during the relevant period. Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such dollar amounts or that such amounts would have been converted at a particular rate, if at all.

The Bloomberg Composite Rate of the euro on April 14, 2014 was U.S.$1.3828 per €1.00.

	U.S. dollars per euro			
	Period End	Average	High	Low
Year				
2009	1.4331	1.3944	1.5094	1.2543
2010	1.3366	1.3266	1.4510	1.1952
2011	1.2960	1.3924	1.4874	1.2925
2012	1.3197	1.2859	1.3463	1.2053
2013	1.3789	1.3300	1.3789	1.2819

	U.S. dollars per euro			
	Period End	Average	High	Low
Month				
October 2013	1.3599	1.3639	1.3804	1.3498
November 2013	1.3586	1.3492	1.3596	1.3367
December 2013	1.3789	1.3708	1.3803	1.3551
January 2014	1.3551	1.3605	1.3683	1.3532
February 2014	1.3808	1.3668	1.3808	1.3517
March 2014	1.3772	1.3830	1.3925	1.3733
April 2014 (through April 14, 2014)	1.3828	1.3795	1.3897	1.3705

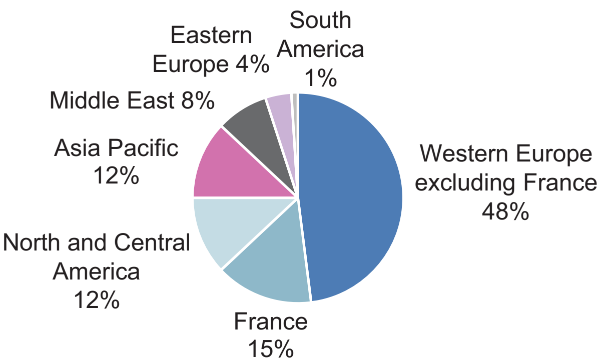
Summary

The following summary highlights selected information from this Offering Memorandum. The summary does not contain all the information you should consider before you invest in the Notes and should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this Offering Memorandum. See "*Risk factors*" and "*Management's discussion and analysis of financial condition and results of operations*" for additional factors that you should consider before investing in the Notes.

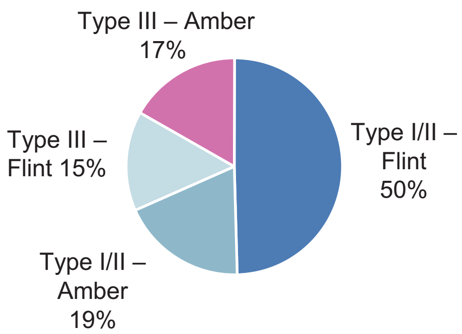
Overview

We are the leading global producer of molded glass packaging for the pharmaceutical industry. We design, manufacture and distribute a wide variety of molded pharmaceutical glass packaging, covering a full range of types I, II and III flint and amber glass packaging used in the pharmaceutical industry. We sell our products in over 80 countries to over 600 customers, including leading international blue-chip pharmaceutical companies. Between 2010 and 2013, we sold over 2 billion pharmaceutical glass vials per year. Our diverse customer base is located in both mature and stable markets such as Western Europe and North America and faster-growing, emerging markets such as Brazil, Russia, India and China. We believe we are well positioned to take advantage of anticipated growth in these emerging markets due to our manufacturing facilities in France, Germany and China and a global sales and distribution network. As of December 31, 2013 we had 1,533 employees (excluding temporary workers). The following charts present the sales of our pharmaceutical glass packaging operations by region and glass type for the year ended December 31, 2013 (by revenue).

Sales by region



Sales by glass type



We primarily sell pharmaceutical glass packaging. For the year ended December 31, 2013, 35% of the revenue of our pharmaceutical glass packaging operations was generated from the sale of sophisticated type I glass packaging, 33% from the sale of sophisticated type II glass packaging and 31% from the sale of type III glass packaging. Our products include glass packaging for droppers, infusions, syrups, tablets, injectables and aerosols, which cover a wide variety of medical fields and therapeutic applications, such as oncology, diagnostics, infections, nervous system and respiratory disorders, and blood-related diseases. This broad offering allows us to provide comprehensive product solutions and serves as a "one-stop shop" for our customers, thereby increasing our customer retention. At the same time, it provides us with exposure to diversified therapeutic end-markets in the pharmaceutical industry, each with different growth drivers.

Our stable and diversified customer base comprises over 600 customers globally and includes leading international blue-chip pharmaceutical companies and large national and regional pharmaceutical companies. We have developed strong long-term relationships over ten years with seven of the ten largest pharmaceutical companies in the world, thereby generating recurring revenues. The comprehensive and time-consuming validation of our manufacturing facilities and production processes by our customers further promotes such long-term and stable customer relationships.

Our focus on producing high quality packaging, together with what we believe to be our superior process controls and manufacturing capabilities, enable us to meet the stringent regulatory and technical requirements of the pharmaceutical industry and provide us with a competitive advantage. In addition, our research and development activities help to maintain our position at the forefront of pharmaceutical glass manufacturing technology and are a significant factor in the success of our product offerings which differentiate us from our competitors. These factors have enabled us to consistently deliver industry-leading margins in the pharmaceutical glass packaging market.

For the year ended December 31, 2013, our pharmaceutical glass packaging segment generated Total Revenue and EBITDA of €264.8 million and €67.4 million, respectively. The Total Revenue and EBITDA of our pharmaceutical glass packaging segment increased between 2009 and 2013 at a CAGR of 3.2% and 8.8%, respectively. Since our acquisition by Oaktree in 2010, we have made material capital expenditures in our pharmaceutical glass packaging segment (of which €103 million was spent between 2011 and 2013), enabling us to modernize our manufacturing equipment and increase our production capacity and have implemented an operational improvement plan, which together have increased the EBITDA margin of our pharmaceutical glass packaging segment from approximately 20.6% in 2009 to 25.5% in 2013.

Our strengths

Global leader in the resilient, growth-oriented pharmaceutical glass packaging market

We are a leading global producer of glass packaging for the pharmaceutical industry. Based on our internal estimates, we believe that we are a leading global producer of type I pharmaceutical glass packaging, with an estimated 30% market share in 2013, serving primarily the Western European and North American markets. Type I pharmaceutical glass is a concentrated market, in which we and two competitors represent approximately 80% of the supply for our addressable markets, such as North America or Western Europe, in 2013. We believe that we are the leading producer of type II pharmaceutical glass packaging in our addressable markets, having an estimated 10% global market share in 2013. In addition, in 2013 we had an estimated 55% market share for infusions in Western Europe (infusions represent our core market for type II glass and constitute 70% of our Western Europe sales). Based on internal estimates, we hold the leading position in Western Europe for type III pharmaceutical glass packaging, also our core market, with an estimated 33% market share in 2013. We focus our type III pharmaceutical glass sales on Europe since type III pharmaceutical glass markets are local markets, contrary to the type I pharmaceutical glass packaging markets.

The pharmaceutical market is characterized by a mix of large, resilient and stable markets in developed countries as well as rapidly growing markets in emerging countries. Purchases of pharmaceutical products have been resilient through various economic cycles in both the developed markets and the emerging markets, because consumers continue to purchase such products regardless of economic conditions since they generally constitute non-discretionary spending. Global demographic growth with longer life expectancies, the increasing trend toward universal-coverage health insurance, the strong increase in demand for pharmaceutical products in emerging markets, the rising detection rates of chronic diseases and the increasing prevalence of generic pharmaceuticals are expected to provide favorable global growth prospects for pharmaceutical packaging. Based on our internal estimates, global market growth for pharmaceutical glass packaging amounted to about 4% (per annum, on average) for the period from 2009 to 2013. See "*Industry*." We believe that our scale and geographic diversification allow us to benefit from our solid relationships with our customers in their historical markets as they expand into these higher growth markets, since our customers increasingly require glass packaging suppliers to deliver consistently high quality products across multiple regions. This in turn allows us to effectively exploit growth opportunities resulting from expected positive fundamental growth in the pharmaceutical industry.

Significant barriers to entry and relatively limited substitution risk

We operate in an industry that has significant barriers to entry which largely prevent new competitors from entering the markets we serve, including regulatory barriers, technology barriers and investment barriers. Due to the regulatory requirements to which our customers are subject, a primary barrier to entry is the very high level of quality and technical requirements imposed by our customers upon their suppliers. The validation of products from new suppliers is often a very long, resource-consuming and expensive process that can take one or more years. Moreover, the risks and liabilities faced by our customers as a result of quality issues with products that are frequently introduced into the bloodstream or consumed orally by humans cause them to be very conservative in switching to new and untested suppliers. Additionally, our customers have moderate economic incentives to switch packaging suppliers because packaging generally comprises a small percentage of the total cost of a pharmaceutical product (between 0.1% and 5%) and due to high switching costs, packaging is not changed during the life cycle of a pharmaceutical product. A second barrier to entry is the significant investment in new manufacturing facilities with heavy fixed and upfront costs and a long commercial ramp-up phase during which significant losses are incurred, without any guarantee of receiving timely regulatory approval, or regulatory approval at all, of the new manufacturing facility. A third barrier to entry consists of the required superior quality, technical competence and expertise required for the production of high quality glass packaging, which we have developed over the last five decades. These factors have generally proven to be significant barriers and in the last two decades there have been no major new entrants into our markets despite their attractiveness. Furthermore, our long-standing relationships with our key customers and our record of leadership in the pharmaceutical glass packaging industry for almost a century have protected us from major competitive pressures.

We believe that pharmaceutical glass packaging, compared to other types of glass packaging, faces a low substitution risk from plastics and other alternative materials, due largely to the technical limitations of such alternatives. In particular, packaging for sensitive pharmaceutical products requires a high level of stability and resistance to temperature and humidity changes. Glass, particularly type I and type II glass, has been shown to have such properties which plastics lack. While there has been some substitution of glass by plastics in the past, where the compatibility of plastics does not raise an issue, we believe that the risk of further substitution is limited in our addressable markets. Recently there has been increased pressure against plastic packaging from regulatory and consumer bodies and a growing focus on the shelf life of products, especially in areas with sharp climate fluctuations. This has resulted in several recent examples of “reverse-substitution” from plastic to glass, as in the case of baby bottles where plastic use has been banned in several countries as a result of the presence of bisphenol A, which is considered harmful to young children. In February 2014 the Indian government also banned the use of plastic packaging for liquid oral formulations intended for pediatric or geriatric use, or for use by women of child-bearing age, citing safety concerns with the interaction between plastic packaging and their pharmaceutical contents. Furthermore, regulatory constraints often restrict customers from substituting the packaging material of their products and high switching costs typically mean packaging is not changed during the life cycle of a pharmaceutical product.

Broad product offering with proven technical and innovation capabilities and well-invested, advanced manufacturing facilities

We believe that we have the broadest product offering in our industry, comprising amber and flint glass packaging, and ranging from highly sophisticated types I and II glass packaging to type III glass packaging. Our product offering comprises glass packaging for injectables, syrups, nasal products and infusions, each with several different end-market therapeutic applications. Additionally, we offer ancillary products and services, such as personalization of our glass packaging. This broad product portfolio allows us to provide comprehensive product solutions, cooperate closely with our customers and serve as a “one-stop shop” for our customers, enabling us to achieve higher margins and further increase our customer retention. At the same time, it provides us with exposure to diversified therapeutic end-markets in the pharmaceutical industry, each with different growth drivers. Our manufacturing facilities in France, Germany and China and our global sales and distribution network enable us to follow our key multinational customers into new geographic regions as they look for proven and familiar suppliers, and thereby provide us with the benefits of geographical diversification.

Our business possesses the advanced technological know-how and expertise in complex production techniques necessary to meet the quality requirements of the highly regulated pharmaceutical industry. We seek to constantly improve the quality of our glass packaging and processes through focused investments in new technology and improved production techniques. As a result of our research and development efforts at our centralized research and development center at our Mers-les-Bains manufacturing facility, such as improving internal coatings and optimizing the raw material mix, we have been able to remain at the forefront of pharmaceutical glass manufacturing technology. Furthermore, we believe that we are one of only three

Western European pharmaceutical glass manufacturers that currently produce type I glass, the most sophisticated and highest-margin type of glass packaging. Since type I glass represented 35% of the revenue of our pharmaceutical glass packaging operations in 2013, we derive a significant portion of our profitability from type I glass packaging.

We believe that our manufacturing facilities are among the most technologically advanced in the pharmaceutical glass packaging industry worldwide, with our manufacturing facility in Kipfenberg (Germany) being recognized as one of the highest-performing type II pharmaceutical glass manufacturing facilities worldwide. Our manufacturing standards undergo continuous improvement at each of our manufacturing facilities. We aim to provide a consistent level of quality and productivity worldwide while lowering costs. For instance, following our acquisition by Oaktree, we have made significant capital expenditures in our pharmaceutical glass packaging segment aimed at renewing our manufacturing facilities and machinery (of which €103 million was spent between 2011 and 2013) and refurbished approximately 70% of our production capacity, which will increase the useful lives, and decrease the refurbishment costs, of our furnaces in the coming years. Each of our manufacturing facilities has a "clean room," and each manufacturing facility has been awarded several quality certifications and obtained a Drug Master File registration, enabling it to export pharmaceutical packaging to the highly regulated North American markets. As part of the Demerger, by the end of 2015 we intend to migrate our type I pharmaceutical glass packaging manufacturing from the Mers-les-Bains site to a new state-of-the-art production site which will comprise two furnaces and four production lines. The cutting-edge technology that we expect to install in this new manufacturing facility will further differentiate us as a superior manufacturer of type I glass worldwide.

Solid, blue-chip customer base with long-standing customer relationships

We have over 600 customers and maintain strong, stable and long-standing relationships with many of them, including several leading international blue-chip pharmaceutical companies. We have built our relationships with our customers based on producing high quality products, maintaining superior quality control processes, manufacturing capabilities and customer service, and cooperating closely with our customers to develop new products. We have developed strong long-term relationships over the last ten years with seven of the ten largest pharmaceutical companies in the world. Seven of our ten main customers in 2013 formed part of our ten main customers in 2005, evidencing our long-term relationships with our customers.

We also regularly monitor the satisfaction of our customers, which is above industry average. For instance, according to a third-party survey conducted in 2013 by INIT, 92% of our customers were satisfied with us as a supplier (compared to 85% in 2008). In addition, 92% of our customers expressed their expectation that their purchases from us would grow or remain stable. The low overall cost of our glass packaging in comparison to the end-product price when balanced against the negative consequences of using an unproven packaging alternative, the high switching costs and time-consuming switching process and the long lifespan of our products (averaging more than 20 years) are strong restraints for our customers to switch suppliers and promote long-term customer relationships. As a result, over the years we have built up a stable and broadly diversified customer base with a well-balanced geographical distribution.

Demonstrated track record of growth and profitability with strong cash-flow generation potential

During the most recent economic downturn, purchases of pharmaceutical glass packaging remained at pre-recession levels in many of the markets in which we operate primarily because most pharmaceutical products constitute non-discretionary spending. Therefore, and in spite of the global economic downturn, the Total Revenue and EBITDA of our pharmaceutical glass packaging segment increased between 2009 and 2013 at a CAGR of 3.2% and 8.8%, respectively. We have also demonstrated our ability to increase EBITDA margins through such periods of macroeconomic volatility, with the EBITDA margin of our pharmaceutical glass packaging segment amounting to 25.5% in 2013, compared to an EBITDA margin of approximately 20.6% in 2009. Our focus on types I and II pharmaceutical glass packaging, which benefit from high margins and significant barriers to entry, helps us to attain such a strong overall EBITDA margin.

In addition, we benefit from a recurring revenue flow, with seven of our ten main customers in 2013 having also been part of our ten main customers in 2005. Several of these customers have signed customer agreements for terms of one to five years and these agreements allow us to achieve price increases in line with certain changes in our cost base, which helps provide stable cash flows. We have historically been able to generate strong cash flow from operating activities due to increasing revenue streams and EBITDA margins. Since our acquisition by Oaktree in the midst of the economic downturn, our EBITDA has continuously increased due to sales growth, the competitive sourcing of raw materials, significant productivity efforts, product mix improvement and by increasing our production capacity for higher-margin types I and II pharmaceutical glass packaging rather than type III pharmaceutical glass packaging. This EBITDA growth has enabled us to fund significant capital expenditures in our pharmaceutical glass packaging segment since our acquisition by Oaktree, resulting in modernized manufacturing equipment and increased production capacity. Overall, we spent €256 million on capital expenditures in the pharmaceutical glass packaging segment and the perfumery glass packaging operations (in aggregate) between 2010 and 2013, of which €103 million was spent between 2011 and 2013 in our pharmaceutical glass packaging segment. We also benefit from significant tax losses carried forward, which amounted to €375.6 million for the Combined Business as of December 31, 2013. We expect such losses to remain with the pharmaceutical glass packaging operations following the Demerger.

Experienced and dedicated management team with strong support from Oaktree

Our experienced and dedicated management team, strengthened since our acquisition by Oaktree, is led by our CEO, Ashok Sudan, who joined us in 2010 and has 37 years of experience in the packaging industry. Mr. Sudan served as executive vice-president and managing director of the largest division of Graham Packaging (with global sales of over U.S.$1.5 billion), prior to joining the Group. Mr. Sudan led the Group after its acquisition by Oaktree and has successfully managed the significant capital investment program, the implementation of operational improvements and the strategic growth of the business. Mr. Sudan is supported by other members of our management holding key financial roles (such as our corporate controller, treasurer, finance director and purchase director). Our management has significant industry experience and has been appointed by Oaktree. Under the leadership of our newly strengthened management team, we have completed our operational improvement plan, refined and improved our product offerings, product mix and manufacturing processes, further enhanced our profitability and strategically positioned the Group for continued profitable growth. The support and investment experience of Oaktree supplement the leadership and knowledge of our management team. From 2009 to 2013, the EBITDA margin of our pharmaceutical glass packaging segment improved from approximately 20.6% in 2009 to 25.5% in 2013, evidencing the ability of our management team to enhance financial performance.

Our strategies

Maintain and improve our status as a preferred supplier to leading global pharmaceutical companies by continually upgrading quality systems, equipment and technology

We intend to maintain and improve our status as a preferred supplier to leading global pharmaceutical companies by continually upgrading our quality systems, equipment and technology. As part of the Demerger, we expect to migrate our type I pharmaceutical glass packaging production from the Mers-les-Bains manufacturing facility to a new state-of-the-art manufacturing facility which is currently under construction and which is expected to be operational in the second half of 2015. This new manufacturing facility will comprise two furnaces and four production lines and will be entirely dedicated to the production of type I pharmaceutical glass packaging. In addition, the new manufacturing facility will have improved line capacity, lead times, infrastructure, machinery and equipment, and reduced energy consumption levels.

Capitalize on attractive growth in the pharmaceutical glass packaging industry, especially type I and type II glass

We intend to further capitalize on the attractive growth prospects in the pharmaceutical glass packaging industry. For type I glass, we aim to further grow in developed markets (particularly in North America) and the emerging markets. The type I glass market is particularly attractive due to its structural global undersupply, with global capacity levels approximately 5% below global demand between 2010 and 2013 in our addressable market, and market concentration, for which we and two competitors represented approximately 80% of the global supply for our addressable markets in 2013. For type II glass, we intend to further grow in Western

Europe by leveraging our manufacturing facility in Kipfenberg (Germany), which is recognized as one of the highest performing type II glass manufacturing facilities worldwide, as well as in Eastern Europe and Asia Pacific by leveraging our relationships with our global customers who are expanding into these markets. The latter region is also key for further developing our type III glass business, where we target high-end international customers from our local manufacturing facility in Zhanjiang (China).

Broaden product portfolio and increase technical capabilities

We intend to continue to broaden our product portfolio, improve the quality of our products and grow our business through focused investments in new technologies and manufacturing processes. We believe that our investments in technology and manufacturing capabilities will enable us to meet the diverse needs of our customers and better respond to the demands of our customers. We will also continue to introduce innovations that have historically enabled us to create key competitive advantages, such as Asolvex©, a low aluminum-neutral type I glass, which we launched in 2000 after ten years of development, and our Baby Friends™ glass bottles, which we relaunched in 2008 after several countries imposed a ban on the use of plastics for baby bottles, as a result of the presence of bisphenol A in plastic baby bottles, which is considered harmful to young children.

Strengthen existing customer relationships and develop relationships with new customers

We intend to grow our business by continuing to invest in our relationships with our key customers and by actively developing new relationships with other customers, through targeted sales efforts and by benefiting from our reputation for quality. We believe that our strong and long-standing relationships with many of our customers, which include nine of the ten largest pharmaceutical companies in the world, will continue to benefit from our manufacturing capabilities and the geographical proximity of our manufacturing facilities or our sales offices to such customers.

Grow in emerging markets through our manufacturing facility in China and our partnership in India

We believe that we have significant opportunities to grow our business in higher-growth emerging markets. The pharmaceutical glass packaging industry in the emerging markets has experienced sustained growth in recent years, primarily driven by demographic growth with longer life expectancies, the increasing trend toward universal-coverage health insurance, the strong increase in demand for pharmaceutical products, the rising detection rates of chronic diseases and the increasing prevalence of generic pharmaceuticals. In addition, a trend towards heightened product safety standards acts as a growth driver for the higher quality segments of the market for pharmaceutical packaging by promoting a shift from lower quality glass products to higher quality glass products. We plan to continue to expand our existing operations in these emerging markets to capture this growth. Our manufacturing facility in Zhanjiang (China) provides us with a key asset for penetrating the Asia Pacific emerging markets.

We entered into an exclusive cooperation agreement in April 2013 with Cogent Glass Limited, a pharmaceutical molded and tubular type I glass packaging company based in India, which is majority owned by Oaktree, and to which we provide technical management and consultancy services. We believe that this cooperation will provide us with an entry point in the rapidly expanding Indian market, allow us to enrich our molded glass offering with tubular glass packaging, and potentially create commercial synergies and cross-selling opportunities. Overall, we plan to offer a wider product range in all geographical areas and to follow our existing customers as they expand their operations into new markets.

Optimize our operational performance and maintain industry-leading margins

We intend to continue the ongoing improvements to our operational efficiency and flexibility and our ongoing efforts to identify and realize commercial, operational and technical improvements, as well as consistently roll out best practices across our manufacturing facilities and offices. We have identified and expect to implement a number of operating strategies, such as increasing furnace capacity at certain manufacturing facilities, increasing furnace productivity by changing the configuration of certain furnaces and installing new control equipment. We also plan to reduce our working capital requirements by improving our inventory management by, among other things, managing our inventory at the level of each manufacturing facility and improving the accuracy of our sales forecasts.

In 2013, 69% of the revenue of our glass packaging operations was generated from the sale of types I and II glass packaging. Our aim is to increase our industry-leading EBITDA margins, by increasing our sales, improving our product mix towards the high margin types I and II glass packaging (with type I glass being the highest margin glass type), improving our raw material purchases through hedging and opportunistic arrangements with existing or new suppliers, implementing improved processes at our existing and new manufacturing facilities, and benefiting from lower maintenance capital expenditures for our well-invested manufacturing facilities, on which €103 million was spent in our pharmaceutical glass packaging segment between 2011 and 2013. The new manufacturing facility which is being constructed for our type I pharmaceutical glass packaging will enable us to postpone two refurbishments of the Mers-les-Bain facility that would otherwise have occurred in 2016. The cost of the most recent refurbishment of these furnaces amounted to approximately €13 million.

The Demerger

We intend to split off our pharmaceutical glass packaging operations from our perfumery glass packaging operations, primarily due to the different drivers and economic cycles applicable to both business units and an increased need to develop business-specific strategies. We expect to split off the perfumery glass packaging operations in two stages, in order to complete the construction of a new manufacturing facility for type I pharmaceutical glass production and to satisfy works council consultation processes.

In the first stage, we expect to transfer the Group subsidiaries relating to the perfumery glass packaging operations to LuxCo Perfumery and FrenchCo Perfumery on the Issue Date. In the second stage, SGD S.A. is expected to transfer the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility to FrenchCo Perfumery on or prior to December 31, 2015. Concurrently with this second stage, we expect to migrate our pharmaceutical type I glass packaging production to a new state-of-the-art manufacturing facility, which is currently under construction and which is expected to be operational in the second half of 2015.

On or about the Issue Date, we will place an amount of €11.1 million in the Designated Bank Account in order to cover any Net Perfumery Cash Need of the perfumery glass packaging operations from the Issue Date to the completion of the Demerger. To the extent the Net Perfumery Cash Need of the perfumery glass packaging operations exceeds the amount of funds available from the Designated Bank Account, SGD S.A. will be held harmless by LuxCo through the Excess Cost Indemnity, backed by an equity commitment of OCM European Principal Opportunities Funds II, L.P., an affiliate of Oaktree, capped at €40 million less any cash credited to the Designated Bank Account on the Issue Date and any proceeds of equity or quasi equity contributions made by LuxCo to the Designated Bank Account thereafter to the extent such proceeds do not originate from the pharmaceutical glass packaging operations. The equity commitment will terminate automatically and immediately upon a cancellation or acceleration of the Revolving Credit Facility or an acceleration of the debt outstanding under the Notes (other than in relation to accrued unpaid amounts then outstanding). The payment mechanisms of the Designated Bank Account and the Excess Cost Indemnity (expected to be capped at the amount of LuxCo's available resources from time to time) are intended to keep our pharmaceutical glass packaging operations and the perfumery glass packaging operations economically segregated and to keep our pharmaceutical glass packaging operations cash-neutral with respect to the perfumery glass packaging operations until the Put Option Transfer Date.

On the Issue Date, the Issuer and LuxCo Perfumery are expected to enter into the Framework Services Agreement, which provides for the continued sharing of assets, services and costs until the Put Option Transfer Date and, if necessary, thereafter. See "*The Transactions—Framework Services Agreement*."

Principal shareholders

LuxCo holds 100% of the equity interests in the Issuer.

Oaktree

OCM Luxembourg EPOF II S.à r.l., an investment vehicle owned by Oaktree, owns 92.8% of the ordinary shares of, and holds more than 80% of, the economic interest in LuxCo. Founded in 1995, Oaktree is a leading global alternative investment management firm with particular expertise in credit strategies, with approximately U.S.$84 billion of assets under management as of December 31, 2013 including €5.3 billion of assets in its European private equity business. The European private equity arm of Oaktree (controlling 30 companies) possesses extensive experience in the packaging business, having invested in four global packaging companies: Ileos, Chesapeake, Nordenia and us.

For more information, see "*Principal shareholders*."

Recent developments

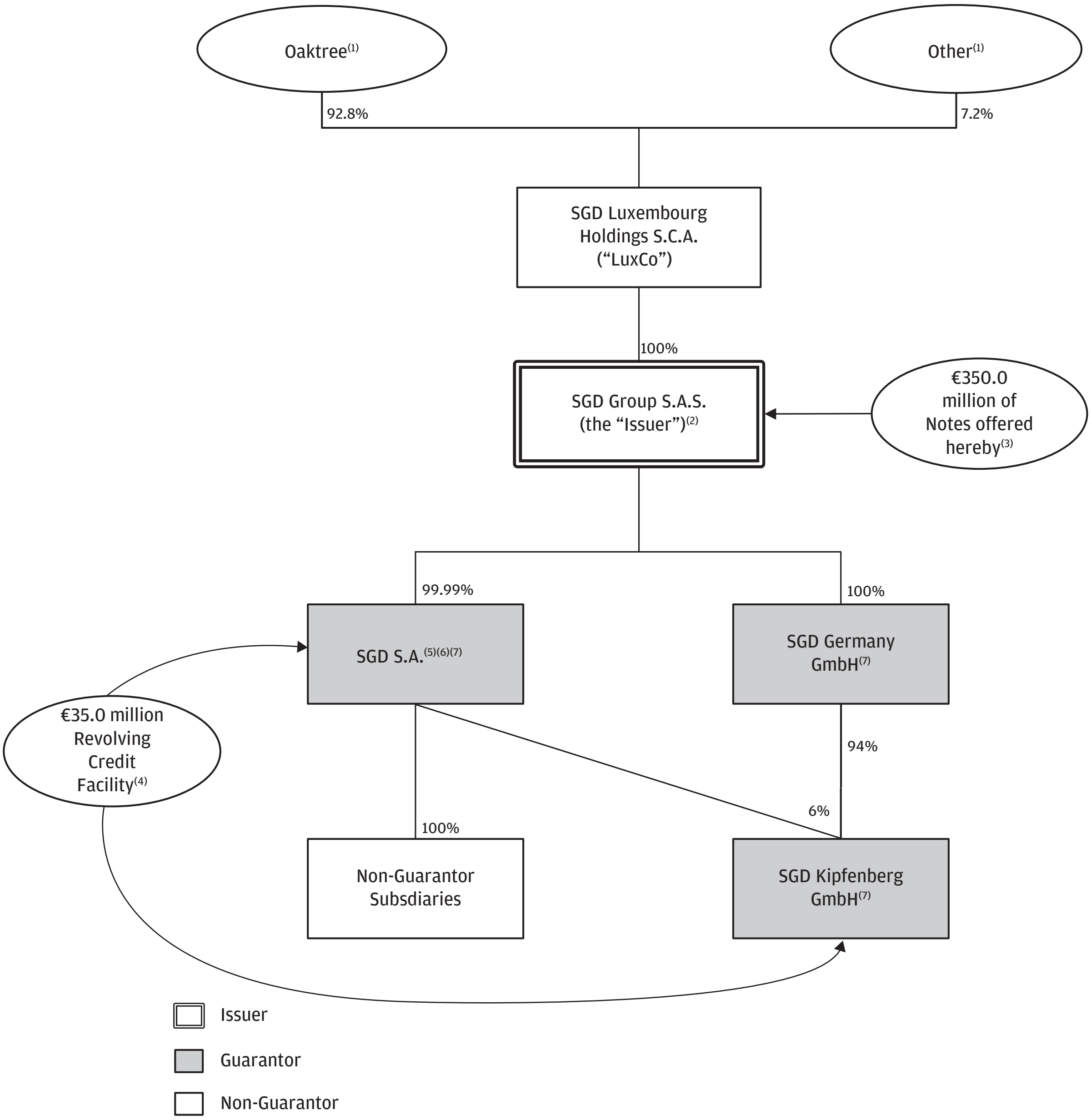
Current trading

For the two months ended February 28, 2014, the Total Revenue of our pharmaceutical glass packaging segment is expected to be between €43 million and €44 million, compared to €43.0 million for the two months ended February 28, 2013, which represents a slight increase primarily due to increased sales to certain key customers and price increases. Over the same period, EBITDA of the pharmaceutical glass packaging segment is expected to be between €10.8 million and €11.0 million, compared to €10.1 million for the two months ended February 28, 2013, which represents an increase primarily due to sales growth and improved performance at our manufacturing facilities.

This information is based on internal management accounts and has been prepared by, and is the responsibility of, our management, and has not been audited, reviewed or verified; no procedures have been completed by our auditors with respect thereto, and you should not place undue reliance thereon. This information is subject to confirmation in our unaudited interim condensed combined financial statements and report for the three-month period ended March 31, 2014.

Summary corporate and financing structure

The following diagram presents our simplified corporate structure and principal outstanding financing arrangements after giving effect to the Transactions. Percentages shown in the diagram below refer to percentage ownership. For more information, see "*Description of certain financing arrangements*" and "*Description of the Senior Secured Notes*."



(1) OCM Luxembourg EPOF II S.à r.l., an investment vehicle owned by Oaktree, owns 92.8% of the ordinary shares of LuxCo. The remainder is held (directly or indirectly) by several current and former lenders (pursuant to a debt-for-equity swap entered into pursuant to the restructuring of the Group in 2009). See "*Principal shareholders*." SGD Luxembourg Holdings S.à r.l., a vehicle owned by Oaktree, holds the sole general partnership share of LuxCo.

(2) As of December 31, 2013, the Issuer had €3.5 million outstanding under CICE and CIR prefinancing facilities. We intend that these facilities will remain in place after the Offering. See "*Description of certain financing arrangements.*"

(3) We are offering €350.0 million in aggregate principal amount of Notes. As of the Issue Date, the Notes will be senior secured obligations of the Issuer and guaranteed (the "Guarantees," and each of them, a "Guarantee") on a senior secured basis by the Guarantors. The obligations of a Guarantor under its respective Guarantee will be subject to the terms of the Intercreditor Agreement, certain limitations under local law and other contractual and legal limitations and defenses generally available to providers of collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. In particular, the Guarantee of SGD S.A. is expected to be limited in value to an amount not greater than the amount of the loan(s) of the proceeds of this Offering made to and used by SGD S.A. (directly or by its subsidiaries), which is expected to be approximately €96 million. Other indebtedness of any relevant Guarantor may not be similarly limited. See "*Risk factors—Risks related to our*

indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantees or LuxCo may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral"; "*Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France, Germany and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral*," "*Description of certain financing arrangements—Intercreditor Agreement*," "*Description of the Senior Secured Notes—Notes Guarantees*" and "*Limitations on validity and enforceability of the Guarantees and the security interests*."

As of the Issue Date, the Notes will be secured by the Collateral. The security interests in the Collateral will be limited as necessary substantially on the same basis as the limitations which apply to the Guarantees, as described above. The Revolving Credit Facility and certain hedging obligations will be guaranteed on a senior secured basis by the Guarantors and will be secured by first-priority security interests over the Collateral ranking *pari passu* with the security interests securing the Notes, with the assignment by way of security (*Dailly*) over third-party receivables owed to SGD S.A. securing the Revolving Credit Facility and certain hedging obligations only.

(4) In connection with this Offering, we will enter into the Revolving Credit Facility Agreement, which will provide for drawings by SGD S.A. and SGD Kipfenberg GmbH (and such other subsidiaries of SGD S.A. that may accede as borrowers to the Revolving Credit Facility Agreement from time to time) of €35.0 million, all of which will be available but undrawn on the Issue Date. Pursuant to the terms of the Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after lenders under the Revolving Credit Facility Agreement and the counterparties to certain hedging arrangements have been repaid in full. Any remaining proceeds received upon any enforcement action over any Collateral will be applied pro rata to the repayment of all obligations under the Indenture. See "*Description of certain financing arrangements—Intercreditor Agreement*."

(5) The remaining 0.01% of the issued share capital of SGD S.A. is held by certain directors of SGD S.A. We expect to split off the perfumery glass packaging operations in two stages pursuant to the Demerger Agreements. In the first stage, which is expected to occur on or about the Issue Date and in accordance with the Master Reorganization Agreement, we expect to transfer the Group subsidiaries relating to the perfumery glass packaging operations to LuxCo Perfumery and FrenchCo Perfumery, two companies newly incorporated for purposes of the Demerger. In the second stage, which is to occur on the Put Option Transfer Date on or prior to December 31, 2015 and in accordance with the Put Option Agreement, SGD S.A. is expected to transfer the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility to FrenchCo Perfumery under the Perfumery Business Transfer Agreement. Concurrently with this second stage, we expect to migrate our pharmaceutical type I glass packaging production to a new state-of-the-art manufacturing facility which is currently under construction and which is expected to be operational by the end of 2015. Accordingly, until the Put Option Transfer Date, the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility will be owned by SGD S.A. See "*Risk factors—Risks related to the Demerger—We may experience delays and other adverse effects to our manufacturing process while migrating our type I glass manufacturing activities from the Mers-les-Bains manufacturing facility to the new manufacturing facility, and the new manufacturing facility may not be constructed in a timely manner, or at all and, when constructed, lengthy validation procedures may be required*."

(6) As of December 31, 2013, SGD S.A. had, for our pharmaceutical glass packaging operations, €2.0 million outstanding under a working capital facility, €5.3 million outstanding under several finance leases, €6.8 million outstanding under renminbi currency swap agreements and €0.8 million outstanding under a guarantee agreement with Euler Hermes. We intend for these facilities to remain in place after the Offering. As of the same date, SGD S.A. had, for both our pharmaceutical glass packaging operations and our perfumery glass packaging operations at the Mers-les-Bains manufacturing facility, €28.6 million outstanding under a factoring agreement. We intend to discontinue our factoring facility with respect to our pharmaceutical glass packaging segment shortly after the Issue Date. See "*Description of certain financing arrangements.*"

(7) As of and for the year ended December 31, 2013, the Issuer and the Guarantors accounted for 72% of the revenue and 90% of the EBITDA of the pharmaceutical glass packaging segment and 91% of the combined total assets, 83% of the combined revenue and 94% of the combined EBITDA of the Issuer.

The Offering

The following summary of this Offering contains basic information about the Notes, the Guarantees and the Collateral. It is not intended to be complete and is subject to important limitations and exceptions. For a more complete understanding of the Notes and the Guarantees, including certain definitions of terms used in this summary, see "*Description of the Senior Secured Notes*."

Issuer	SGD Group S.A.S.
Notes offered	€350.0 million aggregate principal amount of 5.625% Notes due 2019.
Issue Date	April 24, 2014.
Issue price	100.00%, plus accrued and unpaid interest, if any, from the Issue Date.
Maturity date	May 15, 2019.
Interest rate	5.625% per annum.
Interest payment dates . . .	Interest on the Notes is payable semi-annually in arrears on November 30 and May 31 of each year, commencing on November 30, 2014. Interest will accrue from the Issue Date of the Notes.
Form and denomination . .	The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes will: • be general obligations of the Issuer, secured as set forth under "*—Security*"; • rank *pari passu* in right of payment with any existing or future obligation of the Issuer that is not subordinated in right of payment to the Notes, including the obligations of the Issuer under the Revolving Credit Facility and certain hedging obligations; • rank senior in right of payment to any existing or future obligation of the Issuer that is expressly subordinated in right of payment to the Notes; • be effectively subordinated to any existing or future obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligation; • be guaranteed by the Guarantors; and • be structurally subordinated to any existing or future obligation of the Issuer's subsidiaries that are not Guarantors, including obligations to trade creditors.
Guarantees	As of the Issue Date, the Issuer's obligations under the Notes and the Indenture will be guaranteed (the "Guarantees," and each a "Guarantee") by SGD S.A., SGD Germany GmbH and SGD Kipfenberg GmbH (the "Guarantors," and each a "Guarantor").
Ranking of the Guarantees	The Guarantees will: • be general obligations of the Guarantors, secured as set forth under "*Description of the Senior Secured Notes—Security*"; • rank *pari passu* in right of payment with any existing or future obligation of the respective Guarantor that is not subordinated in right of payment to its Guarantee, including the obligations of the Guarantors under the Revolving Credit Facility and certain hedging obligations;

- rank senior in right of payment to any existing or future obligation of the respective Guarantor that is expressly subordinated in right of payment to its Guarantee; and
- be effectively subordinated to any existing or future obligation of each Guarantor and its subsidiaries that is secured by property and assets that do not secure the Guarantees, to the extent of the value of the property and assets securing such obligation.

As of and for the year ended December 31, 2013, the Issuer and the Guarantors accounted for 72% of the revenue and 90% of the EBITDA of the pharmaceutical glass packaging segment and 91% of the combined total assets, 83% of the combined revenue and 94% of the combined EBITDA of the Issuer. The obligations of a Guarantor under its respective Guarantee will be subject to the terms of the Intercreditor Agreement, certain limitations under local law and other contractual and legal limitations and defenses generally available to providers of collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. In particular, the Guarantee of SGD S.A. is expected to be limited in value to an amount not greater than the amount of the loan(s) of the proceeds of this Offering made to and used by SGD S.A. (directly or by its subsidiaries), which is expected to be approximately €96 million. Other indebtedness of any relevant Guarantor may not be similarly limited. See "*Risk factors—Risks related to our indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantees or LuxCo may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral*," "*Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France, Germany and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral*," "*Description of certain financing arrangements—Intercreditor Agreement*," "*Description of the Senior Secured Notes—Notes Guarantees*" and "*Limitations on validity and enforceability of the Guarantees and the security interests*."

The Guarantees will also be subject to the terms of the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, recoveries in respect of the Guarantees will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes and the Guarantees in respect of the Notes. See "*Description of certain financing arrangements—Intercreditor Agreement*." The Guarantees will be subject to release under certain circumstances. See "*Description of the Senior Secured Notes—Notes Guarantees—Notes Guarantees release*."

Security . . . . As of the Issue Date, the Notes will be secured, subject to the Intercreditor Agreement and certain perfection requirements, by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets:

- all of the shares of each of the Issuer, SGD Germany GmbH, Société des Services Verriers S.A.R.L., VG Emballage S.A.S., SGD Kipfenberg GmbH and SGD S.A. (with the exception of a *de minimis* portion of the share capital of SGD S.A., which is held by certain directors of SGD S.A. due to French law requirements);

- receivables owed by the Issuer (and other members of the Group, if applicable) to LuxCo;
- the proceeds paid to the Security Provider and/or SGD S.A. under the equity commitment letter;
- bank accounts of the Issuer, SGD S.A., SGD Germany GmbH and SGD Kipfenberg GmbH;
- receivables owed to the Issuer, SGD Germany GmbH and SGD Kipfenberg GmbH;
- intercompany loans lent by the Issuer and SGD S.A.;
- insurance policies held by SGD S.A. and SGD Kipfenberg GmbH;
- pharmaceutical intellectual property and other intellectual property rights owned or leased by SGD S.A.;
- payment rights of SGD S.A. under several documents in relation to the Demerger; and
- movable assets of SGD Kipfenberg GmbH (collectively, the "Collateral").

If and to the extent granted in favor of the Revolving Credit Facility and subject to applicable law, within 30 days from the Put Option Transfer Date, a security interest over SGD S.A.'s business as a going concern will be granted as security for the Notes on an equal and ratable first-ranking basis which shall be subject to the terms of the Intercreditor Agreement and certain perfection requirements.

Intercreditor Agreement . . . . Pursuant to the Intercreditor Agreement, the first-priority security interests securing the Notes will be deemed to rank equally with the security interests that secure (i) obligations under the Revolving Credit Facility and (ii) certain obligations under hedging arrangements. Such security interests are, or will be, evidenced by security documents for the benefit (whether directly or through the Security Agent) of the holders of the Notes, the lenders under the Revolving Credit Facility and the holders of certain other future senior or subordinated indebtedness and obligations. Under the terms of the Intercreditor Agreement, in the event of acceleration of the Revolving Credit Facility or the Notes, amounts recovered in respect of the Notes, including from the enforcement of the Collateral, will be required to repay indebtedness in respect of the Revolving Credit Facility and certain hedging obligations in priority to the Notes, following the payment of fees and expenses of the agent under the Revolving Credit Facility, the Trustee and the Security Agent (and any receiver or delegate).

The Security Agent may refrain from enforcing the Collateral unless instructed by the agent under the Revolving Credit Facility, the creditor representative for any other credit facility ranking *pari passu* with the Revolving Credit Facility or the Trustee for the Notes (as instructed by holders of a majority in principal amount of the Notes). The agent under the Revolving Credit Facility or the Trustee (as instructed by holders of a majority in principal amount of the Notes) is entitled to instruct the Security Agent to enforce the security. In the event of conflicting instructions, the Intercreditor Agreement contains provisions as to which set of instructions will prevail. See "*Description of certain financing arrangements—Intercreditor Agreement*."

Optional redemption	The Issuer may redeem all or part of the Notes on or after October 15 , 2015 at the redemption prices described under *"Description of the Senior Secured Notes—Optional redemption,"* plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. In addition, prior to October 15, 2015, the Issuer may redeem all or part of the Notes by paying a "make whole" premium as described under "*Description of the Senior Secured Notes—Optional redemption*." Prior to October 15, 2015, the Issuer may on one or more occasions use the proceeds of specified equity offerings to redeem up to 40% of the principal amount of the Notes at a redemption price equal to 105.625% of the principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, up to the redemption date, provided that at least 60% of the principal amount of the Notes remains outstanding after the redemption.
Additional amounts; tax redemption	All payments made by or on behalf of the Issuer or a Guarantor in respect of the Notes or a Guarantee will be made without withholding or deduction for, or on account of, any taxes in any taxing jurisdiction, except to the extent required by law. If any such withholding or deduction is required by the law of a relevant taxing jurisdiction, subject to certain exceptions and limitations, the Issuer or the relevant Guarantor, as applicable, will pay additional amounts so that the net amount received is no less than that which would have been received in the absence of such withholding or deduction. See "*Description of the Senior Secured Notes—Withholding taxes*." The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if, as a result of certain changes in tax law the Issuer or the relevant Guarantor is or would be required to pay additional amounts with respect to the Notes. If the Issuer decides to exercise such redemption right, it must pay a price equal to 100% of the principal amount of the Notes plus interest and additional amounts, if any, to the date of redemption. See "*Description of the Senior Secured Notes—Redemption for taxation reasons*."
Change of Control	If the Issuer experiences a change of control, it will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. However, a change of control will not be deemed to have occurred if a specified consolidated leverage ratio with respect to the Issuer and the restricted subsidiaries is not exceeded in connection with such event. See "*Description of the Senior Secured Notes—Change of Control*."
Certain covenants	The Issuer will issue the Notes under the Indenture. The Indenture will limit, among other things, the ability of the Issuer, the Guarantors and the restricted subsidiaries of the Issuer to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends, redeem capital stock and make certain investments; • make certain other restricted payments; • create or permit to exist certain security interests; • enter into sale and leaseback transactions; • impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us; • transfer, lease or sell certain assets, including subsidiary stock;

	• merge or consolidate with other entities; • enter into certain transactions with affiliates; and • impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to a number of significant exceptions and qualifications. See "*Description of the Senior Secured Notes—Certain covenants*" and related definitions. Certain of the covenants will be suspended if and for as long as we achieve investment-grade ratings. See "*Description of the Senior Secured Notes—Certain covenants—Suspension of covenants on achievement of Investment Grade Status*."
Use of proceeds	We intend to use the proceeds from this Offering to repay existing indebtedness of the Issuer and its subsidiaries (including indebtedness relating to our pharmaceutical glass packaging operations and indebtedness relating to our perfumery glass packaging operations), to partially prepay a subordinated shareholder loan, to pay estimated fees and expenses for the Refinancing, and, to the extent any proceeds remain, for general corporate purposes. See "*Use of proceeds*."
Transfer restrictions	The Notes and the Guarantees have not been, and will not be, registered under U.S. federal or state or any foreign security laws and are subject to restrictions on resales. See "*Important information about this Offering Memorandum*," "*Transfer restrictions*" and "*Plan of distribution*." We are under no obligation, and we do not intend, to register the Notes or the Guarantees in the United States under the U.S. Securities Act.
Absence of a public market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application will be made to list the Notes on the Official List of the Irish Stock Exchange and to admit them for trading on the Global Exchange Market thereof.
Trustee	U.S. Bank Trustees Limited.
Registrar	Elavon Financial Services Limited.
Paying Agent and Transfer Agent	Elavon Financial Services Limited, UK Branch.
Listing Agent	Davy.
Security Agent	BNP Paribas S.A.
Governing law of the Indenture, the Notes and the Guarantees	The State of New York.
Governing law of the Intercreditor Agreement and the Security Documents	England and Wales, France and Germany.
Risk factors	Investing in the Notes involves substantial risks. Prospective investors should refer to "*Risk factors*" beginning on page 19 for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.

Summary combined financial and other information

The following tables set forth the summary combined financial information and other data of the Combined Business for the periods ended and as of the dates indicated below. The summary combined financial information of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013 has been derived from the audited combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013, included elsewhere in this Offering Memorandum. The combined financial statements of the Combined Business included in this Offering Memorandum have been prepared in accordance with IFRS. The following information should be read in conjunction with "*Management's discussion and analysis of financial condition and results of operations*" and the combined financial statements and the related notes thereto, included elsewhere in this Offering Memorandum. Historical results do not necessarily indicate results that may be expected for any future period.

Our pharmaceutical glass packaging operations have been managed as a stand-alone business unit since 2010, with separate financial reporting and a separate management team. The combined financial statements of the Combined Business included in this Offering Memorandum have been prepared on a "carve-out" basis from the Issuer's consolidated financial statements. The combined financial statements of the Combined Business include only financial information attributable to the pharmaceutical glass packaging operations of the Issuer, as well as the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility (which is expected to be transferred by SGD S.A. to FrenchCo Perfumery on or prior to December 31, 2015 in accordance with the Put Option Agreement), the perfumery glass packaging operations at the Zhanjiang (China) manufacturing facility, our trading business VG Emballage and the operations of Société des Services Verriers S.A.R.L. and give effect to the Master Reorganization Agreement.

For the preparation of the combined financial statements it was necessary to make assumptions and estimates for carve-out adjustments as set forth in the notes to the combined financial statements included elsewhere in this Offering Memorandum. Accordingly, the combined financial statements do not reflect the financial position and performance that would have been presented if our pharmaceutical glass packaging segment had existed as an independent company during the periods presented and if the transactions between our pharmaceutical glass packaging operations and the perfumery glass packaging operations had been carried out between independent companies. As a result, the combined financial statements are not necessarily indicative of the future development of the business of our pharmaceutical glass packaging operations.

The combined financial statements of the Combined Business present the financial position and performance of the Combined Business, which differs from our pharmaceutical glass packaging segment as it will be operated after the Put Option Transfer Date in various respects.

Summary combined income statement data

	Year ended December 31,		
(€ millions)	**2011**	**2012**	**2013**
Total Revenue	**389.9**	**398.0**	**414.3**
Gross operating profit	**45.9**	**50.3**	**59.7**
Operating income from ordinary activities	**3.8**	**18.0**	**25.9**
Operating profit/loss	**4.8**	**26.1**	**(32.1)**
Cost of net financial debt	**(13.9)**	**(14.9)**	**(15.0)**
Pre-tax profit/loss	**(9.1)**	**11.2**	**(47.0)**
Tax expense/income	(6.4)	(5.1)	(6.5)
Net profit/loss of the year	**(15.5)**	**6.1**	**(53.5)**

Summary combined statement of financial position data

(€ millions)	As of December 31, 2011	2012	2013
Total non-current assets	**181.9**	**192.0**	**126.0**
Of which intangible assets	4.5	3.3	0.7
Of which property, plant and equipment	168.7	184.4	120.0
Total current assets	**250.3**	**181.5**	**207.3**
Of which inventories	64.2	72.9	76.5
Of which trade accounts receivable	54.6	54.1	59.9
Of which other current assets	22.2	22.5	26.4
Of which cash and cash equivalents	34.0	31.9	44.3
Total assets	**432.2**	**373.5**	**333.4**
Total shareholders' equity	**(67.9)**	**(105.3)**	**(167.6)**
Total non-current liabilities	**336.5**	**334.8**	**353.2**
Total current liabilities	**163.5**	**144.0**	**147.8**
Total liabilities and shareholders' equity	**432.2**	**373.5**	**333.4**

Summary combined statement of cash flow data

(€ millions)	Year ended December 31, 2011	2012	2013
Cash flow from operating activities	**35.1**	**40.2**	**48.7**
Cash flow from investment activities	**(46.2)**	**(52.3)**	**(21.8)**
Cash flow from financing activities	**7.0**	**26.1**	**1.8**
Change in cash flow	**(3.1)**	**13.4**	**27.0**
Opening cash	7.1	3.9	17.3
Closing cash	3.9	17.3	44.3

Other financial and pro forma data of our pharmaceutical glass packaging segment

(€ millions, except ratios)	Year ended December 31, 2011	2012	2013
Total Revenue	256.1	259.9	264.8
EBITDA(1)	61.7	63.4	67.4
EBITDA margin(2)	24.1%	24.4%	25.5%
Change in working capital(3)	(6.8)	(3.7)	(1.0)
Capital expenditure(4)	39.5	47.4	16.5
Capital expenditure margin(5)	15.4%	18.2%	6.2%
Operating cash flow(6)	15.4	12.4	49.9
Pro forma financial data:			
Pro forma third-party net financial debt(7)			338.2
Pro forma net cash interest expense(8)			22.5
Ratio of pro forma third-party net financial debt(7) to EBITDA			5.0x

(1) EBITDA represents operating income from ordinary activities before accumulated depreciation of our pharmaceutical glass packaging segment and is adjusted for non-recurring items as of and for the years ended December 31, 2011, 2012 and 2013. Our management believes that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision-makers to track our business evolution, establish operational and strategic targets, and make important business decisions. EBITDA is also a measure commonly reported and widely used by analysts, investors and other interested parties in our industry. The definition of EBITDA may vary from company to company. EBITDA is not a measure of performance under IFRS and you should not consider EBITDA as an alternative to (i) operating income from ordinary activities or net profit/loss of the year as a measure of our operating performance, (ii) cash flows from operating, investment and financing activities as a measure of our ability to meet our cash needs or (iii) any other measures of performance under generally accepted accounting principles. For a description of the limitations of EBITDA as a financial measure, see "*Presentation of financial information and other data—Other financial measures*."

The following table reconciles operating income from ordinary activities to EBITDA.

(€ millions)	Year ended December 31, 2011	2012	2013
Operating income from ordinary activities	**40.5**	**36.8**	**40.0**
Accumulated depreciation	21.3	26.6	27.4
EBITDA	**61.7**	**63.4**	**67.4**

(2) EBITDA margin represents EBITDA divided by Total Revenue, unless the context indicates otherwise. For a description of the limitations of EBITDA margin as a financial measure, see "*Presentation of financial information and other data—Other financial measures*."

(3) Change in working capital for a given period represents the change in inventories, trade payables, trade receivables and other current assets and liabilities, in each case, of our pharmaceutical glass packaging segment.

(4) Capital expenditure represents investments in property, plant and equipment and intangible assets, in each case, of our pharmaceutical glass packaging segment. For the year ended December 31, 2010, capital expenditures amounted to €12.9 million.

(5) Capital expenditure margin represents investments in property, plant and equipment and intangible assets divided by revenue, in each case, of our pharmaceutical glass packaging segment.

(6) Operating cash flow represents cash flow from/(used in) operating activities in the cash flow statement of our pharmaceutical glass packaging segment.

(7) Pro forma third-party net financial debt represents total financial debt (including the Notes, excluding shareholder loans (upon which interest will be capitalized rather than paid in cash) less available pro forma cash and cash equivalents, and excludes accrued interest, in each case, of our pharmaceutical glass packaging segment), as if the Notes had been issued and the proceeds therefrom would have been used to effect (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery, on January 1, 2013.

(8) Pro forma net cash interest expense represents our net interest expense of our pharmaceutical glass packaging segment for the year ended December 31, 2013, as adjusted, as if the Notes had been issued and the proceeds therefrom would have been used to effect (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery, on January 1, 2013. Pro forma net cash interest expense includes commitment fees on the undrawn Revolving Credit Facility but does not include any charges related to debt issuance costs in connection with this Offering. We expect that our pro forma net cash interest expense in relation to our perfumery glass packaging operations at our Mers-les-Bains manufacturing facility that will be retained until the Put Option Transfer Date will amount to approximately €1.0 million per year. Pro forma net cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issuance of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

Summary unaudited financial data of our pharmaceutical glass packaging segment for the years ended December 31, 2009 and 2010

(€ millions)	Year ended December 31, 2009	2010
	(unaudited)	
Total Revenue	233.6	245.0
EBITDA*	48.2	54.2

* EBITDA for the years ended December 31, 2009 and 2010 has been adjusted (i) to give effect to the classification of mold maintenance costs or capital expenditures, which has been effective since January 1, 2011 and (ii) to allocate corporate headquarters costs based on the allocation key used in our combined financial statements for the years ended December 31, 2011, 2012 and 2013.

Risk factors

An investment in the Notes involves a high degree of risk. In addition to considering carefully, in light of the circumstances and your individual investment objectives, the information contained elsewhere in this Offering Memorandum, you should carefully consider the risks described below before investing in the Notes. If any of the events described below actually occurs, our business, results of operations, financial condition or prospects could be materially adversely affected and, accordingly, the value and the trading price of the Notes may decline, resulting in a loss of all or part of any investment in the Notes. The order in which the risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude or significance of the individual risk factors. Furthermore, the risks and uncertainties described herein may not be the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently consider to be immaterial may also have a material adverse effect on our business, results of operations, financial condition or prospects.

Risks related to our business

Our reputation may be negatively impacted due to the failure of control measures and systems, resulting in faulty or contaminated products and related product recalls.

We have strict control measures and systems in place which are designed to ensure that the maximum safety and quality of our products is maintained. The consequences of a product not meeting these rigorous standards, due to, among other things, raw materials contamination or due to supply chain contamination caused by human error or equipment fault, could be severe. Such consequences might include adverse effects on our reputation and the health of consumers (in conjunction with the pharmaceutical products manufactured by our customers), litigation exposures, loss of market share, financial costs and loss of revenue.

In addition, if our products fail to meet our usual rigorous standards, we may be required to incur substantial costs in taking appropriate corrective action (up to and including recalling products from consumers) and to reimburse customers and/or consumers for losses that they suffer as a result of this failure. Customers and consumers may seek to recover these losses through litigation and may succeed in any such claim despite there being no negligence or other fault on our part. Placing an unsafe product on the market, failing to notify the regulatory authorities of a safety issue, failing to take appropriate corrective action and failing to meet other regulatory requirements relating to product safety could lead to regulatory investigation, enforcement action and/or prosecution. Any product quality or safety issue may also result in adverse publicity, which may damage our reputation. This could in turn have a material adverse effect on our business, financial condition and results of operations. In the last three years, there have been only two voluntary product recalls for pharmaceutical products for which we provided packaging, and between 2007 and 2012 we incurred only €1.4 million of costs and expenses in relation to product liability claims, representing less than 0.1% of our revenue for this period. As of December 31, 2013, several *de minimis* claims were still pending and a corresponding provision has been made. However, additional product recalls may be necessary in the future and we may face additional product liability claims.

We utilize traceability technology which, in the event of a product recall, allows us to identify and isolate product batches that have been contaminated. However, there can be no assurance that we will be able to confine all or part of the affected product batches. While we maintain insurance coverage for losses associated with product recalls, and a significant number of our customer contracts contain limitation of liability provisions which may be applicable in the event of a product recall, there can be no assurance that our insurers will reimburse us for all or any losses suffered or that our limitation of liability provisions will be enforceable.

In certain contracts, we provide warranties in respect of the proper functioning of our products and the conformity of a product to the specific use defined by the customer. In addition, if the product contained in packaging manufactured by us is faulty or contaminated, it is possible that the manufacturer of the product in question may allege that the packaging provided by us is the cause of the fault or contamination. In the event of the failure of packaging produced by us to open properly or to preserve the integrity of its contents, we could face liability to our customers and third parties for bodily injury or other tangible or intangible damages suffered as a result. Such liability, if it were to be established in relation to a sufficient volume of claims or to claims for sufficiently large amounts, could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the loss of key customers for our products.

For the year ended December 31, 2013, our ten largest customers accounted for 31% of the revenue of our pharmaceutical glass packaging operations. Sales to our largest customer represented less than 7% of the revenue of our pharmaceutical glass packaging operations. Although contractual agreements provide the basis for the majority of our long-term relationships with our customers, there can be no assurance that we would continue to be able to sell our products to our customers or sell on terms as favorable as in the past, or at all. We cannot assure you that we will be able to maintain these customer relations. For example, if our customers unexpectedly reduce the amount of pharmaceutical glass packaging they purchase from us, or cease purchasing our pharmaceutical glass packaging altogether, our revenue could decrease and our inventory levels could increase, both of which could have an adverse effect on our business, financial condition and results of operations.

Our commercial relations with the majority of our customers are conducted through short-term supply agreements or framework agreements. A significant proportion of our contracts with our customers do not stipulate any purchase obligations, and can be terminated at short notice. Switching suppliers could be labor-intensive and costly for many of our customers, primarily due to applicable regulatory requirements, which could require a run-up period of several months. However, it is possible that customers could terminate their contracts with us at short notice, or that they cease to purchase certain products or purchase fewer products than they have in the past, or to the extent expected.

There is also the risk that our customers may shift their production operations to locations in which we do not currently have a presence or where transportation of our products is not commercially feasible due to prohibitive transportation costs. The loss of one or more of these customers, a significant reduction in sales to these customers or a significant change in the commercial terms of our relationship with these customers could have a material adverse effect on our business, results of operations and financial condition.

We are involved in a continuous manufacturing process with a high degree of fixed costs. Any interruption in the operations of our manufacturing facilities, particularly at our Mers-les-Bains manufacturing facility (which is the only facility where we produce type I glass packaging), may adversely affect our business, financial condition and results of operations.

All our manufacturing takes place at manufacturing facilities that we own. We conduct regular maintenance on all our operating equipment. However, due to the extreme operating conditions inherent in some of our manufacturing processes, we cannot assure you that we will not incur unplanned business interruptions due to furnace breakdowns or similar manufacturing problems or that such interruptions will not have an adverse impact on our business, financial condition and results of operations. There can be no assurance that alternative production capacity will be available in the future in the event of a major disruption or, if it is available, that it could be obtained on favorable terms. A disruption in such circumstances could have a material adverse effect on our business, financial condition and results of operations.

To the extent that we experience any breakdown of key manufacturing equipment in our manufacturing facilities, or similar manufacturing problems, we will be required to make capital expenditures, and may find it difficult to meet customer demand, which would result in a loss of revenue which could impair our liquidity. Specifically, all the type I glass packaging that we currently produce is manufactured only at our Mers-les-Bains manufacturing facility, and following the Put Option Transfer Date, we expect to produce all our type I glass packaging at our new manufacturing facility. A loss of the use of all or a portion of the Mers-les-Bains manufacturing facility or our new facility during or following the Put Option Transfer Date could significantly or totally impair our ability to manufacture type I glass packaging, which could have a material adverse effect on our business, financial condition and results of operations. See "*—Risks related to the Demerger—We may experience delays and other adverse effects to our manufacturing process while migrating our type I glass manufacturing activities from the Mers-les-Bains manufacturing facility to the new manufacturing facility, and the new manufacturing facility may not be constructed in a timely manner, or at all and, when constructed, lengthy validation procedures may be required.*"

Our manufacturing operations are subject to risks including, among other things, glass melting, blow molding and the packaging of glass containers; the storage, transportation and disposal of hazardous chemicals, products and wastes, severe weather and natural disasters (such as earthquakes, tsunamis and hurricanes), pipeline leaks and ruptures, fires and explosions, accidents, mechanical failures, unscheduled downtimes, transportation interruptions, unpermitted discharges or releases of toxic or hazardous substances or gases, other environmental risks, sabotage or terrorist attacks. A mechanical failure or disruption affecting any major operating line may result in a disruption to our ability to supply customers, and standby capacity may not be available. The potential impact of any disruption would depend on the nature and extent of the damage caused to such facility.

These risks can cause personal injury and loss of life; catastrophic damage to, or the destruction of, property and equipment; and environmental damage; and may result in a suspension of operations, litigation exposure, a loss of market share and the imposition of civil or criminal penalties. Unplanned outages can impact our operating results, even if such outages are covered by insurance.

Interrupted energy supplies and higher energy costs may have a material effect on our business, financial condition and results of operations.

We use natural gas, electricity and oil to manufacture our products. These energy sources are vital to our operations and we rely on a continuous power supply to conduct our business. Energy costs have been highly volatile in recent years and have generally risen over the last decade. We are not able to predict to what extent energy prices will rise in the future. If energy costs increase further in the future and if we have not sufficiently hedged these energy cost increases, we could experience a significant increase in operating costs, and, if we are not able to pass through these cost increases to our customers through price pass-through provisions or as part of our customer contract renegotiations, there could be a material adverse effect on our business, financial condition and results of operations. Frequent or prolonged power interruptions may have a material adverse effect on our operations. Besides, our manufacturing facility in China has experienced power shortages in the past and may continue to do so occasionally.

An increase in pharmaceutical glass packaging manufacturing capacity without a corresponding increase in demand for pharmaceutical glass packaging could cause prices to decline, which could have a material adverse effect on our business, financial condition and results of operations.

The profitability of pharmaceutical glass packaging companies is influenced by the supply of, and demand for, pharmaceutical glass packaging. We cannot assure you that the pharmaceutical glass packaging manufacturing capacity in any of our markets will not increase further in the future, nor can we assure you that demand for pharmaceutical glass packaging will meet or exceed supply. If pharmaceutical glass packaging manufacturing capacity increases and there is no corresponding increase in demand, the prices we receive for our products could materially decline, which could have a material adverse effect on our business, financial condition and results of operations.

Our business may be negatively affected by increases in the price of raw materials that we are unable to pass on to our customers, as well as reduced availability of certain raw materials.

Our margins are partly driven by the prices we charge for our products and the costs of the raw materials we require to make our products. In total, raw materials, which include soda ash (for type II and III glass), borax (for type I glass), feldspar, limestone and sand, accounted for 11% of the cost of goods sold of our pharmaceutical glass packaging segment (excluding our trading business, VG Emballage). Prices for soda ash and borax tend to be volatile. Price fluctuations may have a material adverse effect on our business, results of operations and financial condition. For example, if our costs of soda ash and borax increase, we may be unable to pass along the increased raw material expenses to our customers, resulting in lower margins.

Our ability to pass on increases in the cost of raw materials to our customers is, to a large extent, dependent upon market conditions. We opportunistically enter into fixed-price arrangements when we believe we can secure favorable prices for our raw materials for specified future periods and reduce our exposure to near-term price fluctuations. We also sell a substantial portion of our products under purchase orders, in which pricing is based on pricing sheets that we have previously sent to our customers. We may not be able to increase prices for these purchases if customers do not agree to price pass-through, particularly in our markets where competition is intense. Where we are able to raise prices (for example, during contract negotiations with our customers), there is often a six- to twelve-month lag between the time our raw materials prices increase and the time we realize increased pricing from our customers. As a result, if our cost of raw materials increases, our margins will be negatively impacted.

The borax we utilize is produced by a relatively small number of companies in the United States and Turkey. We currently purchase our borax supplies from one supplier with whom we have entered into a multi-year purchase agreement. However, we can also buy these borax supplies from at least two other suppliers. Further consolidation could occur among these suppliers, and such consolidation could hinder our ability to obtain adequate supplies of raw materials, which could lead to higher prices for the type of borax we use. Failure to obtain adequate supplies of raw materials or future price increases could have a material adverse effect on our business, results of operations and financial condition. In addition, the raw materials that we use have historically been available in adequate supply from multiple sources (except for borax). However, recent volatility in global economic conditions, fluctuations in oil prices, demand for borax, production constraints and other factors could result in temporary shortages of raw materials. If any of our suppliers is subject to a major production disruption or is unable to meet its obligations under present supply agreements, we may be forced to pay higher prices to obtain the necessary raw materials and we may not be able to increase the prices of our products. Therefore, interruptions in supply could increase pressure on our margins or could harm our ability to deliver our products to our customers on a timely basis, which could adversely affect our business, financial condition and results of operations.

We may not be able to meet the demands of our customers due to our high rate of manufacturing utilization and our inability to accurately forecast market developments.

We are unable to accurately forecast developments in the market for glass packaging for pharmaceutical products. Customer demand may exceed expectations if, for example, pharmaceutical products experience higher than anticipated demand as part of their product launch, or if our competitors become unable to meet the demands of their customers. We are, however, constrained by the line capacity, injection molding capacity and assembly automation of our manufacturing facilities, which are generally highly utilized and take several months to increase. We may, therefore, be unable to deliver production at the level required by our customers during periods of strong sales, which may lead us to face claims from customers and damage our relationships with them, leading to a reduction in or termination of our business with such customers.

Our products are subject to lengthy customer validation procedures.

Specifications for our pharmaceutical packaging are typically approved as part of a lengthy, resource-consuming and expensive regulatory approval process for new pharmaceutical products in each jurisdiction where such new pharmaceutical product is sold. In turn, customers validate our manufacturing facilities and processes before committing to purchase our products. The customer validation process for products typically takes two months but can last up to several years. Once a manufacturing facility is validated by our customers, it is subject to regular audits by such customers. Any delay in validation processes by our customers could have a material adverse effect on our business, results of operations and financial condition.

Healthcare cost control measures could indirectly affect our profitability.

We generate a significant portion of our revenue from customers that are major global pharmaceutical companies. In both Western Europe and North America governments have attempted to contain healthcare spending in recent years, and the pharmaceutical industry has become subject to significant pressure from health care regulators as well as insurance companies to control costs. These pressures, together with impending patent expirations and uncertain prospects for new drugs, have created incentives for pharmaceutical companies to control costs. Although packaging typically comprises a small percentage of the total cost of a drug, we cannot assure you that we will remain unaffected by cost-cutting initiatives implemented by our customers, which could have a material adverse effect on our business, results of operations and financial condition.

Our primary direct customers sell to consumers of pharmaceutical products. If economic conditions affect consumer demand, our customers may be affected and reduce the demand for our products.

Our financial results are to some extent dependent upon overall economic conditions globally and in the locations where we do business. A recession in any of these locations or globally or public perception that result in declining economic conditions could result in reduced spending on our customers' end-products and thereby reduced or postponed demand for our products. Indeed, as a result of the economic downturn that commenced in late 2008 and weak economic conditions that continued into 2011, we experienced decreased demand for some of our products.

The global financial crisis has also led to more limited availability of credit, which may have a negative impact on the financial condition, and particularly on the purchasing ability, of some of our customers and distributors and may also result in requests for extended payment terms, and result in credit losses, insolvencies and diminished sales channels available to us. Our suppliers may have difficulty obtaining necessary credit, which could jeopardize their ability to provide timely deliveries of raw materials and other essentials to us. The current credit environment may also lead to suppliers requesting credit support or otherwise reducing credit, which may have a negative effect on our cash flows and working capital.

The volatility in exchange rates may also increase the costs of our products that we may not be able to pass on to our customers or impair the purchasing power of our customers in different markets; result in significant competitive benefit to certain of our competitors that incur a material part of their costs in other currencies than we do; hamper our pricing; and increase our hedging costs and limit our ability to hedge our exchange rate exposure.

Recent negative worldwide economic conditions and market instability also make it increasingly difficult for us, our customers and our suppliers to forecast developments in our industry and plan our operations and costs accordingly, resulting in operational inefficiencies. A continued decline in demand could place further financial pressure on our results of operations. The timing and extent of any changes to currently prevailing market conditions is uncertain, and supply and demand may be unbalanced at any time. As a consequence, we are unable to accurately predict the extent or duration of business cycles or their effect on our financial condition or results of operations, and can give no assurance as to the timing, extent or duration of the current or future business cycles.

We face competition from other pharmaceutical glass packaging manufacturers, as well as from manufacturers of alternative forms of packaging.

We compete on the basis of product quality, reliability, global sourcing capabilities, price and quality of technical support. Some of our competitors have greater financial, marketing and other resources available than us. For example, our key competitors include Gerresheimer, Rocco Bormioli, Piramal Glass and Shandong Pharmaceutical Glass, each of which has substantial financial, marketing and other resources and established brand names. Our competitors could use their significant resources to increase their marketing, develop new products or reduce their prices in a manner that adversely impacts our ability to sell our products at prices that generate the same margins we have earned in the past, or at all. It may be possible for our current or future competitors to develop new product manufacturing technology or processes that may allow them to offer glass packaging at a cost or quality that has a significant advantage over our products. If competition in our business increases, our overall margins could be substantially reduced. We cannot assure you that we will continue to be able to compete successfully against existing or future competitors.

Furthermore, new manufacturing technology and processes could negatively impact our existing business. If new manufacturers enter our markets and produce alternative forms of packaging, including plastic packaging, metal packaging and blister packaging, our business may be negatively affected. An inability to respond to competitive technological advances would pose a serious risk to our future performance. For example, it is possible that new plastics could be developed that have certain of the unique properties of glass, such as non-reactive surfaces, yet can be manufactured more economically than glass. Any such developments could have a material adverse effect on our business, results of operations and financial condition.

We cannot assure you that our products will continue to be preferred by our customers or our customers' end-consumers. A material shift in consumer preference from our packaging types, competitive pressures from our direct and indirect competitors, or a substantial change in the regulation of pharmaceutical packaging, could result in a decline in sales volume or pricing pressure that would have a material adverse effect on our business, results of operations and financial condition.

Our glass packaging faces substitution risk from other packaging materials.

Glass packaging has traditionally constituted a large share of the pharmaceutical packaging market. In recent decades, however, pharmaceutical packaging manufactured from plastics and alternative materials have captured a portion of some of our markets. Plastics, in particular, have proven popular because of their low cost, light weight and flexibility. It is possible that new plastics could be developed that have certain of the unique properties of glass, such as non-reactive surfaces, yet can be manufactured more economically than glass. Any such developments could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We may fail to keep up with product innovation.

We cannot assure you that our product development and engineering efforts will continue to deliver competitive products that will translate into sales to customers or that we will be able to renew our production lines as our customers stop using those products. In addition, even though the pharmaceutical glass packaging market is characterized by a low level of new glass packaging innovations, due to the long validation process and the aversion to change by our customers, it is possible that one of our competitors will introduce a breakthrough technological innovation which may negatively impact demand for our products. If we fail to keep pace with evolving technological innovations in our markets or if we fail to maintain our key competencies, we may experience a material adverse effect on our business, results of operations and financial condition.

Our business requires relatively high levels of capital investments, which we may be unable to fund.

Our business requires relatively high levels of capital investments, including maintenance and expansionary expenditures. For example, to the extent that we experience any furnace breakdowns or similar manufacturing problems, we will be required to make capital expenditures even though we may not have available resources at such time and we may not be able to meet customer demand, which would result in a loss of revenue. Furthermore, we may not be able to make such capital expenditures if we do not generate sufficient cash flow from operations, have funds available for future borrowing under our Revolving Credit Facility to cover these capital expenditure requirements or if we were restricted from incurring additional debt to cover such expenditures, or as a result of a combination of these factors. If we are unable to meet our capital expenditure plans, we may not be able to maintain our manufacturing capacity, which may negatively impact our competitive position and ultimately, our revenue and profitability. If we are unable to meet our maintenance or expansionary capital expenditure plans, our manufacturing capacity may decrease, which may have a material adverse effect on our business, results of operations and financial condition.

We will continue to invest in equipment and make other capital expenditures to further improve our production efficiency and the scope of our offerings and to reduce our cost profile. To the extent that these investments do not generate targeted levels of returns in terms of revenue, efficiency or improved cost profile, our business, results of operations and financial condition could be materially adversely affected.

We intend to migrate the type I pharmaceutical glass production activities of our Mers-les-Bains manufacturing facility to a new manufacturing facility. We anticipate that construction of the new manufacturing facility will be completed in 2015. See *"—Risks related to the Demerger—We may experience delays and other adverse effects to our manufacturing process while migrating our type I glass manufacturing activities from the Mers-les-Bains manufacturing facility to the new manufacturing facility, and the new manufacturing facility may not be constructed in a timely manner, or at all and, when constructed, lengthy validation procedures may be required."* We estimate that the capital expenditures associated with the construction of the new manufacturing facility will amount to €52.5 million (excluding an estimated €5.0 million of targeted construction savings). No assurance can be given that the costs of constructing or operating this manufacturing facility will not exceed our estimates, or that construction of the new manufacturing facility will be completed on time, or at all.

We are subject to various environmental, health and safety, product and other legal requirements and may be subject to new requirements of this kind in the future that could impose substantial costs on us. The presence of hazardous materials at our manufacturing facilities or in our products may expose us to potential liabilities, which may have a material adverse effect on our business, results of operations and financial condition.

Our operations and properties are subject to extensive international, EU, Chinese, national, provincial, regional and local laws, ordinances, regulations and other legal requirements relating to environmental protection. Such laws and regulations include requirements regarding the remediation of contaminated soil; groundwater and buildings; water supply and use; water discharges; air emissions; waste management; noise pollution; contamination by asbestos and other deleterious materials; the generation, storage, handling, transportation and disposal of regulated materials; product safety; and workplace health and safety.

The scope of such laws and regulations varies across the different jurisdictions in which we operate. Our operations and properties in Member States must comply with the legal requirements of the relevant Member State, as well as EU and international legal requirements. These requirements may have a material adverse effect on our business, financial condition and results of operations.

We have incurred, and expect to continue to incur, costs for our operations to comply with such legal requirements, and these costs could increase in the future. Environmental laws and regulations that affect our business have become increasingly stringent. We require a variety of permits to conduct our operations, including operating permits such as water and trade effluent discharge permits, water abstraction permits and waste permits. Failure to obtain the relevant permits, as well as noncompliance with such permits, could have a material adverse effect on our business, financial condition and results of operations. If we were to violate or fail to comply with these laws and regulations or our permits, we could be subject to criminal, civil and administrative sanctions and liabilities, including substantial fines and orders, or a partial or total shutdown of our operations.

Moreover, our business is energy intensive, which results in the emission of products of combustion and the high temperature oxidation of atmospheric nitrogen (i.e., sulfur dioxide, carbon dioxide and nitrogen oxides).

We are also subject to laws and regulations that restrict air emissions. In order to comply with air emission restrictions, significant capital investments may be necessary at some sites.

In Germany, technical guidelines called TA Luft set forth emission thresholds that could potentially result in stricter limits in the future and require additional investment in our operations in Germany in order to meet them. Our business is also affected by the EU Emissions Trading Scheme (the "EU ETS"), which limits emissions of greenhouse gases. See "*Business—Environmental, health and safety, and product safety regulation*." This scheme, any future changes to it and any additional measures required to control the emission of greenhouse gases that may apply to our operations could have a material adverse effect on our business, financial condition and results of operations. Similarly, the transposition and implementation of the proposed directive on industrial emissions called the "IED Directive," which effectively replaces the EU Directive on Integrated Pollution Prevention and Control (the "IPPC"), could lead to a strengthening of the use of "best available techniques" ("BATs"), to control or reduce the environmental impact of our operations.

Nitrogen oxide emissions could result in the installation of catalytic systems at some of our sites. Changes to the laws and regulations governing the materials that are used in our manufacturing operations may impact the price of such materials or result in such materials no longer being available, which could have a material adverse effect on our business, financial condition and results of operations. The European Union passed the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH") regulation, which places onerous obligations on the manufacturers and importers of substances, preparations and articles containing substances that may have a material adverse effect on our business. Furthermore, substances we use may have to be removed from the market (under REACH's authorization and restriction provisions) or need to be substituted with alternative chemicals, which may also adversely impact our operations.

Sites at which we operate often have a long history of industrial activities and may be, or have been in the past, engaged in activities involving the use of materials and processes that could give rise to contamination and result in potential liability to investigate or remediate, as well as claims for alleged damage to persons, property or natural resources. Liability may be imposed on us as owners, occupiers or operators of contaminated facilities. These legal requirements may apply to contamination at sites that we currently or formerly owned, occupied or operated, or that were formerly, owned, occupied or operated by companies we acquired or at places where we have sent waste offsite for treatment or disposal. Regarding companies acquired by us, we cannot assure you that our due diligence investigations identified or accurately quantified all material environmental matters related to the acquired facilities. Furthermore, from time to time we close manufacturing or other industrial sites. The closure of a site may accelerate the need to investigate and remediate any contamination at the site.

Should our operations cause environmental damage in the future or currently unknown conditions be discovered, we may be required to undertake additional remedial measures or face related claims or enforcement proceedings. The costs associated with remediation works or related proceedings can be substantial and could have a material adverse effect on our business, financial condition and results of operations.

Asbestos may be present at certain of our sites. It is possible that remediation measures will be required. Remediation costs can be significant and could have a material adverse effect on our business, financial condition and results of operations. In addition, we may be required to remediate contaminated third-party sites where we have sent waste for disposal. Liability for remediation of these third-party sites may be established without regard to whether the party disposing the waste was at fault or the disposal activity was legal at the time it was conducted. For example, in 2012, certain waste products from our manufacturing facility at Zhanjiang, China were inadvertently leaked into a local water treatment system, contaminating the water supply used by a village adjacent to the facility. The wastewater discharge ceased in May 2012, when we implemented preliminary remediation works that consisted of repairing the water treatment station of the glass-frosting treatment center. Following the initial remediation works in 2012, we received temporary trial operating permits for the glass-frosting treatment center of the facility. The glass-frosting treatment center is currently operating under an authorization for a two-month trial period, which began in February 2014. See "*Business—Legal proceedings—Groundwater remediation works at Zhanjiang (China) manufacturing facility*."

We are vulnerable to customer site closures by the European Medicines Agency and other regulatory authorities.

Should a key customer's manufacturing facilities be closed pending a European Medicines Agency or other regulatory authority's investigation, our sales may suffer because demand for our products would decrease in response to the restrictions placed on the customer's production capacity. Such a reduction in sales could have a material adverse effect on our business, results of operations and financial condition. This risk may be exacerbated if the customer is unable to take prompt remedial action against the closing of the manufacturing facility subject to regulatory action.

We could incur significant costs in relation to claims of injury and illness resulting from materials present or used at our manufacturing sites, from our products or relating to the working conditions of our employees.

As is the case with a number of other industrial processes that deal with high temperatures, asbestos was once present in the glass manufacturing industry, primarily in heat-resistant safety clothing, until measures were taken in 1994 to discontinue the use of asbestos in heat-resistant safety clothing and to substitute other materials for asbestos, made possible through technological advances. Since the 1990s, items made of asbestos have gradually been removed at our sites in Europe. Because of the age of some of our sites, however, asbestos cement may have been used in construction and may still be present at these sites, even though we believe that our employees face no direct asbestos risk. When these buildings are modernized or repaired, the cost of upgrades is higher because of the restrictions associated with removing asbestos-containing materials.

We are exposed to claims alleging injury or illness associated with asbestos and related compensation over and above the support that may be offered through various existing social security systems in countries in which we operate. Currently, we have no material asbestos litigation pending.

The intensity, nature and location of the work required in our manufacturing facilities makes maintaining our employees' safety particularly important. Despite our focus on the health and safety of our employees, which may require us to incur significant costs, our employees may be involved in or face work accidents and occupational illnesses due to reasons associated with the work environment unrelated to the presence of asbestos. For example, claims could arise against us associated with the acoustic environment generated from forming machines, the use of glass in making glass and products likely to contain heavy metals or solvents for decoration. We may also face the risk of work-related health claims due to materials present or used at our manufacturing sites such as silicosis and, under certain conditions, Legionnaires' disease. We are also exposed to claims alleging musculoskeletal disorders caused by performing certain repetitive operations or motions. We could also face claims alleging illness or injury from use of the products that we manufacture or sell. If these claims succeed, they could have a material adverse impact on our business, financial condition and results of operations. In addition, new technology and the implementation of new work processes and machinery may have unforeseen negative effects on the working conditions of our employees.

Because we rely on external transportation and warehousing providers to deliver our products, any disruption in their services or increases in shipping costs could adversely affect our business.

The success of our business depends, in large part, upon the maintenance of a strong distribution network. We rely on independent transportation and warehousing companies to store and deliver our products to our customers. If any such subcontractor fails to properly store or timely deliver our products to our customers, the results of our operations could be adversely affected. There can be no guarantee that we will maintain relationships with our current independent transportation and warehousing providers. A delay in distribution could, among other things, have an adverse impact on our reputation, result in the return of an amount of our products that could not be shipped in a timely manner or require us to contract with alternative, and possibly more expensive, distributors. If we were required to change distributors, it would be disruptive to our business, which could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to risks related to conducting operations in several different countries.

We currently operate manufacturing facilities located in the European Union (France and Germany) and China. We also have representative offices in France, Italy, China, India and the United States. Because of the international scope of our activities, we are subject to a number of risks and challenges, many of which are beyond our control. These include, among other things, political, social and economic instability, or corruption; inconsistent regulations and unexpected changes in government policies and regulations; difficulties in enforcing intellectual property rights; increases in transportation and other shipping costs; devaluations and fluctuations in currency exchange rates; the potential for the nationalization of companies; uncertainties in and the revocation of property titles; tariffs and other trade protection measures; disruptions to operations due to strikes or governmental action; the inability to collect payments or longer payment cycles; restrictions on the ability to own or operate foreign subsidiaries; restrictions on the ability to repatriate dividends from subsidiaries; and the imposition or increases of price controls or withholding and other taxes on remittances and other payments by foreign subsidiaries. The management of a decentralized international business requires compliance with the legislative and regulatory requirements of many different jurisdictions, including tax rules, employment and environmental legislation. For example, where local tax rules are complex or their applicability is uncertain, compliance with such rules may lead to unforeseen tax consequences. In addition, structuring decisions and local legal compliance may be more difficult due to conflicting laws and regulations, including those relating to, among other things, employment, health and safety, public procurement, competition and environmental protection. Our international sales are also subject to various jurisdictions' economic sanctions, export control and anti-corruption laws and regulations, which increase the risk that we may become subject to significant penalties for violating such laws. Failure to comply with these laws could expose us to civil and criminal prosecution and penalties, the imposition of export or economic sanctions against us and reputational damage.

We are also subject to economic risks and uncertainties in the countries in which we operate. Any slowdown in the development of these economies, any deterioration or disruption of the economic environment in the countries in which we operate, or any reduction in government or private sector spending, may have a material adverse effect on our business, financial condition and results of operations. Furthermore, certain incidents could lead to international tension or otherwise restrict our ability to perform our services. Any of these factors could require us to change our current operational structure and could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to risks in connection with associated companies.

We conduct certain of our business operations through associated companies in which we or Oaktree hold an interest. As of December 31, 2013, for example, Oaktree held 74% of the share capital in Cogent Glass Limited, a pharmaceutical molded and tubular type I glass packaging company based in India. We may in the future also acquire participations in associated companies or enter into joint ventures. Our ability to fully exploit the strategic potential in the markets in which we operate through associated companies would be impaired if we were unable to agree with our strategic or business partners on a strategy and its implementation. There can be no assurance that any of our strategic or business partners will continue their relationships with us in the future or that we shall be able to pursue our stated strategies with respect to our associates and the markets in which they operate. Furthermore, the strategic or business partners may (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our policies or objectives; (iii) experience financial and other difficulties; or (iv) be unable or unwilling to fulfil their obligations, which may affect our business, results of operations and financial condition. Such limitations could constrain our ability to pursue our corporate and economic objectives in the future and, thus, could have a material adverse effect on our business, financial condition and results of operations.

In addition, some and/or all of our strategic or business partners could under certain conditions terminate contractual relationships or otherwise influence the day-to-day business of our associated companies. When an associated company is dissolved or terminated, we may be required to make payments to our strategic or business partners in such an associated company. We also need to carry out any cooperation in compliance with applicable antitrust laws which may limit the scope of such cooperation. Each of these factors may have a material adverse effect on our business, financial condition and results of operations. In addition, benefits that we anticipate from our associated companies may not materialize and we may incur additional costs or other disadvantages, which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to currency fluctuation risks in several different countries that could adversely affect our profitability.

We currently operate our manufacturing facilities in France, Germany and China. As a result, our businesses are subject to currency fluctuation risks. Our results of operations may be affected by both the transaction effects and the translation effects of foreign currency exchange rate fluctuations. We are therefore, to a certain extent, exposed to currency fluctuation when we convert currencies that we may receive for our products into currencies required to repay our indebtedness, purchase raw materials, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. We export products from Europe to the United States in U.S. dollars (amounting to approximately U.S.$37 million per year) and therefore we are exposed to fluctuations in the euro compared to the U.S. dollar. Our Chinese manufacturing facility is also located outside the eurozone and invoices its sales in renminbi. When we are unable to match sales received in foreign currencies with costs paid in the same currency, our results of operations are consequently impacted by currency exchange rate fluctuations. We generally provide support services to our Group from our European head office, exposing group companies outside the eurozone to the impact of fluctuations in the euro exchange rate.

We are also exposed to foreign exchange risk through the translation of the financial statements from our functional currencies to the euro. Our income or expense is reported in the relevant local currency and translated into euro at the applicable currency exchange rate for inclusion in our combined financial statements. Therefore, our financial results in any given period are materially affected by fluctuations in the value of the euro relative to the other currencies in which we have costs and expenses. However, these translations are unlikely to significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets, liabilities and shareholders' equity.

A deterioration in our relationships with our employees or trade unions or a failure to extend, renew or renegotiate our collective bargaining agreements on favorable terms could have an adverse impact on our business.

As of December 31, 2013 we had 1,533 employees (excluding temporary workers). Maintaining good relationships with our employees, unions and other employee representatives is crucial to our operations. As a result, any deterioration of the relationships with our employees, unions and other employee representatives could have a material adverse effect on our business, results of operations and financial condition. See "*Business—Employees*."

Some of our employees are covered by national collective bargaining agreements. These agreements typically complement applicable statutory provisions in respect of, among other things, the general working conditions of our employees such as maximum working hours, holidays, termination, retirement, welfare and incentives.

National collective bargaining agreements and company-specific agreements also contain provisions that could affect our ability to restructure our operations and facilities or terminate employees. We may not be able to extend existing company-specific agreements, renew them on their current terms or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar industrial actions. We may also become subject to additional company-specific agreements or amendments to existing national collective bargaining agreements. Such additional company-specific agreements or amendments may increase our operating costs and have an adverse effect on our business, results of operations and financial condition.

While in the last three years we have not experienced any material disruption to our business as a result of strikes, work stoppages or other labor disputes, such events could disrupt our operations, result in a loss of reputation, increased wages and benefits, or otherwise have a material adverse effect on our business, results of operations and financial condition. Regarding the Demerger, we obtained the opinion of the Group level works council (*comité central d'entreprise*) on the Demerger and the construction of the new manufacturing facility on September 5, 2013. On March 31, 2014, we informed our Group-level works council of the practical implementation of the Demerger and the contemplated allocation of employees between our pharmaceutical glass packaging operations and the perfumery glass packaging operations. See *"The Transactions—Process of the Demerger—Works council consultation processes."*

Our business is subject to various labor and employment-related laws and regulations, and changes in, or violations of, such laws or regulations may adversely affect our business and profitability.

Our operations are subject to various labor and employment-related laws and regulations. The modification, suspension, repeal or expiration of favorable provisions in labor and employment laws and regulations or, conversely, any increases of mandatory minimum wages pursuant to laws, regulations or collective bargaining agreements, or of social security contributions, may negatively impact our business and profitability. For example, in France we benefit from reductions in employer social security contributions on certain wages pursuant to Law 2003-47 of January 17, 2003, as completed by Law 2008-1258 of December 3, 2008 (the "Fillon Law"), as well as from a tax credit for competitiveness and employment (*crédit d'impôt pour la compétitivité et l'emploi*) ("CICE"). Pursuant to CICE, French companies receive a tax credit of 4% of the gross salaries paid to employees whose wages are less than or equal to 2.5 times the French statutory minimum wage for 2013 and 6% in 2014. The Fillon Law allows employers to benefit from reductions in such social security contributions in respect of wages that amount to less than 160% of the French statutory minimum wage.

Any unfavorable changes in the Fillon Law, CICE or other labor and employment laws and regulations, or in the terms of collective bargaining agreements applicable to our business, as well as any increases of the statutory minimum wage in any country or industry in which we operate, may increase our payroll costs and negatively affect our operating margins and operational flexibility, and therefore may have a material adverse effect on our business, results of operations and financial condition.

In January 2013 an agreement was reached between national employer representatives and trade unions in France regarding certain labor market reforms. Many provisions of this agreement now appear in the law on job security published on June 14, 2013. This law provides, among other things, additional charges on fixed-term employment contracts, greater regulation of part-time employment and an extension of the scope of complementary health benefits to all employees. We cannot yet assess the impact of such new measures on our future operations but they may have an adverse impact on our costs. Labor market reform in general continues to be a key policy measure on the French government's political agenda, and changes in any of the above-mentioned laws or regulations or the coming into force of any new laws or regulations could substantially increase our operating costs or restrict our operational flexibility and therefore have a material adverse effect on our business, results of operations and financial condition.

Higher employment costs may have a material adverse effect on our business, results of operations and financial condition.

Labor costs represented 38% of our cost of goods sold in 2013 (excluding temporary workers and our trading business, VG Emballage). Labor costs have increased steadily in all our locations over the past few years, with higher growth in "low-cost countries." For example, labor costs generally in China increased by 9% between

2010 and 2013. Our labor costs may rise faster than expected in the future as a result of increased workforce activism, government decrees and changes in social and pension contribution rules. We face resistance from customers to price increases motivated by increased labor costs. The continued and sustained increase in labor costs may make some of our plants less competitive against manufacturers operating from countries with lower salary levels, particularly if we do not manage to offset the increase in labor costs through productivity gains. If employment costs increase further, and we cannot recover these costs from our customers through increased selling prices or offset them through productivity gains, our operating costs will increase, which could have a material adverse effect on our business, results of operations and financial condition.

Significant changes in pension fund investment performance or assumptions relating to pension costs may adversely affect the valuation of pension obligations, the funded status of pension plans and our pension costs.

We operate a number of pension and other post-retirement benefit schemes in France and Germany, funded by a range of assets which may include property, derivatives, equities and/or bonds. SGD S.A. will continue to fund the pension obligations of the employees of SGD S.A. who work at the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility until the Put Option Transfer Date, when these pension obligations will be transferred to FrenchCo Perfumery. The value of the assets that fund our pension obligations are heavily dependent on the performance of markets which are subject to volatility. The liability structure of the obligations to provide such benefits is also subject to market volatility in relation to its accounting valuation and management. Additional significant funding of our pension and other post-retirement benefit obligations may be required if market underperformance is severe.

Our success depends on the service of certain key personnel.

Our success depends upon the service of our directors and senior management. In addition, our future growth and success also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, operating and technical personnel. The number of people with the necessary skills to serve in these positions is limited. We will continue to review and where necessary strengthen our senior management as the needs of the business develop, including through internal promotion and external hires. Even though pursuant to the Demerger separate senior management teams for our pharmaceutical glass packaging operations and the perfumery glass packaging operations will be formalized, the unplanned loss of the services of any of our directors or members of senior management could adversely affect our business until a suitable replacement can be found. There may be a limited number of persons with the requisite skills to serve in these positions and we cannot assure you that we would be able to locate or employ such qualified personnel on terms acceptable to us or at all. Therefore, the unplanned loss of one or more of our key management or operating personnel, or our failure to attract and retain additional key personnel, could have a material adverse effect on our business, results of operations and financial condition.

Tax authorities could challenge our historical and future tax positions or our allocation of taxable income among our subsidiaries, and the tax laws to which we are subject could change in a manner adverse to us.

The amount of income taxes we pay is subject to our interpretation of applicable tax laws in the jurisdictions in which we file. We have taken and will continue to take tax positions based on our interpretation of such tax laws. There can be no assurance that a tax authority will not have a different interpretation of applicable law and assess us with additional taxes or challenge our tax assets, including the tax loss carried forward of the Combined Business, which amounted to €375.6 million as of December 31, 2013. The tax loss carried forward will remain with our pharmaceutical glass packaging operations. Similarly, the tax laws to which we are subject could change in a manner unfavorable to us. Additionally, in certain circumstances, we use estimates when calculating our tax liabilities. For example, because we conduct operations, including intercompany transactions, through subsidiaries in numerous tax jurisdictions around the world, we must establish a transfer pricing methodology to account for intercompany transactions. While the transfer pricing methodology we utilize is based on economic studies, it could be challenged by various tax authorities, resulting in additional tax liability, interest and penalties. We are regularly under audit by tax authorities, and although we believe our interpretation of applicable tax laws is correct and our tax estimates are reasonable, the final determinations of such audits could be materially different from those that are reflected in our historical financial statements provided elsewhere in this Offering Memorandum. Any imposition of additional tax liability for historical periods or any change in interpretations, law or our use of estimates in current and future tax periods could have a material adverse effect on our business, results of operations, financial condition and cash flows.

For instance, SGD S.A. has been subject to a tax audit by the French tax administration from January 2013 to June 2013 for fiscal years 2010 and 2011. We have been informed by the tax administration on July 5, 2013 that we will be imposed a tax reassessment in respect of corporate tax and withholding tax, as well as related penalties, for an aggregate amount of €4 million, representing a future cash charge of €1.3 million and a €2.7 million charge on tax losses. See "*Business—Legal proceedings—Tax audit of SGD S.A.*"

Our failure to protect our, or our customers' failure to protect their, intellectual property and trade secrets could adversely affect our business.

Proprietary protection of our processes, apparatuses and other technology is important to our business. Our actions to protect our proprietary rights may be insufficient to prevent others from developing similar products. In addition, the laws and their enforcement in many foreign countries do not protect our intellectual property rights to the same extent as the laws of the European Union and the United States. Furthermore, any pending patent application filed by us may not result in an issued patent, or if patents are issued to us, such patents may not provide meaningful protection against competitors and customers or against competitive technologies. In addition, our competitors and any other third parties may obtain patents that restrict or preclude our ability to lawfully manufacture and market our products in a competitive manner, which could have a material adverse effect on our business, results of operations and financial condition.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. There can be no assurance that our confidentiality agreements will not be breached or will provide meaningful protection for our trade secrets or proprietary know-how and adequate remedies in the event of an unauthorized use or disclosure of these trade secrets and know-how. In addition, there can be no assurance that others will not obtain knowledge of these trade secrets through independent development or other access by legal means. If our trade secrets and technologies are disclosed to a competitor or if a competitor learns of these independently, our ability to profitably leverage our technological leadership and generate revenue from our products could be materially impaired, which could have a material adverse effect on our business, results of operations and financial condition.

Any material pending litigation against us regarding any intellectual property claims, with or without merit, could subject us to costly litigation and divert our technical and management personnel from their regular responsibilities. Furthermore, if such claims are adversely determined against us, we could be forced to suspend the manufacture of products using the contested invention or negotiate royalty payments for the use of such invention and our business, financial condition and results of operations could be adversely affected if any such products are material to our business.

In addition, if our customers do not secure adequate proprietary protection of their processes, apparatuses and other technology, third parties may develop similar products, which may affect demand for our customers' products. Furthermore, third parties may obtain patents that restrict or preclude our customers' ability to lawfully manufacture and market their products in a competitive manner, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to antitrust and similar legislation in the jurisdictions in which we operate.

We are subject to a variety of antitrust and similar legislation in the jurisdictions in which we operate. Future acquisitions may be subject to merger control approval. In addition, we are subject to legislation in many of the jurisdictions in which we operate relating to unfair competitive practices and similar behavior. There can be no assurance that we will not be subject to allegations of, or regulatory investigations or proceedings into, such practices. In the event that such allegations are made or investigations or proceedings initiated (irrespective of merit), we may be required to devote significant management resources to defending such allegations. In the event that such allegations are proved, we may be subject to significant fines, damages awards and other expenses.

We are subject to risks from legal and arbitration proceedings, which could adversely affect our results of operations and financial condition.

We are, from time to time, party to various administrative or legal proceedings arising out of our ordinary course of business, including with our suppliers and customers, employees or injured third parties. See "*Business—Legal proceedings*." Such actions could result from commercial, employment, environmental, health, safety or other laws and regulations. The process of litigating cases, even if we are ultimately successful, can be costly. Such actions could also generate adverse publicity, which could adversely affect our brands and reputation. Litigation trends and expenses and the outcome of litigation cannot be predicted with certainty, and any new legal action or expenses could have a material adverse effect on our business, results of operations and financial condition.

Our existing insurance coverage may be insufficient and future coverage may be difficult or expensive to obtain.

Although we believe that our insurance policies provide adequate coverage for the risks inherent in our business, these insurance policies typically exclude certain risks and are subject to certain thresholds and limits. We cannot assure you that our property, plant and equipment and inventories will not suffer damage due to unforeseen events or that the proceeds available from our insurance policies will be sufficient to protect us from all possible loss or damage resulting from such events. As a result, our insurance coverage may prove to be inadequate for events that may cause significant disruption to our operations, which may have a material adverse effect on our business, financial condition and results of operations.

We may suffer indirect losses, such as the disruption of our business or third-party claims of damage, as a result of an insured risk event. While we carry property, business interruption and general liability insurance, they are subject to certain limitations, thresholds and limits, and may not fully cover all indirect losses.

We renew our insurance policies on an annual basis, which we believe is typical in the glass packaging industry. The cost of coverage may increase to an extent that we may choose to reduce our policy limits. Among other factors, adverse political developments, security concerns and natural disasters in any country in which we operate may materially adversely affect available insurance coverage and result in increased premiums for available coverage and additional exclusions from coverage. In addition, insurance providers may reduce the scope of insurance coverage and increase our deductibles with the increasing age of our glass-melting furnaces, thereby lowering our insurance recovery in the event of an unexpected furnace failure. The cost of our coverage may also increase to the extent that we suffer from a business interruption of one or more of our furnaces.

The interests of our principal shareholders may not correspond with the interests of the holders of the Notes.

Currently, we are indirectly majority owned by Oaktree. See "*Principal shareholders*." As a result, Oaktree, together with our minority shareholders with respect to those actions requiring their consent pursuant to the Shareholders' Agreement, has certain veto rights over control matters requiring shareholder approval, including the election and removal of our directors, and the payment of dividends. The interests of Oaktree could conflict with the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. For example, we may decide to pursue acquisitions, divestitures, financings, dividend distributions or other transactions or cause us to incur additional indebtedness, in each case so long as the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement so permit. Such transactions could, in our judgment, enhance the equity investments of Oaktree, even though such transactions might involve risks to the holders of the Notes. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenues, each of which could adversely affect holders of the Notes. Furthermore, Oaktree may sell all or any part of their shareholding at any time or look to reduce their holding by means of a sale to a strategic investor, an equity offering or otherwise.

Additionally, Oaktree 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. Oaktree may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as investment funds associated with or designated by Oaktree collectively continue to own a significant amount of our capital stock, even if such amount is less than 50%, Oaktree will continue to be able to appoint the majority of our directors and, therefore, indirectly influence our decisions. The interests of Oaktree may not coincide with your interests.

Risks related to the Demerger

We have no history operating as an independent company, may face increased expenses as a result of operating as an independent company, and the separation of our pharmaceutical glass packaging operations and the perfumery glass packaging operations may create manufacturing, legal and administrative challenges and impact our ability to supply our customers.

Our pharmaceutical glass packaging operations have been managed as a stand-alone business unit since 2010, with separate financial reporting and a separate management team. Our pharmaceutical glass packaging operations do not have significant recurring inter-businesses relationships, interdependencies and common facilities with the perfumery glass packaging operations, other than treasury, audit, tax, legal, procurement, information technology, financial reporting and, to a certain extent, engineering and research and development. We are, however, likely to incur increased administrative expenses as a stand-alone company.

We may face unexpected difficulty in separating the assets from the perfumery glass packaging operations from our pharmaceutical glass packaging operations pursuant to the Put Option Agreement. We may have unexpected costs or complications with each of the Demerger Agreements, and there is no guarantee that either of the Demerger Agreements will be completed successfully within the expected time frame. Our business, financial condition and results of operations could be harmed if we incur unexpected costs in separating the perfumery glass packaging operations from our pharmaceutical glass packaging operations or other aspects of the carve-out.

There may be an adverse operational impact on our business as a result of the significant time our management and other employees and internal resources will need to dedicate to adjusting manufacturing facilities, systems and infrastructure following the Demerger that otherwise would be available for other business initiatives and opportunities. As part of the Demerger, we intend to migrate the type I pharmaceutical glass production activities of our Mers-les-Bains manufacturing facility to a new manufacturing facility. We anticipate that construction of the new manufacturing facility will be completed in the second half of 2015.

Moreover, we may face unexpected difficulty separating systems, infrastructure, information technology infrastructure and personnel between our pharmaceutical glass packaging operations and the perfumery glass packaging operations, which may lead to supply shortages and other disruptions for our customers. If such disruptions occur and we are forced to compensate our customers or if our competitors are able to take advantage of these disruptions, our business, financial condition and results of operations could be materially adversely affected.

As part of the Demerger, certain stand-alone services will need to be installed for our pharmaceutical glass packaging operations, such as an integrated SAP system. If there is any delay in separating and establishing such services, our business, financial condition and results of operations may be materially adversely affected.

Our agreements with the perfumery glass packaging operations relating to the Demerger may be less favorable to us than similar agreements negotiated between unaffiliated third parties.

We expect to enter into the Demerger Agreements with the perfumery glass packaging operations while we are part of the same Group, and the Demerger Agreements may be less favorable to us than would be the case if they were negotiated with unaffiliated third parties. In addition, the substantive terms of the Demerger Agreements relating to, for example, termination, liability, warranties and representations, and indemnification, may be different from those that would have been agreed had the Demerger Agreements been negotiated by two unaffiliated parties. The allocation of assets and liabilities between our pharmaceutical glass packaging operations and the perfumery glass packaging operations may not reflect the allocation that would have been reached by two unaffiliated parties.

We may experience delays and other adverse effects to our manufacturing process while migrating our type I glass manufacturing activities from the Mers-les-Bains manufacturing facility to the new manufacturing facility, and the new manufacturing facility may not be constructed in a timely manner, or at all and, when constructed, lengthy validation procedures may be required.

We expect to split-off the perfumery glass packaging operations in two stages pursuant to the Demerger Agreements. In the first stage we expect to transfer the Group subsidiaries relating to the perfumery glass packaging operations to LuxCo Perfumery and FrenchCo Perfumery. In the second stage, SGD S.A. is expected to transfer the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility to FrenchCo Perfumery. Concurrently with this second stage, we expect to migrate our pharmaceutical type I glass packaging production to a new state-of-the-art manufacturing facility which is expected to be operational in the second half of 2015 with the transfer of all production lines expected to be completed by the end of 2015. Our manufacturing facility at Mers-les-Bains produced approximately 21,000 tonnes out of the approximately 167,000 tonnes produced in total by our pharmaceutical glass packaging operations for the year ended December 31, 2013 and produced substantially all our type I pharmaceutical glass packaging over the same period which, due to its high EBITDA margin, generated a substantial portion of our profits. However, there can be no assurance that we will be able to complete the separation of our perfumery and pharmaceutical glass manufacturing operations at our Mers-les-Bains manufacturing facility, or that our new manufacturing facility will be constructed, in a timely manner, or at all.

In connection with separating operations at our manufacturing facility at Mers-les-Bains, we could encounter shortages of materials or skilled labor, budget overruns, unforeseen marketing situations or engineering problems, work stoppages, weather interference, flood, acts of God, delays in obtaining or the failure to obtain necessary permits or unanticipated costs increases. Any of these eventualities could extend the time of completion and/or related costs of the separation of the perfumery and pharmaceutical operations at our manufacturing facility in Mers-les-Bains, which may result in loss of manufacturing or shipping days, and delay receipt of anticipated revenue to be generated from such production, and adversely affect our operating results.

The construction of the new manufacturing facility is subject to the findings of an archaeological survey of the site on which the new manufacturing facility is expected to be constructed, which was completed on February 14, 2014. Pursuant to a recently completed archaeological survey, ancient timber postholes were discovered. An executive order of the Office of the Prefect (*arrêté préfectoral*) dated March 14, 2014, while granting us full access to the site, requires archaeological excavations to be carried out on the site. These excavations will take place in three different stages, with the release of the last part of the site expected to be between June 27 and July 11, 2014. As of March 24, 2014, 60% of the site had already been released and building works are expected to commence on the site on April 24, 2014. In the event items of archaeological interest are found at those parts of the site which have not yet been released, the timing of the construction of the manufacturing facility may be impacted.

Additionally, the new manufacturing facility will have to undergo extensive validation procedures in connection with the commencement of operations. While we have developed a detailed plan in order to minimize the amount of time required to validate the new manufacturing facility in accordance with applicable laws, regulations and customer requirements, there can be no assurance as to the length of time such validation procedures will take to complete, or their outcomes. Furthermore, although we expect to implement a multi-stage transition from our manufacturing operations at our Mers-les-Bains manufacturing facility to the new manufacturing facility, it is possible that disruption of supply to our customers and delays in shipments may occur, which could have a material adverse effect on our business, financial condition and results of operations.

Our historical financial information may not be representative of the results we would have achieved as a stand-alone company and may not be a reliable indicator of our future results.

We have historically operated as a stand-alone business unit of the Issuer and reported our results as part of a separate segment in the Issuer's internal reporting. The combined financial statements of the Combined Business included in this Offering Memorandum have been prepared on a "carve-out" basis from the Issuer's consolidated financial statements. The combined financial statements of the Combined Business include only financial information attributable to the pharmaceutical glass packaging segment of the Issuer, as well as the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility (which is expected to be transferred by SGD S.A. to FrenchCo Perfumery on or prior to December 31, 2015 in accordance with the Put Option Agreement) and give effect to the Master Reorganization Agreement. The allocated charges may be different from the comparable expenses that we would have incurred had we operated as a stand-alone company.

For the preparation of the combined financial statements it was necessary to make assumptions and estimates for carve-out adjustments. We have not, however, adjusted our historical financial information to reflect changes that will occur in our cost structure, financing and operations as a result of our transition to becoming a stand-alone company. Accordingly, the combined financial statements do not reflect the financial position and performance that would have been presented if our pharmaceutical glass packaging operations had existed as an independent company during the periods presented and if the transactions between our pharmaceutical glass packaging operations and the perfumery glass packaging operations had been carried out between independent companies. As a result, the combined financial statements are not necessarily indicative of the future development of our pharmaceutical glass packaging operations.

The combined financial statements present the financial position and performance of the Combined Business, which differs from the pharmaceutical glass packaging segment as it will be operated after the Put Option Transfer Date in various respects. In addition, we have included unaudited pro forma condensed combined financial data in this Offering Memorandum. These pro forma financial data give effect to (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility, and may not be indicative of actual results that would have been achieved had the transactions described herein been consummated on the date or for the periods indicated and most likely will not reflect our combined results or results of operations as of any future date or any future period.

Third parties may seek to hold us responsible for liabilities of the perfumery glass packaging operations that we did not assume in the Demerger Agreements.

Pursuant to the Demerger Agreements, the perfumery glass packaging operations is expected to retain all of its liabilities that we do not expressly assume under that agreement. Third parties may seek to hold us responsible for retained liabilities of the perfumery glass packaging operations. Under the Demerger Agreements, the perfumery glass packaging operations will indemnify our pharmaceutical glass packaging operations for claims and losses relating to these retained liabilities. Additionally, LuxCo will guarantee the obligations of the perfumery glass packaging operations with respect to such guarantees pursuant to the Demerger Agreement. However, if those liabilities are significant and we are ultimately held liable for them, we might not be able to recover the full amount of our losses from the perfumery glass packaging operations or LuxCo.

We may not be able to enforce the indemnities of LuxCo and FrenchCo Perfumery which we expect to be provided to us, and we are exposed to the credit risk of LuxCo and FrenchCo Perfumery.

In connection with the Demerger, FrenchCo Perfumery is expected to have an indemnity obligation under the Perfumery Business Transfer Agreement with respect to any residual Perfumery Liabilities which, having not been successfully novated, remain with SGD S.A. after the Put Option Transfer Date. There can be no assurance that we will be able to enforce our claims under this indemnity against FrenchCo Perfumery. In addition, to the extent that any Net Perfumery Cash Need of the perfumery glass packaging operations exceeds funds contained in the Designated Bank Account, LuxCo is expected to indemnify SGD S.A. pursuant to the Excess Cost Indemnity. This Excess Cost Indemnity is expected to be capped at the amount of LuxCo's available resources from time to time. There can be no assurance that we will be able to enforce our claims under the Excess Cost Indemnity against LuxCo. In addition, our ability to enforce any claims against LuxCo and FrenchCo Perfumery are dependent on LuxCo and FrenchCo Perfumery's respective creditworthiness at the time we seek to enforce our claims. There can be no assurance as to the financial condition of LuxCo or FrenchCo Perfumery in the future.

Furthermore, the Excess Cost Indemnity will be backed by an equity commitment of OCM European Principal Opportunities Funds II, L.P., an affiliate of Oaktree, pursuant to which LuxCo is expected to be financed up to

€40 million less any cash credited to the Designated Bank Account on the Issue Date and any proceeds of equity or quasi equity contributions made by LuxCo to the Designated Bank Account thereafter to the extent such proceeds do not originate from the pharmaceutical glass packaging operations. The equity commitment will terminate automatically and immediately upon a cancellation or acceleration of the Revolving Credit Facility or an acceleration of the debt outstanding under the Notes (other than in relation to accrued unpaid amounts than outstanding). There can be no assurance as to the future creditworthiness of OCM European Principal Opportunities Funds II, L.P. or our ability to enforce the equity commitment against it. Furthermore, the holders of the Notes have no ability to enforce the equity commitment. It can only be enforced by LuxCo and SGD S.A.

Risks related to our indebtedness and the Notes

The Issuer is a holding company that has no revenue-generating operations of its own and will depend on cash from its operating subsidiaries to be able to make payments on the Notes.

The Issuer is a holding company with no business operations other than the equity interests it will hold in its subsidiaries and certain operations related to the management of our Group. The Issuer will be dependent upon the cash flow from its operating subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including the Issuer's obligations under the Notes. The amount of dividends and distributions available to the Issuer will depend on the profitability and cash flows of its subsidiaries and the ability of those subsidiaries to issue dividends under applicable law. The subsidiaries of the Issuer, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Issuer to make payments in respect of its obligations, including under the Notes. In particular, our subsidiaries that are organized under German law in the legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung*) are generally prohibited from paying dividends except out of balance sheet profits (*Bilanzgewinn*) and, in certain circumstances, capital surplus legally available for distribution. The ability of a German limited liability company to make payments to its direct or indirect shareholders is also limited where the granting of benefits to shareholders would deprive the company of the liquidity necessary to properly meet its obligations towards third parties. In addition, SGD Kipfenberg GmbH has entered into, and other German subsidiaries may in the future enter into, domination and profit and loss pooling agreements pursuant to which the dominated company must transfer to the dominating company its annual profits to the extent not otherwise retained as voluntary reserves. In the event the dominated company incurs a net loss, the dominating company must compensate it for such net loss. Instead of a cash payment by the dominating company to the dominated company for the compensation of any such loss, a set-off of such compensation claims of the dominated company against the dominating company against any loans, notes or other instruments or agreements (whether or not in writing) arising under the domination and profit and loss pooling agreement may be permitted. To the extent that German direct or indirect subsidiaries of the Issuer have not entered into domination and profit and loss pooling agreements with their respective German parent companies or such agreements would be or become ineffective (including in connection with a change of corporate form of the dominating party), any dividend distributions to their respective parent company may be subject to tax at the level of the respective parent company. The same applies to German direct subsidiaries of the Issuer that have not entered into a domination and profit and loss pooling agreement with the Issuer. Any of the restrictions above could make it more difficult for the German Guarantors to service their respective obligations under their respective guarantees. Further, the subsidiaries and affiliates of the Issuer that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries.

Only certain of the Issuer's subsidiaries will guarantee the Notes. The amount enforceable under the Guarantees may be limited, and the validity and enforceability of the Guarantees will be subject to the limitations described in "*Limitations on validity and enforceability of the Guarantees and the security interests*." By virtue of these limitations, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. In particular, the Guarantee of SGD S.A. is expected to be limited in value to an amount not greater than the amount of the loan(s) of the proceeds of this Offering made to and used by SGD S.A., which is expected to be approximately €96 million. Other indebtedness of any relevant Guarantor may not be similarly limited. None of the Issuer's non-guarantor subsidiaries will have any obligation to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or a Guarantor as a direct or indirect shareholder of such subsidiaries.

Accordingly, in the event that any non-guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and
- the creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or the Guarantors, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and the Guarantees will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor subsidiaries. As of December 31, 2013, after giving pro forma effect to the Transactions, our non-guarantor subsidiaries would have had total debt of €2.1 million outstanding, all of which would have ranked structurally senior to the Notes and the Guarantees. Any of the debt that the Issuer's non-guarantor subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

Our significant leverage may make it difficult for us to operate our businesses.

We currently have and, after the issuance of the Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of December 31, 2013, and as adjusted to give effect to the Transactions, our total third-party borrowings would have been €373.7 million, which reflects external loans and borrowings (including finance leases), of which €350.0 million would have been represented by the Notes. The terms of the Indenture will permit the Issuer and its restricted subsidiaries to incur substantial additional indebtedness, including in respect of committed borrowings of €35.0 million under the Revolving Credit Facility. See "*Capitalization*."

Our significant leverage could have important consequences for our business and operations, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and to refinance our indebtedness and fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund our planned capital expenditures.

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Any debt that our non-guarantor subsidiaries incur will be structurally senior to the Notes if such subsidiaries do not guarantee the Notes, and such debt could be secured or could mature prior to the Notes. Although the Revolving Credit Facility Agreement and the Indenture will 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. Borrowings under debt instruments that contain cross-acceleration or cross-default provisions, including the Notes, may as a result also be accelerated and become due and payable. We may be unable to pay these debts in such circumstances. The incurrence of additional debt would increase the leverage related risks described above. In addition, the Revolving Credit Facility and the Indenture will not prevent us from incurring obligations or entering other arrangements that do not constitute indebtedness under those agreements, such as receivables securitization financings. For a discussion of our cash flows and liquidity, see "*Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources*."

We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Notes. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

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

We can provide no assurance that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

Our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In such an event, borrowings under other debt agreement or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Indenture, restrict our ability to transfer or sell assets and to use the proceeds from any such disposition. We may not be able to consummate certain dispositions or obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due.

We are subject to covenants that limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations.

Our new Revolving Credit Facility and the Indenture will contain covenants that impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments or acquisitions, including participating in joint ventures;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to the Issuer or any restricted subsidiary;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all our assets or those of our subsidiaries on a consolidated basis;
- change the "center of main interests" of LuxCo;
- impair security interests for the benefit of the holders of the Notes; and
- issue or sell share capital of certain subsidiaries.

All these limitations will be subject to significant exceptions and qualifications. See "*Description of the Senior Secured Notes—Certain covenants*." These covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, in addition to being in default under the Indenture and the Notes, we could be in default under the terms of the Revolving Credit Facility Agreement, and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. This would also result in an event of default under the Indenture. If the debt under the Revolving Credit Facility Agreement, the Notes or the Guarantees or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

The Revolving Credit Facility also requires our subsidiaries to maintain a specified financial maintenance test. The ability to meet this test could be affected by a deterioration in our operating results, as well as by events beyond our control, including increases in raw materials prices and unfavorable economic conditions, and we cannot assure you that this test will be met. If an event of default occurs under the Revolving Credit Facility, the lenders thereunder could terminate their commitments and declare all amounts borrowed, together with accrued and unpaid interest and other fees, to be immediately due and payable. Borrowings under other debt instruments, including the Notes, which contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand. In these circumstances, our assets may not be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the Notes. See "*Description of certain financing arrangements—Revolving Credit Facility Agreement.*"

French tax legislation will restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

Under current French thin capitalization rules, the deduction of interest paid on loans granted by a related party or on loans granted by a third party that are guaranteed by a related party may be subject to certain limitations. Notably, deductions for interest paid on such loans may be partially disallowed in the financial year during which they are accrued if such interest exceeds each of the following: (i) the amount of interest multiplied by the ratio of (a) 1.5 times the company's net equity and (b) the average amount of indebtedness owed to related parties (or to third parties assimilated to related parties) over the relevant financial year; (ii) 25% of the company's earnings before tax and extraordinary items (as adjusted for the purpose of these limitations); and (iii) the amount of interest received by the indebted company from related parties. Deductions may be disallowed for the portion of interest that exceeds in a relevant financial year the highest of the above three limitations if such portion of interest exceeds €150,000, unless the company is able to demonstrate for the relevant fiscal year that the consolidated indebtedness ratio of the group to which it belongs is higher or equal to its own indebtedness ratio. Specific rules apply to companies that belong to French tax-consolidated groups.

In addition, Article 209 § IX of the French Tax Code (*Code général des impôts*) (the "FTC") imposes restrictions on the deductibility of interest expenses incurred by a French company if such company has acquired shares of another company qualifying as *titres de participation* within the meaning of Article 219 § I A *quinquies* of the FTC and if such acquiring company cannot demonstrate, with respect to the fiscal years running over the twelve-month period from the acquisition of the shares (or with respect to the first fiscal year commencing after January 1, 2012 for shares acquired during a fiscal year that commences prior to such date), that (i) the decisions relating to such acquired shares are actually taken by the company having acquired them (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L. 233-3 § I of the French Commercial Code *(Code de commerce)*, which is located in France) and (ii) where control or influence is exercised over the acquired company, such control or influence is exercised by the acquiring company (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L. 233-3 § I of the French Commercial Code, which is located in France).

Moreover, Article 212 *bis* of the FTC aims to generally limit the deductibility of net financial charges, which is defined as the portion of financial charges exceeding financial income, accrued by companies that are subject to French corporate income tax. Pursuant to this Article and subject to certain exceptions, net financial charges incurred by French companies that are subject to French corporate income tax and are not members of a French tax group are deductible from their taxable result only up to 85% of their amount in respect of fiscal years ended as from December 31, 2012 and only up to 75% of their amount in respect of fiscal years commencing as from January 1, 2014, to the extent that such companies' net financial charges are at least equal to €3.0 million in a given fiscal year. Under Article 223 B *bis* of the FTC, special rules apply to companies that belong to French tax-consolidated groups. The 85% or 75% limitation applies to the aggregate net financial charges incurred by companies that are members of the French tax-consolidated group with respect to amounts made available by lenders outside such group, to the extent that the companies' consolidated net financial charges are at least equal €3.0 million in a given fiscal year.

For fiscal years ended on or after September 25, 2013, the deductibility of interest paid to a related party within the meaning of Article 39.12 of the FTC is subject to an additional limitation pursuant to Article 22 of the French Finance Law for 2014. If the lender is a related party to the borrower within the meaning of Article 39.12 of the FTC, the latter shall now demonstrate, at the French tax authorities' request, that the lender is, for the current fiscal year and with respect to the concerned interest, subject to income tax in an amount which is at least equal to 25% of the corporate income tax determined under standard French tax rules. Where the related party lender is domiciled or established outside France, the corporate income tax determined under standard French tax rules shall mean that to which it would have been liable in France on the interest received if it had been domiciled or established in France. Specific rules apply where the lender is a pass-through entity for French tax purposes or a UCITS or a similar entity.

These tax rules will significantly limit our ability to deduct interest accrued on our indebtedness incurred in France and, as a consequence, will increase our tax burden and reduce the cash flow available to service our indebtedness, which could adversely affect our business, results of operations and financial condition.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Upon the occurrence of certain events constituting a "change of control," the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in our Revolving Credit Facility Agreement, the Intercreditor Agreement or our other than existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or the acceleration of, our Revolving Credit Facility Agreement and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its respective subsidiaries to allow it to pay cash to the holders of the Notes, following the occurrence of a change of control, may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon the occurrence of a change of control. We cannot assure you that we would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility Agreement and certain other indebtedness. See "*Description of the Senior Secured Notes—Change of Control*." The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" (as defined in the Indenture).

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control, provided that upon consummation thereof, a certain consolidated leverage ratio of the Issuer and its subsidiaries is met.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise, established definition of that phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Corporate benefit, financial assistance laws and other limitations on the Guarantees or LuxCo may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral.

The Guarantors will guarantee and will provide security in respect of, and LuxCo will provide security in respect of, the payment of the Notes on a senior basis. The Guarantors and LuxCo are incorporated under the laws of France, Germany and Luxembourg. Enforcement of the obligations under a Guarantee against the Guarantors or the enforcement of a security interest in the Collateral will be subject to certain defenses available to the Guarantors or LuxCo in the relevant jurisdiction, as the case may be. Although laws differ in these jurisdictions, these laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, corporate purpose or benefit, voidable preference, insolvency or bankruptcy challenges, preservation of share capital, thin capitalization, capital maintenance, liquidity maintenance or similar laws and regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, the Guarantors may have no liability or decreased liability under its Guarantee or the security interest in the Collateral may be void or may not be enforceable, depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of the Guarantees against the Guarantors or security interest in the Collateral against the Guarantors or LuxCo.

France

Under French financial assistance rules, a company is prohibited from guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules, a court could declare any guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the French guarantor did not receive some real and adequate corporate benefit from the transaction involving the grant of the guarantee as a whole.

The existence of a corporate benefit, whether there is a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

The Guarantees provide the holders of the Notes with a direct claim against the Guarantors. However, the Indenture will provide that each Guarantee and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering its relevant Guarantee voidable or otherwise ineffective under applicable law, and enforcement of each Guarantee would be subject to certain generally available defenses. In addition, should a Guarantee be granted by a Guarantor incorporated under the laws of France, such Guarantee would be limited to the aggregate amount of the Notes proceeds on-lent, directly or indirectly, to such French Guarantor and outstanding from time to time. Any payment that would be made by such Guarantor under its Guarantee would reduce the maximum amount of its Guarantee. See "*Limitations on validity and enforceability of the Guarantees and the security interests—France*."

Germany

Under German corporate law, the granting of up-stream or cross-stream guarantees or security is subject to certain capital maintenance and other statutory law restrictions. In particular, for relevant subsidiaries of the Issuer that will provide a Guarantee and/or security (each such subsidiary, a "German Subsidiary Guarantor") and are organized under German law in the legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung*), each of their Guarantee and security will be contractually limited by "limitation language" to the extent the granting of such Guarantee or enforcement of such security would result in a breach of capital maintenance rules or other statutory laws which may result in a risk to the managing directors of such German Subsidiary Guarantor of personal civil or criminal liability. Any such restrictions set forth in such limitation language also apply *mutatis mutandis* to any German Subsidiary Guarantor organized under German law in the legal form of a German limited partnership with a German limited liability company as general partner (*GmbH & Co. KG*). This could lead to a situation in which such relevant Guarantee and/or security cannot be enforced at all. In addition, enforcement of the Guarantee and/or security granted by a German Subsidiary Guarantor is limited under its respective terms to the extent that, in a potential enforcement scenario, it would lead to the illiquidity (*Zahlungsunfähigkeit*) of the relevant German Subsidiary Guarantor.

German capital maintenance rules are subject to evolving case law. We cannot assure you that future court rulings may not further limit the access of shareholders to assets of its subsidiaries constituted in the form of a German limited liability company or a GmbH & Co. KG, which can negatively affect the ability of any German Subsidiary Guarantor to make payments on the Guarantee and/or degree of enforceability of security granted by such German Subsidiary Guarantor.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court regarding "destructive interference" (*existenzvernichtender Eingriff*) (i.e., a situation in which a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a Guarantee and/or security granted by a German Subsidiary Guarantor. In such a case, the amount of proceeds to be realized in an enforcement process may be reduced, even to zero. See "*Limitations on validity and enforceability of the Guarantees and the security interests—Germany*."

Luxembourg

Any guarantees granted by Luxembourg companies which constitute a breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg law of the Companies Act 1915 (the "Companies Act"), or any other similar provisions, might not be enforceable. See "*Limitations on validity and enforceability of the Guarantees and the security interests.*"

The Notes, the Guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.

French and Luxembourg laws contain similar specific provisions dealing with fraudulent conveyance both in and outside bankruptcy; and there are other specific laws that have been enacted for the protection of creditors in Germany. The *action paulienne* provisions in France and Luxembourg, offer creditors protection against a decrease in their means of recovery. Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or a court or a creditor could void a guarantee or the security interests in respect thereof if it found that the person granting such guarantee(i) knew or should have known that the transaction was to the detriment of the creditors; (ii) intended to hinder, delay or defraud creditors; or (iii) did not receive fair consideration or reasonably equivalent value for incurring such indebtedness and such person (x) was insolvent or rendered insolvent because it incurred such indebtedness, (y) was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital or (z) intended to incur, or believed that it would incur, debts beyond its ability to pay them as they mature.

If a court finds that the issuance of the Notes, the granting of the security interests in any of the Collateral or the granting of a guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes, the granting of the security interests in the applicable Collateral or the granting of such guarantee could be declared unenforceable or nullified. Under the German Insolvency Code (*Insolvenzordnung*), an insolvency administrator or custodian may avoid (*anfechten*) transactions, performances or other acts that are deemed detrimental to insolvency creditors and which were effected prior to the opening of formal insolvency proceedings during applicable avoidance periods. Generally, if transactions, performance or other acts are successfully voided by the insolvency administrator or custodian, any amounts or other benefits derived from such challenged transaction, performance or act will have to be returned to the insolvent estate (*Insolvenzmasse*). The administrator's or custodian's right to void transactions can, depending on the circumstances, extend to transactions having occurred up to ten years prior to the filing for the commencement of insolvency proceedings. In particular, an act (*Rechtshandlung*) or a legal transaction (which term includes the granting of a guarantee, the provision of security or the payment of debt) detrimental to the creditors of the debtor may be voided according to the German Insolvency Code in certain cases.

As a result of any such successful challenges, holders of the Notes may not benefit from the Notes, the Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the Collateral or the Guarantees could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance. See "*Limitations on validity and enforceability of the Guarantees and the security interests.*"

Enforcing your rights as a holder of the Notes or under the Guarantees or security interests in the Collateral across multiple jurisdictions may be difficult.

The Notes will be issued by the Issuer, a company that is organized and established under the laws of France, and will be guaranteed by the Guarantors, which are organized under the laws of France and Germany, and secured by security interests in the Collateral provided by the Guarantors, the Issuer and LuxCo. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. The rights of holders of the Notes under the Guarantees or under security interests in the Collateral will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors. In addition, the bankruptcy, insolvency, administration and other laws of France may be materially different from, or in conflict with, one another, including creditors' rights, the priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings. The application of these various laws in these jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect the ability to realize any recovery under the Notes and the Guarantees or under security interests in the Collateral.

Moreover, in certain jurisdictions, it is unclear whether all security interests in the Collateral give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Collateral or whether certain security interests only give the Security Agent and the holders of the Notes priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on the Collateral. See "*Limitations on validity and enforceability of the Guarantees and the security interests*."

Under French, German and Luxembourg law, enforcement of a security interest in the Collateral provided by a Guarantor, LuxCo or the Issuer, as the case may be, may be adversely affected by specific or general defenses available to debtors under French or German law or Luxembourg law, as the case may be, in respect of the validity, binding effect and enforceability of such security interest. See "*Limitations on validity and enforceability of the Guarantees and the security interests*."

LuxCo is incorporated in Luxembourg, and Luxembourg law differs from U.S. law and may afford less protection to holders of the Notes.

Holders of the Notes may have more difficulty protecting their interests than would security holders of a corporation incorporated in a jurisdiction of the United States. As a Luxembourg company, LuxCo is incorporated under and subject to the Companies Act and other provisions of Luxembourg law. The Companies Act differs in some material respects from laws generally applicable to U.S. corporations and security holders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, security holder lawsuits and indemnification of directors.

Under Luxembourg law, the duties of directors, managers and officers of a company are generally owed to the company only. Security holders of Luxembourg companies generally do not have rights to take action against directors, managers or officers of the company, except in limited circumstances. Directors, managers or officers of a Luxembourg company must, in exercising their powers and performing their duties, act in good faith and in the interests of the company as a whole and must exercise due care, skill and diligence. Directors have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiaries. If a director or officer of a Luxembourg company is found to have breached his or her duties to that company, he or she may be held personally liable to the company in respect of that breach of duty. A director or manager may be jointly and severally liable with other directors implicated in the same breach of duty.

The insolvency and administrative laws of France, Germany and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral.

The Notes will be issued by the Issuer, will be guaranteed by the Guarantors, which are organized and existing under the laws of France and Germany, and will be secured by security interests in the Collateral. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France, Germany or Luxembourg. Proceedings could also be initiated in France, Germany or Luxembourg to enforce your rights against Collateral located in those jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. There can also be no assurance that you will be able to enforce your rights effectively in such complex, multiple bankruptcy, insolvency or similar proceedings. In addition, while LuxCo conducts the majority of its business in Luxembourg, to the extent that their "center of main interests" is deemed to be in France, it would be subject to French insolvency proceedings, including court-assisted proceedings (*mandat ad hoc* or *conciliation* proceedings) and court-controlled insolvency proceedings (*sauvegarde*), accelerated financial safeguard proceedings (*sauvegarde financiére accélérée*), or reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*). In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit the ability of holders of the Notes to enforce their rights. See *"Limitations on validity and enforceability of the Guarantees and the security interests—France."*

In addition, the bankruptcy, insolvency, administrative and other laws of the Guarantors', the Issuer's or LuxCo's jurisdiction of organization may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes, the Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive.

The opening of formal insolvency proceedings against the Issuer and/or the Guarantor subject to the German insolvency regime would include, among other things, the following important consequences:

- unless self-administration proceedings status (*Eigenverwaltung*) are granted by the court upon application by the relevant debtor, the right to administer and dispose of its assets generally passes to the insolvency administrator (*Insolvenzverwalter*);

- also subject to the granting of self-administration proceedings status (*Eigenverwaltung*), disposals effected by the management of either the Issuer or the Guarantor after the opening of formal insolvency proceedings are generally null and void by operation of law;

- the grant of Collateral in favor of the Security Agent may also be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified ''clawback'' period following the grant; and

- claims against either the Issuer or the Guarantor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

The provisions of the German Insolvency Code may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. This includes aspects such as no consolidation of the assets and liabilities of a group of companies in the event of insolvency, the ability to obtain post-commencement interest, the duration of the insolvency proceedings and provisions such as preferred satisfaction of secured creditors from enforcement proceedings (*Absonderungsrecht*). Thus, your ability to recover payments due on the Notes and/or the Guarantees may be limited to an extent exceeding the limitations arising under other insolvency laws.

Finally, pursuant to Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings (the "EU Insolvency Regulation") the court that shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company has its "center of main interests." Therefore, to the extent that the "center of main interests" of the Issuer is deemed to be in France, French courts may have jurisdiction over the insolvency proceedings of the Issuer. For a brief description of certain aspects of insolvency law in France, Germany and Luxembourg and, as required, the EU Insolvency Regulation, see "*Limitations on validity and enforceability of the Guarantees and the security interests*."

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer, the Guarantors, LuxCo and their respective subsidiaries are organized outside the United States, and their business is conducted almost entirely outside the United States. Almost all the directors and executive officers of the Issuer, the Guarantors and LuxCo are nonresidents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process in the United States on the directors and executive officers of the Issuer, the Guarantors and LuxCo. In addition, because substantially all the assets of the Issuer, the Guarantors and LuxCo and their respective subsidiaries and those of their directors and executive officers are located outside the United States, you may be unable to enforce against them judgments obtained in U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer, the Guarantors and LuxCo may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with France, Germany or Luxembourg. There is, therefore, doubt as to the enforceability in France, Germany or Luxembourg of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in France, Germany or Luxembourg. In addition, the enforcement in France, Germany or Luxembourg of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a French, German or Luxembourg court would have the requisite power or authority to grant remedies sought in an original action brought in France, Germany or Luxembourg on the basis of U.S. securities laws violations. For further information, see "*Enforceability of judgments*."

Creditors under the Revolving Credit Facility and counterparties to certain hedging obligations and future indebtedness permitted to be incurred under the terms of the Indenture and the Intercreditor Agreement to rank pari passu with the Revolving Credit Facility are entitled to be repaid with recoveries from the proceeds from the enforcement of the Collateral in priority over the Notes.

The Intercreditor Agreement includes provisions governing the sharing of recoveries from proceeds from enforcement of the Collateral. Such recoveries and enforcement proceeds are required to be turned over to the Security Agent after certain events, including the acceleration of the Notes or the Revolving Credit Facility. The Security Agent is required to pay turned-over amounts and other recoveries by the Security Agent from enforcement actions to discharge obligations under the Revolving Credit Facility or certain hedging obligations and future indebtedness in priority to paying any such amounts to discharge the Notes. As such, in the event of a foreclosure of the Collateral, you may not benefit from such recoveries if the then outstanding claims under the Revolving Credit Facility or certain hedging obligations and future indebtedness are greater than the proceeds recovered. Any proceeds remaining from an enforcement sale of Collateral, after all obligations under the Revolving Credit Facility and such hedging obligations and, if applicable future Indebtedness that ranks *pari passu* with the Revolving Credit Facility have been discharged, be applied pro rata in repayment of the Notes.

In addition, the Revolving Credit Facility Agreement contains certain restrictions with respect to the use of proceeds from the sale of assets representing the Collateral prior to the maturity date of the Revolving Credit Facility. See "*Description of certain financing arrangements—Revolving Credit Facility Agreement—Maturity and repayment requirements*."

Furthermore, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in certain jurisdictions.

The granting of new security interests in connection with the issuance of the Notes and the Revolving Credit Facility may create hardening periods for such security interests in certain jurisdictions. In addition, the Indenture specifically permits the release and retaking of security that constitutes Collateral, including the share pledge over the shares of the Issuer, in certain circumstances, see "*Description of Senior Secured Notes—Security—Release of Liens.*" The applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected or recreated. If the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void and/or it may not be possible to enforce it. See "*Limitations on validity and enforceability of the Guarantees and the security interests*."

In addition, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it.

You may be required to pay a "soulte" in the event you decide to enforce the securities account by judicial or contractual foreclosure of the Collateral consisting of securities rather than by a sale of such Collateral in a public auction.

Security interests governed by French law may only secure payment obligations and may only be enforced following a payment default (including following acceleration) and may only secure obligations up to the secured amount that is due and remaining unpaid. Under French law, pledges over assets may generally be enforced at the option of the secured creditors either (i) pursuant to a judicial process (x) by way of a sale of the pledged assets in a public auction (the proceeds of the sale being paid to the secured creditors) or (y) by way of the judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) by way of contractual foreclosure (*attribution conventionnelle* or *pacte commissoire*) of the pledged assets to the secured creditors, following which the secured creditors become the legal owner of the pledged assets.

If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or private foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed assets. Such value is determined either by the judge in the context of a judicial foreclosure or by a contractually pre-agreed expert in the context of a private foreclosure (*pacte commissoire*). In proceedings regarding an *attribution judiciaire* or a *pacte commissoire*, an expert is appointed to value the collateral (in this case, the securities). If the value of the collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor an amount (the *soulte*) equal to the difference between the value of the securities and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured.

Should the holders of the security over such collateral decline to request the judicial or contractual foreclosure of the securities, an enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. Since such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such public auction might not reflect the value of our business as a going concern.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement and accepted by other creditors that have the benefit of first-ranking security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party, including that of competent regulatory authorities or courts, to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

Holders of the Notes may not control certain decisions regarding the Collateral.

The obligations under the Notes and the Guarantees are secured on a first-ranking basis with security interests over the Collateral that also secure our obligations under the Revolving Credit Facility and certain other indebtedness and hedging obligations (the "Super Senior Liabilities"). The Indenture also permits the Collateral to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement. The Intercreditor Agreement provides that the Security Agent will only enforce the Collateral as provided for in the Intercreditor Agreement, and regulates the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. The Security Agent is not required to take enforcement action unless instructed to do so by an instructing group that consists of (i) creditors holding more than 66.67% of the indebtedness and commitments under the Revolving Credit Facility Agreement, certain other indebtedness permitted to rank *pari passu* with the Credit Facility Agreement on the proceeds of enforcement of Collateral (a "Credit Facility") and certain priority hedging obligations (the "Majority Super Senior Creditors") and (ii) the holders of the aggregate principal amount of the then outstanding Notes, creditors in respect of indebtedness ranking *pari passu* with the Notes and creditors in respect of certain non-priority hedging obligations (the "Senior Secured Credit Participations") which aggregate more than 50% of the total Senior Secured Credit Participations at that time (the "Notes/Pari Passu Required Holders") (in each case acting through their respective creditor representatives). However, if and to the extent the obligations under the Super Senior Liabilities have not been fully discharged in cash within six months of such enforcement instructions first being issued or if Security Agent has not commenced enforcement action within three months of enforcement instructions first being issued or certain insolvency events occur and the Security Agent has not commenced any enforcement action, then the enforcement instructions provided by the Majority Super Senior Creditors will prevail.

Following the transaction security having become enforceable, a creditor representative acting on behalf of the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders may at any time provide immediate enforcement instructions to the Security Agent if the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders determine in good faith that to delay the taking of any enforcement action could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any transaction security or the realization of enforcement proceeds. In such circumstances, the Security Agent shall act only with respect to the relevant asset or debtor that is the subject of such determination, in accordance with the first such notice of such determination and instructions as to enforcement received by the Security Agent, provided in each case that they are consistent with certain security enforcement principles.

If at any time an insolvency event has occurred with respect to any debtor (other than an insolvency event that is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from the Majority Super Senior Creditors, provided that in the event the Security Agent has received Proposed Enforcement Instructions from the creditor representative for the Notes/Pari Passu Required Holders and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the creditor representative for the Notes/Pari Passu Required Holders until such time as the credit facility agent issues enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the creditor representative for the Notes/Pari Passu Required Holders.

To the extent we incur additional indebtedness that is secured on a *pari passu* basis with the Notes, the voting interest of holders of Notes in an instructing group will be diluted commensurate with the amount of indebtedness we incur.

The lenders under the Revolving Credit Facility Agreement, and the creditors of any other Credit Facility (as defined herein) and the creditors in respect of certain priority hedging obligations may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Notes to do so. In addition, if the Security Agent sells Collateral consisting of the shares of the Issuer or any of its holding companies or subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Guarantees and the liens over any other assets of such entities securing the Notes and the Guarantees may be released. See "*Description of certain financing arrangements—Intercreditor Agreement*" and "*Description of the Senior Secured Notes—Security—Release of Liens*."

Delays in enforcement could decrease or eliminate recovery values. In addition, the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents, except through the Security Agent as provided in the Intercreditor Agreement. By accepting the Notes, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against the Issuer and the Guarantors in the event of a default. See "*Description of certain financing arrangements—Intercreditor Agreement*."

The Issuer, LuxCo and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents relating to the Notes will allow the Issuer, the Guarantors and LuxCo to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes to the extent that it relates to their assets. So long as no enforcement event has occurred, the Issuer, the Guarantors and LuxCo may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness.

The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.

For a description of the security over the Collateral, see "*Summary—The Offering—Security*." In the event of an enforcement of the pledges in respect of the Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. The value of the assets underlying the pledges will also depend on many factors, including, among others, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located, the availability of buyers and whether approvals required to purchase the business would be granted to a buyer of the assets. In addition, the Intercreditor Agreement will provide that, in the event of any distribution of the proceeds from the sale of certain Collateral, the lenders under the Revolving Credit Facility, certain other credit facilities or certain hedging obligations will be entitled to receive from such distribution payment in full in cash before the holders of the pledges securing the Notes will be entitled to receive any payment from such distribution with respect to the Notes.

The shares and other Collateral that are pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be salable or, if salable, that there will not be substantial delays in the liquidation thereof. It is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares of our subsidiaries pledged to secure the Notes and the Guarantees, such shares may also have limited value in the event of a bankruptcy, insolvency or other similar proceedings in relation to the entity's shares that have been pledged because all the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time.

The Indenture will also permit the granting of certain liens other than those in favor of the holders of the Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties have liens on the

Collateral, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, if we issue additional notes under the Indenture, holders of such additional notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral. Although we will be subject, under the Indenture, to certain restrictions on our ability to incur additional indebtedness that will be secured by the Collateral, including a Consolidated Senior Secured Leverage Ratio (as defined and described under "*Description of the Senior Secured Notes—Certain covenants—Limitation on Indebtedness*"), the definition of Senior Secured Indebtedness (as defined under "*Description of the Senior Secured Notes*") for the purposes of calculating the Consolidated Senior Secured Leverage Ratio contains certain important exceptions and carve-outs.

The security over the Collateral will not be granted directly to the holders of the Notes.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under their respective Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement will provide that only the Security Agent as security agent and Parallel Debt creditor (as defined and explained below) has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral.

Under French and German law, certain "accessory" security interests such as rights of pledge require that the pledgee and the creditor are the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim. The beneficial holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the beneficial holders of the Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Agent (the "Parallel Debt") mirroring the obligations of the Issuer and the Guarantors (as principal obligors) to the holders of the Notes under or in connection with the Indenture and the Notes (the "Principal Obligations"). The Parallel Debt will at all times be in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Pursuant to the Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by French and German law will directly secure the Parallel Debt, and may not directly secure the obligations under the Notes and the other indebtedness secured by the Collateral. The holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are in some instances direct beneficiaries of the security interests in the Collateral).

None of the Parallel Debt mechanism constructs nor the concept of trust have been generally recognized by French or German courts and to the extent that the Notes or security interests created under the Parallel Debt mechanism constructs and trust concept are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the Guarantees or security interests in the Collateral. In addition, the holders of the Notes will bear the risks associated with the possible insolvency or bankruptcy of the Security Agent as the beneficiary of the Parallel Debt or trustee.

There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (*Cass. com.* September 13, 2011 n°10-25533 *Belvédère*) relating to bond documentation governed by New York law. Such decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as a recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim and no assurance can be given that such a structure will be effective in all cases before French courts. There is no certainty that the Parallel Debt construction will eliminate or mitigate the risk of unenforceability under French law. To the extent that the security interests in the Collateral created under the Parallel Debt structure are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interest in the Collateral securing the Parallel Debt.

Pledges governed by French law may also be granted to the benefit of the Security Agent as trustee for the holders of the Notes in accordance with the provisions of the Indenture, and may therefore not directly be granted to holders of the Notes. A concept of "trust" has been recognized for tax purposes by Article 792-0 *bis* of the FTC and the French Supreme Court (*Cour de cassation*) has held, in the *Belvédère* decision referred to above in respect of the Parallel Debt concept, that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings opened in France. However, while substantial comfort may be derived from the above, France has not ratified the La Haye Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law. To the extent that the security interests in the Collateral created under the trust construct are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interest in the Collateral securing the trustee rights. See "*Limitations on validity and enforceability of the Guarantees and the security interests—France*" and "*Limitations on validity and enforceability of the Guarantees and the security interests—Germany*."

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes.

If there is an event of default in the Notes, the holders of the Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes. In addition, in the future, the obligations to provide additional guarantees and grant additional security over assets, whether as a result of the creation of future assets or subsidiaries or otherwise, are, in certain circumstances, linked to our obligations under the Revolving Credit Facility Agreement, subject to certain agreed security principles. To the extent that lenders under the Revolving Credit Facility Agreement are granted security, the negative pledge in the Indenture may require, subject to local law limitations, such security to also be granted for the benefit of holders of the Notes. The agreed security principles set forth in the Revolving Credit Facility Agreement contain a number of limitations on the rights of the lenders to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted or perfected over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer, the Guarantors and LuxCo.

To the extent that the claims of the holders of the Notes exceed the value of the assets securing those Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid.

Investors' rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The security interests in the Collateral may not be perfected with respect to the Notes and the Guarantees if the Security Agent is not able to or does not take the actions it is directed to take by the Majority Super Senior Creditors, which are necessary to perfect any such security interests. Such failure may result in the invalidity of the relevant security interest in the Collateral securing the Notes or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, applicable law may require that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the Security Agent will monitor, or that we will inform the Security Agent of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The Security Agent has no obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest therein. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Notes and the Guarantees against third parties.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will not require us to take a number of actions that might improve the perfection or priority of the security interests of the Security Agent in the Collateral. To the extent that the security interests created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding.

Furthermore, the validity of the French law security interest that may be granted by SGD S.A. over its business as a going concern is subject to registration of the relevant Security Document within 15 days of its date of execution with the appropriate trade register in France. Absent registration, within such deadline, such security will not be effective at all.

The loans under our Revolving Credit Facility Agreement bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

The loans under our Revolving Credit Facility Agreement bear interest at floating rates of interest per annum equal to LIBOR or EURIBOR, as adjusted periodically, plus a margin. These interest rates could rise significantly in the future. We may enter into certain interest rate hedging arrangements designed to fix a portion of these rates but we are not required to do so. In addition, there can be no assurance that hedging will continue to be available on commercially reasonable terms. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase to the extent of the drawings under the Revolving Credit Facility, thereby reducing our cash flow.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Guarantees and the Collateral securing the Notes will be released automatically as described under "*Description of the Senior Secured Notes—Note Guarantees—Note Guarantees release*" and "*Description of the Senior Secured Notes—Security—Release of Liens.*"

In addition, the Indenture permits us to establish an intermediate holding company above the Issuer (the "Successor Security Provider"). Pursuant to the terms of the Indenture, LuxCo will procure that such Successor Security Provider assumes all the obligations of LuxCo under the Indenture, Intercreditor Agreement and the Security Documents. Additionally, subject to the terms of the Indenture, LuxCo may release its pledge of shares in the Issuer, to be retaken by such Successor Security Provider in compliance with the covenant described under "Description of the Notes—Certain Covenants—Impairment of Security Interest."

Unless consented to, the Intercreditor Agreement provides that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the Guarantees or security interests in the Collateral unless the relevant sale or disposal is made:

- for consideration, all or substantially all of which is in the form of cash; or
- pursuant to an auction or other competitive sale process, under the consultation of an internationally recognized investment bank or accountancy firm who shall (save in certain circumstances) opine on the consideration received by giving a fairness opinion.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which the investor measures the return on his or her investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which an investor measures the return on his or her investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investor measures the return on his or her investments. Investments in the Notes by U.S. holders (as defined in "*Tax considerations—Certain U.S. federal income tax considerations*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax considerations—Certain U.S. federal income tax considerations*."

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost, terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes and the Guarantees have not or will not have been, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes in the United States and other countries comply with applicable securities laws. For further information, see "*Transfer restrictions*."

The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the Global Notes (as defined under "*Book-entry, delivery and form*") will trade in book-entry form only, and Notes in definitive registered form, or Definitive Registered Notes (as defined herein), will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global Notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, and if investors are not participants in Euroclear and Clearstream, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, they will be permitted to act only to the extent they have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an "Event of Default" under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-entry, delivery and form*."

There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.

The Notes are new issues of securities for which there is currently no established trading market. We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the price at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities. Historically, the market for non-investment-grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. The Initial Purchasers have advised that they intend to make a market in the Notes after completing this Offering. However, they have no obligation to do so and may discontinue market-making activities at any time without notice. In addition, such market-making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

The Notes may not become, or remain, listed on the Irish Stock Exchange.

Although the Issuer will, in the Indenture, agree to use its commercially reasonable efforts to have the Notes listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof within a reasonable period after the Issue Date and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain, listed. If the Issuer cannot maintain the listing on the Official List of the Irish Stock Exchange and the admission to trading on the Global Exchange Market or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Irish Stock Exchange, provided that it will use commercially reasonable efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance can be made as to the liquidity of the Notes as a result of listing on the Official List of the Irish Stock Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Irish Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

The Transactions

In this section we have provided a summary description of the key agreements governing the Demerger and the interim and ongoing relationship between our pharmaceutical glass packaging operations and the perfumery glass packaging operations.

Purpose of the Demerger

Since 2010, our pharmaceutical glass packaging operations have operated as a stand-alone business unit, separate from the perfumery glass packaging operations, with dedicated management teams and resources (with the exception of certain corporate functions such as treasury, legal and central purchasing) and separate financial reporting, with the exception of the Mers-les-Bain manufacturing facility which serves both business units. Whereas the Total Revenue and EBITDA of our pharmaceutical glass packaging segment increased between 2009 and 2013 at a CAGR of 3.2% and 8.8%, respectively, with an EBITDA margin of 25.5% in 2013, the perfumery glass packaging operations have undergone an in-depth operational transformation since 2010 and was EBITDA-positive for the first time in 2013. The Demerger has been prompted by the different drivers and economic cycles applicable to both business units, together with an increased need to develop business-specific strategies. In addition, customers have expressed a desire for our pharmaceutical glass packaging operations and the perfumery glass packaging operations to use separate manufacturing facilities in order to further improve product quality.

Process of the Demerger

We expect to split off the perfumery glass packaging operations in two stages pursuant to the Demerger Agreements. The split-off is occurring in two stages, in order to complete the construction of a new manufacturing facility for the type I pharmaceutical glass production (and related changes to the operations of the Mers-les-Bains manufacturing facility, which is currently used by both the perfumery glass packaging operations and our pharmaceutical glass packaging operations) and to satisfy works council consultation processes. In the first stage, we expect to transfer subsidiaries relating to the perfumery glass packaging operations to LuxCo Perfumery and FrenchCo Perfumery, two companies newly incorporated for purposes of the Demerger. This transfer is expected to be completed on the Issue Date in accordance with the Master Reorganization Agreement. In the second stage, SGD S.A. is expected to transfer the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility to FrenchCo Perfumery under the Perfumery Business Transfer Agreement. This transfer is expected to be completed on or prior to December 31, 2015 in accordance with the Put Option Agreement, which will be entered into on the Issue Date. Concurrently with this second stage, we expect to migrate our pharmaceutical type I glass packaging production to a new state-of-the-art manufacturing facility which is currently under construction and which is expected to be operational in the second half of 2015. Prior to the Put Option Transfer Date, our pharmaceutical glass packaging operations and the perfumery glass packaging operations are expected to continue to share use of the Mers-les-Bains manufacturing facility.

First stage: share transfers

The Master Reorganization Agreement provides for the following share transfers to occur on the Issue Date:

LuxCo Perfumery is expected to acquire on the Issue Date:

- from the Issuer, 100% of the shares of SGD Inc. (including its wholly owned subsidiary, SGD North America Inc.), in addition to certain third-party and intercompany loans, for €39.5 million in exchange for a vendor note to be held by the Issuer (the “U.S. Vendor Note”);
- from SGD Inversiones Vidrieras SL, 100% of the shares of SGD Brasil Vidros Ltda, in addition to an intercompany loan between SGD Brasil Vidros Ltda and the Issuer, for €7.7 million in exchange for a vendor note to be held by the Issuer (the “Brazilian Vendor Note”); and

- from SGD Germany GmbH and the Issuer, 100% of the shares of SGD Inversiones Vidrieras SL (including its wholly owned subsidiary, SGD La Granja Vidrieria), in addition to an intercompany loan between SGD Inversiones Vidrieras SL and the Issuer, for €3.3 million in exchange for a vendor note to be held by the Issuer (the "Spanish Vendor Note").

FrenchCo Perfumery is expected to acquire on the Issue Date:

- from SGD S.A., 100% of the shares of SGD Italia S.r.l. and certain intercompany loans between SGD Italia S.r.l. and the Issuer for €0.03 million in exchange for a vendor note to be held by the Issuer (the "Italian Vendor Note"); and
- from SGD S.A., 100% of the shares of Verreries de l'Orne (including its wholly owned subsidiary, Les Verreries de la Somme), in addition to certain intercompany loans between Verreries de l'Orne and Les Verreries de la Somme, respectively, and the Issuer, for €39.5 million, in exchange for a vendor note to be held by SGD S.A. (the "French Vendor Note" and, together with the U.S. Vendor Note, Brazilian Vendor Note, Spanish Vendor Note and Italian Vendor Note, the "Vendor Notes").

On the Issue Date, SGD S.A. is expected to transfer the French Vendor Note to the Issuer, and the Issuer is expected to transfer the U.S. Vendor Note, the Brazilian Vendor Note, the Spanish Vendor Note, the Italian Vendor Note and the French Vendor Note to LuxCo. Subsequently, LuxCo is expected to transfer the French Vendor Note and Italian Vendor Note to LuxCo Perfumery on the Issue Date. LuxCo then expects to convert a portion of its U.S. Vendor Note, Brazilian Vendor Note and Spanish Vendor Note into equity of LuxCo Perfumery, and LuxCo Perfumery expects to convert a portion of its French Vendor Note and Italian Vendor Note into equity of FrenchCo Perfumery.

Second stage: transfer of the perfumery glass packaging operations at Mers-les-Bains

The transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery, this being the sole material aspect of the Demerger not to occur on the Issue Date, is expected to occur on the Put Option Transfer Date pursuant to the Put Option Agreement and the Perfumery Business Transfer Agreement for a price equal to the book value of inventories and net receivables on the Put Option Transfer Date (estimated to amount to approximately €40 million). The purchase consideration is expected to be paid in the form of a vendor note to be held by SGD S.A. Subsequently, SGD S.A. is expected to transfer the vendor note to the Issuer, and the Issuer is expected to transfer the vendor note to LuxCo. It is expected that the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery will be completed by no later than December 31, 2015, by which time the pharmaceutical glass packaging operations are expected to have been migrated to the new manufacturing facility. The Perfumery Business Transfer Agreement provides that the Put Option Transfer Date shall be December 31, 2015 or such earlier date as may be specified by SGD S.A.

The Put Option Agreement allows SGD S.A. to require FrenchCo Perfumery to purchase the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility pursuant to the Perfumery Business Transfer Agreement. Under the Perfumery Business Transfer Agreement, the following is expected to be transferred from SGD S.A. to FrenchCo Perfumery:

- perfumery customers, customer contracts, employees and employment agreements;
- the building and property of the Mers-les-Bain manufacturing facility, which after the migration of the pharmaceutical type I glass packaging production to the new manufacturing facility is expected to be an exclusive perfumery site, together with perfumery, fixed assets and equipment;
- perfumery working capital, such as customer receivables;
- perfumery intangible assets, such as patents and other intellectual property; and
- all perfumery debts, liabilities and amounts payable, including amounts owing under factoring agreements.

In addition, under the Perfumery Business Transfer Agreement, FrenchCo Perfumery is expected to have an indemnity obligation from the Put Option Transfer Date with respect to any residual liabilities of the perfumery glass packaging operations which, having not been successfully novated, remain with SGD S.A.

New manufacturing facility

Migration of type I glass packaging production

The migration of our pharmaceutical type I glass packaging production will take place on a phased basis. We expect that by December 31, 2015 we will have fully migrated our pharmaceutical Type I glass packaging production, including our research and development activities, to a new state-of-the-art manufacturing facility located at a greenfield site approximately four miles from the current Mers-les-Bains manufacturing facility. We expect that the new manufacturing facility will have a production capacity similar to that of the current Mers-les-Bains manufacturing facility, benefit from operational improvements, contain two furnaces (one electric powered and one gas powered), and have about 300 employees, the vast majority of whom will be transferred from the current manufacturing facility at Mers-les-Bains. We expect that the first production line will be operational in July 2015. We will endeavor to ensure business continuity throughout the migration by keeping the four lines, which produce type I pharmaceutical glass, operational at all times. The estimated cost of the migration to and construction of, the new manufacturing facility is €52.5 million (excluding estimated construction savings of €5.0 million), with preparatory works and capital expenditure relating to the migration and construction having commenced in the last quarter of 2013. Funding and contingency plans are in place in respect of potential delays or costs exceeding what we have budgeted for. As of the date of this Offering Memorandum, we have identified, organized and staffed a project team dedicated to the migration and construction, completed preliminary engineering works, placed an order for the first furnace and established a detailed implementation timetable.

We expect to execute a purchase agreement relating to the site with Communauté de Commune on or prior to April 16, 2014, and for ground leveling for construction work to commence on April 24, 2014 (the date on which a public inquiry into the archaeological state of the site finishes). We obtained the construction permit for our new manufacturing facility on January 20, 2014. This permit is, however, subject to the findings of an archaeological survey of the site on which the new manufacturing facility is expected to be constructed, which was completed on February 14, 2014. Pursuant to the archaeological survey, ancient timber postholes were discovered. An executive order of the Office of the Prefect (*arrêté préfectoral*) dated March 14, 2014, while granting us full access to the site, requires archaeological excavations to be carried out on the site. These excavations will take place in three different stages, with the release of the last part of the site expected to be between June 27 and July 11, 2014. We have agreed with *L'Institut national de recherches archéologiques preventives* ("INRAP"), which is responsible for the archaeological excavations of the site, that archaeological excavation work be completed prior to July 11, 2014. As of March 24, 2014, 60% of the site has already been released by INRAP, meaning ground leveling and construction work can commence in respect of this terrain on or after April 24, 2014. In the event items of archaeological interest are found on those parts of the site which have not yet been released, we do not expect that this will have a material impact on the construction of the manufacturing facility.

The transfer of the perfumery glass packaging operations pursuant to the Perfumery Business Transfer Agreement is not conditional upon the new manufacturing facility being operational on the Put Option Transfer Date.

Works council consultation processes

We obtained the opinion of the Group-level works council (*comité central d'entreprise*) on the Demerger and the construction of the new manufacturing facility on September 5, 2013. On March 31, we informed our Group-level works council of the practical implementation of the Demerger in France and the contemplated allocation of employees between our pharmaceutical glass packaging operations and the perfumery glass packaging operations. We expect to obtain the opinion of the Group-level works council on the definite allocation of employees of SGD S.A. between our pharmaceutical glass packaging operations and the perfumery glass packaging operations during the Group-level works council, which is expected to be held on July 10, 2014. Under these consultation processes, our works council will have a period of time to review and give their opinion on the allocation of employees, but is not required to approve, and does not have the right to veto, the allocation of employees between our pharmaceutical glass packaging operations and the perfumery glass packaging operations.

Risk assessment and mitigation

We have conducted a thorough risk assessment in relation to the contemplated migration to the new manufacturing facility, as follows:

- *Cost*. Our base cost estimate of €52.5 million has been reviewed thoroughly by two engineering companies and is considered to be realistic. In addition, we have a high level of confidence that we are in a position to achieve targeted construction savings of €5.0 million.
- *Timing*. We have identified, organized and staffed a project team dedicated to the migration to the new manufacturing facility, and established a realistic and detailed implementation timetable. We have, in addition, engaged a professional engineering company and internal technical team to assist in the management of the migration.
- *Employees*. We obtained the opinion of the Group-level works council (*comité central d'entreprise*) on the Demerger and the construction of the new manufacturing facility on September 5, 2013. The process of obtaining an opinion regarding employee allocation began on March 31, 2014, and is expected to conclude on July 10, 2014. The Group-level works council does not have the ability to extend this timeline indefinitely, nor does it have the ability to veto the proposed allocation of employees. Further, we anticipate that the majority of employees at the new manufacturing facility will be transferred from the Mers-les-Bains manufacturing facility, thereby minimizing the risk of skill, competence or know-how inadequacies. See "—*Works council consultation process*."
- *Technical*. We recently commenced production at a newly constructed furnace at our Mers-les-Bains manufacturing facility and, consequently, have experience of minimizing the risk of prolonged validation processes. We expect to utilize a number of strategies for easing the homologation process, such as informing our customers that we do not intend to change our production and quality processes and good management practices, furnace technologies, staff or glass composition processes from those used at the Mers-les-Bains manufacturing facility. In addition, we have engaged a third-party consulting firm to assist in the homologation process. Further, we expect to utilize a phased line transfer approach, which will minimize the risk of supply interruption and disruption to our customers. See "—*Homologation and validation*" below.

Homologation and validation

We have developed a detailed plan for minimizing the amount of time required to validate the new manufacturing facility in accordance with applicable laws, regulations and customer requirements. We have begun to discuss with certain key customers the expected production capabilities of the new manufacturing facility. In particular, we have emphasized that the new manufacturing facility is expected to utilize the same production and quality processes and good management practices, furnace technologies, staff and glass composition processes as the Mers-les-Bains manufacturing facility. In addition, we have explained to our customers that the ISO 9001 and 15378 certifications of our Mers-les-Bains manufacturing facility are expected to be transferred to the new manufacturing facility, until a re-certification audit is complete. Furthermore, we have engaged a third-party consulting firm, specialized in pharmaceutical homologation and validation processes, which will support our validation and product qualification processes and our control and risk mitigation processes. We believe that by making and evidencing these disclosures, the majority of our customers will not seek to initiate a prolonged validation process for the new manufacturing facility.

In addition to shortening the validation process applicable to our new manufacturing facility, we expect to minimize the risk of disruption of supply to our customers and delays in shipments through a staged transition plan, which will provide that the first operational line at our new manufacturing facility begins operating approximately four to five months before the last operational line at our Mers-les-Bains manufacturing facility ceases to operate. A further buffer for customers is expected to be provided, to the extent necessary, by building up a specific inventory to cover customers' needs, providing an additional three to six months of coverage, if necessary. However, we do not anticipate that this will be required.

Funding shortfall of the perfumery glass packaging operations

For the purpose of covering any Net Perfumery Cash Need of the perfumery glass packaging operations from the Issue Date until the Put Option Transfer Date, which is expected to relate solely to the cost of the French glass packaging operations (including in relation to the perfumery glass packaging activities of the Mers-les-Bains manufacturing facility), SGD S.A. is expected, on or prior to the Issue Date, to place an amount of €11.1 million in a designated bank account with BNP Paribas (the "Designated Bank Account"). SGD S.A. shall make withdrawals from the Designated Bank Account solely in order to fund any Net Perfumery Cash Need.

In addition, LuxCo will be a party to the Perfumery Business Transfer Agreement. Under the terms of the Perfumery Business Transfer Agreement, SGD S.A. will be held harmless by LuxCo through an equity contribution, in respect of any amount of Net Perfumery Cash Need in excess of the balance on the Designated Bank Account (the "Excess Cost Indemnity"). This Excess Cost Indemnity is expected to be capped at the amount of LuxCo's available resources from time to time. In addition, the Excess Cost Indemnity of LuxCo will be backed by an equity commitment letter of OCM European Principal Opportunities Funds II, L.P., an affiliate of Oaktree, capped at €40 million less any cash credited to the Designated Bank Account on the Issue Date and any proceeds of equity or quasi-equity contributions made by LuxCo to the Designated Bank Account thereafter to the extent such proceeds do not originate from the pharmaceutical glass packaging operations. The equity commitment will terminate automatically and immediately upon a cancellation or acceleration of the Revolving Credit Facility or an acceleration of the Revolving Credit Facility or an acceleration of the debt outstanding under the Notes (other than in relation to accrued unpaid amounts then outstanding). The payment mechanisms of the Designated Bank Account and the Excess Cost Indemnity (expected to be capped at the amount of LuxCo's available resources from time to time) are intended to keep our pharmaceutical glass packaging operations and the perfumery glass packaging operations economically segregated and to keep our pharmaceutical glass packaging operations cash-neutral with respect to the perfumery glass packaging operations until the Put Option Transfer Date.

Framework Services Agreement

With effect from the Issue Date, the Issuer and LuxCo Perfumery are expected to enter into the Framework Services Agreement. Certain assets, services and costs used, provided and incurred, as the case may be, by us relate to the activities of both our pharmaceutical glass packaging operations and the perfumery glass packaging operations (particularly costs associated with the Mers-les-Bains manufacturing facility, which is expected to be transferred to FrenchCo Perfumery on the Put Option Transfer Date). The Framework Services Agreement, which provides for arm's-length dealings between the Issuer and LuxCo Perfumery, allows for the continued sharing of such assets, services and costs until the Put Option Transfer Date and, if necessary, thereafter. The Framework Services Agreement is to continue in force until the Put Option Transfer Date and, unless termination is initiated by the Issuer or LuxCo Perfumery, for successive one-year periods until Services are no longer required.

The Framework Services Agreement acts as a framework agreement, under which the Issuer and LuxCo Perfumery undertake that their respective subsidiaries relating to our pharmaceutical glass packaging operations and the perfumery glass packaging operations will enter into individual service agreements between themselves, in certain circumstances and subject to certain conditions, in order that such subsidiaries provide standard support services to one another. Where a subsidiary (a "Service Provider") is a provider of a pre-defined number of services (the "Services"), either through itself or by securing agreements with third party providers, it is required to continue to provide those services to all other subsidiaries for whom such services are required ("Beneficiaries"), such that those Beneficiaries remain in a position to operate in the manner that they did on the date of the Master Reorganization Agreement. Beneficiaries are required to pay Service Providers a pre-agreed fee, typically based on actual or estimated costs incurred, for the Services they receive, as set forth in the relevant individual services agreement. The Framework Services Agreement provides that Beneficiaries may elect to continue to receive Services from Service Providers after the Put Option Transfer Date on an arm's-length basis. The Issuer and LuxCo Perfumery are required to procure that their subsidiaries work together in good faith to enable all Service Providers to perform the Services.

First stage

We anticipate that, during the first stage, the majority of Services provided will be from subsidiaries relating to our pharmaceutical glass packaging operations to subsidiaries relating to the perfumery glass packaging operations. The Services covered by the Framework Services Agreement in the first stage, between the Issue Date and the Put Option Transfer Date, include:

- information technology services, including the maintenance and support of existing Group networks, including SAP, planning and forecasting tools, document management systems and technical expertise;
- research and development services, including the design of new products, technical support, equipment studies, feasibility studies and the creation of new manufacturing techniques;
- global services, including services relating to human resources (e.g., recruitment and salary packages), accounting, compliance, finance (e.g., treasury administration, reporting, budgets), supply, purchasing, quality control, health and safety, legal (e.g., corporate matters, contracts, insurance, intellectual property and litigation), tax and trade (e.g., market studies, customer presentations, and maintaining and developing relations with global and strategic customers);
- engineering services, including the refurbishment and repairing of furnaces, lines and equipment at the hot-end and cold-end of production, and assistance and advice in industrial planning;
- manufacturing services provided between the Issuer and LuxCo Perfumery (which represented less than 2% of the revenue of our pharmaceutical glass packaging operations in 2013), including glass production, the development of molds and decoration services;
- distribution and agency services relating to the distribution and promotion of products produced by our pharmaceutical glass packaging operations and the perfumery glass packaging operations; and
- the licensing of trademarks, patents and other intellectual property rights. The Framework Services Agreement provides that indemnities be granted by Service Providers in favor of Beneficiaries in respect of any claims and losses arising from the infringement of third-party intellectual property rights.

Second stage

We anticipate that comparatively few Services will be provided during the second stage. In the second stage, after the Put Option Transfer Date, we expect the split-off of the perfumery glass packaging operations to be completed, with each of our pharmaceutical glass packaging operations and the perfumery glass packaging operations having its own staff. However, the Framework Services Agreement will allow for the continued sharing of additional Services after the Put Option Transfer Date, including the following:

- the licensing of patents and other intellectual property rights;
- information technology services, including the maintenance and support of existing Group networks, including SAP, planning and forecasting tools, document management systems and technical expertise (until a separate information technology team is installed at each of our pharmaceutical glass packaging operations and the perfumery glass packaging operations);
- manufacturing services provided between the Issuer and LuxCo Perfumery (which represented less than 2% of the revenue of the Combined Business in 2013), including glass production, the development of molds and decoration services; and
- distribution and agency services relating to the distribution and promotion of products produced by our pharmaceutical glass packaging operations and the perfumery glass packaging operations.

Use of proceeds

The gross proceeds from the Offering will be €350.0 million. We intend to use the proceeds from the Offering to repay existing indebtedness of the Issuer and its subsidiaries (including indebtedness relating to our pharmaceutical glass packaging operations and indebtedness relating to our perfumery glass packaging operations), to partially prepay a subordinated shareholder loan, to pay estimated fees and expenses for the Refinancing and, to the extent any proceeds remain, for general corporate purposes. The following table sets forth our anticipated sources and uses of funds in connection with the Refinancing based on an assumed Issue Date of April 24, 2014. Actual amounts may differ from estimated amounts depending on several factors, including the actual Issue Date, differences between the estimated and actual fees and expenses related to the Offering and outstanding amounts upon repayment.

Sources of Funds	(€ in millions)	Uses of Funds	(€ in millions)
Notes offered hereby	350.0	Prepayment of the Existing Senior Facilities(1)	255.6
		Prepayment of the Existing Operational Facilities(2)	61.2
		Partial prepayment of the Subordinated Shareholder Loan(3)	15.0
		Estimated fees and expenses of the Refinancing(4)	11.8
		Cash on hand(5)	6.3
Total Sources	**350.0**	**Total Uses**	**350.0**

(1) Includes €6.8 million in interest capitalized on February 28, 2014 and €1.5 million in accrued and unpaid interest that is expected to be outstanding under our Existing Senior Facilities on the Issue Date. Oaktree is a lender under the Existing Senior Facilities and is expected to be repaid approximately €120.1 million under its loan thereunder. BNP Paribas is also a lender under the Existing Senior Facilities and is expected to be repaid approximately €11.0 million under its loan thereunder.

(2) Includes €1.4 million in interest capitalized at various dates since January 1, 2014 and €2.5 million in accrued and unpaid interest that is expected to be outstanding under our Existing Operational Facilities on the Issue Date. Oaktree is a lender under the Existing Operational Facilities and is expected to be repaid approximately €50.0 million under its loan thereunder. See "*Certain relationships and related party transactions.*"

(3) As of December 31, 2013, an aggregate of €62.5 million was payable to LuxCo under the Subordinated Shareholder Loan (comprising €55.7 million in principal and capitalized interest and €6.8 million in accrued interest). We will prepay €8.2 million in principal and €6.8 million in accrued interest outstanding under the Subordinated Shareholder Loan with the proceeds from the Offering.

(4) Includes underwriting fees and commissions and fees and costs for legal, accounting, printing, rating advisory and other professional services related to the Refinancing.

(5) To the extent our estimated fees and expenses for the Offering increase, the estimated principal amount or accrued and unpaid interest under any of our debt facilities increases, our cash on hand will decrease.

Capitalization

The following table sets forth our capitalization, as of December 31, 2013, on both an actual basis and as adjusted for (i) the Refinancing, (ii) the entry into and performance of the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery pursuant to the Put Option Agreement, as if each of these transactions had occurred on December 31, 2013. The table below should be read in conjunction with "*Summary—Summary consolidated financial and other information*," "*Use of proceeds*," "*Selected consolidated financial information*" and our financial statements and related notes included elsewhere in this Offering Memorandum.

	Combined Business	
(€ in millions)	**Actual**	**As adjusted**
Cash and cash equivalents(1)	**44.3**	**35.5**
Third-party borrowings(2)		
Existing Senior Facilities(3)	247.3	–
Existing Operational Facilities(3)	57.3	–
Notes offered hereby	–	350.0
Revolving Credit Facility	–	–
Finance leases(4)	5.9	5.3
Factoring facilities(5)	28.6	12.8
Other third-party borrowings(6)	5.6	5.6
Total third-party borrowings	**344.7**	**373.7**
Shareholders' equity(7)	**(167.6)**	**(205.9)**
Total capitalization	**177.1**	**167.8**

(1) Adjustment represents (i) the portion of proceeds from the Offering not used for the Refinancing, the payment of fees associated therewith and the partial prepayment of the Subordinated Shareholder Loan (€6.3 million), minus (ii) cash transfers expected to occur prior to the Put Option Transfer Date (€15.1 million), including €11.1 million to be deposited in the Designated Bank Account on or about the Issue Date in order to cover any Net Perfumery Cash Need of the perfumery glass packaging operations from the Issue Date to the Put Option Transfer Date, and €4.0 million to be used on or about the Issue Date to increase the share capital of SGD Inversiones Vidrieras SL, an entity that will be transferred to LuxCo Perfumery on or about the Issue Date.

(2) Amounts shown in this table are not reduced by the amount of unamortized debt issuance costs (if any), do not include accrued but unpaid interest and do not include the following off-balance sheet items: (i) currency swap agreements (€6.8 million outstanding as of December 31, 2013) and (ii) a guarantee agreement (€0.8 million outstanding as of December 31, 2013). See "*Description of certain financing arrangements*." Third-party borrowings as of February 28, 2014, including accrued but unpaid interest on (i) the Existing Senior Facilities, (ii) the Existing Operational Facilities and (iii) the Subordinated Shareholder Loan amounted to approximately €362.2 million. The increase compared to our total third-party borrowings as of December 31, 2013 resulted from the capitalization of accrued but unpaid interest.

(3) Amounts shown in this table do not include €10.5 million of accrued but unpaid interest (capitalizable interest) on the Existing Senior Facilities and the Existing Operational Facilities, of which an amount of €3.9 million is included as principal amount of indebtedness in our combined financial statements for the year ended December 31, 2013.

(4) Represents the aggregate of the amounts outstanding as of December 31, 2013 under finance leases. See "*Description of certain financing arrangements—Finance leases*." The adjustments correspond to finance leases with respect to the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility.

(5) Represents the aggregate amount of trade receivables assigned as of December 31, 2013 by SGD S.A., of which €12.8 million relates to our pharmaceutical glass packaging operations and €15.8 million relates to our perfumery glass packaging operations at the Mers-les-Bains manufacturing facility pursuant to our factoring agreement. We intend to discontinue our factoring facility with respect to our pharmaceutical glass packaging operations shortly after the Issue Date. See "*Description of certain financing arrangements—Factoring facility*."

(6) Represents the aggregate of the amounts outstanding as of December 31, 2013 under (i) our working capital facility (€2.0 million) and (ii) CIR and CICE financing facilities (€3.5 million). See "*Description of certain financing arrangements*."

(7) Includes the principal amount and capitalized interest of the Subordinated Shareholder Loan as of December 31, 2013 (€55.7 million). Does not include €6.8 million of accrued and unpaid interest for the year ended December 31, 2013. Adjustment gives effect to (i) the €17.2 million loss expected to be recorded upon the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery, (ii) the deposit of €11.1 million in the Designated Bank Account on or about the Issue Date in order to cover any Net Perfumery Cash Need of the perfumery glass packaging operations from the Issue Date to the Put Option Transfer Date, (iii) €1.8 million of interest on the Existing Senior Facilities and the Existing Operational Facilities accrued between January 1, 2014 and the Issue Date and (iv) the prepayment of €8.2 million in principal of the Subordinated Shareholder Loan with the proceeds from the Offering. In addition, €6.8 million of accrued interest of the Subordinated Shareholder Loan, which was not included in Shareholder's equity as of December 31, 2013, will be prepaid with the proceeds from the Offering.

Unaudited pro forma condensed combined financial information

General information and purpose of the unaudited pro forma condensed combined financial information

The following unaudited pro forma condensed combined financial information has been derived from the audited combined financial statements of the Combined Business included elsewhere in this Offering Memorandum, and has been adjusted to reflect (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations of our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery, as if each of these transactions had occurred on December 31, 2013, and are prepared as described in the notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined balance sheet as of December 31, 2013 has been derived from the audited combined balance sheets of the Combined Business, assuming that (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations of our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery occurred at that date.

The unaudited pro forma condensed combined income statement for the year ended December 31, 2013 has been derived from the audited combined income statement of the Combined Business for the year ended December 31, 2013, assuming that (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations of our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery occurred on January 1, 2013. This unaudited pro forma condensed combined income statement assumes that the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery occurred on January 1, 2013, though the transfer will only be consummated at a later date, if at all.

The unaudited pro forma condensed combined financial information should be read in conjunction with "*Certain definitions*," "*Presentation of financial and other information*," "*The Transactions*," "*Management's discussion and analysis of financial condition and results for operations*," "*Risk factors*" and all of the historical financial information and the notes thereto included elsewhere in this Offering Memorandum.

The unaudited pro forma adjustments are based upon currently available information and assumptions that we believe to be reasonable. The pro forma adjustments and related assumptions are described on the following pages. The impact of the new pharmaceutical glass packaging manufacturing facility, which is currently under construction and which is expected to be operational in the second half of 2015, on our results and financial position is not reflected in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information has been prepared in accordance with the basis of preparation described in the notes below.

The unaudited pro forma condensed combined financial information is for informational purposes only and is not intended to represent or to be indicative of the combined results and the combined financial position that the Issuer would have reported had (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations of our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery occurred as of January 1, 2013 in the unaudited pro forma condensed combined income statement and as of December 31, 2013 in the unaudited pro forma condensed combined balance sheet.

Unaudited pro forma condensed combined financial information

Unaudited pro forma condensed combined balance sheet information as of December 31, 2013

The table below sets forth the unaudited pro forma condensed combined balance sheet information as of December 31, 2013, as if (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations of our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery had taken place as of December 31, 2013.

	Historical financial information	Pro forma adjustments				
(in € millions)	Combined Business(1)	Financing(2)	Prepayment of existing debt and part of the Subordinated Shareholder Loan(3)	Transfer of perfumery operations(4)	Total adjustments	Pro forma
Non-current assets						
Net fixed assets	120.7	–	–	(5.3)	(5.3)	115.4
Other long-term assets	5.4	–	–	(2.6)	(2.6)	2.8
Deferred tax assets	–	–	–	–	–	–
Total non-current assets	**126.1**	–	–	**(7.9)**	**(7.9)**	**118.2**
Current assets						
Inventories	76.5	–	–	(40.5)	(40.5)	36.0
Trade accounts receivable	59.9	–	–	(22.6)	(22.6)	37.3
Other current assets	26.6	–	–	(16.1)	(16.1)	10.5
Cash and cash equivalents	44.3	334.2	(331.9)	(11.1)	(8.8)	35.5
Total current assets	**207.3**	**334.2**	**(331.9)**	**(90.3)**	**(88.0)**	**119.3**
Total Assets	**333.4**	**334.2**	**(331.9)**	**(98.2)**	**(95.9)**	**237.5**
Equity and liabilities						
Capital	424.3	(90.0)	–	–	(90.0)	334.3
Reserves and net profit/loss for the year	(647.6)	90.0	(1.8)	(28.3)	59.9	(587.7)
Other capital instruments	55.7	–	(8.2)	–	(8.2)	47.5
Equity (Group share)	(167.6)	–	(10.0)	(28.3)	(38.3)	(205.9)
Non-controlling interests	–	–	–	–	–	–
Total Equity	**(167.6)**	–	**(10.0)**	**(28.3)**	**(38.3)**	**(205.9)**
Non-current liabilities						
Provisions and pensions	24.0	(4.0)	–	(6.6)	(10.6)	13.4
Borrowings	327.7	338.2	(321.7)	(0.6)	15.9	343.6
Other non-current liabilities						
Deferred tax liabilities	1.5	–	–	2.3	2.3	3.8
Total non-current liabilities	**353.2**	**334.2**	**(321.7)**	**(4.9)**	**7.6**	**360.8**
Current liabilities						
Provisions	4.9	–	–	(1.2)	(1.2)	3.7
Trade accounts payable	56.8	–	–	(22.8)	(22.8)	34.0
Other current liabilities	51.7	–	–	(25.2)	(25.2)	26.5
Current bank loans and credit	34.3	–	(0.2)	(15.7)	(15.9)	18.4
Total current liabilities	**147.8**	–	**(0.2)**	**(64.9)**	**(65.1)**	**82.7**
Total Liabilities	**333.4**	**334.2**	**(331.9)**	**(98.2)**	**(95.8)**	**237.5**

Notes to the unaudited pro forma condensed combined balance sheet as of December 31, 2013

Combined historical financial information

(1) This column reflects the audited balance sheet of the audited combined financial statements of the Combined Business as of December 31, 2013.

Pro forma adjustments

(2) This column represents the proceeds resulting from the Offering amounting to €350.0 million. We expect the net cash proceeds of the Offering to amount to €334.2 million, representing the gross proceeds of the Offering, less €11.8 million estimated fees and expenses of the Refinancing and an estimated €4.0 million share capital increase in SGD Inversiones Vidrieras SL.

The Vendor Notes, issued in consideration for the acquisition by LuxCo Perfumery and FrenchCo Perfumery of the shares and certain third party and intercompany loans from the Issuer or its subsidiaries, of shares in Group companies active in perfumery glass packaging operations, will, between the Issue Date and the Put Option Transfer Date, be upstreamed outside the Group by way of repayment of intercompany loans or capital reductions. Accordingly, our capital will be reduced by €90.0 million and this reduction will be recorded against our reserves since the impact of these disposals is already recorded in our reserves in our combined balance sheet as of December 31, 2013.

We have made a pro forma adjustment for the estimated €4.0 million share capital increase in SGD Inversiones Vidrieras SL in our "cash and cash equivalents" line item. The corresponding provision recorded in our combined balance sheet as of December 31, 2013 was reversed in our unaudited pro forma condensed combined balance sheet information.

We have made a pro forma adjustment for the €11.8 million estimated fees and expenses of the Refinancing and recorded this as a reduction of the gross proceeds of the Offering in our unaudited pro forma condensed combined balance sheet information.

(3) This column represents the repayment in full of the Existing Operational Facilities and the Existing Senior Facilities at the Issue Date, as well as the prepayment of €8.2 million in principal and €6.8 million in accrued interest outstanding under the Subordinated Shareholder Loan. We have also made a pro forma adjustment for the accrued but unpaid interest on the Existing Operational Facilities and the Existing Senior Facilities (expected to amount to €1.8 million between January 1, 2014 and the Issue Date). We have recorded this adjustment against equity since it related to accrued but unpaid interest between January 1, 2014 and the Issue Date.

(4) This column represents the effects of the transfer of the perfumery glass packaging operations of SGD S.A. as if it had occurred on December 31, 2013. In case of exercise of the Put Option by SGD S.A., on or prior to December 31, 2015 and pursuant to the Put Option Agreement, the transfer of the perfumery glass packaging operations of SGD S.A. will be made for an aggregate purchase price equal to (i) the sum obtained, by deducting the transferred payables from the transferred receivables of the perfumery glass packaging operations of SGD S.A.; plus (ii) the value of the transferred inventories; plus (iii) an amount equal to the cash balance on the Designated Bank Account which is to be transferred to FrenchCo Perfumery. However, the actual purchase price on the Put Option Transfer Date may be different from this purchase price due to several factors, including working capital fluctuations and the performance of the perfumery glass packaging operations of SGD S.A. between the Issue Date and the Put Option Transfer Date. For pro forma purposes, the purchase price was calculated based on book values as of December 31, 2013 and the disposal was made based on net book values of the assets and liabilities of the perfumery glass packaging operations of SGD S.A. The disposal relates to a €17.2 million net asset.

For the purpose of covering any Net Perfumery Cash Need of the perfumery glass packaging operations from the Issue Date up to the Put Option Transfer Date, which is expected to relate solely to the cost of the FrenchCo Perfumery glass packaging operations (including in relation to the perfumery glass packaging operations of the Mers-les-Bains manufacturing facility), SGD S.A. is expected, on or prior to the Issue Date, to place an amount of €11.1 million in the Designated Bank Account. An adjustment was made in this respect in the 'cash and cash equivalents' line item for the €11.1 million cash credited in the Designated Bank Account.

The transfer of the perfumery glass packaging operations of our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery is expected to occur on the Put Option Transfer Date, pursuant to the Put Option Agreement, for a price as described above. The purchase consideration is expected to be paid in the form of a vendor note to be held by SGD S.A. and which is expected to be subsequently transferred to the Issuer, through the repayment of intercompany debt and then transferred to LuxCo through an equity reduction.

Therefore, the transfer of the perfumery glass packaging operations of SGD S.A. results in a €28.3 million pro forma adjustment, reflecting, among other things, the disposal of a €17.2 million net asset and the funding by SGD S.A. by €11.1 million of the Designated Bank Account, therefore resulting in a decrease in equity for a corresponding amount.

Unaudited pro forma condensed combined income statement for the year ended December 31, 2013

The table below sets forth the unaudited pro forma condensed income statement information for the year ended December 31, 2013, as if (i) the Refinancing, (ii) the entry into the Framework Services Agreement and (iii) the transfer of the perfumery glass packaging operations of our Mers-les-Bains manufacturing facility from SGD S.A. to FrenchCo Perfumery had taken place as of January 1, 2013.

	Historical financial information	Pro forma adjustments			
(in € millions)	**Combined Business(1)**	**Refinancing(2)**	**Transfer of perfumery operations(3)**	**Total adjustments(4)**	**Pro forma**
Total Revenue	414.3	–	(149.5)	(149.5)	264.8
Transport related to sales	(18.2)	–	2.5	2.5	(15.6)
Cost of goods sold	(336.4)	–	149.2	149.2	(187.2)
Gross operating profit	**59.7**	–	**2.3**	**2.3**	**62.0**
Sales, General and Administrative expenses and Headquarters management fees	(33.9)	–	11.9	11.9	(22.0)
Operating income from ordinary activities	**25.9**	–	**14.2**	**14.2**	**40.0**
Other operating income/expense	(58.0)	–	53.2	53.2	(4.8)
Operating profit/loss	**(32.1)**	–	**67.4**	**67.4**	**35.2**
Cost of net financial debt	(15.0)	(8.2)	0.6	(7.6)	(22.5)
Pre-tax profit/loss	**(47.0)**	**(8.2)**	**68.0**	**59.8**	**12.8**
Tax expense/income	(6.5)	–	–	0.9	(5.6)
Net profit/loss of the year	**(53.5)**	**(8.2)**	**68.0**	**60.7**	**7.2**
Non controlling interests					
Net profit/loss—Group share	(53.5)	(8.2)	68.0	60.7	7.2
Operating income from ordinary activities	**25.9**	**–**	**14.2**	**14.2**	**40.0**
Accumulated depreciation	(37.0)	–	9.6	9.6	(27.4)
EBITDA	**62.8**	**–**	**4.6**	**4.6**	**67.4**

Notes to the unaudited pro forma condensed combined income statement for the year ended December 31, 2013

Combined financial information

(1) This column reflects the audited income statement of the audited combined financial statements of the Combined Business for the year ended December 31, 2013.

Pro forma adjustments

(2) These adjustments represent the elimination of the historical interest expenses for current and non-current bank borrowings which will be refinanced as of the Issue Date, as well as the pro forma interest expenses for the year ended December 31, 2013 of the Notes. These adjustments have been made under the assumption that there will be no debt repayment during the period presented in the pro forma income statement information. Interests on the indebtedness of the perfumery glass packaging entities which will be disposed of pursuant to the Master Reorganization Agreement and which are not consolidated in the audited combined financial statements of the Combined Business are not included in the "Combined Business" column.

(3) The adjustment of €68.0 million represents the impact of the transfer of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility, as well as the entry into the Framework Services Agreement and results in a €4.6 million EBITDA increase and a €67.4 million operating profit increase. These effects are due to (i) the exclusion of the operating income from ordinary activities and accumulated depreciation of the perfumery glass packaging operations at our Mers-les-Bains manufacturing facility, increasing our EBITDA by €4.6 million and (ii) the exclusion of other operating expense (amounting to €53.2 million), which includes the impairment of the Mers-les-Bains manufacturing facility, amounting to €51.4 million, including €2.3 million relating to the assets shared on the Mers-les-Bains manufacturing site.

(4) The above adjustments generated a €0.9 million gain on tax expense, which has been calculated based on a normative tax rate for each country (France, Germany and China) without reflecting the deferred tax impacts or the future effects of the changes in the French tax group.

Selected combined financial information

The following tables set forth the selected combined financial information and other data of the Combined Business for the periods ended and as of the dates indicated below. The selected combined financial information of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013 has been derived from the audited combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013, included elsewhere in this Offering Memorandum. The combined financial statements of the Combined Business included in this Offering Memorandum have been prepared in accordance with IFRS. The following information should be read in conjunction with "*Management's discussion and analysis of financial condition and results of operations*" and the combined financial statements and the related notes thereto included elsewhere in this Offering Memorandum. Historical results do not necessarily indicate results that may be expected for any future period.

Our pharmaceutical glass packaging operations have been managed as a stand-alone business unit since 2010, with separate financial reporting and a separate management team. The combined financial statements of the Combined Business included in this Offering Memorandum have been prepared on a "carve-out" basis from the Issuer's consolidated financial statements. The combined financial statements of the Combined Business include only financial information attributable to the pharmaceutical glass packaging operations of the Issuer, as well as the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility (which is expected to be transferred by SGD S.A. to FrenchCo Perfumery on or prior to December 31, 2015 in accordance with the Put Option Agreement), the perfumery glass packaging operations at the Zhanjiang (China) manufacturing facility, our trading business VG Emballage and the operations of Société des Services Verriers S.A.R.L. and give effect to the Master Reorganization Agreement.

For the preparation of the combined financial statements it was necessary to make assumptions and estimates for carve-out adjustments as set forth in the notes to the combined financial statements included elsewhere in this Offering Memorandum. Accordingly, the combined financial statements do not reflect the financial position and performance that would have been presented if our pharmaceutical glass packaging segment had existed as an independent company during the periods presented and if the transactions between our pharmaceutical glass packaging operations and the perfumery glass packaging operations had been carried out between independent companies. As a result, the combined financial statements are not necessarily indicative of the future development of the business of our pharmaceutical glass packaging operations.

The combined financial statements of the Combined Business present the financial position and performance of the Combined Business, which differs from our pharmaceutical glass packaging segment as it will be operated after the Put Option Transfer Date in various respects.

Selected combined income statement data

(€ millions)	For the year ended December 31, 2011	2012	2013
Revenue	**387.7**	**394.2**	**411.0**
Other business income	2.2	3.7	3.3
Total Revenue	**389.9**	**398.0**	**414.3**
Transport related to sales	(18.7)	(18.6)	(18.2)
Variable sale expense	(3.2)	(5.2)	(3.2)
Materials consumption and change in inventory	(115.5)	(104.1)	(109.1)
Production cost	(160.6)	(171.5)	(170.3)
Production depreciation	(26.6)	(31.7)	(34.4)
Other operating income/expense	(19.3)	(16.6)	(19.4)
Gross operating profit	**45.9**	**50.3**	**59.7**
Sales, general and administrative expense	(47.1)	(42.8)	(44.9)
Headquarters management fees	5.0	10.5	11.0
Operating income from ordinary activities	**3.8**	**18.0**	**25.9**
Other operating income/expense	1.0	8.0	(58.0)
Operating profit/loss	**4.8**	**26.1**	**(32.1)**
Cost of gross financial debt	(16.3)	(18.1)	(13.0)
Other financial income/expense	2.4	3.2	(1.9)
Cost of net financial debt	**(13.9)**	**(14.9)**	**(15.0)**
Pre-tax profit/loss	**(9.1)**	**11.2**	**(47.0)**
Tax expense/income	(6.4)	(5.1)	(6.5)
Net profit/loss of the year	**(15.5)**	**6.1**	**(53.5)**

Selected income statement data of our pharmaceutical glass packaging segment

(in € millions)	For the year ended December 31, 2011	2012	2013
Revenue	**254.9**	**258.2**	**263.5**
Other business income	1.1	1.7	1.4
Total Revenue	**256.1**	**259.9**	**264.8**
Transport related to sales	(15.6)	(16.0)	(15.6)
Variable sale expenses	(2.6)	(4.6)	(2.5)
Materials consumption and change in inventory	(48.9)	(46.6)	(44.7)
Production cost	(95.3)	(99.8)	(101.7)
Production depreciation	(19.9)	(25.4)	(26.5)
Other operating income/(expense)	(10.6)	(9.6)	(11.8)
Gross operating profit	**63.1**	**57.9**	**62.0**
Sales, general and administrative expense	(22.6)	(21.1)	(22.0)
Headquarters management fees	–	(0.0)	(0.0)
Operating income from ordinary shares	**40.5**	**36.8**	**40.0**
Accumulated depreciation	(21.3)	(26.6)	(27.4)
EBITDA	**61.7**	**63.4**	**67.4**

Selected income statement data of our perfumery glass packaging segment

(in € millions)	For the year ended December 31, 2011	2012	2013
Revenue	**142.9**	**142.5**	**152.8**
Other business income	1.0	2.0	1.9
Total Revenue	**143.9**	**144.5**	**154.7**
Transport related to sales	(3.1)	(2.6)	(2.5)
Variable sale expenses	(0.7)	(0.6)	(0.7)
Materials consumption and change in inventory	(76.1)	(64.5)	(69.9)
Production cost	(65.3)	(71.7)	(68.5)
Production depreciation	(6.7)	(6.3)	(7.9)
Other operating income/(expense)	(8.7)	(7.0)	(7.6)
Gross operating profit	**(16.7)**	**(8.2)**	**(2.6)**
Sales, general and administrative expense	(24.5)	(21.7)	(22.9)
Headquarters management fees	5.0	10.5	11.0
Operating income from ordinary shares	**(36.2)**	**(19.3)**	**(14.5)**
Accumulated depreciation	(8.7)	(8.5)	(9.6)
EBITDA	**(27.5)**	**(10.8)**	**(4.9)**

Selected combined statement of financial position data

(€ millions)	As of December 31, 2011	2012	2013
Non-current assets			
Goodwill	–	–	–
Intangible assets	4.5	3.3	0.7
Property, plant and equipment	168.7	184.5	120.0
Non-derivative financial assets	8.8	4.3	5.4
Deferred tax assets	–	–	–
Total non-current assets	**181.9**	**192.0**	**126.0**
Current assets			
Inventories	64.2	72.9	76.5
Trade accounts receivable	54.6	54.1	59.9
Other current assets	22.2	22.5	26.4
Current tax assets	0.0	0.0	0.0
Current non-derivative financial assets	74.8	0.1	0.1
Current derivative instruments—assets	0.5	–	0.2
Cash and cash equivalents	34.0	31.9	44.3
Total current assets	**250.3**	**181.5**	**207.3**
Total assets	**432.2**	**373.5**	**333.4**
Shareholders' equity and liabilities			
Capital	424.3	424.3	424.3
Consolidation reserves	(477.9)	(592.8)	(595.6)
Conversion reserves	1.7	1.7	1.7
Recyclable reserves	(0.5)	(0.3)	(0.2)
Net profit/(loss) for the year	(15.5)	6.1	(53.5)
Other equity instruments	–	55.7	55.7
Total shareholders' equity	**(67.9)**	**(105.3)**	**(167.6)**
Non-current liabilities			
Provisions	4.0	4.0	4.0
Pensions	15.0	19.1	20.0
Borrowings	316.4	310.2	327.7
Deferred tax liabilities	1.2	1.4	1.5
Total non-current liabilities	**336.5**	**334.8**	**353.2**
Current liabilities			
Provisions	4.5	1.8	4.9
Trade accounts payable	51.7	53.4	56.8
Other current liabilities	48.4	47.9	51.3
Current tax liabilities	1.3	0.6	0.4
Current bank loans and credit	57.5	40.3	34.3
Total current liabilities	**163.5**	**144.0**	**147.8**
Total liabilities and shareholders' equity	**432.2**	**373.5**	**333.4**

Selected combined statement of cash flow data

(€ millions)	Year ended December 31, 2011	2012	2013
Net profit/(loss) of the year	**(15.5)**	**6.1**	**(53.5)**
Elimination of depreciation and provisions	23.9	26.3	91.7
Elimination of gains/(losses) on disposal	(3.4)	(0.9)	1.9
Elimination of tax expense/(income)	6.4	5.1	6.5
Elimination of cost of net financial debt	13.9	14.9	15.0
Change in inventories	6.3	(8.7)	(4.2)
Change in trade receivables	4.9	0.9	(10.2)
Change in trade payables	(4.6)	2.6	6.0
Change in working capital requirement (non-operating)	10.5	(1.9)	2.3
Impact of change in working capital requirement	**17.2**	**(7.0)**	**(6.2)**
Tax paid	(7.3)	(4.3)	(6.6)
Cash flow from (used in) operating activities	**35.1**	**40.2**	**48.7**
Purchases of tangible and intangible assets	(54.7)	(56.8)	(25.3)
Sale of tangible and intangible assets	4.1	4.7	3.3
Purchases/(sales) of financial assets	4.4	–	–
Other cash flow from investment activities	(0.0)	(0.2)	0.2
Cash flow from (used in) investment activities	**(46.2)**	**(52.3)**	**(21.8)**
Loan issuances	10.0	37.0	3.6
Net financial interest paid	(3.2)	(3.7)	(4.8)
Other cash flow from financing activities	0.2	(7.2)	3.0
Cash flow from (used in) financing activities	**7.0**	**26.1**	**1.8**
Effect of movements in exchange rates on cash held	0.9	(0.6)	(1.7)
Change in cash flow	**(3.1)**	**13.4**	**27.0**
Opening cash	7.1	3.9	17.3
Closing cash	3.9	17.3	44.3

Management's discussion and analysis of financial condition and results of operations

Certain information in the discussion and analysis set forth below and elsewhere in this Offering Memorandum includes forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward-looking statements. See "Forward-looking statements" and "Risk factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Offering Memorandum. This discussion and analysis should also be read in conjunction with the combined financial statements included elsewhere in this Offering Memorandum, including the notes thereto, and financial information appearing in "Presentation of financial information and other data," "Summary—Summary combined financial and other information" and "Selected combined financial information."

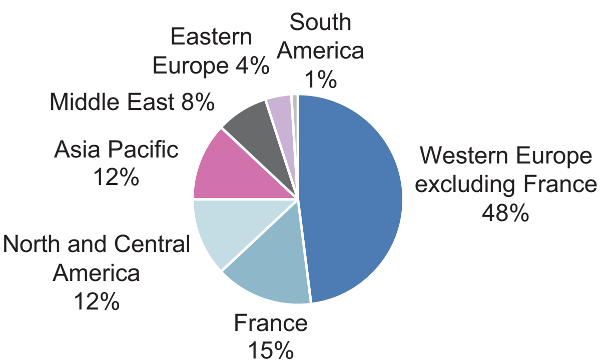
Some of the measures used in this Offering Memorandum, such as EBITDA, are not measurements of financial performance under IFRS, but have been prepared on the basis of IFRS amounts, and should not be considered as an alternative to cash flow from operating activities, as a measure of liquidity or as an alternative to revenue, gross operating profit or net profit/loss of the year, as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

Certain monetary amounts, percentages and other figures included in this Offering Memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

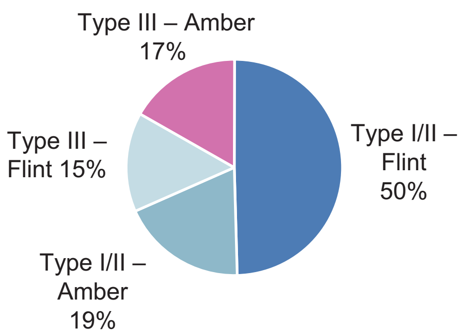
Overview

We are the leading global producer of molded glass packaging for the pharmaceutical industry. We design, manufacture and distribute a wide variety of molded pharmaceutical glass packaging, covering a full range of types I, II and III flint and amber glass packaging used in the pharmaceutical industry. We sell our products in over 80 countries to over 600 customers, including leading international blue-chip pharmaceutical companies. Between 2010 and 2013, we sold over 2 billion pharmaceutical glass vials per year. Our diverse customer base is located in both mature and stable markets such as Western Europe and North America and faster-growing, emerging markets such as Brazil, Russia, India and China. We believe we are well positioned to take advantage of anticipated growth in these emerging markets due to our manufacturing facilities in France, Germany and China and a global sales and distribution network. As of December 31, 2013 we had 1,533 employees (excluding temporary workers). The following charts present the sales of our pharmaceutical glass packaging operations by region and glass type for the year ended December 31, 2013 (by revenue).

Sales by region



Sales by glass type



We primarily sell pharmaceutical glass packaging. For the year ended December 31, 2013, 35% of the revenue of our pharmaceutical glass packaging operations was generated from the sale of sophisticated type I glass packaging, 33% from the sale of sophisticated type II glass packaging and 31% from the sale of type III glass packaging. Our products include glass packaging for droppers, infusions, syrups, tablets, injectables and aerosols, which cover a wide variety of medical fields and therapeutic applications, such as oncology, diagnostics, infections, nervous system and respiratory disorders, and blood-related diseases. This broad offering allows us to provide comprehensive product solutions and serves as a "one-stop shop" for our customers, thereby increasing our customer retention. At the same time, it provides us with exposure to diversified therapeutic end-markets in the pharmaceutical industry, each with different growth drivers.

Our stable and diversified customer base comprises over 600 customers globally and includes leading international blue-chip pharmaceutical companies and large national and regional pharmaceutical companies. We have developed strong long-term relationships over ten years with seven of the ten largest pharmaceutical companies in the world, thereby generating recurring revenues. The comprehensive and time-consuming validation of our manufacturing facilities and production processes by our customers further promotes such long-term and stable customer relationships.

Our focus on producing high quality packaging, together with what we believe to be our superior process controls and manufacturing capabilities, enable us to meet the stringent regulatory and technical requirements of the pharmaceutical industry and provide us with a competitive advantage. In addition, our research and development activities help to maintain our position at the forefront of pharmaceutical glass manufacturing technology and are a significant factor in the success of our product offerings which differentiate us from our competitors. These factors have enabled us to consistently deliver industry-leading margins in the pharmaceutical glass packaging market.

For the year ended December 31, 2013, our pharmaceutical glass packaging segment generated Total Revenue and EBITDA of €264.8 million and €67.4 million, respectively. The Total Revenue and EBITDA of our pharmaceutical glass packaging segment increased between 2009 and 2013 at a CAGR of 3.2% and 8.8%, respectively. Since our acquisition by Oaktree in 2010, we have made material capital expenditures in our pharmaceutical glass packaging segment (of which €103 million was spent between 2011 and 2013), enabling us to modernize our manufacturing equipment and increase our production capacity and have implemented an operational improvement plan, which together have increased the EBITDA margin of our pharmaceutical glass packaging segment from approximately 20.6% in 2009 to 25.5% in 2013.

Presentation of our results of operations

The historical financial data as of and for the years ended December 31, 2011, 2012 and 2013 in this discussion and analysis have been derived from our audited combined financial statements as of and for the years ended December 31, 2011, 2012 and 2013, including the notes thereto, and have been prepared in accordance with IFRS. The combined financial statements of the Combined Business included in this Offering Memorandum have been prepared on a "carve-out" basis from the Issuer's consolidated financial statements. The combined financial statements of the Combined Business include only financial information attributable to (i) the pharmaceutical glass packaging segment of the Issuer and its subsidiaries and (ii) the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility (which are defined as our Mers-les-Bains perfumery glass packaging segment and are expected to be transferred by SGD S.A. to FrenchCo Perfumery on or prior to December 31, 2015 pursuant to the Put Option Agreement), and give effect to the Master Reorganization Agreement.

We have focused the discussion and analysis of our financial condition and results of operations on our pharmaceutical glass packaging segment, which will constitute our sole business following the transfer of our Mers-les-Bains perfumery glass packaging operations to FrenchCo Perfumery. The payment mechanisms of the Designated Bank Account and the Excess Cost Indemnity (expected to be capped at the amount of LuxCo's available resources from time to time) are intended to keep our pharmaceutical glass packaging operations and the perfumery glass packaging operations economically segregated and to keep our pharmaceutical glass packaging operations cash-neutral with respect to the perfumery glass packaging operations until the Put Option Transfer Date. See "*The Transactions*."

For the preparation of the combined financial statements, it was necessary to make assumptions and estimates for carve-out adjustments as set forth in the notes to the combined financial statements included elsewhere in this Offering Memorandum. Accordingly, the combined financial statements do not necessarily reflect our financial position and performance had the pharmaceutical glass packaging operations already existed as an independent company during the periods presented and had the transactions between the pharmaceutical glass packaging operations and the perfumery glass packaging operations been carried out between independent companies. As a result, the combined financial statements are not necessarily indicative of the future development of the business of the Issuer. In particular, the combined financial statements do not reflect estimates of one-time and ongoing incremental costs required for us to operate as a separate company.

Key factors affecting the results of operations of our pharmaceutical glass packaging segment

We consider the following factors to be the key factors that affect our results of operations:

- market growth and resilience;
- the operational state of our furnaces;
- our operational improvement measures;
- changes in our product mix;
- our ability to pass on costs, particularly raw material and energy costs;
- foreign currency exchange rates; and
- regulation.

We do not discuss herein the key factors affecting the results of operations of the perfumery glass packaging segment, because such business is expected to be transferred to FrenchCo Perfumery on or prior to December 31, 2015 pursuant to the Demerger Agreement. In addition, the payment mechanisms of the Designated Bank Account and the Excess Cost Indemnity (expected to be capped at the amount of LuxCo's available resources from time to time) are intended to keep our pharmaceutical glass packaging operations and the perfumery glass packaging operations economically segregated and to keep our pharmaceutical glass packaging operations cash-neutral with respect to the perfumery glass packaging operations until the Put Option Transfer Date. See "*The Transactions*."

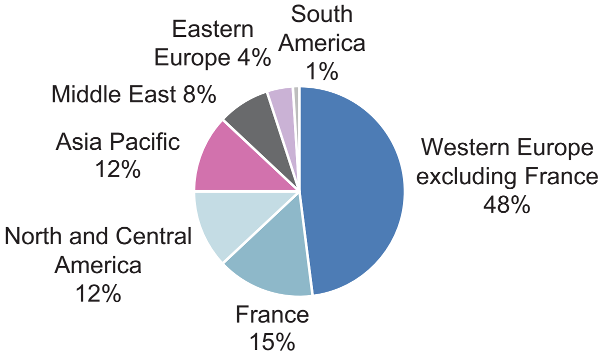
Market growth and resilience

The pharmaceutical market is characterized by a mix of large, resilient and stable markets in developed countries as well as rapidly growing markets in emerging countries. Based on our internal estimates, global market growth for pharmaceutical glass packaging amounted to about 4% (per annum, on average) for the period from 2009 to 2013. See "*Industry*." We currently sell our glass packaging products in North America, Western Europe, Eastern Europe, Asia Pacific and in the Middle East, Latin America and North Africa. Purchases of pharmaceutical products have been resilient through various economic cycles in both the developed markets and the emerging markets, because consumers continue to purchase those products regardless of economic conditions since they generally constitute non-discretionary spending. Our growth is impacted by market trends in these regions relating to the pharmaceutical industry. In particular, a central factor affecting our revenue is demand for pharmaceutical products in our customers' markets. In addition to demand for pharmaceutical products, market demand for our products is driven by changes in government, regulatory and industry standards relating to the quality, safety and security of pharmaceutical glass packaging.

Global demographic growth with longer life expectancies, the increasing trend towards universal-coverage health insurance, the strong increase in demand for pharmaceutical products in emerging markets, the rising detection rates of chronic diseases and the increasing prevalence of generic pharmaceuticals are expected to provide favorable global growth prospects for pharmaceutical packaging. High growth in emerging markets is also driven by an increase in demand for medical services resulting from the rapid growth of the middle class and improvements in the availability and affordability of medical care and government-mandated insurance programs. As a result, emerging markets, such as Brazil, Russia, India and China, have materially contributed to the global growth in pharmaceutical glass packaging products.

The following chart presents the sales of our pharmaceutical glass packaging operations by region for the year ended December 31, 2013 (by revenue).

Sales by region



While our revenue is primarily driven by demand for pharmaceutical glass packaging in developed markets, which have been growing at a stable rate in recent years and in which we hold strong positions, they will be impacted from period to period by our ability to penetrate these high-growth emerging markets. We plan to continue to expand our existing operations in these emerging markets to capture this growth effectively.

The chart below shows the percentage of our revenue resulting from sales of our pharmaceutical glass packaging operations in emerging markets (defined as Asia Pacific, Eastern Europe, the Middle East and South America) for each of the years ended December 31, 2011, 2012 and 2013.

	Year ended December 31,		
	2011	2012	2013
Emerging markets share of revenue	23%	24%	25%
Developed markets share of revenue	77%	76%	75%

The operational state of our furnaces

We operate five gas-powered furnaces and one electricity-powered furnace. Furnaces producing type I glass can be gas- or electricity-powered. The furnaces in our manufacturing facilities operate constantly at very high temperatures, which causes the erosion of interior furnace walls. In addition to ordinary, minor, day-to-day maintenance and repairs, our furnaces require periodic major overhauls, because in addition to their physical erosion they lose efficiency over time. The general timing of furnace rebuilds is generally predictable. Our gas-powered furnaces have an average life cycle of approximately four (for type I glass furnaces) to ten years (for types II and III glass furnaces), and our electricity-powered furnace has a life cycle of approximately three years. See "*Business—Production—Manufacturing facilities*." Since our acquisition by Oaktree, we have spent a significant amount of capital expenditures (of which €103.0 million was spent between 2011 and 2013), notably through the refurbishment of furnaces covering approximately 70% of our production capacity, which we expect will increase the useful lives, and decrease the maintenance cost, of our furnaces in the coming years. During its overhaul a furnace needs to be taken off-line to enable technicians to replace the refractory lining of its interior walls. This off-line time also gives us the opportunity to enhance our furnaces with new technologies in order to reduce emissions and improve energy efficiency. Our revenue tends to be generally adversely impacted by the temporary reduction in production capacity resulting from this off-line time.

Our operational improvement measures

Our results are impacted by operational improvement measures that we implement. Since our acquisition by Oaktree in 2010, we have developed and continue to implement operating strategies designed to increase pass-through cost increases to our customers, optimize our hedging strategy, implement cost savings in each of our manufacturing facilities and make capital investments in order to increase productivity and product quality and decrease costs. Specifically, we have made the following significant savings in our pharmaceutical glass packaging segment:

- energy savings in our Sucy-en-Brie (France) manufacturing facility with the construction of a new furnace, as well as in our manufacturing facility in Kipfenberg (Germany) and through energy mix management and other initiatives;

- scrap cost reduction in our manufacturing facility in Mers-les-Bains (France) and in Zhanjiang (China) due to improved production processes, and reduction of the costs related to the sorting of our glass packaging at our Mers-les-Bains manufacturing facility due to improved production processes and the insourcing of sorting operations;
- freight savings in France through better utilization of trucks and tender procedures; and
- agents' commissions reductions.

Changes in our product mix

Our results of operations in the past have been, and in the future will continue to be, impacted by changes in our product mix. We intend to continue to improve our existing product offering, production techniques and technologies, develop new products, and replace our existing lower-value-added products with more technically advanced products. Our glass packaging products have average selling prices and gross margins that differ depending primarily on their application, sophistication, innovation and customization. For example, type I and type II glass packaging products typically have higher profitability compared to type III glass packaging products. In addition, sophisticated product types, such as diagnostics, have higher average selling prices and gross margins than basic product types, such as infusions. In addition to our actions designed to influence and improve our product mix, factors that influence our product mix in a particular period include demand for our customers' existing products, the timing and rollout of our customers' new products, and changes in the general level of demand for glass packaging in the pharmaceutical industry. We focus our business on the production of type I and type II pharmaceutical glass packaging products, which we believe are the most profitable.

The table below shows the split of the revenue of our pharmaceutical glass packaging segment by glass type for each of the years ended December 31, 2011, 2012 and 2013.

	Year ended December 31,		
	2011	2012	2013
Type I	28.0%	30.4%	29.3%
Type II	25.4%	26.2%	27.9%
Type III	27.7%	26.8%	26.3%
Trading and Other*	18.9%	16.7%	16.5%

* "Trading and Other" primarily relates to the revenue from our trading business VGE and the revenue from the sale of non-pharmaceutical packaging products from our Zhanjiang manufacturing facility.

Ability to control and pass on costs, particularly raw material and energy costs

Since our acquisition by Oaktree in 2010, we have implemented an operational improvement plan to, among other things, pass through cost increases to our customers, optimize our hedging strategy, implement cost savings in each manufacturing facility and make capital investments in order to increase productivity, product quality and decrease costs. We completed a significant portion of this plan at the end of 2013 and we that believe that these measures contributed to the increase in our EBITDA margin from approximately 20.6% in 2009 to 25.5% in 2013.

We operate large manufacturing facilities that use large quantities of natural gas, electricity and oil in our operations. As such, fluctuations in energy prices may impact our cost of operations and profitability. For the year ended December 31, 2013, energy costs accounted for 19% of the cost of goods sold of the pharmaceutical glass packaging segment. In addition, the raw materials used in our glass packaging operations are borax (for type I glass), soda ash (for types II and III glass), feldspar, limestone and sand. The cost of our raw materials represented 11% of the cost of goods sold of our pharmaceutical glass packaging segment in the year ended December 31, 2013 (excluding our trading business, VG Emballage).

The costs of our raw materials and energy purchases have fluctuated significantly over time, and may continue to fluctuate in the future. We have a proactive price and contract management strategy to protect our margins by passing on raw material and energy increases to customers where possible. To the extent we are successful in passing on price increases, we are able to maintain margins in volatile raw material and energy pricing environments. We seek to mitigate the inherent risk in energy price fluctuations through a combination of fixed price or index-tracking procurement contracts and hedging. Our current energy hedging arrangements cover substantially all of our gas and oil requirements until December 31, 2014, half of our gas and oil requirements until December 31, 2015 and, in Germany, our electricity requirements until December 31, 2015, in each case, at lower prices than pursuant to our hedging arrangements for 2013. We do not hedge electricity prices in France due to the regulation of electricity prices. Nor do we hedge energy prices in China, due to the lack of available hedging. We have, however, locked in our energy prices in China in 2014 with our local energy suppliers below 2013 prices. In addition, we often include price pass-through clauses in our customer contracts that allow for price increases and decreases if our energy costs fluctuate. Fluctuations in oil prices may also affect our transportation costs.

We estimate that one-fifth of our sales include price pass-through provisions for energy, currency or inflation fluctuations, where we can pass increased or decreased costs on to our customers. Where contracts do not provide for price pass-through provisions, we will seek to pass on cost increases to our customers during the renegotiation of our customer contracts, which typically occurs on an annual basis. Where we do not have fixed pricing, price pass-through provisions or an underlying contract, we are able to negotiate prices as orders are submitted, in which case we can seek to adjust pricing for cost changes. However, there is often a time lag between this cost increase or decrease and the time this increased or decreased, respectively, cost is passed on to our customers. In an environment of increasing raw material and energy prices, we believe that we have been generally successful in passing on the higher costs of our raw materials and energy to our customers. See "*Business—Customers*."

Foreign currency exchange rates

Our reported results of operations and financial condition are affected by exchange rate fluctuations, and we are exposed to both transactional and translational risk due to these fluctuations, resulting from our sales in over 80 countries. In 2013, the majority of revenue we earned was in euro, while our remaining revenue was largely earned in U.S. dollars and renminbi. We are therefore, to a certain extent, exposed to currency fluctuation when we convert currencies that we may receive for our products into currencies required to repay our indebtedness, purchase raw materials, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. We export products from Europe to the United States in U.S. dollars (amounting to an average of U.S.$37 million per year for the three-year period ended December 31, 2013) and we are therefore exposed to fluctuations in the euro compared to the U.S. dollar. Our Chinese manufacturing facility invoices its sales in renminbi. We have entered into currency swap agreements for our pharmaceutical glass packaging segment for a nominal aggregate value of €6.8 million, pursuant to which we swapped euro for renminbi. Where we are unable to match income received in foreign currencies with expenses paid in the same currency, our results of operations are impacted by currency exchange rate fluctuations. For example, a stronger U.S. dollar will increase the cost of U.S. dollar supplies for our non-U.S. subsidiaries. However, the majority of our expenses are denominated in euro. We generally provide support services to our Group from our European head office, exposing Group companies outside the eurozone to the impact of fluctuations in the euro exchange rate.

We present our combined financial statements in euro. As a result, we must translate the assets, liabilities, revenues and expenses of our Chinese operations at our Zhanjiang (China) manufacturing facility into euro at the end of each reporting period, at then-applicable exchange rates. Consequently, increases or decreases in the value of these currencies against the euro may affect the value of our assets, liabilities, revenue and expenses in our combined financial statements, which creates translation risk. These translations could significantly affect the comparability of our results between financial periods and result in significant changes to the carrying value of our assets, liabilities and shareholders' equity.

Regulation

Our results of operations may be impacted if there are substantial changes in regulations relating to the pharmaceutical glass packaging industry.

Environmental

Environmental laws and regulations that affect our business have become and are becoming increasingly stringent. Our operations and properties are subject to extensive international, EU, Chinese, national, provincial, regional and local laws, ordinances, regulations and other legal requirements relating to environmental protection. We are also subject to laws and regulations setting forth requirements regarding the remediation of contaminated soil; groundwater and buildings; water supply and use; water discharges; air emissions; waste management; noise pollution; contamination by asbestos and other deleterious materials; the generation; storage; handling; transportation and disposal of regulated materials; product safety; and workplace health and safety.

Materials

Changes to the laws and regulations governing the materials that are used in our manufacturing operations may have an impact on the price of such materials or result in such materials no longer being available, which could have a material adverse effect on our results of operations. Furthermore, substances we use may have to be removed from the market (under REACH's authorization and restriction provisions) or need to be substituted with alternative chemicals, which may also adversely impact our operations.

Production

Changes to the laws and regulations governing the manufacture of pharmaceutical products or pharmaceutical packaging products may impact our results of operations. For example, if regulatory requirements relating to analysis, testing or filings change, demand for our glass packaging may also be affected. As such, the substitution of glass packaging by plastic packaging has significantly decreased in the last decade, due to, among other things, product recalls and increased pressure against plastic packaging from regulatory and consumer bodies.

Explanation of key income statement line items

Set forth below is a brief description of the key line items of our income statement data.

Revenue

Revenue is recognized when the significant risks and rewards of the ownership of goods are transferred to the buyer, usually upon the delivery of goods, from our pharmaceutical glass packaging segment.

Other business income

Other business income consists of the sale of accessories and technical support as well as the mold development costs recharged to customers.

Transport related to sales

Transport related to sales consists of the costs of transporting our products to our customers.

Variable sale expenses

Variable sale expenses consist of commissions charged by our sales agents and sales taxes.

Materials consumption and change in inventory

Materials consumption and change in inventory consist of the cost of raw materials used in glass composition, packaging material, subcontracted decoration costs and the costs of purchasing the finished goods of our trading business, VG Emballage.

Production cost

Production cost consists of labor costs and the costs of temporary workers, costs related to the sorting of our glass packaging, energy, maintenance, overhead, scrap and taxes (other than income taxes).

Production depreciation

Production depreciation consists of the depreciation of buildings, machinery and equipment over their respective useful lives. Production depreciation corresponds to the line item entitled ''production amortization'' in our combined financial statements.

Other operating income/expense

Other operating income/expense consists of manufacturing facility overhead and taxes, repairs and maintenance, health and safety costs, insurance premiums and the costs of claims.

Sales, general and administrative expense

Sales, general and administrative expense consists of the costs of general management, sales, marketing, research and development, engineering and legal as well as the costs of corporate and business unit operations, finance, purchasing, information technology, supply chain and quality control. Our sales, general and administrative expense includes the expenses of our headquarter operations, which are allocated to our pharmaceutical glass packaging segment and our Mers-les-Bains perfumery glass packaging segment pursuant to a predetermined allocation key. The nature of costs is personnel costs, external contracts (fees, maintenance) and depreciation.

Headquarters management fees

Headquarters management fees consist of corporate and central headquarters costs charged to our perfumery glass packaging subsidiaries and do not include any fees or expenses charged by Oaktree. Headquarters management fees correspond to the line item entitled "Management fees" in our combined financial statements.

Non-IFRS measures

Certain financial measures and ratios related thereto used in this Offering Memorandum, including EBITDA, and EBITDA margin (collectively, the "EBITDA measures"), are not specifically defined under IFRS or any other generally accepted accounting principles. These measures are presented in this Offering Memorandum because we believe that they are among the measures used by management to evaluate the cash available to us to fund ongoing, long-term obligations and they are frequently used by securities analysts, high yield investors and other interested parties for valuation purposes or as a common measure of the ability of issuers to incur and meet debt service obligations. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, and you should not consider such items as alternatives to revenue, gross operating profit or net profit/loss of the year or any other performance measures derived in accordance with IFRS, and they may be different from similarly titled measures used by other companies.

You are encouraged to evaluate each of the adjustments reflected in our presentation of the EBITDA measures and whether you consider each to be appropriate. See "*Summary—Summary combined financial and other information*," "*Selected combined financial information*" and our combined financial statements and the related notes included elsewhere in this Offering Memorandum.

For a description of how our EBITDA measures are calculated from our operating income and a reconciliation of EBITDA to our operating income and a calculation of our other EBITDA measures, see "*Summary—Summary combined financial and other information*."

EBITDA

We define "EBITDA" as operating income from ordinary activities before accumulated depreciation and adjusted for non-recurring items recorded under 'other operating income/expense' in the income statement in the audited combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013.

Results of operations of our pharmaceutical glass packaging segment

Year ended December 31, 2013 compared with the year ended December 31, 2012

The table below sets forth certain line items from the income statement of our pharmaceutical glass packaging segment for the years ended December 31, 2012 and 2013.

(in € millions, except percentages)	For the year ended December 31, 2012	For the year ended December 31, 2013	Increase/ (decrease)	Percent change (%)
Revenue	**258.2**	**263.5**	**5.3**	**2.1%**
Other business income	1.7	1.4	(0.3)	(17.6%)
Total Revenue	**259.9**	**264.8**	**4.9**	**1.9%**
Transport related to sales	(16.0)	(15.6)	0.4	2.5%
Variable sale expenses	(4.6)	(2.5)	2.1	45.7%
Materials consumption and change in inventory	(46.6)	(44.7)	1.9	4.1%
Production cost	(99.8)	(101.7)	(1.9)	(1.9%)
Production depreciation	(25.4)	(26.5)	(1.1)	(4.3%)
Other operating income/(expense)	(9.6)	(11.8)	(2.2)	(22.9%)
Gross operating profit	**57.9**	**62.0**	**4.1**	**7.1%**
Sales, general and administrative expense	(21.1)	(22.0)	(0.9)	(4.3%)
Headquarters management fees	(0.0)	(0.0)	0.0	–
Operating income from ordinary activities	**36.8**	**40.0**	**3.2**	**8.7%**
EBITDA*	**63.4**	**67.4**	**4.0**	**6.3%**

* For a reconciliation of EBITDA to operating income from ordinary activities, see "*Selected combined financial information*."

Revenue

Revenue increased by €5.3 million, or 2.1%, from €258.2 million for the year ended December 31, 2012 to €263.5 million for the year ended December 31, 2013. This increase was primarily due to increased sales of type II glass infusions partly due to an increase in the production capacity at our manufacturing facility in Kipfenberg, which returned to its normal level following its refurbishment in 2012. Our production capacity for type II glass was adversely impacted in 2011 and 2012 by the refurbishment of our Sucy-en-Brie and Kipfenberg furnaces. Our production of type II glass returned to its pre-refurbishment level in 2013, and we managed to regain market share due, we believe, to the quality of our products.

The table below shows the split of revenue by type of pharmaceutical glass packaging products for the years ended December 31, 2012 and 2013.

(in € millions, except percentages)	For the year ended December 31, 2012	For the year ended December 31, 2013	Increase/ (decrease)	Percent change (%)
Type I	78.4	77.1	(1.3)	(1.7%)
Type II	67.7	73.6	5.9	8.7%
Type III	69.1	69.2	0.1	0.1%
Trading and Other*	43.0	43.6	0.6	1.4%
Revenue	**258.2**	**263.5**	5.3	2.1%

* "Trading and Other" primarily relates to the revenue from our trading business VGE and the revenue from the sale of non-pharmaceutical packaging products from our Zhanjiang manufacturing facility.

Revenue from type I pharmaceutical glass packaging products decreased by €1.3 million, or 1.7%, from €78.4 million for the year ended December 31, 2012, to €77.1 million for the year ended December 31, 2013. This decrease was primarily due to a decrease of the U.S. dollar against the euro, which impacted the translation of our sales to U.S. customers (which are denominated in U.S. dollars) into euro.

Revenue from type II pharmaceutical glass packaging products increased by €5.9 million, or 8.7 %, from €67.7 million for the year ended December 31, 2012, to €73.6 million for the year ended December 31, 2013. This increase was primarily due to increased sales of type II glass infusions mainly due to an increase in our production capacity at our manufacturing facility in Kipfenberg.

Revenue from type III pharmaceutical glass packaging products were generally stable from period to period, at €69.2 million for the year ended December 31, 2013, compared to €69.1 million for the year ended December 31, 2012.

Trading and Other revenue increased by €0.6 million, or 1.4%, from €43.0 million for the year ended December 31, 2012, to €43.6 million for the year ended December 31, 2013.

Other business income

Other business income decreased by €0.3 million, or 17.6%, from €1.7 million for the year ended December 31, 2012 to €1.4 million for the year ended December 31, 2013.

Transport related to sales

Transport related to sales decreased by €0.4 million, or 2.5%, from €16.0 million for the year ended December 31, 2012 to €15.6 million for the year ended December 31, 2013. This decrease was primarily due to the implementation of an operational logistics improvement plan aimed at optimizing the use of our trucks in France and the improvement of tender procedures with third-party service providers as part of our ongoing operational improvement plan. It was partly offset by an increase in transportation costs resulting from an increase of our sales volume.

Variable sale expenses

Variable sale expenses decreased by €2.1 million, or 45.7%, from €4.6 million for the year ended December 31, 2012 to €2.5 million for the year ended December 31, 2013. This decrease was primarily due to a successful one-off renegotiation of our contracts with our sales agents, resulting in a reduction of commissions paid to our sales agents.

Materials consumption and change in inventory

Materials consumption and change in inventory decreased by €1.9 million, or 4.1%, from €46.6 million for the year ended December 31, 2012 to €44.7 million for the year ended December 31, 2013. This reduction was primarily due to a reduction in scrap costs due to continuous improvement in our production processes, resulting from the use of a better raw material mix in our furnaces, partly offset by an increase in raw material use, due to increased sales of type II pharmaceutical glass packaging products.

Production cost

Production cost increased by €1.9 million, or 1.9%, from €99.8 million for the year ended December 31, 2012 to €101.7 million for the year ended December 31, 2013. This increase was primarily due to an increase in line with, and due to, an increase in our activity and an energy cost increase (mainly relating to gas) and an annual ordinary course salary increase for our employees. This increase was partly offset by a reduction in the costs related to the sorting of our glass packaging products and a reduction in French social charges resulting from the entry into force of the French competitiveness and employment tax credit (“CICE”) on French social charges.

Production depreciation

Production depreciation increased by €1.1 million, or 4.3%, from €25.4 million for the year ended December 31, 2012 to €26.5 million for the year ended December 31, 2013. This increase was primarily due to significant investment programs implemented in 2012 in our pharmaceutical glass packaging segment, including the addition of a second furnace in our Mers-le-Bains manufacturing facility (capacity: 12,000 tonnes) which entered into service in 2012 and resulted in doubling the capacity of such manufacturing facility.

Other operating income/(expense)

Other operating expense increased by €2.2 million, or 22.9%, from a net expense of €9.6 million for the year ended December 31, 2012 to a net expense of €11.8 million for the year ended December 31, 2013. This increase was primarily due to positive one-off income in 2012 resulting from resales of platinum, sales of CO_2 allowances in 2012 at a higher level than usual, and the refurbishment of a furnace at our Sucy-en-Brie (France) manufacturing facility.

Gross operating profit

Gross operating profit increased by €4.1 million, or 7.1%, from €57.9 million for the year ended December 31, 2012 to €62.0 million for the year ended December 31, 2013. This increase was in line with, and primarily due to, our increase in sales and the successful implementation of an operational improvement plan resulting in lower scrap costs and costs related to the sorting of our glass packaging.

Sales, general and administrative expense

Sales, general and administrative expense increased by €0.9 million, or 4.3%, from €21.1 million for the year ended December 31, 2012 to €22.0 million for the year ended December 31, 2013. This increase was primarily due to an ordinary course annual salary increase for our employees, central supply chain expenses and other expenses.

Operating income from ordinary activities

Operating income from ordinary activities increased by €3.2 million, or 8.7%, from an income of €36.8 million for the year ended December 31, 2012 to an income of €40.0 million for the year ended December 31, 2013. This increase was primarily due to the factors outlined above.

EBITDA

EBITDA increased by €4.0 million, or 6.3%, from €63.4 million for the year ended December 31, 2012 to €67.4 million for the year ended December 31, 2013. This increase was primarily due to our increase in sales and the successful implementation of an operational improvement plan resulting in lower scrap costs and costs related to the sorting of our glass packaging.

Year ended December 31, 2012 compared with the year ended December 31, 2011

The table below sets forth certain line items from the income statement of our pharmaceutical glass packaging segment for the years ended December 31, 2011 and 2012.

	For the year ended December 31,			
(in € millions, except percentages)	**2011**	**2012**	**Increase/ (decrease)**	**Percent change (%)**
Revenue	**254.9**	**258.2**	**3.3**	**1.3%**
Other business income	1.1	1.7	0.6	54.5%
Total Revenue	**256.1**	**259.9**	**3.8**	**1.5%**
Transport related to sales	(15.6)	(16.0)	(0.4)	(2.6%)
Variable sale expenses	(2.6)	(4.6)	(2.0)	(76.9%)
Materials consumption and change in inventory	(48.9)	(46.6)	2.3	4.7%
Production cost	(95.3)	(99.8)	(4.5)	(4.7%)
Production depreciation	(19.9)	(25.4)	(5.5)	(27.6%)
Other operating income/(expense)	(10.6)	(9.6)	1.0	9.4%
Gross operating profit	**63.1**	**57.9**	**(5.2)**	**(8.2%)**
Sales, general and administrative expense	(22.6)	(21.1)	1.5	6.6%
Headquarters management fees	–	(0.0)	0.0	–
Operating income from ordinary activities	**40.5**	**36.8**	**(3.7)**	**(9.1%)**
EBITDA*	**61.7**	**63.4**	**1.7**	**2.8%**

* For a reconciliation of EBITDA to operating income from ordinary activities, see "*Selected combined financial information*."

Revenue

Revenue increased by €3.3 million, or 1.3%, from €254.9 million for the year ended December 31, 2011 to €258.2 million for the year ended December 31, 2012. This increase was primarily due to higher revenues from type I and, to a lesser extent, type II glass packaging products, partly offset by lower revenues from our trading and Chinese businesses.

The table below shows the split of revenue by type of pharmaceutical glass packaging products for the years ended December 31, 2011 and 2012.

(in € millions, except percentages)	For the year ended December 31, 2011	2012	Increase/ decrease	Percent change (%)
Type I	71.4	78.4	7.0	9.8%
Type II	64.7	67.7	3.0	4.6%
Type III	70.6	69.1	(1.5)	(2.1%)
Trading and Other*	48.2	43.0	(5.2)	(10.8%)
Revenue	**254.9**	**258.2**	3.3	1.3%

* "Trading and Other" primarily relates to the revenue from our trading business VGE and the revenue from the sale of non-pharmaceutical packaging products from our Zhanjiang manufacturing facility.

Revenue from type I pharmaceutical glass packaging products increased by €7.0 million, or 9.8%, from €71.4 million for the year ended December 31, 2011, to €78.4 million for the year ended December 31, 2012. This increase was primarily due to the entry into service of our second furnace at our Mers-les-Bains manufacturing facility, which allowed us to sell a higher volume of type I glass products, notably in the United States, the Middle East, North Africa and Asia Pacific. The strengthening of the U.S. dollar against the euro also contributed to an increase of our type I glass revenue, once converted into euro.

Revenue from type II pharmaceutical glass packaging products increased by €3.0 million, or 4.6 %, from €64.7 million for the year ended December 31, 2011, to €67.7 million for the year ended December 31, 2012. This increase was primarily due to the entry into service of our second furnace at our Sucy-en-Brie manufacturing facility, which allowed us to increase our production capacity.

Revenue from type III pharmaceutical glass packaging products decreased by €1.5 million, or 2.1%, from €70.6 million for the year ended December 31, 2011, to €69.1 million for the year ended December 31, 2012. This decrease was primarily due to a temporary decrease of our production capacity as a result of the refurbishment of our furnace at our Kipfenberg manufacturing facility and our strategy to focus our production capacity on type I and type II products.

Trading and Other revenue decreased by €5.2 million, or 10.8%, from €48.2 million for the year ended December 31, 2011, to €43.0 million for the year ended December 31, 2012. This decrease was primarily due to lower revenues from our trading business, VG Emballage, resulting from the economic slowdown in France, as well as lower sales by our Zhanjiang (China) manufacturing facility following our decision to transfer the production of high-margin, added-value perfumery packaging products to our European manufacturing facilities.

Other business income

Other business income increased by €0.6 million, or 54.5%, from €1.1 million for the year ended December 31, 2011 to €1.7 million for the year ended December 31, 2012.

Transport related to sales

Transport related to sales increased by €0.4 million, or 2.6%, from €15.6 million for the year ended December 31, 2011 to €16.0 million for the year ended December 31, 2012. This increase was primarily due to increased export sales of type I glass products resulting in higher transportation costs.

Variable sale expenses

Variable sale expenses increased by €2.0 million, or 76.9%, from €2.6 million for the year ended December 31, 2011 to €4.6 million for the year ended December 31, 2012. This increase was primarily due to increased type 1 glass sales in regions covered by sales agents, primarily in the Middle East, North Africa and Asia Pacific, resulting in higher commissions.

Materials consumption and change in inventory

Materials consumption and change in inventory decreased by €2.3 million, or 4.7%, from €48.9 million for the year ended December 31, 2011 to €46.6 million for the year ended December 31, 2012. This decrease was primarily due to a reduction of sales by our trading business, VG Emballage, resulting in a decrease in our raw material costs, and by lower scrap costs due to continuously improved production processes. This decrease was partly offset by an increase in raw material prices, notably soda ash and packaging materials.

Production cost

Production cost increased by €4.5 million, or 4.7%, from €95.3 million for the year ended December 31, 2011 to €99.8 million for the year ended December 31, 2012. This increase was primarily due to an ordinary course annual salary increase for our employees, an increase in our production of type I glass products, and additional energy and maintenance costs due to the new type 1 glass furnace in our Sucy-en-Brie manufacturing facility. This increase was partly offset by energy savings in our Sucy-en-Brie manufacturing facility (where two furnaces were replaced by a larger, more efficient furnace) and purchasing savings resulting from continuous ordinary course improvements in procurement processes and negotiations with our suppliers.

Production depreciation

Production depreciation increased by €5.5 million, or 27.6%, from €19.9 million for the year ended December 31, 2011 to €25.4 million for the year ended December 31, 2012. This increase was primarily due to significant investment programs implemented in 2012, notably with the refurbishment of our Sucy-en-Brie and Mers-les-Bains manufacturing facilities in 2011 and 2012, respectively.

Other operating income/(expense)

Other operating expense decreased by €1.0 million, or 9.4%, from a net expense of €10.6 million for the year ended December 31, 2011 to a net expense of €9.6 million for the year ended December 31, 2012. This decrease was primarily due to one-off income in 2012 from platinum resales, sales of CO_2 allowances at a level higher than usual and refurbishment in 2011 of a furnace at our Sucy-en-Brie (France) manufacturing facility.

Gross operating profit

Gross operating profit decreased by €5.2 million, or 8.2%, from €63.1 million for the year ended December 31, 2011 to €57.9 million for the year ended December 31, 2012. This decrease was primarily due to a €5.5 million larger depreciation charge resulting from significant investment programs implemented in 2012 and cost increases resulting from higher commissions to sales agents and an annual normal salary increase of our employees, and costs resulting from the new furnace in Mers-les-Bains (France). This decrease was partly offset by a favorable product mix generating a higher margin, favorable foreign exchange variations, lower scrap costs, and energy and purchasing savings.

Sales, general and administrative expense

Sales, general and administrative expense decreased by €1.5 million, or 6.6%, from €22.6 million for the year ended December 31, 2011 to €21.1 million for the year ended December 31, 2012. This decrease was primarily due to strict cost management in each of the countries in which we operate and a decrease in headcount at our headquarters.

Operating income from ordinary activities

Operating income from ordinary activities decreased by €3.7 million, or 9.1%, from an income of €40.5 million for the year ended December 31, 2011 to an income of 36.8 million for the year ended December 31, 2012. This decrease was primarily due to the factors outlined above.

EBITDA

EBITDA increased by €1.7 million, or 2.8%, from €61.7 million for the year ended December 31, 2011 to €63.4 million for the year ended December 31, 2012. This increase was primarily due to an improved product mix generating a higher margin, favorable foreign exchange variations, lower scrap costs, and energy and purchasing cost savings.

Results of operations of our Mers-les-Bains perfumery glass packaging segment

Year ended December 31, 2013 compared with the year ended December 31, 2012

The table below sets forth certain line items from the income statement of our Mers-les-Bains perfumery glass packaging segment for the years ended December 31, 2012 and 2013.

(in € millions, except percentages)	For the year ended December 31, 2012	For the year ended December 31, 2013	Increase/ (decrease)	Percent change (%)
Revenue	**142.5**	**152.8**	**10.3**	**7.2%**
Other business income	2.0	1.9	(0.1)	(5.0%)
Total Revenue	**144.5**	**154.7**	**10.2**	**7.1%**
Transport related to sales	(2.6)	(2.5)	0.1	3.8%
Variable sale expenses	(0.6)	(0.7)	(0.1)	(16.7%)
Materials consumption and change in inventory	(64.5)	(69.9)	(5.4)	(8.4%)
Production cost	(71.7)	(68.5)	3.2	4.5%
Production depreciation	(6.3)	(7.9)	(1.6)	(25.4%)
Other operating income/(expense)	(7.0)	(7.6)	(0.6)	(8.6%)
Gross operating profit	**(8.2)**	**(2.6)**	**5.6**	**68.3%**
Sales, general and administrative expense	(21.7)	(22.9)	(1.2)	(5.5%)
Headquarters management fees	10.5	11.0	0.5	4.8%
Operating income from ordinary activities	**(19.3)**	**(14.5)**	**4.8**	**24.9%**
EBITDA*	**(10.8)**	**(4.9)**	**5.9**	**54.6%**

* For a reconciliation of EBITDA to operating income from ordinary activities, see "*Selected combined financial information*."

Revenue

Revenue increased by €10.3 million, or 7.2%, from €142.5 million for the year ended December 31, 2012 to €152.8 million for the year ended December 31, 2013. This increase was primarily due to additional volumes sold due to the launch of a greater number of new products and to a major new customer contract and market share gains in Europe and the United States with leading fashion and perfumery brands. We believe that our relationships with key customers (including customers who had decreased or discontinued purchases from us) improved due to our renewed focus on quality and investments in our manufacturing facility in Mers-le-Bains, resulting in higher sales volumes.

EBITDA

EBITDA increased by €5.9 million, or 54.6%, from negative €10.8 million for the year ended December 31, 2012 to negative €4.9 million for the year ended December 31, 2013. This increase was primarily due to increased sales volumes resulting in higher revenues, as well as the positive impact of our industrial transformation plan, resulting in efficiency improvements and cost reductions in line with budget. We believe that these measures have been a key driver to the improvement of the EBITDA of our Mers-les-Bains perfumery glass packaging segment since 2011.

Year ended December 31, 2012 compared with the year ended December 31, 2011

The table below sets forth certain line items from the income statement of our Mers-les-Bains perfumery glass packaging segment for the years ended December 31, 2011 and 2012.

(in € millions, except percentages)	For the year ended December 31, 2011	2012	Increase/ (decrease)	Percent change (%)
Revenue	**142.9**	**142.5**	**(0.4)**	**(0.3%)**
Other business income	1.0	2.0	1.0	100.0%
Total Revenue	**143.9**	**144.5**	**0.6**	**0.4%**
Transport related to sales	(3.1)	(2.6)	0.5	16.1%
Variable sale expenses	(0.7)	(0.6)	0.1	14.3%
Materials consumption and change in inventory	(76.1)	(64.5)	11.6	15.2%
Production cost	(65.3)	(71.7)	(6.4)	(9.8%)
Production depreciation	(6.7)	(6.3)	0.4	6.0%
Other operating income/(expense)	(8.7)	(7.0)	1.7	19.5%
Gross operating profit	**(16.7)**	**(8.2)**	**8.5**	**50.9%**
Sales, general and administrative expense	(24.5)	(21.7)	2.8	11.4%
Headquarters management fees	5.0	10.5	5.5	110.0%
Operating income from ordinary activities	**(36.2)**	**(19.3)**	**16.9**	**46.7%**
EBITDA	**(27.5)**	**(10.8)**	**16.7**	**60.7%**

* For a reconciliation of EBITDA to operating income from ordinary activities, see "*Selected combined financial information*."

Revenue

Revenue was stable at €142.5 million for the year ended December 31, 2012, compared to €142.9 million for the year ended December 31, 2011.

EBITDA

EBITDA increased by €16.7 million, or 60.7%, from negative €27.5 million for the year ended December 31, 2011 to negative €10.8 million for the year ended December 31, 2012. This increase was primarily due to a decrease in raw materials costs resulting from our cost-saving program, and our decision to increase our inventories in order to ensure that we have sufficient quantities of finished products to satisfy the requirements of our customers, and have the opportunity to carry out more-thorough quality controls. Sales, general and administrative expenses decreased due to tighter controls on external costs and a reduction in headcount. Headquarters management fees charged to our perfumery glass packaging entities which will be disposed of pursuant to the Master Reorganization Agreement increased in 2012 after a full review of the rebilling contracts.

Liquidity and capital resources

Overview

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business, including working capital needs, debt service obligations, capital expenditures, operating losses, acquisitions, and contractual obligations and commitments. We manage our liquidity risk by monitoring our cash flows. Our principal sources of funds have been cash generated from our operating activities and short- and long-term borrowings.

Following the Issue Date, we expect that our principal sources of liquidity will be our existing cash and cash equivalents, cash generated from operations, possibly new leasing facilities, and our new €35 million Revolving Credit Facility, which will be available for drawing following completion of the Offering.

Our financial condition and liquidity have been, and are expected to continue to be, influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness, and the interest we are obligated to pay on such indebtedness, which affect our finance costs;

- our ability to continue to borrow funds from banks; and
- our level of acquisition activity.

Our cash requirements are expected to consist mainly of paying operating costs and working capital, funding capital expenditures, servicing indebtedness and paying taxes.

Pharmaceutical glass packaging segment

The following table presents a reconciliation of operating cash flow to EBITDA for our pharmaceutical glass packaging segment for the years ended December 31, 2011, 2012 and 2013:

	For the year ended December 31,		
(in € millions)	**2011**	**2012**	**2013**
EBITDA	**61.7**	**63.4**	**67.4**
Capital expenditure	(39.5)	(47.4)	(16.5)
Of which			
Maintenance capital expenditure(1)	*(25.5)*	*(37.4)*	*(16.5)*
Expansion capital expenditure(2)	*(14.0)*	*(10.0)*	–
Change in working capital	(6.8)	(3.7)	(1.0)
Operating cash flow before taxes	**15.4**	**12.4**	**49.9**

(1) Maintenance capital expenditure includes replacement investments and assets or other capital investments necessary to maintain production activities and other investments required by health, safety or environmental laws and regulations as well as investments in information technology, administration and distribution.

(2) Expansion capital expenditure includes rationalization, production capability for new products or quality improvements, activities to increase our capacity (including the construction of new manufacturing facilities and new product lines), material modernization of manufacturing facilities, acquisitions and post-acquisition capital expenditures, and investments made in existing manufacturing facilities for the purposes of capacity increases.

Operating cash flow before taxes

Operating cash flow before taxes increased by €37.5 million to €49.9 million for the year ended December 31, 2013 from €12.4 million for the year ended December 31, 2012. This increase was primarily due to a €30.9 million reduction in capital expenditures following the completion of two major furnace refurbishment projects, a €4.0 million EBITDA increase and a €2.7 million improvement in the change in working capital.

Operating cash flow before taxes decreased by €3.0 million, or 19.5%, to €12.4 million for the year ended December 31, 2012 from €15.4 million for the year ended December 31, 2011. This decrease was primarily due to a €7.9 million increase in capital expenditures, partly offset by a €1.7 million EBITDA increase and a €3.1 million improvement in the change in working capital.

Working capital requirements

Our working capital and trade working capital levels vary as a result of several factors, including the level of activity, the impact of raw material prices and sales prices, the variability of working capital related to production stoppages and maintenance works, changes in the payment terms of key suppliers and customers, foreign exchange rates, our decisions on holding inventories and the operating level of our business.

Historically, we have financed our working capital requirements out of available cash balances, cash earnings and active working capital management. To ensure that we have adequate liquidity for our working capital requirements, the Revolving Credit Facility will be available on the Issue Date. We believe that our operating cash flows, together with our cash reserves and the Revolving Credit Facility, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although we cannot assure you that this will be the case. Changes in working capital requirement have been limited over the periods under review.

We experienced a slight increase in working capital of €1.0 million for the year ended December 31, 2013.

We experienced a slight increase in working capital of €3.7 million for the year ended December 31, 2012. This increase was primarily due to higher activity.

We experienced an increase in working capital of €6.8 million for the year ended December 31, 2011. This increase was primarily due to an unusually high amount of receivables and a low amount of payables at the end of 2011.

Capital expenditures

Our capital expenditures are primarily related to projects to sustain our manufacturing operations and facilities, improve our cost base, enhance quality, expand our production capacity, and develop and manufacture new products. For example, our recent maintenance capital expenditures have included refurbishments at our manufacturing facilities in Mers-les-Bains and Sucy-en-Brie (France) to accommodate an increased use of natural gas as a cheaper energy source as well as to increase the flexibility of our furnaces regarding the type of energy source used going forward.

Following our acquisition by Oaktree, we have made significant capital expenditures (of which €103 million was spent between 2011 and 2013) aimed at renewing our manufacturing facilities and machinery and refurbished approximately 70% of our production capacity, which will increase the useful lives, and decrease the maintenance costs, of our furnaces in the coming years. Several projects have been undertaken including the refurbishment of one furnace in Sucy-en-Brie in 2011, one in Kipfenberg in 2012 and one at the Mers-les-Bains manufacturing facility.

We finance our maintenance and expansion capital expenditures primarily from cash flows from operations and, in certain cases, with credit facilities.

Our maintenance capital expenditures represented 10%, 14% and 6%, respectively, of revenue for the years ended December 31, 2011, 2012 and 2013. Overall, cumulated capital expenditures represented 10.2% of our revenue over the period. Our annual maintenance investments over 2011–2013 were higher than usual due to the refurbishment of over 70% of our capacity during that period. Given the high level of capital expenditures in the years ended December 31, 2011, 2012 and 2013, we believe our capital expenditures (excluding the capital expenditure for the construction of a new manufacturing facility for our type I glass packaging) in the coming years will be below the capital expenditure levels in 2011, 2012 and 2013. The new manufacturing facility which is being constructed for our type I pharmaceutical glass packaging will enable us to postpone two refurbishments of the Mers-les-Bain facility that would otherwise have occurred in 2016. The cost of the most recent refurbishment of these furnaces amounted to approximately €13 million.

We expect to make capital expenditures of €42 million for the year ended December 31, 2014, comprising €22 million in expansionary capital expenditures for the construction of a new manufacturing facility for our type I glass packaging in relation to the Demerger and €20 million in maintenance capital expenditures for the maintenance and operational enhancement of our manufacturing facilities.

Capital expenditures decreased by €30.9 million to €16.5 million (or 6.3% of revenue) for the year ended December 31, 2013, from €47.4 million (or 18.3% of revenue) for the year ended December 31, 2012, following two years of significant capital expenditures due to major refurbishments of our furnaces.

Capital expenditures increased by €7.9 million to €47.4 million (or 18.3% of revenue) for the year ended December 31, 2012, from €39.5 million (or 15.5% of revenue) for the year ended December 31, 2011, due to the implementation of capital expenditures in accordance with the capital expenditure plan that was approved in 2010.

Contractual obligations and commercial commitments

We are obligated to make further payments under various contracts, such as debt arrangements and lease arrangements, and under certain contingent obligations, such as debt guarantees.

Set forth below is a table that identifies certain of the contractual obligations of our pharmaceutical glass packaging segment as of December 31, 2013, after giving effect to the Master Reorganization Agreement and the Refinancing.

(in € millions)	Less than 1 year	1–5 years	More than 5 years	Total
Notes offered hereby	–	–	350.0	**350.0**
Operating leases	3.4	2.8	2.0	**8.2**
Finance leases	0.4	4.9	–	**5.3**
CICE/CIR facilities	3.5	–	–	**3.5**
Working capital facility	2.0	–	–	**2.0**
Factoring	12.8	–	–	**12.8**
Total	**22.1**	**7.7**	**352.0**	**381.8**

Mers-les-Bains perfumery glass packaging segment

The following table presents a reconciliation of operating cash flow to EBITDA for our Mers-les-Bains perfumery glass packaging segment for the years ended December 31, 2011, 2012 and 2013:

	For the year ended December 31,		
(in € millions)	**2011**	**2012**	**2013**
EBITDA	**(27.5)**	**(10.8)**	**(4.9)**
Capital expenditure	(16.5)	(10.7)	(11.6)
Of which			
Maintenance capital expenditure(1)	*(16.5)*	*(10.7)*	*(11.6)*
Expansion capital expenditure(2)	–	–	–
Change in working capital	22.4	(2.9)	(4.5)
Operating cash flow before taxes	**(21.5)**	**(24.5)**	**(21.1)**

(1) Maintenance capital expenditure includes replacement investments and assets or other capital investments necessary to maintain production activities and other investments required by health, safety or environmental laws and regulations as well as investments in information technology, administration and distribution.

(2) Expansion capital expenditure includes rationalization, production capability for new products or quality improvements, activities to increase our capacity (including the construction of new manufacturing facilities and new product lines), material modernization of manufacturing facilities, acquisitions and post-acquisition capital expenditures, and investments made in existing manufacturing facilities for the purposes of capacity increases.

Operating cash flow before taxes

Operating cash flow before taxes increased by €3.4 million, or 13.9%, to negative €21.1 million for the year ended December 31, 2013 from negative €24.5 million for the year ended December 31, 2012. This increase was primarily due to a €5.9 million EBITDA improvement, partly offset by a €1.6 million deterioration in the change in working capital and a €0.9 million increase in capital expenditures.

Operating cash flow before taxes decreased by €3.0 million, or 14.0%, to negative €24.5 million for the year ended December 31, 2012 from negative €21.5 million for the year ended December 31, 2011. This decrease was primarily due to a €25.3 million deterioration in the change in working capital, partly offset by a €16.7 million EBITDA increase and a €5.8 million decrease in capital expenditures.

Working capital requirements

We experienced an increase in working capital requirements of €4.5 million for the year ended December 31, 2013. This increase was driven by higher sales in the year ended December 31, 2013, resulting in a higher amount of receivables at the end of 2013, compared to 2012.

We experienced a slight increase in working capital requirements of €2.9 million for the year ended December 31, 2012 due to higher inventories.

We experienced a decrease in working capital requirements of €22.4 million for the year ended December 31, 2011. This increase was primarily due to a reduction in other working capital.

Capital expenditures

Our capital expenditures represented 12%, 8% and 8%, respectively, of our revenue for the years ended December 31, 2011, 2012 and 2013.

We expect to make capital expenditures of €13.5 million for the year ended December 31, 2014, of which €5.2 million will be on molds, €1.9 million on furnace refurbishments and €6.4 million on other maintenance costs.

Capital expenditures increased by €0.9 million to €11.6 million (or 7.6% of revenue) for the year ended December 31, 2013, from €10.7 million (or 7.5% of revenue) for the year ended December 31, 2012, due to the implementation of capital expenditures in accordance with the capital expenditure plan that was approved in 2010.

Capital expenditures decreased by €5.8 million to €10.7 million (or 7.5% of revenue) for the year ended December 31, 2012, from €16.5 million (or 11.5% of revenue) for the year ended December 31, 2011.

Contractual obligations and commercial commitments

We are obligated to make further payments under various contracts, such as debt arrangements and lease arrangements, and under certain contingent obligations, such as debt guarantees.

Set forth below is a table identifying certain of the contractual obligations of our Mers-les-Bains perfumery glass packaging segment as of December 31, 2013, after giving effect to the Master Reorganization Agreement.

(in € millions)	Less than 1 year	1–5 years	More than 5 years	Total
Operating leases	0.7	2.8	2.0	**5.5**
Finance leases	0.6	–	–	**0.6**
Factoring	15.8	–	–	**15.8**
Total	**17.1**	**2.8**	**2.0**	**21.9**

Other financial obligations: pension obligations

We operate both funded and unfunded defined benefit pension schemes for certain beneficiaries under arrangements that have been established in the various countries in which we offer employee pension benefits. As of December 31, 2013, we had total provisions for pensions and employee benefits of €20.0 million, including €17.0 million of provisions for pensions and similar benefits. The current value of the pension obligation at December 31, 2013 amounted to €17.5 million, of which 86% was unfunded. Our defined benefit obligations are based on certain actuarial assumptions that can vary by country, including discount rates, life expectancies and the rates of increases in compensation levels. See "—*Critical accounting policies and estimates*." To the extent that the funded plans are not fully funded, the difference has been provisioned for.

If actual results, especially discount rates or life expectancies, were to differ from our assumptions, our pension obligations could be higher than expected and we could be required to book remeasurements (gains or losses) of our pension obligations. Changes in any assumptions or the underperformance of plan assets could also adversely affect our financial condition. Differences between the discount rate and actual returns on plan assets can require us to book additional remeasurements. Any future declines in the value of plan assets or lower-than-expected returns may require us to make additional current cash payments to pension plans or non-cash charges to other comprehensive income.

Quantitative and qualitative disclosure about financial risk

In the ordinary course of business, we are exposed to a variety of financial risks. We monitor and manage these risks as an integral part of our overall risk management program, which recognizes the unpredictability of financial markets, and seek to reduce their potential adverse effects on our results of operations.

Foreign currency exchange rate risk

Our manufacturing facilities are located in France, Germany and China, and we sell our glass packaging products in over 80 countries. Our reported results of operations and financial condition are affected by exchange rate fluctuations. We prepare our financial results in euro. As a result, we must translate the assets, liabilities, revenue and expenses of all our operations with a functional currency other than euro into euro at the end of each reporting period, at then-applicable exchange rates. As a result, we are exposed to changes in foreign currency exchange rates.

When our subsidiaries execute transactions in a currency other than their functional currency a transactional risk is created. We also reevaluate our exchange rate exposure each month and enter into short-term swaps to reduce this exposure and manage our cash flows (mainly in order to finance our subsidiaries in their local functional currency, through inter-company current accounts). Our foreign exchange hedging activities aim to protect against the volatility associated with transaction exchange risk created in the normal course of business.

Energy and raw materials price risk

The costs of our raw materials and energy purchases have fluctuated significantly over time and may continue to fluctuate in the future. We estimate that over 30% of our sales includes price pass-through provisions for energy, currency or inflation fluctuations, where we can pass increased or decreased costs on to our customers. Where contracts do not provide for price pass-through provisions, we will seek to pass on cost increases to our customers during the renegotiation of our customer contracts, which typically occurs on an annual basis. Where we do not have fixed pricing, price pass-through provisions or an underlying contract, we are able to negotiate prices as orders are submitted, in which case we can seek to adjust pricing for cost changes. However, there is often a time lag between this cost increase or decrease and the time this increased or decreased, respectively, cost is passed on to our customers. To the extent we are successful in passing on price increases, we are able to maintain margins in volatile raw material and energy pricing environments. See "*—Key factors affecting the results of operations of our pharmaceutical glass packaging segment—Ability to control and pass on costs, particularly raw material and energy costs,*" particularly raw material and energy costs.

In addition, we seek to mitigate the risk in energy price fluctuations through a combination of fixed price or index-tracking procurement contracts and hedging. Our current energy hedging arrangements cover substantially all of our gas and oil requirements until December 31, 2014, half of our gas and oil requirements until December 31, 2015 and, in Germany, our electricity requirements until December 31, 2015, in each case at lower prices than pursuant to our hedging arrangements for 2013. We do not hedge electricity prices in France due to the regulation of energy prices. Nor do we hedge energy prices in China, due to the lack of available hedging. We have, however, locked in our energy prices in China in 2014 with our local energy suppliers below 2013 prices. See "*Business—Energy and raw materials—Energy.*"

Furthermore, we seek to mitigate the risk in raw material price fluctuations. For example, we opportunistically enter into multi-year purchase agreements for borax when we believe that we can secure favorable prices for specified future periods and reduce our exposure to near-term price fluctuations. In addition, we have recently improved our procurement strategy for our raw materials that are not sourced from local suppliers. See "*Business—Energy and raw materials—Raw materials.*"

Interest rate risk

We are exposed to interest rate risks due to our need to finance our operations as well as to utilize our available liquidity. Fluctuations in market interest rates may have a negative or a positive impact on our financial results by indirectly influencing the repayment of loans and investments. Following the Transactions, our indebtedness and other debt arrangements will be primarily comprised of the Notes and the Revolving Credit Facility. Drawings under our Revolving Credit Facility will expose us to interest rate risks relating to fluctuations in LIBOR and EURIBOR. Our Notes bear interest at a fixed rate. For fixed rate debt, interest rate changes affect the fair market value of such debt, but do not impact earnings or cash flow. We evaluate our exposure to changes in interest rates on a regular basis and may decide to manage the foregoing risks through financial derivatives. Notwithstanding our potential use of hedging instruments, unexpected changes in interest rates could have a material adverse effect on our business, results of operations and financial condition.

Liquidity risk

Liquidity risk (or funding risk) represents the risk that we may encounter difficulty procuring the funds necessary for honoring our commitments from operations in a timely and economical manner. Our cash flows, funding needs and liquidity are monitored and managed centrally under the control of the finance department, which has the objective of guaranteeing the effective and efficient management of financial resources. We believe that the funds and the credit facilities currently available, in addition to the liquidity that will be generated by operations and financing activities in the ordinary course of business, allow us to meet our needs with respect to investment activities, managing working capital and repaying debt on their scheduled maturity dates.

Credit and counterparty risk

We are generally exposed to credit risk in our investments and interest rate and foreign exchange hedging instruments, and in our customer receivables. The maximum exposure to credit risk is represented by the total carrying amount of our financial assets or the combined balance sheet value of our trade receivables. We consider that the concentration of credit risk associated with trade receivables is limited because of our large number of customers and the fact that our customers are spread across the world. No customer accounted for more than 6% of the revenue of our pharmaceutical glass packaging segment in the year ended December 31, 2013. We monitor our counterparty risk related to financial institutions by choosing financial institutions with a high credit rating.

Critical accounting policies and estimates

Our combined financial statements have been prepared in accordance with IFRS as adopted by the European Union. The preparation of these financial statements requires us to make various estimates and assumptions that affect the results we report. Such estimates or assumptions are based on our historical experience and currently available information, including expectations of future events that we believe are reasonable under the circumstances. Actual results may differ significantly from such estimates and assumptions in light of the uncertainty surrounding the conditions upon which they are based. The following are significant accounting policies determined on the basis of such estimates and assumptions for which changes during a financial period could involve a significant risk of material change in the carrying amount of assets and liabilities.

Deferred taxes

A deferred tax asset is recorded only if it is probable that we will have future taxable profits to which the corresponding timing difference can be charged. Deferred tax assets are reviewed on each balance sheet date and written down if there is a risk of non-recovery. The amount of deferred tax recognized in our accounts is determined for each of our tax entities. Deferred tax assets and liabilities are offset if the entity has a legal right to offset current tax assets and liabilities and if the deferred tax assets and liabilities are subject to taxes levied by the same tax authority. In 2011, 2012 and 2013, we chose to limit the amount of recognized deferred tax assets to the amount of deferred tax liabilities for France and China. On this basis, deferred tax assets on timing differences in China in the amount of €2 million were not recognized as of December 31, 2011 and were still not recognized as of December 31, 2013.

Employee benefits and other provisions

According to the laws and customers of the countries in which we operate, we participate in employee benefit plans under which employees and retirees are paid pensions, post-retirement medical assistance and post-employment benefits, including severance pay. For defined benefit plans, pension costs are calculated on the basis of actuarial valuations. These valuations rely on assumptions regarding the discount rate, the projected yield from plan assets, the rate of salary increases, staff turnover and mortality rates. Owing to the long-term nature of such plans, there is great uncertainty about these estimates.

Impairment of tangible and intangible assets

Certain of our assets, particularly those with uncertain lives, are not accounted for at cost less any amortization and impairment losses but, instead, undergo routine annual testing for impairment. Impairment testing involves comparing the book value of the asset or cash generating units (“CGU”) to its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use is obtained by adding the present value of the expected cash flows from using the asset (or CGU) and its ultimate disposal. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs directly related to the sale. When tests show that the recoverable amount is less than the net book value of the asset (or group of assets), then an impairment loss is recognized in profit or loss for the differential, allocated primarily to goodwill. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. If this happens, the book value of the asset is increased up to its recoverable amount. However, impairment losses related to goodwill are irreversible. Impairment losses, and conversely reversals of impairment losses, are recognized in profit or loss. Amortization may be adjusted so that the revised book value of the asset is allocated over the residual useful life. For instance, in 2013, we recognized a €51.9 million impairment loss on our Mers-les-Bains perfumery glass packaging manufacturing facility due to its activity and the losses generated by it, resulting from an external valuation prepared by independent financial advisors.

Industry

Our core markets

We offer a wide range of molded glass pharmaceutical packaging products that are manufactured at our four manufacturing facilities located in France, Germany and China (excluding our partnership with Cogent Glass Limited in India) and are sold in over 80 countries worldwide to customers in the pharmaceutical industry. Our glass packaging products are sold primarily in the Western European and North American markets, while our Chinese plant provides attractive exposure to the Asia Pacific market. We produce types I, II and III pharmaceutical glass packaging, with an emphasis on type I and type II glass, each of which is subject to various drivers and encompasses different therapeutical end-markets.

The pharmaceutical packaging market

Key growth drivers of overall demand for pharmaceutical packaging

Global demographic growth with longer life expectancies, the increasing trend toward universal-coverage health insurance, the strong increase in demand for pharmaceutical products in emerging markets, the rising detection of chronic diseases and the increasing prevalence of generic pharmaceuticals are expected to provide favorable global growth prospects for pharmaceutical packaging. In addition, a trend towards heightened product safety standards, notably in emerging markets, acts as a growth driver for the higher quality segments of the market for pharmaceutical packaging by promoting a shift from lower quality products to higher quality products.

Global population expansion coupled with longer life expectancies has enlarged the market for pharmaceutical packaging. In both mature and developing countries, the consumption of medication is expected to increase at a strong pace as the general population and, in particular, the segment of individuals over 65 years old, expands. In almost all developed and many developing countries, individuals who are 65 years and older account for a disproportionately high percentage of medical procedures, pharmaceutical consumption, and medical supply and medical device usage. These individuals are typically much more vulnerable to diseases and disorders than younger persons, and thus require a growing number and more diverse set of prescription and over-the-counter drugs, as well as medical devices. As a result, trends in the 65 years and older age group will represent a key force driving up global demand for pharmaceutical packaging products.

The increasing trend towards compulsory health insurance and universal coverage, notably in fast-growing markets such as China, Russia and India, is also a driver for expansion of the pharmaceutical industry. In China, the government launched a medical reform plan in 2009 to extend health insurance coverage to over 90% of the population by 2020. As global insurance coverage expands, the demand for pharmaceutical products will increase accordingly.

Economic growth and further development within Latin America, Asia Pacific and other emerging markets are expected to drive increasing demand for pharmaceutical packaging products. Strong pharmaceutical product growth in these markets is expected as a result of continued increases in disposable income, longer life expectancy, increased provision of health services and heightened customer awareness. Emerging markets accounted for approximately 20% of global pharmaceutical product market share in 2011 and are expected to reach 30% of global market share by 2016.

The rising rates in the detection of chronic diseases also results in expansion of the pharmaceutical industry in order to treat those diseases. Medical advances in the early detection of chronic diseases create greater opportunities for treatment and are expected to boost worldwide growth opportunities for pharmaceutical packaging going forward.

The increasing prevalence of generic pharmaceuticals is another key driver of growth, with global generic pharmaceutical spending expected to increase significantly over the next five years, particularly in emerging markets. In already developed markets, increased generic spending is expected to be driven by heightened generic competition due to high levels of patent expirations. By 2016, for 13 of the top 20 and seven of the top ten current leading medicines, patents are due to expire in one or more of the following developed economies: the United States, Japan, Germany, France, Canada, Italy, Spain, the United Kingdom and South Korea. We believe that the increasing prevalence of generic pharmaceuticals creates a positive impact on the pharmaceutical packaging market generally, because producers of generic pharmaceutical products typically utilize the same packaging as for branded products, without any differentiation in quality or pricing, and their affordability, compared to branded products, fosters incremental increases in sales, particularly in emerging markets.

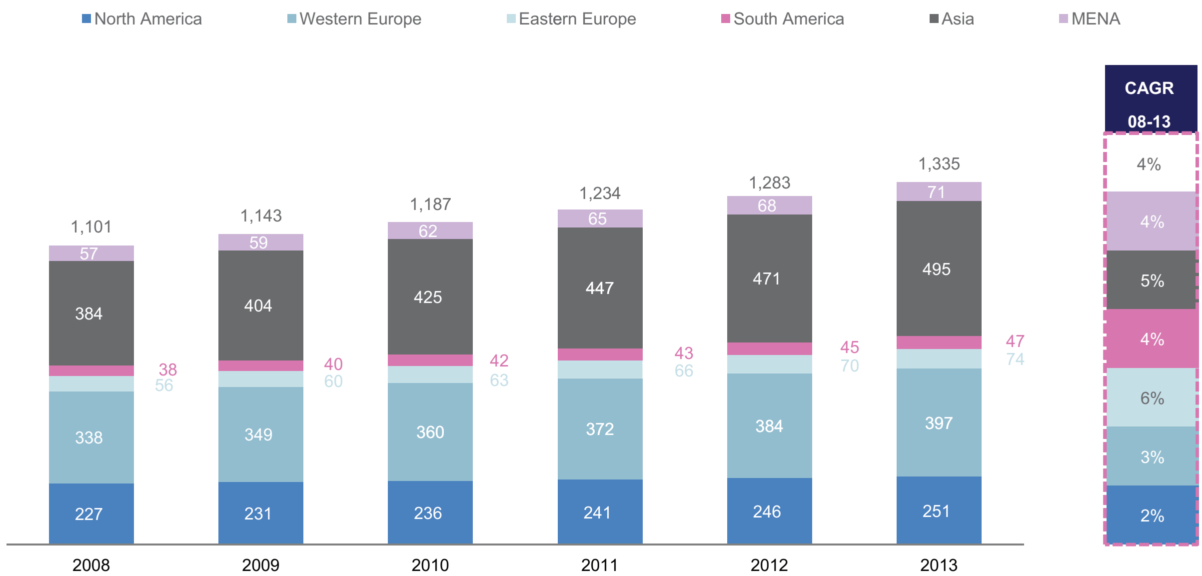
Market demand for higher quality pharmaceutical packaging is expected to also benefit from stricter global regulatory and industry standards involving the informational content, security and convenience features of packaging. Future changes in regulatory and industry standards are expected to seek improvements in areas such as the prevention of drug counterfeiting and diversion as well as the reduction of drug dispensing errors in hospital and retail pharmacies. These improvements are expected to lead to an increase in demand for the higher quality segments of the pharmaceutical packaging product market, by promoting a shift from lower quality products to higher quality products.

Overview of the glass pharmaceutical packaging sector

According to IMS Healthmarket Prognosis, the global pharmaceutical market accounted for approximately $787 billion in 2008. The market has proven to be resilient during the crisis, with continuous growth since 2008 leading to a market size of $959 billion in 2012, and an expected market size of $991 billion in 2013. Historically, the pharmaceutical molded glass packaging market closely followed the growth pattern of the pharmaceutical market. We estimate that global demand for the molded glass pharmaceutical packaging grew at a compound average rate of 4% per annum between 2009 and 2013.

The chart below presents the estimated value of the pharmaceutical molded glass packaging market, from 2008 to 2013, and the split thereof by geographic region.

(all figures in € millions, except percentages)



Sources: Freedonia 2011 and SGD estimates and analysis. For 2012 and 2013, data are based on projections made in 2011.

Across its various applications, the use of glass as opposed to alternative materials in the pharmaceutical packaging sector is mostly driven by regulatory requirements and superior physical properties, including strong barriers against external elements, enhanced chemical and moisture resistance, and processing and shatterproof qualities. Global demand for the glass pharmaceutical packaging segments that we address grew at an average rate of 5% per annum between 2007 and 2012. The glass pharmaceutical packaging market is segmented into the following three types of glass based on degree of chemical resistance, with type I and type II glass being the most sophisticated:

- *type I*: borosilicate glass, with a high degree of hydrolytic stability, used in the production of containers for parenteral, injectable and other preparations;
- *type II*: sodium-calcium glass that provides hydrolytic stability to the surface to which it is applied, used in the production of containers suited for acid and neutral preparations, both for parenteral and other use; and

- *type III*: soda-lime glass, with a low alkaline content and some hydrolytic resistance, which is suitable for non-aqueous or powder preparations for parenteral use, excluding freeze-dried medicines, and for non-parenteral preparations.

While we produce each type of glass used in the glass pharmaceutical packaging market, our focus is predominately on high-end type I and type II glass production. The degree of competition from suppliers with a lower cost of production varies among the three types of glass, and is usually higher for type III (least sophisticated) glass and lower for the type I (most sophisticated) glass, which has a high degree of chemical durability and the highest hydrolytic resistance. Differing competitive dynamics are largely explained by the fact that, globally, there are only four Asia-based low-cost producers with the capability of manufacturing type I glass products, and those producers mostly serve local markets with relatively low quality standards. Manufacturers of both branded and generic pharmaceuticals are constrained by regulatory and customer requirements to utilize high-quality and certified containers, making quality and regulatory requirements a significant barrier to entry into the glass pharmaceuticals packaging market for low-cost producers. It is in the interest of pharmaceutical companies to rely on the proven, high quality standards of their suppliers in order to limit costs linked to product recalls and liability claims from end-users. The price of packaging is, typically, relatively small compared to the price of the final pharmaceutical product, especially taking into account the cost of potential defects. For instance, type I glass packaging typically represents up to 3.0% of the end-product price, while type II glass packaging typically represents up to 5.0% of the end-product price.

The glass pharmaceutical packaging market can also be segmented into four main product categories: injectables (antibiotics, blood and blood-derivative products, physiological and glucosate solutions); infusions (total parenteral nutritional products and active drug products); syrups (pediatric antibiotics) and nasal products. Injectables and infusions are typically used in hospitals, whereas syrups and nasal products are typically sold as over-the-counter products.

Two materials are typically used to produce glass pharmaceutical packaging: molded and tubular glass. Tubular glass production is broken into two production steps: the production of the tubes using quartz sand and the conversion of the tubes to packaging products, such as tubular vials, ampoules and syringes. Molded glass is produced using molds that are owned by glass manufacturers and used to serve several pharmaceutical companies. Tubular glass is usually used for small pharmaceutical containers (such as tubular vials), while molded glass is typically used for containers with a capacity greater than 100ml. The applications for tubular glass (small vials for nasal and injectable applications) are mostly distinct from those covered by molded glass, meaning that the substitution risk from tubular to molded glass is low. All subsequent references to “glass” in this section of this Offering Memorandum refer specifically to molded glass.

Distribution and customers

Glass pharmaceutical packaging manufacturers can serve their end-customers either directly or through distributors. Typically, customers that purchase larger volumes are served directly, while smaller end-customers and fillers, requiring limited lot sizes, are served through distributors working as intermediaries that supply warehousing and logistics services.

Even though customer-specific innovation is limited in the pharmaceutical glass packaging market, and molds may be standardized and therefore used for several customers, switching barriers are still high. Barriers to switching in the pharmaceutical glass packaging market include, among others:

- *Regulatory barriers*: The qualification process for meeting pharmaceutical-quality standards is complex and can last for more than a year, requiring the achievement of the highly technical specifications required for pharmaceutical products, in-depth manufacturing audits from pharmaceutical companies, filing requirements from regulatory agencies and customer validation of product quality. Any change in the primary packaging of a certified drug would require the commencement of a new qualification process in order to obtain the required re-certification.

- *Technology barriers*: Glass packaging manufacturing is a complex process, requiring sophisticated equipment and a significant amount of staff training, skill, know-how and time to master its processes and limit execution risks. A deterioration in the standard of manufacturing processes may have a significant impact on the quality of glass that is ultimately produced. To guarantee that product specifications for customers are met, it is critical to manage and monitor complex quality controls during the manufacturing process. In particular, certain key stages of the manufacturing process require significant levels of expertise, such as defining mixtures of raw materials and managing their quality and stability; arranging the stable and coherent flow of glass in furnaces and feeders; designing molds adapted to product specifications and composition; securing the appropriate molding process at the hot-end, and providing a safe transition of the products from the hot-end to the cold-end.

- *Investment barriers*: Pharmaceutical glass packaging is an industry with high set-up costs and a lengthy commercial ramp-up phase, with capital requirements to build a new manufacturing facility of approximately €50 million, and with an approximate range of two to three years of operational losses during the ramp-up phase as regulatory approvals are gradually obtained.

Regulatory framework

Pharmaceutical products in the markets in which we operate are heavily regulated. The approval process for new drugs includes specification of their closures, labels, package inserts and accessories. The purpose of these controls is to ensure that the pharmaceutical packaging: (i) is chemically inert (i.e., it does not react with the drug); (ii) protects the drug from degradation through the drug's advertised shelf life; and (iii) is child- and tamper-proof. Future changes in regulatory standards are expected to seek improvements in areas such as the prevention of drug counterfeiting and diversion, and the reduction of drug dispensing errors in hospital and retail pharmacies, which will require pharmaceutical companies to upgrade their packaging product offerings to meet these new standards.

The regulatory standards in all the countries in which we sell our products require the withdrawal of a product from the market if there is a deficiency in the product's packaging. In order to meet the stringent regulatory environment surrounding the pharmaceutical industry and limit the potential for such deficiencies, drug producers tend to work closely with packaging specialists throughout the drug development process. Once a drug has received the required approval, it is costly and time consuming to certify a different packaging. In addition, pharmaceutical companies are obligated to validate their suppliers for the quality of primary packaging.

Market segments

Type I glass

One of our three key product types is type I glass. Type I flint and amber glass, which is glass of the highest grade and margin, is made from a chemically neutral borosilicate glass called Asolvex©, developed by us, which possesses a high hydrolytic resistance against acids and alkalis due to its chemical composition. Asolvex© glass packaging products offer excellent resistance to thermal shocks, and can be sterilized before or after filling. Type I flint and amber glass is suitable for injectables, diagnostics and other products that require highly stable packaging. For further information on product types and uses, see "*Business—Our products.*"

Market trends

The type I glass market is highly concentrated, with three manufacturers representing approximately 80% of supply for regions with stringent requirements on product quality, such as North America or Western Europe. Market demand growth for type I glass slightly exceeds growth for types II and III glass, benefiting from various trends. Global market growth for type I glass, of four to five percent (per annum, on average) for the period from 2009 to 2013 was driven mainly by growth in the use of underlying therapeutics (e.g., blood-related disorders), for which type I glass packaging products are especially suited. Our addressable type I glass market is also an undersupplied market, with global capacity levels approximately 5% below global demand between 2010 and 2013 (excluding capacity from Asian manufacturers dedicated to local markets). The supply gap in type I glass is expected to persist as known capacity additions are not expected to outpace market growth. Based on our internal estimates, we believe that we are a leading global producer of type I pharmaceutical glass packaging products, with an estimated 30% market share in 2013, primarily serving the Western European and North American markets. In addition, economic developments and improving access to healthcare in emerging markets increases the demand for high-value pharmaceutical products typically packaged using type I glass (type I glass currently has a low penetration rate in emerging markets). Furthermore, we believe that type I glass packaging is positively perceived in North America, where a large proportion of new pharmaceutical products are developed.

Demand by region

For the year ended December 31, 2013, 54% of the type I glass sales of our pharmaceutical glass packaging operations were to Western Europe, 27% were to North America, 11% were to Asia Pacific, 4% were to Eastern Europe, 4% were to the Middle East and 1% were to South America. Our superior product quality, know-how and competitiveness enable us to export our type I glass products from France, with 91% of our type I glass products exported in 2013. Global demand for type I glass pharmaceutical packaging is highly concentrated in Western Europe and North America. This is primarily due to the fact that the pharmaceutical products for which type I glass packaging is used are typically expensive and tend to be sold more frequently in developed economies, rather than in emerging markets. In addition, regulatory requirements for pharmaceutical products tend to be at their highest in developed economies, thereby creating a demand for sophisticated, high quality type I glass packaging products. For example, in the United States the Food and Drug Administration recommends the use of type I glass packaging products for injectables.

Producers

Type I glass is a concentrated market, with us, Gerresheimer and Rocco Bormioli representing approximately 30%, 32% and 16%, respectively, of the global supply for our addressable market in 2013. With respect to our addressable market, Gerresheimer has a strong focus on North America whereas Rocco Bormioli is focused on Western Europe, the Middle East and Asia Pacific. We enjoy strong positions in Western Europe and North America, and believe we have stronger penetration than Gerresheimer and Rocco Bormioli in all the other markets in which we operate. Other Asian type I glass manufacturers, which compete with us in our addressable markets, typically dedicate the majority of their production capacity to local, less regulated markets for which lower quality packaging products are required.

The production concentration among us, Gerresheimer and Rocco Bormioli is mostly due to the high barriers to entry to the market, largely created by the level of sophistication and complexity of type I glass and related production techniques that require significant technical expertise. This has contributed in part to the type I glass market being undersupplied, with global capacity levels approximately 5% below global demand between 2010 and 2013 (excluding capacity from Asian manufacturers dedicated to local markets).

Type II glass

Our second key product type is type II glass. Type II flint and amber glass is differentiated from type III glass through an internal surface treatment to reduce ion exchange and create a high hydrolytic resistance to acids. Type II glass packaging is more sophisticated and complex than type III glass packaging. Type II flint and amber glass is suitable for packaging acidic and pH-neutral pharmaceutical products, and is also suitable for injectables. Our type II glass addressable market includes most type II pharmaceutical glass packaging products, except for specific segments in emerging markets which are served by low-priced products (such as certain nutritional products in China). For further information on product types and uses, see "*Business—Our products.*"

Market trends

Global market growth for type II glass, of three to four percent (per annum, on average) for the period from 2009 to 2013, is driven mainly by growth in underlying therapeutics, economic development and improving access to healthcare in emerging markets (where type II glass penetration is already relatively high). Global market growth for type II glass is, however, at a marginally lower rate than that for type I glass, primarily due to the fact that therapeutic applications for which type II glass is used are growing at a slightly lower rate than therapeutic applications for which type I glass is used, together with the fact that the penetration of type II glass in emerging markets is more extensive than that for type I glass, leaving less scope for growth. In addition, in certain emerging markets such as Asia Pacific, a portion of the type II glass market growth is captured by type I glass or alternative packaging materials. We believe that we are the leading global producer of molded type II glass for our addressable market, with an estimated 10% market share in 2013, and an estimated 55% market share for Western Europe infusions, which is our core market for type II glass and represents 70% of our Western Europe sales. The type II glass market is more fragmented than the type I glass market, due to the participation of local competitors in emerging markets, which generally do not have the technical expertise to manufacture type I glass products. However, there are barriers to entry in Western Europe and North America, primarily prohibitive transportation costs compared to the value of the end-product, restricting entry from producers in emerging markets.

Demand by region

For the year ended December 31, 2013, 71% of the type II glass sales of our pharmaceutical glass packaging operations were to Western Europe, 3% were to North America, 15% were to Asia Pacific, 3% were to Eastern Europe, 7% were to the Middle East and 1% were to South America. We estimate that, with respect to the global market for type II glass pharmaceutical packaging, Asia Pacific represents between 40% and 50%, and Western Europe and North America represent around 35%. Our type II glass sales are concentrated in Europe, close to our manufacturing facilities, because competitive pressure is more intense in emerging markets, with numerous local competitors benefiting from low labor costs and, compared to type I glass, a lower requirement for technical expertise. Through our Chinese manufacturing facility, we have been able to significantly grow our type II sales in the Asia Pacific market in recent years. While our overall type II market share in Asia Pacific remains limited, we have built strong positions in specific niches, such as high-end infusion products, and by serving high-end international customers with local manufacturing capabilities. For further information on regional demand for type II glass, see "*Business—Our markets*."

Producers

Global supply for our type II glass addressable market is relatively fragmented across approximately 20 manufacturers. However, a significant portion of that supply is dedicated to local demand in emerging markets, which we do not address, because products are less regulated, of lower quality and sold at lower prices. The Western Europe type II infusions segment, which represents our core type II glass market segment, is conversely protected from emerging market producers by prohibitive transport costs and is therefore served by a limited number of local producers. We represent, along with Rocco Bormioli and Gerresheimer, 88% of the supply for the Western European infusion type II glass market.

Type III glass

Type III flint and amber glass is made from soda-lime glass, which possesses average hydrolytic resistance, and is suitable for packaging non-aqueous or powder preparations. Type III flint and amber glass is suitable for medication taken orally, such as syrups, tablets and powders. For further information on product types and uses, see "*Business—Our products.*"

Market trends

Global market growth for type III glass, of three to four percent (per annum, on average) for the period from 2009 to 2013, is driven primarily by packaging needs for basic pharmaceutical products that require average hydrolytic resistance to acids. The market for type III glass is characterized by relatively basic regulatory requirements compared to types I and II glass, particularly in certain emerging markets, given the lower sensitivity of the pharmaceutical products for which type III glass packaging is typically used. Where regulatory requirements become more stringent, there is likely to be movement towards the use of types I and II glass, and higher quality type III glass. We estimate that we hold the leading position in Western Europe for type III pharmaceutical glass packaging, our core market (representing 64% of our type III glass sales), with an estimated 33% market share in 2013. The type III glass market is more fragmented than the types I and II glass markets, due to the participation of local competitors in emerging markets that generally do not have the technical expertise to manufacture type I or type II glass packaging. However, as for type II glass, there are barriers to entry in Western Europe, primarily prohibitive transportation costs compared to the value of the end-product, restricting entry from producers in emerging markets.

Demand by region

For the year ended December 31, 2013, 64% of the type III glass sales of our pharmaceutical glass packaging operations were to Western Europe, 7% were to North and Central America, 10% were to Asia Pacific, 6% were to Eastern Europe, 12% were to the Middle East and 1% were to South America. We estimate that, with respect to the global market for type III glass pharmaceutical packaging, Asia Pacific represents between 40% and 50%, and Western Europe and North America represent around 35%. Our type III glass sales are concentrated in Europe, as competitive pressure is more intense in emerging markets, with numerous local competitors benefiting from low labor costs and, compared to type I glass, a lower requirement for technical expertise. As with type II glass, we have been able to significantly grow our type III glass sales in the Asia Pacific market in recent years through our Chinese manufacturing facility. While our overall type III glass market share in Asia Pacific remains limited, we have built strong positions in specific niches, such as medicated oil, where we can differentiate ourselves from local competitors on the basis of quality. For further information on regional demand for type III glass, see "*Business—Our markets*."

Producers

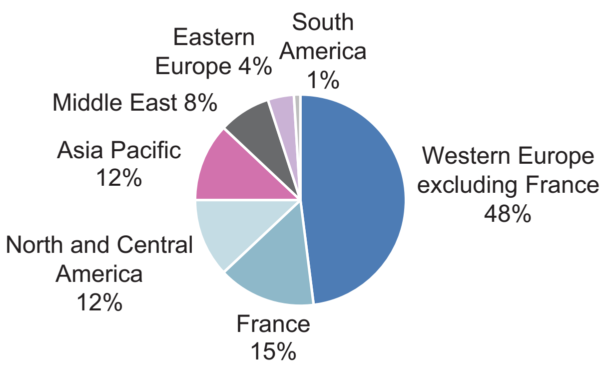
Global supply for our type III glass addressable market is relatively fragmented across approximately 20 manufacturers. However, a significant proportion of that supply is dedicated to local demand in emerging markets, which we do not address because products are less regulated, of lower quality and sold at lower prices. The Western Europe type III glass products segment, which is our core type III glass market, is conversely protected from emerging market producers by prohibitive transport costs and served by a limited number of local producers. We represent, along with Rocco Bormioli and Gerresheimer, 77% of the supply for the Western Europe type III glass market.

Business

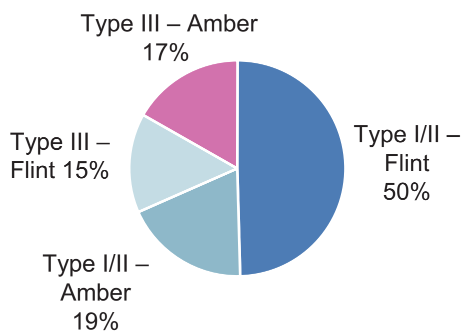
Overview

We are the leading global producer of molded glass packaging for the pharmaceutical industry. We design, manufacture and distribute a wide variety of molded pharmaceutical glass packaging, covering a full range of types I, II and III flint and amber glass packaging used in the pharmaceutical industry. We sell our products in over 80 countries to over 600 customers, including leading international blue-chip pharmaceutical companies. Between 2010 and 2013, we sold over 2 billion pharmaceutical glass vials per year. Our diverse customer base is located in both mature and stable markets such as Western Europe and North America and faster-growing, emerging markets such as Brazil, Russia, India and China. We believe we are well positioned to take advantage of anticipated growth in these emerging markets due to our manufacturing facilities in France, Germany and China and a global sales and distribution network. As of December 31, 2013 we had 1,533 employees (excluding temporary workers). The following charts present the sales of our pharmaceutical glass packaging operations by region and glass type for the year ended December 31, 2013 (by revenue).

Sales by region



Sales by glass type



We primarily sell pharmaceutical glass packaging. For the year ended December 31, 2013, 35% of the revenue of our pharmaceutical glass packaging operations was generated from the sale of sophisticated type I glass packaging, 33% from the sale of sophisticated type II glass packaging and 31% from the sale of type III glass packaging. Our products include glass packaging for droppers, infusions, syrups, tablets, injectables and aerosols, which cover a wide variety of medical fields and therapeutic applications, such as oncology, diagnostics, infections, nervous system and respiratory disorders, and blood-related diseases. This broad offering allows us to provide comprehensive product solutions and serves as a “one-stop shop” for our customers, thereby increasing our customer retention. At the same time, it provides us with exposure to diversified therapeutic end-markets in the pharmaceutical industry, each with different growth drivers.

Our stable and diversified customer base comprises over 600 customers globally and includes leading international blue-chip pharmaceutical companies and large national and regional pharmaceutical companies. We have developed strong long-term relationships over ten years with seven of the ten largest pharmaceutical companies in the world, thereby generating recurring revenues. The comprehensive and time-consuming validation of our manufacturing facilities and production processes by our customers further promotes such long-term and stable customer relationships.

Our focus on producing high quality packaging, together with what we believe to be our superior process controls and manufacturing capabilities, enable us to meet the stringent regulatory and technical requirements of the pharmaceutical industry and provide us with a competitive advantage. In addition, our research and development activities help to maintain our position at the forefront of pharmaceutical glass manufacturing technology and are a significant factor in the success of our product offerings which differentiate us from our competitors. These factors have enabled us to consistently deliver industry-leading margins in the pharmaceutical glass packaging market.

For the year ended December 31, 2013, our pharmaceutical glass packaging segment generated Total Revenue and EBITDA of €264.8 million and €67.4 million, respectively. The Total Revenue and EBITDA of our pharmaceutical glass packaging segment increased between 2009 and 2013 at a CAGR of 3.2% and 8.8%, respectively. Since our acquisition by Oaktree in 2010, we have made material capital expenditures in our pharmaceutical glass packaging segment (of which €103 million was spent between 2011 and 2013), enabling us to modernize our manufacturing equipment and increase our production capacity and have implemented an operational improvement plan, which together have increased the EBITDA margin of our pharmaceutical glass packaging segment from approximately 20.6% in 2009 to 25.5% in 2013.

Our strengths

Global leader in the resilient, growth-oriented pharmaceutical glass packaging market

We are a leading global producer of glass packaging for the pharmaceutical industry. Based on our internal estimates, we believe that we are a leading global producer of type I pharmaceutical glass packaging, with an estimated 30% market share in 2013, serving primarily the Western European and North American markets. Type I pharmaceutical glass is a concentrated market, in which we and two competitors represent approximately 80% of the supply for our addressable markets, such as North America or Western Europe, in 2013. We believe that we are the leading producer of type II pharmaceutical glass packaging in our addressable markets, having an estimated 10% global market share in 2013. In addition, in 2013 we had an estimated 55% market share for infusions in Western Europe (infusions represent our core market for type II glass and constitute over 70% of our Western Europe sales). Based on internal estimates, we hold the leading position in Western Europe for type III pharmaceutical glass packaging, also our core market, with an estimated 33% market share in 2013. We focus our type III pharmaceutical glass sales on Europe since type III pharmaceutical glass markets are local markets, contrary to the type I pharmaceutical glass packaging markets.

The pharmaceutical market is characterized by a mix of large, resilient and stable markets in developed countries as well as rapidly growing markets in emerging countries. Purchases of pharmaceutical products have been resilient through various economic cycles in both the developed markets and the emerging markets, because consumers continue to purchase such products regardless of economic conditions since they generally constitute non-discretionary spending. Global demographic growth with longer life expectancies, the increasing trend toward universal-coverage health insurance, the strong increase in demand for pharmaceutical products in emerging markets, the rising detection rates of chronic diseases and the increasing prevalence of generic pharmaceuticals are expected to provide favorable global growth prospects for pharmaceutical packaging. Based on our internal estimates, global market growth for pharmaceutical glass packaging amounted to about 4% (per annum, on average) for the period from 2009 to 2013. See "*Industry*." We believe that our scale and geographic diversification allow us to benefit from our solid relationships with our customers in their historical markets as they expand into these higher growth markets, since our customers increasingly require glass packaging suppliers to deliver consistently high quality products across multiple regions. This in turn allows us to effectively exploit growth opportunities resulting from expected positive fundamental growth in the pharmaceutical industry.

Significant barriers to entry and relatively limited substitution risk

We operate in an industry that has significant barriers to entry which largely prevent new competitors from entering the markets we serve, including regulatory barriers, technology barriers and investment barriers. Due to the regulatory requirements to which our customers are subject, a primary barrier to entry is the very high level of quality and technical requirements imposed by our customers upon their suppliers. The validation of products from new suppliers is often a very long, resource-consuming and expensive process that can take one or more years. Moreover, the risks and liabilities faced by our customers as a result of quality issues with products that are frequently introduced into the bloodstream or consumed orally by humans cause them to be very conservative in switching to new and untested suppliers. Additionally, our customers have moderate economic incentives to switch packaging suppliers because packaging generally comprises a small percentage of the total cost of a pharmaceutical product (between 0.1% and 5%) and due to high switching costs, packaging is not changed during the life cycle of a pharmaceutical product. A second barrier to entry is the significant investment in new manufacturing facilities with heavy fixed and upfront costs and a long commercial ramp-up phase during which significant losses are incurred, without any guarantee of receiving timely regulatory approval, or regulatory approval at all, of the new manufacturing facility. A third barrier to entry consists of the required superior quality, technical competence and expertise required for the production of high quality glass packaging, which we have developed over the last five decades. These factors have generally proven to be significant barriers and in the last two decades there have been no major new entrants into our markets despite their attractiveness. Furthermore, our long-standing relationships with our key customers and our record of leadership in the pharmaceutical glass packaging industry for almost a century have protected us from major competitive pressures.

We believe that pharmaceutical glass packaging, compared to other types of glass packaging, faces a low substitution risk from plastics and other alternative materials, due largely to the technical limitations of such alternatives. In particular, packaging for sensitive pharmaceutical products requires a high level of stability and resistance to temperature and humidity changes. Glass, particularly type I and type II glass, has been shown to have such properties which plastics lack. While there has been some substitution of glass by plastics in the past, where the compatibility of plastics does not raise an issue, we believe that the risk of further substitution is limited in our addressable markets. We believe that the risk of further substitution is limited in our addressable markets. Recently there has been increased pressure against plastic packaging from regulatory and consumer bodies and a growing focus on the shelf life of products, especially in areas with sharp climate fluctuations. This has resulted in several recent examples of "reverse-substitution" from plastic to glass, as in the case of baby bottles where plastic use has been banned in several countries as a result of the presence of bisphenol A, which is considered harmful to young children. In February 2014 the Indian government also banned the use of plastic packaging for liquid oral formulations intended for pediatric or geriatric use, or for use by women of child-bearing age, citing safety concerns with the interaction between plastic packaging and their pharmaceutical contents. Furthermore, regulatory constraints often restrict customers from substituting the packaging material of their products and high switching costs typically mean packaging is not changed during the life cycle of a pharmaceutical product.

Broad product offering with proven technical and innovation capabilities and well-invested, advanced manufacturing facilities

We believe that we have the broadest product offering in our industry, comprising amber and flint glass packaging, and ranging from highly sophisticated types I and II glass packaging to type III glass packaging. Our product offering comprises glass packaging for injectables, syrups, nasal products and infusions, each with several different end-market therapeutic applications. Additionally, we offer ancillary products and services, such as personalization of our glass packaging. This broad product portfolio allows us to provide comprehensive product solutions, cooperate closely with our customers and serve as a "one-stop shop" for our customers, enabling us to achieve higher margins and further increase our customer retention. At the same time, it provides us with exposure to diversified therapeutic end-markets in the pharmaceutical industry, each with different growth drivers. Our manufacturing facilities in France, Germany and China and our global sales and distribution network enable us to follow our key multinational customers into new geographic regions as they look for proven and familiar suppliers, and thereby provide us with the benefits of geographical diversification.

Our business possesses the advanced technological know-how and expertise in complex production techniques necessary to meet the quality requirements of the highly regulated pharmaceutical industry. We seek to constantly improve the quality of our glass packaging and processes through focused investments in new technology and improved production techniques. As a result of our research and development efforts at our centralized research and development center at our Mers-les-Bains manufacturing facility, such as improving internal coatings and optimizing the raw material mix, we have been able to remain at the forefront of pharmaceutical glass manufacturing technology. Furthermore, we believe that we are one of only three Western European pharmaceutical glass manufacturers that currently produce type I glass, the most sophisticated and highest-margin type of glass packaging. Since type I glass represented 35% of the revenue of our pharmaceutical glass packaging operations in 2013, we derive a significant portion of our profitability from type I glass packaging.

We believe that our manufacturing facilities are among the most technologically advanced in the pharmaceutical glass packaging industry worldwide, with our manufacturing facility in Kipfenberg (Germany) being recognized as one of the highest-performing type II pharmaceutical glass manufacturing facilities worldwide. Our manufacturing standards undergo continuous improvement at each of our manufacturing facilities. We aim to provide a consistent level of quality and productivity worldwide while lowering costs. For instance, following our acquisition by Oaktree, we have made significant capital expenditures in our pharmaceutical glass packaging segment aimed at renewing our manufacturing facilities and machinery (of which €103 million was spent between 2011 and 2013) and refurbished approximately 70% of our production capacity, which will increase the useful lives, and decrease the refurbishment costs, of our furnaces in the coming years. Each of our manufacturing facilities has a "clean room," and each manufacturing facility has been awarded several quality certifications and obtained a Drug Master File registration, enabling it to export pharmaceutical packaging to the highly regulated North American markets. As part of the Demerger, by the end of 2015 we intend to migrate our type I pharmaceutical glass packaging manufacturing from the Mers-les-Bains site to a new state-of-the-art production site which will comprise two furnaces and four production lines. The cutting-edge technology that we expect to install in this new manufacturing facility will further differentiate us as a superior manufacturer of type I glass worldwide.

Solid, blue-chip customer base with long-standing customer relationships

We have over 600 customers and maintain strong, stable and long-standing relationships with many of them, including several leading international blue-chip pharmaceutical companies. We have built our relationships with our customers based on producing high quality products, maintaining superior quality control processes, manufacturing capabilities and customer service, and cooperating closely with our customers to develop new products. We have developed strong long-term relationships over the last ten years with seven of the ten largest pharmaceutical companies in the world. Seven of our ten main customers in 2013 formed part of our ten main customers in 2005, evidencing our long-term relationships with our customers.

We also regularly monitor the satisfaction of our customers, which is above industry average. For instance, according to a third-party survey conducted in 2013 by INIT, 92% of our customers were satisfied with us as a supplier (compared to 85% in 2008). In addition, 92% of our customers expressed their expectation that their purchases from us would grow or remain stable. The low overall cost of our glass packaging in comparison to the end-product price when balanced against the negative consequences of using an unproven packaging alternative, the high switching costs and time-consuming switching process and the long lifespan of our products (averaging more than 20 years) are strong restraints for our customers to switch suppliers and promote long-term customer relationships. As a result, over the years we have built up a stable and broadly diversified customer base with a well-balanced geographical distribution.

Demonstrated track record of growth and profitability with strong cash-flow generation potential

During the most recent economic downturn, purchases of pharmaceutical glass packaging remained at pre-recession levels in many of the markets in which we operate primarily because most pharmaceutical products constitute non-discretionary spending. Therefore, and in spite of the global economic downturn, the Total Revenue and EBITDA of our pharmaceutical glass packaging segment increased between 2009 and 2013 at a CAGR of 3.2% and 8.8%, respectively. We have also demonstrated our ability to increase EBITDA margins through such periods of macroeconomic volatility, with the EBITDA margin of our pharmaceutical glass packaging segment amounting to 25.5% in 2013, compared to an EBITDA margin of approximately 20.6% in 2009. Our focus on types I and II pharmaceutical glass packaging, which benefit from high margins and significant barriers to entry, helps us to attain such a strong overall EBITDA margin.

In addition, we benefit from a recurring revenue flow, with seven of our ten main customers in 2013 having also been part of our ten main customers in 2005. Several of these customers have signed customer agreements for terms of one to five years and these agreements allow us to achieve price increases in line with certain changes in our cost base, which helps provide stable cash flows. We have historically been able to generate strong cash flow from operating activities due to increasing revenue streams and EBITDA margins. Since our acquisition by Oaktree in the midst of the economic downturn, our EBITDA has continuously increased due to sales growth, the competitive sourcing of raw materials, significant productivity efforts, product mix improvement and by increasing our production capacity for higher-margin types I and II pharmaceutical glass packaging rather than type III pharmaceutical glass packaging. This EBITDA growth has enabled us to fund significant capital expenditures in our pharmaceutical glass packaging segment since our acquisition by Oaktree (of which €103 million was spent between 2011 and 2013), resulting in modernized manufacturing equipment and increased production capacity. Overall, we spent €256 million on capital expenditures in the pharmaceutical glass packaging segment and the perfumery glass packaging operations (in aggregate) between 2010 and 2013, of which €103 million was spent between 2011 and 2013 in our pharmaceutical glass packaging segment. We also benefit from significant tax losses carried forward, which amounted to €375.6 million for the Combined Business as of December 31, 2013. We expect such losses to remain with the pharmaceutical glass packaging operations following the Demerger.

Experienced and dedicated management team with strong support from Oaktree

Our experienced and dedicated management team, strengthened since our acquisition by Oaktree, is led by our CEO, Ashok Sudan, who joined us in 2010 and has 37 years of experience in the packaging industry. Mr. Sudan served as executive vice-president and managing director of the largest division of Graham Packaging (with global sales of over U.S.$1.5 billion), prior to joining the Group. Mr. Sudan led the Group after its acquisition by Oaktree and has successfully managed the significant capital investment program, the implementation of operational improvements and the strategic growth of the business. Mr. Sudan is supported by other members of our management holding key financial roles (such as our corporate controller, treasurer, finance director and purchase director). Our management has significant industry experience and has been appointed by Oaktree. Under the leadership of our newly strengthened management team, we have completed our operational improvement plan, refined and improved our product offerings, product mix and manufacturing processes, further enhanced our profitability and strategically positioned the Group for continued profitable growth. The support and investment experience of Oaktree supplement the leadership and knowledge of our management team. From 2009 to 2013, the EBITDA margin of our pharmaceutical glass packaging segment improved from approximately 20.6% in 2009 to 25.5% in 2013, evidencing the ability of our management team to enhance financial performance.

Our strategies

Maintain and improve our status as a preferred supplier to leading global pharmaceutical companies by continually upgrading quality systems, equipment and technology

We intend to maintain and improve our status as a preferred supplier to leading global pharmaceutical companies by continually upgrading our quality systems, equipment and technology. As part of the Demerger, we expect to migrate our type I pharmaceutical glass packaging production from the Mers-les-Bains manufacturing facility to a new state-of-the-art manufacturing facility which is currently under construction and which is expected to be operational in the second half of 2015. This new manufacturing facility will comprise two furnaces and four production lines and will be entirely dedicated to the production of type I pharmaceutical glass packaging. In addition, the new manufacturing facility will have improved line capacity, lead times, infrastructure, machinery and equipment, and reduced energy consumption levels.

Capitalize on attractive growth in the pharmaceutical glass packaging industry, especially type I and type II glass

We intend to further capitalize on the attractive growth prospects in the pharmaceutical glass packaging industry. For type I glass, we aim to further grow in developed markets (particularly in North America) and the emerging markets. The type I glass market is particularly attractive due to its structural global undersupply, with global capacity levels approximately 5% below global demand between 2010 and 2013 in our addressable market, and market concentration, for which we and two competitors represented approximately 80% of the global supply for our addressable markets in 2013. For type II glass, we intend to further grow in Western Europe by leveraging our manufacturing facility in Kipfenberg (Germany), which is recognized as one of the highest performing type II glass manufacturing facilities worldwide, as well as in Eastern Europe and Asia Pacific by leveraging our relationships with our global customers who are expanding into these markets. The latter region is also key for further developing our type III glass business, where we target high-end international customers from our local manufacturing facility in Zhanjiang (China).

Broaden product portfolio and increase technical capabilities

We intend to continue to broaden our product portfolio, improve the quality of our products and grow our business through focused investments in new technologies and manufacturing processes. We believe that our investments in technology and manufacturing capabilities will enable us to meet the diverse needs of our customers and better respond to the demands of our customers. We will also continue to introduce innovations that have historically enabled us to create key competitive advantages, such as Asolvex©, a low aluminum-neutral type I glass, which we launched in 2000 after ten years of development, and our Baby Friends™ glass bottles, which we relaunched in 2008 after several countries imposed a ban on the use of plastics for baby bottles, as a result of the presence of bisphenol A in plastic baby bottles, which is considered harmful to young children.

Strengthen existing customer relationships and develop relationships with new customers

We intend to grow our business by continuing to invest in our relationships with our key customers and by actively developing new relationships with other customers, through targeted sales efforts and by benefiting from our reputation for quality. We believe that our strong and long-standing relationships with many of our customers, which include nine of the ten largest pharmaceutical companies in the world, will continue to benefit from our manufacturing capabilities and the geographical proximity of our manufacturing facilities or our sales offices to such customers.

Grow in emerging markets through our manufacturing facility in China and our partnership in India

We believe that we have significant opportunities to grow our business in higher-growth emerging markets. The pharmaceutical glass packaging industry in the emerging markets has experienced sustained growth in recent years, primarily driven by demographic growth with longer life expectancies, the increasing trend toward universal-coverage health insurance, the strong increase in demand for pharmaceutical products, the rising detection rates of chronic diseases and the increasing prevalence of generic pharmaceuticals. In addition, a trend towards heightened product safety standards acts as a growth driver for the higher quality segments of the market for pharmaceutical packaging by promoting a shift from lower quality glass products to higher quality glass products. We plan to continue to expand our existing operations in these emerging markets to capture this growth. Our manufacturing facility in Zhanjiang (China) provides us with a key asset for penetrating the Asia Pacific emerging markets.

We entered into an exclusive cooperation agreement in April 2013 with Cogent Glass Limited, a pharmaceutical molded and tubular type I glass packaging company based in India, which is majority owned by Oaktree, and to which we provide technical management and consultancy services. We believe that this cooperation will provide us with an entry point in the rapidly expanding Indian market, allow us to enrich our molded glass offering with tubular glass packaging, and potentially create commercial synergies and cross-selling opportunities. Overall, we plan to offer a wider product range in all geographical areas and to follow our existing customers as they expand their operations into new markets.

Optimize our operational performance and maintain industry-leading margins

We intend to continue the ongoing improvements to our operational efficiency and flexibility and our ongoing efforts to identify and realize commercial, operational and technical improvements, as well as consistently roll out best practices across our manufacturing facilities and offices. We have identified and expect to implement a number of operating strategies, such as increasing furnace capacity at certain manufacturing facilities, increasing furnace productivity by changing the configuration of certain furnaces and installing new control equipment. We also plan to reduce our working capital requirements by improving our inventory management by, among other things, managing our inventory at the level of each manufacturing facility and improving the accuracy of our sales forecasts.

In 2013, 69% of the revenue of our glass packaging operations was generated from the sale of types I and II glass packaging. Our aim is to increase our industry-leading EBITDA margins, by increasing our sales, improving our product mix towards the high margin types I and II glass packaging (with type I glass being the highest margin glass type), improving our raw material purchases through hedging and opportunistic arrangements with existing or new suppliers, implementing improved processes at our existing and new manufacturing facilities, and benefiting from lower maintenance capital expenditures for our well-invested manufacturing facilities, on which €103 million was spent in our pharmaceutical glass packaging segment between 2011 and 2013.

History

Historically and prior to the Demerger we have operated as a business unit of the SGD group, which comprised until the Demerger both our pharmaceutical glass packaging operations and our perfumery glass packaging operations. The origins of the SGD group can be traced back to 1896, when Henri Desjonquères acquired Verrerie du Tréport, our first glass manufacturing facility in Mers-les-Bains (France) with the intention of producing glass packaging for luxury perfumery. Later on, an additional manufacturing facility was constructed at Sucy-en-Brie (France) which in 1917 was converted for use in the manufacture of packaging for pharmaceutical products. In 1968 we opened up our manufacturing facility in Kipfenberg (Germany).

In 1972 the acquisition of Henri Desjonquères's company, Henri Desjonquères S.A., by Saint-Gobain led to the creation of Saint-Gobain Desjonquères, increasing our number of manufacturing facilities and extending our geographical reach to Spain, Germany and Brazil. In 2006 we continued our international expansion as we established our manufacturing facility in Zhanjiang (China).

Following our acquisition in 2007 by two investment funds, Sagard and Cognetas, we rebranded ourselves as "SGD" and in 2008 acquired Société des Services Verriers S.A.R.L., a French company focused on pharmaceutical glass packaging and the organizing, sorting and quality control of such products. Over more than a decade, through a process of acquisitions, restructurings and strategic disposals of non-core businesses, we have become an international group of companies that notably operates four manufacturing facilities in Germany, France and China and produces high quality glass packaging for use in the pharmaceutical industry.

In December 2009 we entered into a consensual restructuring agreement, pursuant to which, in 2010, funds advised by Oaktree acquired the majority of our share capital (currently amounting to 92.8% of the share capital of LuxCo), and other existing lenders agreed to swap a portion of their debt claims in return for the remainder of the share capital of LuxCo. At that time, Oaktree and certain other lenders committed €130 million of funding to the Group, through the Existing Operational Facilities (which will be repaid in full with the proceeds of the Offering), as well as through the Subordinated Shareholder Loan (which will be partially prepaid with the proceeds of the Offering).

Our entry into the restructuring process was due to a number of causes relating to our perfurmery glass packaging operations, while our pharmaceutical glass packaging operations remained resilient at that time. For instance, our perfumery glass packaging operations generated negative EBITDA of approximately €23 million in 2009, while our pharmaceutical glass packaging operations generated EBITDA of €48 million over the same period.

The material decline in revenue (amounting to a decline of around 30% between 2008 and 2009) and EBITDA of our perfumery glass packaging operations was due mainly to the global economic downturn and the resulting decline in activity. In addition, there were quality control issues at our perfumery glass packaging operations, causing lower customer demand, and the machinery and equipment of our perfumery glass packaging operations required significant investment. This decline in revenue and EBITDA of our perfumery glass packaging operations in turn caused significant liquidity and leverage issues at the Group level. Following our acquisition by Oaktree, we have made significant capital expenditures in our pharmaceutical glass packaging segment aimed at renewing our manufacturing facilities and machinery (amounting to €103 million between 2011 and 2013) and refurbished approximately 70% of our production capacity. We have also installed a new management team and significantly reduced our existing indebtedness, thereby improving our leverage.

In April 2013 we entered into an exclusive cooperation agreement with Cogent Glass Limited, a pharmaceutical molded and tubular type I glass packaging company based in India (which is majority owned by Oaktree). This partnership provides us with an entry point in the rapidly expanding Indian market, allows us to enrich our molded glass offering with tubular glass, and potentially creates commercial synergies and cross-selling opportunities, and therefore growth opportunities. Over the last year, Cogent Glass Limited has made significant progress in its commercial ramp-up phase, notably the entry into of major contracts with local pharmaceutical groups.

We intend to split off the perfumery glass packaging operations from our pharmaceutical glass packaging operations in two stages. See "*Summary—The Demerger*" and "*The Transactions*."

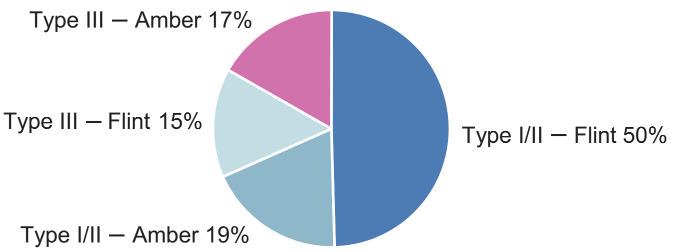
Our products

We develop, manufacture and supply molded amber and flint glass packaging for the pharmaceutical industry. Our broad product portfolio ranges from highly sophisticated types I and II glass packaging to type III glass packaging. We also offer services related to these products, such as personalization (bespoke glass packaging decorations tailored to our customers' requirements). We mostly produce non-proprietary standard glass packaging but we also produce proprietary glass packaging, which is designed specifically to customer's specifications.

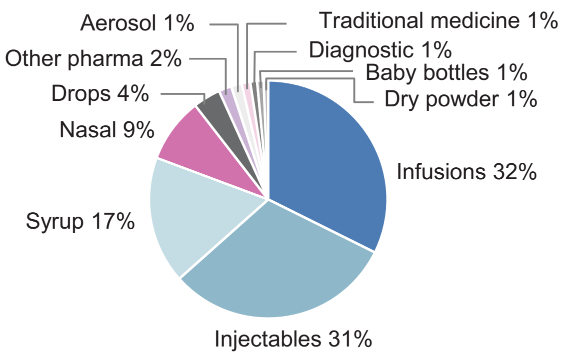
We believe that we have the broadest product portfolio in the pharmaceutical molded glass packaging industry. This broad product portfolio allows us to provide comprehensive product solutions and serve as a "one-stop shop" for our customers, enabling us to achieve higher margins and further increase our customer retention. At the same time, it provides us with exposure to diversified therapeutic end-markets in the pharmaceutical industry, each with different growth drivers. We currently sell our glass packaging in North America, Western Europe, Eastern Europe, Asia Pacific and in the Middle East, Latin America and North Africa.

Pharmaceutical glass packaging

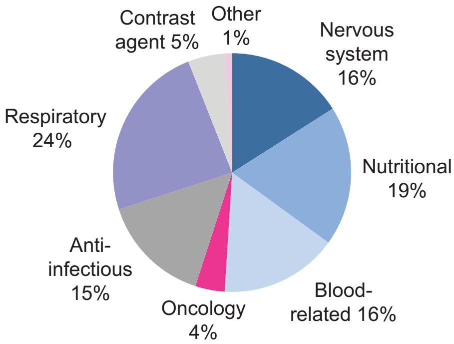
We primarily manufacture amber and flint glass packaging for the pharmaceutical industry. For the year ended December 31, 2013, 83% of the revenue of our pharmaceutical glass packaging segment was generated from the sale of pharmaceutical glass packaging. Our glass packaging for the pharmaceutical industry can principally be divided into two main categories: flint or amber types I and II glass, and flint or amber type III glass. Amber glass, due to its color, provides better protection and resistance against sunlight than flint glass. For the year ended December 31, 2013, 35%, 33% and 31% of the revenue of our pharmaceutical glass packaging operations was generated from the sale of type I, type II and III glass packaging, respectively. The following chart presents the sales by glass type of our pharmaceutical glass packaging operations for the year ended December 31, 2013 (by revenue).



Our product range includes a wide range of vials and bottles, offered in a variety of colors, sizes, shapes and finishes. The following chart presents the sales by product category of our pharmaceutical glass packaging operations for the year ended December 31, 2013 (by revenue).



The pharmaceutical products for which we provide glass packaging cover a wide variety of medical fields, such as for nervous system disorders (analgesics and anaesthetics), nutritional purposes, blood-related diseases, oncology, infections and respiratory disorders (nasal, throat, cough and cold preparations). Glass packaging for injectables, syrups, nasal products and infusions, which comprise our main product categories, each have at least eight different end-market therapeutic applications, thereby providing us with exposure to diversified therapeutic end-markets in the pharmaceutical industry, each with different growth drivers. The following chart presents the end-market therapeutic applications for our products of our pharmaceutical glass packaging operations for the year ended December 31, 2013 (by revenue).



We believe that we are the sole producer of pharmaceutical glass packaging which has a clean room in each manufacturing facility, thereby minimizing the risk of product contamination and allowing the use of highly tailored equipment designed specifically for the pharmaceutical industry. All our manufacturing facilities have also received “Good Manufacturing Practices” certification, applicable to packaging for the pharmaceutical industry. Our manufacturing facilities are therefore able to produce various types of glass packaging in a high-quality production environment meeting the stringent requirements set by the pharmaceutical industry. We believe that the high quality of our glass packaging significantly decreases the risk of our customers experiencing disruptions at their manufacturing facilities due to unexpected glass packaging impurities, as well as the risk of consumers purchasing a contaminated product.

Type I glass. Type I flint and amber glass, which is glass of the highest grade and margin, is made from a chemically neutral borosilicate glass called Asolvex©, which possesses high hydrolytic resistance against acids and alkalis due to its chemical composition. Asolvex© glass packaging offers excellent resistance to thermal shocks, and can be sterilized before or after filling. Type I flint and amber glass is suitable for injectables, diagnostics and other products that require highly stable packaging.

Type II glass. Type II flint and amber glass has the same glass formulation as type III glass but has undergone an internal surface treatment to reduce ion exchange and create high hydrolytic resistance against acids, and is thus more sophisticated and complex than type III glass packaging. Type II flint and amber glass is suitable for packaging acidic and pH-neutral pharmaceutical products. Type II flint and amber glass is also suitable for injectables.

Type III glass. Type III flint and amber glass is made from soda-lime glass, which possesses average hydrolytic resistance, and is suitable for packaging non-aqueous or powder preparations. Type III flint and amber glass is suitable for medication taken orally, such as syrups, tablets and powders.

Treatment techniques

The two main glass treatment techniques we utilize are external coating and internal coating.

External coating. External coating involves externally coating our glass packaging with plastic, providing them with a degree of protection and resistance against mechanical shocks and light rays, particularly for aerosols.

Internal coating. Internal coating involves internally coating our glass packaging with an aqueous silicone solution, providing them with a protective layer for sensitive medications and, for emulsions with high viscosity, aiding the delivery of accurate dosages.

Ancillary services and products

We offer our customers certain services and products that are supplemental to our glass packaging. For the year ended December 31, 2013, a *de minimis* portion of the revenue of our pharmaceutical glass packaging segment was generated from our ancillary services and products.

Accessories. We provide a range of accessories for our standard glass packaging, such as aluminum or polypropylene caps, stoppers for infusion, injection or lyophilization, dropper assembly; pill bottle caps; and accessories for baby feeding.

Glass technical assistance. Our glass technical assistance department, which forms part of our research and development department, audits customers' production lines, assesses surface finishing, offers consulting services and provides technical support to ensure the optimized use of our glass packaging by our customers.

Decoration. We offer various decoration techniques for our glass packaging (particularly for baby bottles and syrups), such as transforming the surface of the glass to display customer logos or measuring lines, in order to meet our customers' requirements.

Non-pharmaceutical glass packaging

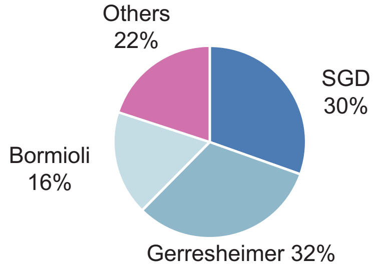
In addition to glass packaging for pharmaceutical products, we manufacture diversified glass packaging for food, beverages, perfumery products and non-medicinal products at our Zhanjiang (China) manufacturing facility, destined for Asian markets, which represented 5% of the Total Revenue of our pharmaceutical glass packaging segment (excluding our trading business, VG Emballage) for the year ended December 31, 2013. We also have the capability to manufacture glass packaging for a wide range of products, such as dietary supplements, cosmetics and vitamins, at our European manufacturing facilities. Furthermore, in order to address the full range of our customers' needs, our trading business VG Emballage, based in France, designs, develops and distributes commoditized and bespoke packaging solutions, ancillary to our pharmaceutical glass packaging products, such as caps, stoppers, containers, accessories and other closures (together with other supplementary products sourced from third parties). VG Emballage currently has a portfolio of over 4,700 glass, plastic and metal products which are sold to over 2,500 customers. In addition to the revenue generated by our pharmaceutical glass packaging operations, our trading business VGE generated €27.0 million in revenue in 2013, most of which derived from France, and represented 10% of the revenue of our pharmaceutical glass packaging segment. Due to the nature of VG Emballage's operations, it has comparatively low capital expenditure requirements. We continuously monitor and evaluate opportunities to expand VG Emballage's operations, including geographical expansion, cross-selling to existing customers, increasing its portfolio offering and expanding into adjacent markets, such as packaging for food.

Our markets

Our business serves all markets across the world, and our manufacturing bases in France, Germany and China allow us to provide glass packaging solutions for our global customers. Our customers are increasingly expanding their presence and rely on us to provide regional or local supply solutions, allowing us to solidify our position as a key global supplier. Our geographic diversification allows us to benefit from our leading position in mature markets with historically stable growth rates, such as Western Europe and North America, while building our positions in faster-growing emerging markets (which we define as Eastern Europe, Asia Pacific, the Middle East, Latin America and North Africa). For the twelve months ended December 31, 2013, Western Europe, North America and the emerging markets represented 63%, 12% and 25% of the revenue of our pharmaceutical glass packaging operations, respectively.

Type I glass

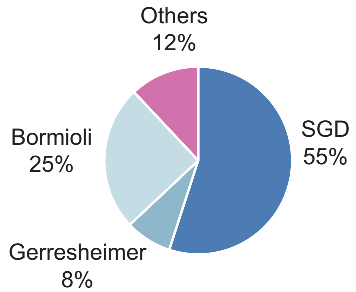
Based on our internal estimates, we believe that we are a leading global producer of type I molded pharmaceutical glass packaging, with an estimated 30% market share in 2013, serving primarily the Western European and North American markets. Type I glass is a concentrated market, with us, Gerresheimer and Rocco Bormioli representing approximately 80% of global supply for the regions with stringent demands on product quality, such as North America or Western Europe. Type I glass is also an undersupplied market, with global capacity levels approximately 5% below global demand between 2010 and 2013 in our addressable market. The following chart presents our estimated global market shares for type I pharmaceutical glass for the year ended December 31, 2013 (by sales volume) for the regions with stringent demands on product quality, such as North America or Western Europe.



For the year ended December 31, 2013, 54% of the type I glass sales of our pharmaceutical glass packaging operations (by sales volume) were to Western Europe, 27% were to North and Central America, 11% were to Asia Pacific, 4% were to Eastern Europe, 4% were to the Middle East and 1% were to South America. Over the same period, we held a 30% estimated global market share for type I glass packaging. Our superior product quality, know-how and competitiveness enable us to export our type I glass packaging from France, with 91% of the type I glass packaging of our pharmaceutical glass packaging operations (by sales volume) exported in 2013.

Type II glass

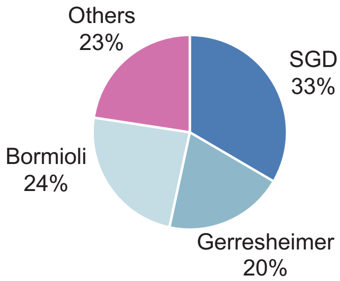
We believe that we are the leading global producer of type II glass, with an estimated 10% market share in 2013, and an estimated 55% market share in Western Europe infusions, which is our core market for type II glass and represents 70% of our Western Europe sales. The following chart presents our estimated market share in the Western European infusion type II pharmaceutical glass market for the year ended December 31, 2013 (by sales volume).



For the year ended December 31, 2013, 71% of the type II glass sales of our pharmaceutical glass packaging operations (by sales volume) were to Western Europe, 3% were to North and Central America, 15% were to Asia Pacific, 3% were to Eastern Europe, 7% were to the Middle East and 1% were to South America. The type II glass market is more fragmented than the type I glass market, due to the participation of local competitors in emerging markets, who generally do not have the technical expertise to manufacture type I glass packaging. Our type II glass sales are concentrated in Europe, because competitive pressure is more intense in emerging markets, with numerous local competitors benefiting from low labor costs and, compared to type I glass, a lower requirement for technical expertise. However, we do manage to sell our type II glass packaging in emerging markets due to our manufacturing facility in Zhanjiang (China), our superior product quality compared to the quality of the products of local competitors and the adaptability of our machines to the increasing quality requirements of emerging market customers. Generally, type II glass manufacturers from emerging markets cannot competitively export to our core markets in France, Germany, Spain and Italy primarily due to prohibitive transportation costs compared to the value of the end-product.

Type III glass

Based on internal estimates, we hold the leading position in Western Europe for type III pharmaceutical glass packaging, our core market, with an estimated 33% market share in 2013. The following chart presents our estimated market share in Western Europe for type III pharmaceutical glass for the year ended December 31, 2013 (by sales volume).



For the year ended December 31, 2013, 64% of the type III glass sales of our pharmaceutical glass packaging operations (by sales volume) were to Western Europe, 7% were to North and Central America, 10% were to Asia Pacific, 6% were to Eastern Europe, 12% were to the Middle East and 1% were to South America. The market dynamics of type III glass are similar to the market dynamics of type II glass described above.

The following table shows, for the years ended December 31, 2011, 2012 and 2013, the proportion of revenue of our pharmaceutical glass packaging operations attributable to type I, type II and type III glass.

Pharmaceutical glass packaging operations—Mix by glass type	2011	2012	2013
Type I	35%	36%	35%
Type II	31%	31%	33%
Type III	34%	32%	31%
Type I/II share	**66%**	**68%**	**69%**

Production

Since our acquisition by Oaktree in 2010, we have implemented an operational improvement plan, which included increasing revenue, improving the product mix toward higher margin products, passing through cost increases to our customers, optimizing our hedging strategy, implementing cost savings in each manufacturing facility and making capital investments in order to increase productivity, product quality and decrease costs. We completed a significant portion of this plan at the end of 2013 and we believe that these measures contributed to the increase in our EBITDA margin from approximately 20.6% in 2009 to 25.5% in 2013.

Manufacturing facilities

We operate four manufacturing facilities, with six glass furnaces and 20 production lines, in France, Germany and China. We benefit from strategically valuable geographical coverage, which results in part from our recent development strategy in emerging markets. Since our acquisition by Oaktree in 2010, we have further improved our efficiency and streamlined our operations, and will seek to continue to improve our manufacturing footprint as we transition from the separation of our legacy perfumery glass packaging operations.

For the year ended December 31, 2013, the aggregate production of our pharmaceutical glass packaging operations was approximately 2.5 billion vials and approximately 167,000 tonnes.

For the year ended December 31, 2013, our French, German and Chinese manufacturing facilities accounted for approximately 53%, 36% and 10% of our production, respectively. The following table sets forth the type of glass manufactured, production capacity, area, clean room facilities, furnaces and lines of each of our manufacturing facilities as of December 31, 2013.

Location	Glass manufactured	Revenue* (€ million)	Production capacity (Kts)	Area (Ha)	Clean room (m²)	Furnaces	Lines
Mers-les-Bains, France	I	75	22	26	2,350	2	4
Sucy-en-Brie, France	II/III	94	73	12	3,150	2	8
Kipfenberg, Germany	II/III	76	65	5	1,932	1	4
Zhanjiang, China	II/III	27	20	10	950	1	3

* Represents the Total Revenue of our pharmaceutical glass packaging segment (excluding our trading business VGE and including inter-company transactions).

Following our acquisition by Oaktree, we have made significant capital expenditures in our pharmaceutical glass packaging segment (of which €103 million was spent between 2011 and 2013). The following table sets forth the last furnace rebuilds and recent upgrades of our manufacturing facilities and furnaces as of December 31, 2013.

Location	Last furnace rebuild (and cost)	Recent upgrades
Mers-les-Bains, France	Furnace 1: 2012 (€11 million) Furnace 2: 2014 (€2 million)	• Restarted a dormant furnace • Reconfigured lines to improve flexibility • Installed new control equipment
Sucy-en-Brie, France	Furnace 1: 2011 (€9 million) Furnace 2: 2008 (€4 million)	• Combined furnaces 1 and 3 into a single larger furnace • Reduced number of lines from 9 to 8 • Installed in-line control equipment and automated cold-end equipment • Upgraded hot-end equipment
Kipfenberg, Germany	Furnace 1: 2012 (€12 million)	• Increased capacity of the furnaces • Installed new control equipment
Zhanjiang, China	Furnace 1: 2007 (€6 million)	• Expanded cold-end and decoration capabilities • Installed a clean room and automated production lines

Concurrently with the expected transfer of the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility by SGD S.A. to FrenchCo Perfumery on or prior to December 31, 2015, we expect to migrate our type I pharmaceutical glass packaging production from the Mers-les-Bains manufacturing facility to a new state-of-the-art manufacturing facility. This new manufacturing facility will comprise two furnaces and four production lines. While the Mers-les-Bains manufacturing facility currently produces both pharmaceutical and perfumery packaging, the new manufacturing facility will be entirely dedicated to the production of pharmaceutical packaging. In addition, the new manufacturing facility is expected to enable improved line-capacity, lead times, infrastructure, machinery and equipment and reduced energy consumption levels.

We operate five gas-powered furnaces and one electricity-powered furnace. Furnaces producing type I glass can be gas or electric powered. The furnaces in our manufacturing facilities operate constantly at very high temperatures, which causes the erosion of interior furnace walls. In addition to ordinary, minor, day-to-day maintenance and repairs, our furnaces require periodic major overhauls, since in addition to their physical erosion they lose efficiency over time. The general timing of furnace rebuilds is quite predictable. Our gas-powered furnaces have an average life cycle of between four (for type I glass furnaces) and ten years (for types II and III glass furnaces), and our electricity-powered furnace (used for type 1 glass) has a life cycle of approximately three years. Since our acquisition by Oaktree, we have spent €116 million on capital expenditures in our pharmaceutical glass packaging segment (of which €103 million was spent between 2011 and 2013), notably through the refurbishment of approximately 70% of our production capacity, which we expect will increase the useful lives, and decrease the refurbishment costs, of our furnaces in the coming years. During its overhaul a furnace needs to be taken off-line to enable technicians to replace the refractory lining of its interior walls. This off-line time also gives us the opportunity to enhance our furnaces with new technologies in order to reduce emissions and improve energy efficiency.

In April 2013 we entered into an exclusive cooperation agreement with Cogent Glass Limited, a pharmaceutical molded and tubular type I glass packaging company based in India, which is majority owned by Oaktree, and to which we provide technical management and consultancy services. This partnership provides us with an entry point in the rapidly expanding Indian market, allows us to enrich our molded glass offering with tubular glass packaging, and potentially creates commercial synergies and cross-selling opportunities, and therefore growth opportunities. Over the last year, Cogent Glass Limited has made significant progress in its commercial ramp-up phase, notably the entry into of major contracts with local pharmaceutical groups.

Manufacturing process

We are recognized for our strong development capabilities, as well as our market-leading manufacturing processes, which represent the two main phases of the production process.

Development. We view the development phase as key to our success, since it allows us to highlight our innovation capabilities, understand our customers' expectations, and thereby develop our relationships with our customers. The three preliminary stages of this phase include liaising with our customers to understand their exact product requirements, initiating a feasibility study and cost analysis, and preparing proposals for our customers. Once such a proposal is agreed with a customer, we initiate the product development phase, which involves developing the required mold and the product itself, as well as the piloting and sampling analysis.

Manufacturing. All steps in the manufacturing process must be seamlessly documented and comply with relevant pharmaceutical standards and regulations. The entire process chain is subject to regular inspections by our inspectors and customers, as well as by independent institutions, and is continuously measured against the international standards applicable at the time. This ensures that constantly increasing demands are met. Our packaging is subject to special, extremely strict quality guidelines in terms of their chemical resistance, purity and quality assurance methods applied.

The following shows the various steps in the glass packaging manufacturing process, from raw material origination to the final product:

- *glass melting and formation:* converting raw materials, such as sand, soda and limestone, into glass through chemical processes;
- *fabrication of molds*: the manufacturing of cast iron and steel molds for the creation of our glass packaging;
- *glass shape manipulation techniques*: transforming and manipulating the shape of our manufactured glass so that it develops the appropriate form for packaging our customers' pharmaceutical products;
- *annhealing lehr:* slowly and evenly cooling the manufactured glass to relieve internal stresses created during formation. The process is carried out in a temperature-controlled kiln known as a lehr. The process prevents glass cracking or shattering when subjected to mechanical shocks or changes in temperature; and
- *coloring of glass through metallic oxides*: applying a thin layer of metallic oxide to the glass to give it a particular shade of color.

Each of our manufacturing facilities consists of a "hot-end" and a "cold-end." The "hot-end" of glass manufacturing comprises the furnace, where the glass is melted; the machines, where it is formed into the requisite shapes; and the lehr, where it is annealed to remove thermal stresses. The "cold-end" of glass manufacturing comprises the in-line inspection, conveying and packaging of the product in preparation of final delivery.

Customers

We serve a large and diverse customer base in the pharmaceutical sector, including many of the world's largest pharmaceutical companies. Leveraging our expansive sales network, we have developed long-standing commercial relationships sustained by an international reputation for innovation and quality, in an industry in which packaging plays a key role in customers' requirements. Our sales, production and support staff liaise with customers to understand their needs and improve our product offerings and services. We also regularly monitor the satisfaction of our customers, which is above industry average. For instance, according to a third-party survey conducted in 2013 by INIT, 92% of our customers were satisfied with us as a supplier (compared to 85% in 2008). In addition, 92% of our customers expressed their expectation that their purchase volumes from us would grow or remain stable. For the year ended December 31, 2013, our top ten customers accounted for 31% of the revenue of our pharmaceutical glass packaging operations. Sales to our largest customer represented less than 7% of the revenue of our pharmaceutical glass packaging operations for the year ended December 31, 2013. Through the use of our various products in different pharmaceutical applications, we benefit from strong end-market diversification in the pharmaceutical industry. Our sales for each of our top ten customers is divided between at least two product categories, such as glass packaging for injectables, infusions, droppers and syrups. The following table describes our top ten customers by revenue for the year ended December 31, 2013.

Seven of our ten main customers in 2013 formed part of our ten main customers in 2005, evidencing our long-term relationships with our customers. Eight of these customers have signed customer agreements for terms of one to five years and these agreements allow us to achieve price increases in line with certain changes in our cost base, which tends to ensure the stability of our cash flow. We believe that these relationships can be attributed to the high quality packaging we produce and, in addition, the prohibitive costs and delays involved in changing pharmaceutical packaging suppliers.

Our customers usually select their glass packaging suppliers based on product quality, reliability, global sourcing capabilities, price and quality of technical support. We believe that we continue to provide a reliable supply of high quality products to our customers, which has helped us develop long-term relationships with them. In addition, we utilize our manufacturing network to manufacture products in the same geographic region as the majority of our customers (by value), which allows us to produce and deliver our products quickly in order to minimize lead time.

We do not utilize a uniform contractual regime regarding our arrangements with our customers. Our contractual arrangements, which generally fall into four different categories, vary depending on the nature, size and identity of our customer, the jurisdiction and governing law of the contract, and the products being supplied.

Framework agreements. Nine of our top ten customers operate under framework agreements. Customers that utilize framework agreements buy our glass packaging under purchase orders, individually submitted based on the demand for their products. We endeavor to enhance our relationships with our major customers by implementing long-term framework agreements in an effort to be our customers' first and, due to the breadth of our product portfolio, only source of supply. Framework contractual agreements typically contain clauses concerning volume forecasts, pricing mechanisms and service levels, but do not generally guarantee minimum sales amounts. Under these agreements, order quantities are not predetermined, and glass packaging is typically scheduled for production in response to customers' forecasts of their requirements. Accordingly, these forecasts may change as demand for our customers' products alters. See "*Risk factors—Risks related to our business—Our primary direct customers sell to consumers of pharmaceutical products. If economic conditions affect consumer demand, our customers may be affected and reduce the demand for our products.*"

Contractual agreements without formal framework agreements. With our customers with which we do not have an underlying framework agreement, our general terms and conditions (which are annexed to the customer order and/or invoice) govern the arrangement with the customer and specify that any export sales are governed by the 2010 International Commercial Terms, published by the International Chamber of Commerce.

Contractual agreements with sales agents and distributors. A portion of Total Revenue in 2013 was generated from sales to customers through sales agents and distributors, primarily in Central and Eastern Europe, Asia Pacific, Latin America, the Middle East and North Africa, where we do not have a presence.

Short- to long-term contractual agreements. The majority of our customer contracts operate under short- to long-term contractual agreements, ranging from two to five years. These contracts are generally based on our standard form contract, which include, among other things, clauses on delivery, payment terms and quality.

The majority of our customer contracts, including those based on standard form contracts, contain clauses that limit our liability for damages to a specific percentage of revenue generated from the customer. In addition, our standard terms and conditions provide that liability for manufacturing defects does not extend to consequential loss, such as a loss of profits or a commercial disruption, and is limited to replacing the relevant goods or reimbursing the customer with the cost of such goods.

We estimate that over 30% of our sales include price pass-through provisions for energy, currency or inflation fluctuations, where we can pass increased or decreased costs on to our customers. Where contracts do not provide for price pass-through provisions, we will seek to pass on cost increases to our customers during the renegotiation of our customer contracts, which typically occurs on an annual basis. Where we do not have fixed pricing, price pass-through provisions or an underlying contract, we are able to negotiate prices as orders are submitted, in which case we can seek to adjust pricing for cost changes. However, there is often a time lag between this cost increase or decrease and the time this increased or decreased, respectively, cost is passed on to our customers.

We have historically also been able to pass through the majority of raw material price increases to our customers, due to the low overall cost of our products in comparison to the end-product price when balanced against the negative consequences of using an unproven alternative, and the high switching costs and time-consuming process for changing pharmaceutical glass suppliers.

Sales and marketing

We follow a key account sales approach, using key account managers in each of the geographic regions in which we operate, to look after the complete range of specific issues and interests of customer segments assigned to them and, in some cases, the specific needs of individual customers that are of strategic importance.

Members of our international sales force, all of whom are specialized in pharmaceutical packaging, comprise 21 employees based near Paris, and seven employees dedicated to a local market based in Germany (Kipfenberg), two in Italy, eight in the United States, nine in China, two in Spain and two in India, with global coordination from our headquarters near Paris. In addition, we make use of sales agents and distributors in regions, such as Central and Eastern Europe, Asia Pacific, Latin America, the Middle East and North Africa, where we do not have a presence, and cannot travel to on a sufficiently regular basis, or where this is necessary due to local customs and constraints. In these regions, each of our sales agents usually covers one country. We believe that we have the most developed and broadest distribution network in the pharmaceutical glass packaging industry. This vast network, comprising well-trained sales agents and distributors who are instantly available, provides us with a competitive advantage.

Our marketing strategy involves building long-term relationships with our customers based on product quality, reliability, global sourcing capabilities, price and the quality of our technical support. In addition, we utilize a forthright marketing policy involving technical symposia with customers, professional exhibitions, and research and development presentations. We are also a member of various pharmaceutical organizations and trade bodies.

Furthermore, our sales team works closely with our quality and technical customer support team, our research and development team, and our customers to co-develop proprietary products. This partnership approach enables us to further expand our relationships with our existing customer base, develop relationships with new customers and increase sales of new products. Our sales team continuously monitors customer service in an effort to ensure that we remain the primary supplier for our customers.

Competition

We compete directly with manufacturers of glass and, to a certain extent, other rigid forms of packaging for pharmaceutical products, such as plastic and metal. Competition is often on the basis of quality, performance characteristics, speed to market, price and customer service, although market drivers such as environmental concerns and consumer preferences are also significant. Due to the capital-intensive nature of glass manufacturing, and the expertise required, there has been no insourcing of glass manufacturing by our customer base.

We experience more competition in emerging markets from manufacturers of type III glass than types I and II glass, since types I and II glass packaging are significantly more sophisticated and complex than type III glass packaging. The following table sets forth the geographic area and our main competitor(s) for each of the markets in which we operated in 2013.

Market sector	Location	Main competitor(s)
Pharmaceutical glass packaging–type I	Western Europe	Rocco Bormioli
	North America	Gerresheimer
	Asia Pacific	Piramal Glass, Shandong Pharmaceutical Glass
Pharmaceutical glass packaging–type II	Western Europe	Rocco Bormioli, Gerresheimer
	North America	Gerresheimer
	Asia Pacific	Shandong Pharmaceutical Glass and Piramal Glass
Pharmaceutical glass packaging–type III	Western Europe	Rocco Bormioli, Gerresheimer
	North America	Gerresheimer
	Asia Pacific	Shandong Pharmaceutical Glass, Piramal Glass and Rak Ghani

Type I glass

The type I pharmaceutical glass market is characterized by a small number of glass packaging manufacturers, structural global undersupply, with global capacity levels approximately 5% below global demand between 2010 and 2013 (excluding capacity from Asian manufacturers dedicated to local markets), and thus limited competition, with us as a global leader with an estimated 30% market share in 2013 (by sales volume). Our main global competitors include Gerresheimer (with a 32% market share) and Rocco Bormioli (with a 16% market share). We enjoy strong positions in Western Europe and North America, and believe ourselves to have stronger penetration than Gerresheimer and Rocco Bormioli in all other markets in which we operate. Other Asian type I glass manufacturers, which compete with us in our addressable markets, typically dedicate the majority of their production capacity to local, less regulated markets for which lower quality packaging products are required. Currently, there are only nine type I glass furnaces in the world (including those operated by us). Approximately two-thirds of those furnaces serve the same markets as us and four of those nine furnaces are located in Asia Pacific.

Type II glass

The type II pharmaceutical glass market is more fragmented than the type I pharmaceutical glass market, and we are in competition with local and regional manufacturers. For instance, we believe that we had a 3% market share in Asia Pacific in the combined types II and III glass markets in 2013 (by sales volume) due to strong local competition. We do, however, have a leading position in the Chinese high-value glass infusion market, where we serve the local manufacturing base of high-end international customers who purchase our products due to their high quality. We believe that we are the leading global producer of molded type II glass for our addressable market, with an estimated 10% market share in 2013, and an estimated 55% market share for Western Europe infusions, which is our core market for type II glass and represents 71% of our Western Europe sales. The type II glass market is more fragmented than the type I glass market, due to the participation of local competitors in emerging markets, who generally do not have the technical expertise to manufacture type I glass products. We represent, along with Rocco Bormioli and Gerresheimer, 88% of the supply for the Western European infusion type II glass market.

Type III glass

Like the type II pharmaceutical glass market, the type III pharmaceutical glass market is more fragmented than the type I pharmaceutical glass market, and we compete against local and regional manufacturers. We estimate that we hold the leading position in Western Europe for type III pharmaceutical glass packaging, also our core market (representing 64% of the type III glass sales of our pharmaceutical glass packaging operations), with an estimated 33% market share in 2013. We represent, along with Rocco Bormioli and Gerresheimer, 77% of the supply for the Western Europe type III glass market.

Plastics

We believe that pharmaceutical glass packaging, compared to other types of glass packaging, faces a low substitution risk from plastics and other alternative materials, due largely to the technical limitations of such alternatives. In particular, packaging for sensitive pharmaceutical products requires a high level of stability and resistance to temperature and humidity changes. Glass and, in particular, type I and type II glass, have been shown to have such properties, which plastics lack. While there has been some substitution of glass by plastics in the past, most of the substitutions where the compatibility of plastics does not raise an issue have already occurred where it was possible and desirable, such as for large infusions, syrups and baby bottles, for which substitution was driven by cost and ease of handling. Furthermore, in certain markets the use of alternative packaging materials was driven solely by the lack of sufficient molded glass supply. We believe, however, that the risk of further substitution is limited in our addressable markets. We also believe that glass packaging will continue to maintain a leading position in the pharmaceutical packaging market, largely due to consumer preferences, regulatory requirements, the suitability of glass as a material for the packaging of pharmaceutical products (including in relation to shelf life), the high costs involved in substitution, superior functional qualities (such as strong oxygen and carbon dioxide barriers) and relative cost advantages in small packages. Glass packaging is also recyclable and more resistant to temperature and humidity changes than plastic packaging, making it more suitable for hot and cold climates. See "*Risk factors—Risks related to our business—Our glass packaging faces substitution risk from other packaging materials*."

Substitution has significantly decreased in the last decade, primarily due to cost increases of raw materials (to which plastic is more sensitive), product recalls and increased pressure against plastic packaging from regulatory and consumer bodies and a growing focus on the shelf life of products, especially in areas with sharp climate fluctuations. Furthermore, cost restrictions typically mean that packaging is not changed during the life cycle of a pharmaceutical product, which is on average eight to twelve years. In addition, there have been several recent examples of "reverse-substitution" from plastic to glass, as in the case of baby bottles, for which plastic use has been banned in several countries as a result of the presence of bisphenol A, which is considered harmful for young children, and for intravenous liquid paracetamol products. In February 2014, the Indian Government also banned the use of plastic packaging for liquid oral formulations intended for paediatric or geriatric use, or for use by women of child-bearing age, citing safety concerns with the interaction between plastic packaging and their pharmaceutical contents. Accordingly, we believe that the substitution of glass by plastic and other alternative packaging materials currently occurs in relation to products that are not targeted by us, such as low-cost infusion products manufactured in China.

Research and development

Innovation, research and development are key factors in the success of our product offering and our ability to compete effectively. We believe that our technology base and research and development support are among the best in the pharmaceutical glass packaging industry. The majority of our research and development team is employed at our Mers-les-Bains manufacturing facility, although there is some research and development activity at our other manufacturing facilities. As part of the Demerger, we expect to migrate our research and development team and activities from the Mers-les-Bains manufacturing facility to a new laboratory at a new manufacturing facility, which is currently under construction near our current manufacturing facility, and which is expected to be operational in the second half of 2015.

Our research and development efforts allow our business to remain at the forefront of pharmaceutical glass manufacturing technology, and our partnership approach with customers allows for the effective development of product and process innovations. We seek to improve operating processes and productivity, meet the rising quality expectations of customers, and develop superior and innovative packaging solutions in order to remain the supplier of choice for our customers and to attract new customers. The focus of our research and development team is to improve our products as well as our production processes. With regard to product innovation, we dedicate significant resources; for example, to improving internal coatings, lyophilization, optimizing sterilized bottles and increasing glass neutrality, which involves minimizing the chemical interaction between our glass packaging and our customers' pharmaceutical products. Other product innovation activities include optimizing glass formulation and melting, glass forming and tempering, and improving the mechanical, optical and chemical resistance of our glass packaging. We also aim to innovate in our production processes, by improving the design of our furnaces, optimizing the raw material mix, improving quality control and extracting impurities. These innovations are largely driven by the demands of our customers and increased regulatory scrutiny.

We develop products through both "push" and "pull" strategies. With respect to "push strategies," we develop new products based on our own initiative and, afterwards, solicit customer interest, whereas using "pull strategies," we develop products based on customer input and feedback. Our products usually have a long life-span, averaging more than 20 years. As a result, we are required to continuously invest in innovation and research and development as well as to make capital expenditures to update our manufacturing facilities with the equipment needed to produce new products.

We have launched several key products, technologies and production processes which currently provide us with a significant competitive advantage, such as Asolvex©, a low aluminum-neutral type I glass, which we launched in 2000 after ten years of development, and our Baby Friends™ glass bottles, which we relaunched in 2008 after several countries imposed a ban on the use of plastics for baby bottles, as a result of the presence in plastic baby bottles of bisphenol A, which is considered harmful for young children. We have also introduced several innovative products dedicated to high-growth market segments such as the over-the-counter market segment, including our U-save vial (a U-shaped bottle that provides complete product recovery for high-value nasal spray products), and the biodrug market segment, including EasyLyo (a type I vial designed to meet the growing demand for small capacity glass containers for biodrugs packaged using lyophilization).

In addition, using three-dimensional computer-aided design technologies, our full-time product designers develop innovative product designs and models. We can simulate the molding environment by running unit-cavity prototype molds in small injection-molding, thermoform, compression and blow molding machines for the research and development of new products. Our engineers oversee the mold-building process from start to finish.

Employees

As of December 31, 2013, we had 1,533 employees (excluding temporary workers). The following table sets forth the number of employees as of December 31, 2011, 2012 and 2013.

	As of December 31,		
	2011	2012	2013
China	389	365	354
France	965	987	972
Germany	197	196	198
United States	8	8	8
Spain	1	1	1
Total	**1,560**	**1,557**	**1,533**

Labor is our largest production cost, representing 34% of our cost of goods sold for the year ended December 31, 2013 (excluding temporary workers and our trading business, VG Emballage). In certain countries in which we operate, particularly China, labor costs have recently risen and are driven, to a certain extent, by government-mandated minimum wage increases.

Our excellence in manufacturing processes derives in part from our production employees mastering specific techniques and know-how. Key positions include melting technicians, coloring feeder specialists, forming machine adjusters and product development specialists. Certain roles, such as maintenance electricians, electro-technicians and fluid mechanical engineers, can require lengthy training due to the highly technical and diversified nature of the processes used in glass production.

We believe that, overall, our current labor relations with our employees and their representatives are good, and we are committed to maintaining these relations. We have not experienced any material work stoppages or strikes at any of our manufacturing facilities during the past three years. We take a constructive approach to relationships with trade unions and works councils.

Our remuneration and benefits policy, including our profit-sharing scheme, is designed to reward employees in line with good market practice. Accordingly, our salary system for certain employees includes a variable bonus component in the form incentives directly related to efficiency, which are determined on a local basis.

Energy and raw materials

Energy

Because we operate large manufacturing facilities, we use significant quantities of natural gas, electricity and oil in our production processes. Therefore, fluctuations in energy prices may impact our cost of operations and profitability. For the year ended December 31, 2013, energy costs accounted for 19% of the cost of goods sold of the pharmaceutical glass packaging segment (excluding our trading business, VG Emballage). Energy costs have been highly volatile in recent years and have generally risen over the last decade. There tend to be several energy suppliers in each country in which our manufacturing facilities are located, with contractual pricing arrangements typically linked to the relevant market index. We seek to mitigate the inherent risk in energy price fluctuations through a combination of fixed price or index-tracking procurement contracts and hedging. Our current energy hedging arrangements cover substantially all of our gas and oil requirements until December 31, 2014, half of our gas and oil requirements until December 31, 2015 and, in Germany, our electricity requirements until December 31, 2015, in each case, at lower prices than pursuant to our hedging arrangements for 2013. We do not hedge electricity prices in France due to the regulation of electricity prices. Nor do we hedge energy prices in China, due to the lack of available hedging. We have, however, locked in our energy prices in China in 2014 with our local energy suppliers below 2013 prices. In addition, we often include price pass-through clauses in our customer contracts that allow for price increases and decreases if our energy costs fluctuate.

We have recently moved towards increasing our use of natural gas to meet our energy needs since, compared to electricity and oil, it is more competitively priced and less subject to volatile price movements. We have made appropriate refurbishments at our manufacturing facilities in Mers-les-Bain and Sucy-en-Brie (France) to accommodate this modified energy mix and to also increase the flexibility of our furnaces regarding the type of energy source used going forward. We expect to use a similar energy mix at our new manufacturing facility to which we intend to migrate in 2015 our type I pharmaceutical glass packaging manufacturing.

Raw materials

The cost of our raw materials represented only 11% of the cost of goods sold of the pharmaceutical glass packaging segment in the year ended December 31, 2013 (excluding our trading business, VG Emballage). We believe that our raw materials represent only a limited percentage of our cost of goods sold due to the high-end nature of our products.

The raw materials used in our glass packaging operations are soda ash (for types II and III glass), borax (for type I glass), feldspar, limestone and sand. We source all our raw materials from third-party suppliers. These materials have historically been readily available on the open market in adequate supply from multiple sources, except for borax, which is produced by a relatively small number of companies in the United States and Turkey. We currently purchase our borax supplies from one supplier with whom we have entered into a multi-year purchase agreement, but we can also buy these borax supplies from at least two other suppliers. Since switching suppliers is relatively easy for our raw materials (except for borax) and given the adequate supply on the open market of the raw materials used in our glass packaging operations (except for borax), we are not dependent upon any single supplier. Our top ten suppliers of raw materials represent approximately 57% of our raw material purchases.

Sand and limestone are usually supplied to our manufacturing facilities from local suppliers due to the relatively low value of the material and its high cost of transport. Additionally, aside from soda ash and borax, these materials are not subject to significant market volatility. Despite this, we continue to take actions to reduce overall raw material expense and limit exposure to price fluctuations. For example, we currently have entered into, and in the future may opportunistically enter into, multi-year purchase agreements for borax when we believe that we can secure favorable prices for specified future periods and reduce our exposure to near-term price fluctuations. The typical term for our raw material purchase agreements, however, is between six months and one year. For certain raw materials, such as limestone, there may be temporary shortages due to the weather or other factors, including disruptions in supply caused by transport or production delays. To mitigate our exposure to price fluctuations, we have improved our procurement strategy for our raw materials that are not sourced from local suppliers, i.e., soda ash and borax. While historically raw material purchasing activities were carried out locally in the various regions in which we operate, in 2008 we globalized and streamlined our procurement process by establishing a global purchasing organization to coordinate the purchase of soda ash and borax, and leverage our purchasing scale.

Logistics

Our products are usually delivered to our customers using various third-party freight and haulage transportation and third-party warehousing providers. We lease four warehouses in North America, none in Latin America and six in Europe. We believe this arrangement allows us to limit the capital commitment required to maintain our own distribution capabilities, such as a transportation fleet and distribution warehouses, and to minimize the time required for us to deliver our products to our customers. In some cases, customers make their own delivery arrangements. Our transportation costs are managed at the Group level, by our global supply chain manager, on the basis of specific conditions that are expected to be maintained. Each manufacturing facility has its own logistics team that is responsible for managing product flows.

Intellectual property

We sell our products primarily to pharmaceutical companies rather than to consumers. Nevertheless, we do regard our brand as important. We have two families of patents pending registration which relate to glass vials and glass molding techniques, respectively. The protection of process innovations and other technology is essential to our business, because it allows competitive differentiation and provides essential commercial value. We also rely upon unpatented proprietary expertise, continuing technological process innovations and other trade secrets. In addition, we are a licensee under a technology licensing agreement with Saint Gobain Emballage relating to patents developed by it before 2007, and have granted Cogent Glass Limited the right to use the “SGD” trademark, in limited circumstances, in connection with the exclusive cooperation agreement between us and Cogent Glass Limited. Furthermore, following the Put Option Transfer Date, it is anticipated that the perfumery glass packaging operations will license certain of its non-material patents to us.

We are not aware of any legal proceedings that have been brought against us for infringement of a patent, trademark or other intellectual property.

Information technology

We operate our own comprehensive, integrated SAP systems, which are specifically developed for glass packaging. Based on a unique platform located at Mers-les-Bains, these systems cover various business functions including sales and distribution, production planning, financial control and accounting, management information, maintenance, production management, logistics, warehouse management, and supply chain and quality management. As part of the Demerger, we do not expect that any changes to our integrated SAP systems will be necessary before the Issue Date. Within a one-year period following the Issue Date, we expect to make the required changes to our integrated SAP systems, which we believe will enable a progressive and controlled set-up of a stand-alone information technology infrastructure for our pharmaceutical glass packaging operations.

In addition, as part of our business continuity plan, we have developed a disaster recovery plan to ensure the availability and integrity of our systems in the event of a critical system failure.

Property, plant and equipment

Our glass packaging manufacturing operations are located in France, Germany and China. We believe that our manufacturing facilities are well maintained and generally have sufficient capacity to satisfy current demand and expected market conditions. We own all our manufacturing facilities.

In addition to our manufacturing facilities, we lease eleven sites used for commercial office space in France, Spain, Italy, China, India and the United States, including our headquarters which are located near Paris. We also lease four warehouses in North America, none in Latin America and six in Europe.

Corporate social responsibility

We operate a business model that is committed to corporate social responsibility and environmental conservation. At the center of our corporate social responsibility policy are our four guiding principles. These are professional commitment, respect for others, integrity and solidarity. Furthermore, our overarching strategy is founded on quality, development and innovation. Decision-making at SGD is based on adherence to basic principles, including compliance with laws in force in the countries in which we do business and respect for the environment, employees' rights, and health and safety. The application of these principles informs our environmental policy, which can be seen in our responsible treatment of water and waste using special materials, such as water-soluble lacquers.

We are involved in various initiatives which demonstrate our commitment to corporate social responsibility, such as our recycling program and our recently implemented policy of improving health and safety in the workplace. For instance, we also measure the frequency rate of work-related accidents involving our employees, and more specifically the "TF1 rate" (number of accidents with stoppage/hours worked) x 1,000,000. The TF1 rate for 2010 was 10.6 and due to a renewed focus on safety and health of our employees, we decreased our TF1 rate to 3.5 in 2013, our best TF1 rate ever.

We are committed to promoting and maintaining the highest possible ethical standards throughout our operations. We subscribe to an ethical code that promotes respect for the individual, health, safety and the environment, the prevention of conflicts of interest and prohibited payments, security in dealings with contractors and respect for free competition. In addition, we adhere to the principles of the Universal Declaration of Human Rights, the International Labor Organization and the Organization for Economic Cooperation and Development.

Quality management

Quality management comprises quality control, continuous quality improvement, quality customer management and regulatory compliance. In order to ensure maximum operational effectiveness, we have quality management teams, which usually comprise between ten and 15 employees in each manufacturing facility.

Most of our customers are global pharmaceutical companies, that produce, among other things, healthcare-related products. Accordingly, the use of defective packaging by our customers may affect consumers' health, thereby potentially causing significant reputational harm. All our manufacturing facilities therefore utilize efficient quality management procedures at each stage of the manufacturing process. We believe that such procedures are critical to our operations.

Our quality management programs are designed to enable us to maintain strict compliance with all applicable customer and governmental mandates regarding our products, such as ISO certifications. From the development phase, we and our customers jointly define precise quality requirements that are to be fulfilled in our products. Along the production line and before packaging, we perform strict manual and automated quality controls on each product for any defect that may result in nonconformity. These controls include laboratory controls, raw materials analysis, weight, dimensions, appearance, homogeneity, density and refining control. Defective pieces (or scrap) are discarded and taken to our recycling facility. Inspection is carried out with highly sophisticated electronic equipment using specific defect-detection algorithms. At the end of the production line, products are accurately checked using statistical control procedures to test their quality against aesthetic, chemical-physical and dimensional parameters.

Quality management procedures are strictly monitored and enforced at all our manufacturing facilities. All manufacturing facilities ensure product consistency and quality to a designated standard. Additionally, due to specific pharmaceutical production requirements, we have in each manufacturing facility class 100,000 clean rooms at our cold-end lines. Clean rooms are an essential prerequisite for the manufacture of glass packaging for the pharmaceutical industry, because they can guarantee an almost germ-free environment for handling glass. In a clean room, a virtually germ-free environment is created. The air in clean rooms is typically purified to the extent that it contains approximately 100,000 germs per cubic meter of air.

As a result of our strict quality controls, we have been awarded the following quality certifications:

Location	Certifications
Mers-les-Bains, France	ISO 9001, version 2008; ISO 15378, version 2011
Sucy-en-Brie, France	ISO 9001, version 2008; ISO 15378, version 2011
Kipfenberg, Germany	ISO 9001, version 2008; ISO 15378, version 2011; ISO 14001; ISO 18001; ISO 50001; OHSAS 18001
Zhanjiang, China	ISO 9001, version 2008

ISO 15378: 2011 comprises ISO 9001: 2000, together with the Good Manufacturing Practices applicable to primary packaging and its manufacture for the pharmaceutical industry. These practices include, among others, the highest degree of hygienic handling of products and production equipment possible, a professional risk management system and detailed documentation of change processes. We have, in addition, initiated a process to obtain ISO 14,000, version 2004, certifications for each of our manufacturing facilities. Furthermore, each of our manufacturing facilities has obtained a Drug Master File registration, and can therefore export pharmaceutical packaging to North America. A Drug Master File is a formal document, prepared by pharmaceutical manufacturers and submitted to the relevant regulatory authorities, containing factual information on, among other things, pharmaceutical product packaging. A Drug Master File for China was filed in March 2014.

In certain instances, pharmaceutical products must be recalled if there is an adverse or unexpected reaction, contamination or incompatibility between the product itself and its packaging. In the last three years, there have been only two voluntary product recalls for pharmaceutical products for which we provided packaging, representing what we believe to be a “best-in-class” rate of recall among our competitors. Each of these recalls was voluntarily performed by the customer, rather than being mandated by regulatory bodies, because our packaging met pre-agreed specifications. In response to both recalls, we increased the number of manual checks performed at our manufacturing facilities. Recalls are often expensive and damaging reputationally and, as a result, our customers prioritize the need to obtain our high quality packaging for their products. In addition, we utilize traceability technology which, in the event of a product recall, allows us to identify the relevant batch or batches of affected products, allowing us to confine a product recall appropriately. Our liability insurance provides general coverage of €50 million for damages related to product liability, with a limitation of €20 million for damages related to product recalls. We also include limitation of liability clauses in our customer contracts. Furthermore, between 2007 and 2012, we incurred only €1.4 million of costs and expenses in relation to product liability claims to our insurers, representing less than 0.1% of our revenue for this period. We remained, however, the exclusive supplier of each of our customers involved in one of these product liability claims and accordingly we suffered no loss of business or revenue.

Insurance

We have product liability, business interruption, property, directors’ and officers’, and other insurance coverage in place to the extent we believe it to be appropriate for operating our business. Our liability insurance provides coverage of up to €450 million for business interruption and for damage to property, with specific sub-limitations. We combine our various insurance policies under two master policies, which cover our operations globally, based on general or special terms and conditions. Combining our policies allows us to benefit from uniform coverage, optimizes the management thereof and reduces insurance premium costs. Public liability insurance is purchased on an international level to cover, within certain limits, risks resulting from the customary production activities of our business. Property damage and business interruption insurance is purchased on an international level to cover our business from risks associated with fires, floods, earthquakes and other miscellaneous risks. Additionally, some local policies are maintained where coverage is not extended by our two master policies, such as for marine transportation in China and Germany.

We cannot guarantee, however, that we will not incur losses beyond the limits or outside the coverage of our insurance policies. In addition, longer interruptions of business at one or more of our manufacturing facilities can, even if insured, result in the loss of sales, profit, customers and market share.

We also have an environmental insurance policy that covers pollution conditions that may arise at our manufacturing facilities, subject to standard limitations.

As part of the Demerger, we do not expect that any changes to our master insurance policies will be necessary but we do expect to transfer the two master insurance policies at the level of LuxCo to each of the perfumery glass packaging operations and the pharmaceutical glass packaging operations as of the Issue Date.

Legal proceedings

Groundwater remediation works at Zhanjiang (China) manufacturing facility

In 2012, certain waste products from our manufacturing facility in Zhanjiang (China) were inadvertently leaked into the ground watersystem, contaminating the water supply used by a village adjacent to the facility. Following complaints by a local villager, the facility was inspected by the Chinese Environmental Protection Bureau. Samples taken of nearby groundwater showed abnormal levels of ammonia and fluoride, as a result of wastewater discharge from the glass frosting treatment center of the facility. The glass frosting treatment center produces decoration for certain of our glass packaging. The Environmental Protection Bureau found the facility to be in violation of national environmental laws, and ordered that SGD Asia Pacific, our Chinese subsidiary, prevent the glass frosting treatment center from discharging further wastewater. The Environmental Protection Bureau fined SGD Asia Pacific and in 2012 we paid a fine of renminbi 50,000 (amounting to approximately six thousand euros as of the date of this Offering Memorandum). We made a declaration to our insurers at that time. The wastewater discharge ceased in May 2012, when we implemented preliminary remediation works that consisted of repairing the water treatment station of the glass frosting treatment center. Following the initial remediation works in 2012, we received temporary trial operating permits for the glass frosting treatment center of the facility. The glass frosting treatment center is currently operating under an authorization for a two-month trial period, which began in February 2014.

Subsequent to the initial remediation works in 2012, SGD Asia Pacific hired an independent environmental consultant to design and implement a groundwater remediation plan. The first and second phases of the groundwater remediation plan comprised assessing the extent (offsite and onsite), and potential source of the ammonia and fluoride contamination. The third phase comprises finalizing the remediation works and adding a groundwater monitoring capability at the manufacturing facility. We have provided the Environmental Protection Bureau with our proposed groundwater remediation plan, which they are currently validating. Once validated, we expect to receive the discharge license for the frosting line of the manufacturing facility in Zhanjiang (China). We are also in the process of purchasing the required equipment to implement the groundwater remediation plan (such as pumping wells), once the Environmental Protection Bureau validates the groundwater remediation plan.

We expect that this groundwater remediation plan will be completed by 2019 and estimate to incur approximately, in aggregate, €1.3 million of costs (comprising expenses and capital expenditures) in relation thereto (which includes €0.3 million of costs incurred and paid in 2012).

Tax audit of SGD S.A.

SGD S.A. was subject to a tax audit by the French tax administration from January 2013 to June 2013 for fiscal years 2010 and 2011. We were informed by the tax administration on July 5, 2013 that we will have imposed a tax reassessment in respect of corporate tax and withholding tax, as well as related penalties, for an aggregate amount of approximately €4 million, representing a future cash charge of €1.3 million and a €2.7 million charge on tax losses. The French tax administration asserts that SGD S.A. has only charged a portion of the management fees which it was entitled to receive to Spanish and Brazilian entities of the Group. The French tax administration considers the reduction of management fees charged as a French source of income for these foreign entities and therefore subject to withholding taxes. We believe that the reduction of management fees was justified and we have disclosed these management fees to the French tax administration. Since we believe that we have substantially complied with all applicable tax laws and regulations, we are contesting the basis of the decision of the French tax administration but have not yet started legal proceedings. We accordingly made a €1.3 million provision in our combined financial statements for the year ended December 31, 2013.

Environmental, health and safety, and product safety regulation

Our operations and properties are subject to comprehensive international, EU, Chinese, national, provincial, regional, and local environmental laws, ordinances and regulations and other legal requirements concerning the environment, health and safety, and product safety in each jurisdiction in which we operate, including in relation to the remediation of, and liability for, contamination of soil and groundwater, which impose limitations on the discharge of pollutants into the air, soil and water, establish standards for the treatment, storage and disposal of solid and hazardous wastes, and require the investigation and clean-up of contaminated sites, as well as determine the guidelines for workplace health, safety and product safety. The principal environmental issues facing us include the impact made on air quality through gas and particle emissions from our glass furnaces, including the generation of greenhouse gases; the environmental impact of the disposal of water used in the glass production process; and the potential contamination and subsequent remediation of land, surface water and groundwater arising from our operations.

Our substantial industrial operations are subject to, among additional EU, Chinese and other requirements, the requirements of EU Directive 96/61/EC on Integrated Pollution Prevention and Control (the "IPPC Directive"). The IPPC Directive requires that operators of industrial installations, including glass manufacturing installations, take into account the whole environmental performance of the installation, covering emissions to air, water and land, the generation of waste, the use of raw materials, energy efficiency, noise, the prevention of accidents, and the restoration of the site upon closure. Installations are required to hold a permit which sets emission limit values that are based on BATs, set forth in BAT reference documents. The requirements imposed on us under our IPPC permits are likely to change over time, and such changes may require modifications to existing plant and equipment, upgrade works or, in extreme cases, the cessation of operations. The IED (Directive 2010/75/EU), which maintains and extends the IPPC approach to permitting but effectively replaces the IPPC Directive, was adopted in November 2010 and came into force on January 6, 2011, and was required to be transposed into Member State legislation by January 7, 2013. More-stringent BATs requirements could be imposed on our operations through the IED.

The European Union introduced the EU ETS from January 1, 2005 to control the emission of greenhouse gases. The first phase ran from 2005 to 2007 and the second phase ran from 2008 to 2012 to coincide with the first commitment period under the Kyoto Protocol. The scheme works on a cap and trade basis. The European Commission and governments of Member States set emission caps for greenhouse gases for all installations covered by the scheme. Installations that emit less than their greenhouse gas emission cap can sell emission allowances on the open market and installations that exceed their emission cap are required to buy emission allowances and are penalized if they are unable to surrender the required amount of allowances at the end of each trading year. Many of our production facilities are regulated under the EU ETS. A third phase under the EU ETS commenced in January 2013 and will run until 2020. Most emission allowances in the third phase will be auctioned to regulated installations rather than issued to them by regulatory authorities free of cost. This change and more stringent emission limits under the third phase are expected to result in additional compliance costs for our EU operations.

Furthermore, the EU directive on environmental liability with regard to the prevention and remedying of environmental damage aims to make those who cause damage to the environment (specifically damage to habitats and species protected by EU law, damage to water resources and land contamination that presents a threat to human health) financially responsible for its remediation. It requires operators of industrial premises (including those that hold an IPPC permit) to take preventive measures to avoid environmental damage, inform the regulators when such damage has or may occur and to remediate contamination. Legislation in each Member State may require the remediation of soil and groundwater contamination and may provide for strict, joint and several liability for the investigation and remediation of contamination. The circumstances in which remediation is required, and the party responsible for undertaking or bearing the cost of such remediation, varies between Member States but can result in significant liabilities. In addition, civil liability may also arise. Past practices may have resulted in contamination of our facilities that that has not yet been detected or which is suspected or identified but for which no action has yet been taken. Certain of our manufacturing facilities are located on properties with a long history of industrial use involving the use of materials and processes that can give rise to potential liabilities in respect of remediation. Potential liabilities may arise in relation to land that was previously owned or occupied by companies we have acquired but which was sold prior to our acquisition of those companies.

An EU directive on packaging and packaging waste, which must be implemented in each Member State, regulates packaging, including glass packaging, placed on the market in the European Union and requires that certain rates of recycling and recovery be achieved by manufacturers. The directive sets forth requirements regarding the composition and the reusable and recoverable nature of packaging and packaging waste. Some Member States have enacted legislation that imposes more-onerous obligations in relation to packaging, including packaging taxes and mandatory deposit schemes. Member States are obligated to develop waste prevention programs. Measures to strengthen Member State implementation of the requirements of this directive can also be expected. We are required to comply with EU and national regulations that require a percentage of packaging and packaging wastes to be recovered and a designated percentage to be recycled, including contributing fees toward the costs of recycling and recovery activities.

Our products and the raw materials we use in our production processes are subject to various regulations related to product and chemical safety, including the REACH regulation in the European Economic Area. REACH requires that certain substances imported or manufactured within the European Economic Area be registered with the European Chemicals Agency and evaluated for safety. The registration process requires producers to generate and submit data on the environmental and health impacts of substances and, in some cases, obtain authorization for their use within the European Union. Among other things, REACH can result in the imposition of use or marketing restrictions, and may require the phase-out or substitution of certain more dangerous chemicals with suitable alternatives. The European Union is continuously adopting additional requirements related to product or substance safety.

Although REACH compliance is primarily the responsibility of our suppliers or the producers of chemical raw materials, we are also affected by REACH as a “downstream” user of REACH-regulated substances. It is possible that the registration process or use restrictions imposed by REACH could increase our costs, affect our raw material supplies or require us to substitute certain materials with alternatives. We utilize a database system that allows us to track and monitor our suppliers and the REACH-compliance status of raw materials used at each of our facilities. We biannually review official databases to ensure that our suppliers have made the required registrations and are in material compliance with REACH, and check that they have efforts underway to prepare for and comply with any additional requirements or upcoming deadlines. We believe that we have the capability to adjust our products and supplies as needed in accordance with any future requirements of REACH.

Asbestos is present, or may be present, at a number of our sites. The rules governing the management of asbestos vary between Member States and it is possible that remediation measures to remove asbestos-containing materials (“ACMs”) will be required, in particular where friable ACMs are present or where a site is decommissioned.

From time to time, we receive notices and inquiries from regulatory authorities and others asserting that we are not in compliance with such laws and regulations. Our internal environment, health and safety department, as well as our insurers, conduct regular inspections of all of our manufacturing activities to ensure that site and personal safety is managed to the highest level. We have systems in place designed to monitor, reduce and avoid product safety risks throughout all stages of our production process. Additionally, we provide ongoing employee training regarding product, work and site safety. We have also put in place a risk management review process that aims to identify all key risks within the organization, and putting remediation and action plans into action accordingly. Regulatory affairs are periodically reviewed by each manufacturing facility’s environment, health and safety team, and monitored by our central environment, health and safety department.

If we do not comply with environmental requirements that apply to our operations, regulatory agencies could seek to impose civil, administrative and/or criminal liabilities, as well as seek to curtail our operations. Under some circumstances, private parties could also seek to impose civil fines or penalties for violations of environmental law or recover monetary damages, including those relating to property damage or personal injury or illness or injuries allegedly related to exposure to hazardous substances at our facilities or in our products. The presence of hazardous materials at our manufacturing facilities may, for example, expose us to potential liabilities associated with the cleanup of contaminated soil and groundwater, and we could be liable for the costs of responding to and remediating releases of hazardous substances, and the restoration of natural resources damaged by such release, among other things.

In order to comply with legal or regulatory requirements, we may need to spend substantial amounts of money and other resources from time to time to (i) construct or acquire new equipment, (ii) acquire or amend permits to authorize facility operations, (iii) modify, upgrade or replace existing and proposed equipment, and (iv) clean up and/or decommission waste management facilities. Our operating budget includes costs and expenses associated with complying with these laws. For example, we have recently installed gas filters at our Mers-les-Bains and Sucy-en-Brie (France) manufacturing facilities.

We have also implemented a safety plan at the Group level in order to comply with the various regulations related to environment, health, products and chemical safety. This plan implies the drafting of environmental, health and safety instructions by a safety steering committee with the remit of establishing environmental, health and safety strategies to reduce professional and environmental risks. This committee is chaired by our Chief Executive Officer. The committee meets on a monthly basis and its instructions encompass workstation safety, product safety, emergency situations, and environmental health and safety maintenance. These policies are then applied by an environment, health and safety coordinator at each of our manufacturing facilities.

Management

Board of directors of the Issuer

The Issuer is a private limited liability company (*société par actions simplifée*) organized and existing under the laws of France. The Issuer is managed by a president (*président*) who legally represents the Issuer in its dealings with third parties. The president is appointed by a board of directors (*conseil d'administration*) chaired by the chairman of the board of directors. The board of directors of the Issuer elects one of its members (which may not be the president) as its chairman.

The board of directors of the Issuer currently comprises seven members (*administrateurs*), including the president, who is a member by right. The board of directors of the Issuer determines the Issuer's business strategy and monitors its implementation thereof. Subject to the powers expressly attributed by law to shareholders' meetings and within the limits of its corporate purpose, the board of directors of the Issuer reviews all issues concerning the operations of the Issuer and acts on all matters over which it has authority. It also carries out any control and verification that it considers useful.

The following table sets forth the names, ages and positions of the current members of the board of directors of the Issuer.

Name	Age	Position
Jean Rollier	40	Chairman of the board of directors
Mathieu Guillemin	43	Director
Pierre Hémar	67	Director
Donald Bryden	62	Director
Ashok Sudan	61	Director and president
Derek Whiteside	55	Director

Jean Rollier. Mr. Rollier was appointed member of the board of directors of the Issuer in 2010. Mr. Rollier serves as managing director of Oaktree, which he joined in 2007. Prior to that, Mr. Rollier spent two years at the Boston Consulting Group in the Paris office. Mr. Rollier received a M.Sc. degree in mechanical engineering from Arts et Métiers ENSAM and an M.B.A. from INSEAD.

Mathieu Guillemin. Mr. Guillemin was appointed member of the board of directors of the Issuer in 2010. Mr. Guillemin serves as managing director of Oaktree, which he joined in 2007. Prior to that, Mr. Guillemin spent eight years at Montagu Private Equity, most recently as a director responsible for sourcing, leading and monitoring transactions. Mr. Guillemin received a degree in engineering from Ecole Centrale Paris, an M.Sc. in Economics from the London School of Economics and an M.B.A. from INSEAD.

Pierre Hémar. Mr. Hémar was appointed member of the board of directors of the Issuer in 2012. Mr. Hémar also served as Chief Executive Officer of Ileos from 2011 to February 2014. Prior to that, Mr. Hémar served eleven years as Chairman of Qualipac. Mr. Hémar graduated from Ecole spéciale des travaux publics, du bâtiment et de l'industrie (ESTP) and received an MBA from Ecole des Hautes Etudes Commerciales (HEC).

Donald Bryden. Mr. Bryden was appointed member of the board of directors of the Issuer in 2011. Mr. Bryden serves as a senior advisor of Oaktree, which he joined in 2009. Previously, Mr. Bryden served on the management board of Global Banking and Markets in charge of global corporate finance at the Royal Bank of Scotland. Mr. Bryden graduated from Ecole des Hautes Etudes Commerciales (HEC).

Ashok Sudan. Mr. Sudan was appointed Chief Executive Officer of the Group in 2010. From 2004 to 2010, Mr. Sudan served as executive vice president and managing director of the food and beverage business of Graham Packaging. Mr. Sudan holds an MBA from Indiana University, a master's in industrial engineering from Georgia Tech and a degree in mechanical engineering from the Indian Institute of Technology, Kanpur, India.

Derek Whiteside. Mr. Whiteside was appointed member of the board of directors of the Issuer in 2011. Mr. Whiteside serves as managing director of Clear Performance Ltd, a consultancy specialized in technical and business-related glass packaging consulting services, which he founded in 2009. From 2007 to 2009, Mr. Whiteside served as managing director of Kingspan PLC, a joint venture in Turkey. Prior to that, Mr. Whiteside served as regional general manager and subsequently as vice president in the European Leadership team for Owens Illinois. Mr. Whiteside received a BA from the University of Exeter and an MBA from the University of Bradford.

Key members of management

The Group is managed by a management team. The current management team consists of six key members, each of whom oversees a specific aspect of our business. The following table sets forth the names, ages and positions of the current key members of our management team.

Name	Age	Position
Ashok Sudan	61	Chief Executive Officer
Frédéric Brunet	50	Chief Financial Officer
David Shan	43	Chief Operating Officer
Jean-Michel Gorand	48	Chief Information Officer
Laurent Zuber	56	Managing Director of the Pharmacy Operations
Serge Zimmerlin	49	Vice President of HR and Communication

Frédéric Brunet. Mr. Brunet was appointed Chief Financial Officer of the Group in 2010. From 2003 to 2010, Mr. Brunet served as finance director of the healthcare division of the Rexam group. Mr Brunet has worked for 20 years in packaging in Europe and in Asia and has been involved in pharmaceutical packaging for 14 years. Mr. Brunet graduated from the Ecole des Hautes Etudes Commerciales (HEC), Paris. Mr. Brunet has been assisting the Issuer in connection with the Offering and, having resigned as Chief Financial Officer, is expected to leave the Group shortly after the Issue Date. We are currently in the process of recruiting a replacement Chief Financial Officer, and Mr. Brunet has agreed to remain as Chief Financial Officer until one is found.

David Shan. Mr. Shan was appointed Chief Operating Officer of the Group in 2013. Mr. Shan joined the Group in January 2011 as vice president for operational excellence and became vice president for the perfumery and cosmetics operations in June 2011. Prior to joining us, Mr. Shan was industrial director for the agri-business conglomerate BUNGE based in Barcelona. From 2002 to 2010, Mr. Shan worked at Graham Packaging and was vice president for operations from 2007 to 2010 based at their headquarters in the United States. From 1995 to 2002, Mr. Shan worked at 3M. Mr. Shan graduated from ESSEC Business School with an Executive MBA, and from Ecole Nationale d'Ingénieurs de Tarbes (ENIT) with a major in material science. He also earned a Six Sigma Black Belt.

Jean-Michel Gorand. Mr. Gorand was appointed Chief Information Officer of the Group in 2010. From 2008 to 2010, Mr. Gorand served as IT director worldwide of Linpac Allibert (packaging industry). Prior to that, he held different international senior IT positions, working nine years for GSK (pharmaceutical industry) and BNP. Mr. Gorand holds a master's in Economics, specializing in industrial economics, and a degree in IT Management from Caen University.

Laurent Zuber. Mr. Zuber was appointed managing director of our pharmaceutical glass packaging operations in 2009. From 1990 to 2006, Mr. Zuber served at Saint Gobin Group at different positions and became vice president sales and marketing of the containers division in 2002. From 2006 to 2009, Mr. Zuber served as deputy managing director, in charge of the commercial division for bottles for the pharmacy, perfumery and cosmetics business units. Mr. Zuber graduated from the Institut Supérieur de Commerce of Paris.

Serge Zimmerlin. Mr. Zimmerlin was appointed vice president of human resources and communications in 2010. From 2003 to 2010, Mr. Zimmerlin served as vice president in charge of human resources for Europe, the Middle East and Africa, for Avery Dennison. Mr. Zimmerlin holds a degree in corporate management and administration from Université de Haute Alsace and graduated in Clinical Psychology & Organizations from INSEAD.

Board committees

The board has formed two statutory committees: an audit committee (*comité d'audit*) (the "Audit Committee") and a finance committee (*comité de finance*) (the "Finance Committee").

Audit committee

The Audit Committee meets every quarter and is tasked with examining our accounts, management reports, and business and financial statements; checking that internal information collection and internal audit procedures are applied; and examining the procedure for selecting our auditors.

The Audit Committee is comprised of at least four members of the board of directors of the Issuer, and chaired by a chairman also appointed by the board of directors of the Issuer from among Audit Committee members. As of the date of this Offering Memorandum, the members of the Audit Committee are Frédéric Brunet, Donald Bryden, Mathieu Guillemin, Jean Rollier and Ashok Sudan.

Finance committee

The Finance Committee is tasked with approving certain transactions by management above a certain monetary threshold.

The Finance Committee is comprised of at least three members appointed by the board of directors of the Issuer and chaired by a chairman who is also appointed by the board of directors of the Issuer from among committee members. As of the date of this Offering Memorandum, the members of the Finance Committee are Donald Bryden, Mathieu Guillemin, Jean Rollier and Ashok Sudan.

Compensation of directors and members of management

The aggregate salary and fees, performance-related remuneration and bonuses and other benefits in kind paid to the directors and members of key management listed under "*—Board of directors of the Issuer*" and "*—Key members of management*" was €4.8 million for the year ended December 31, 2013, excluding severance and other transition payments to directors and management who have left us during such period.

Management employment agreements

Our management is compensated with a fixed annual salary and an annual bonus. The annual bonus is typically determined based on certain defined objectives (both individually and Group-wide).

Share ownership

Certain members of the board of directors of the Issuer and management own, directly or indirectly, equity interests and/or warrants in LuxCo.

Conflicts of interest

Representatives of Oaktree who are members of the board of directors of the Issuer may have a potential conflict of interest when Oaktree (which appointed such representative) or any of its related entities have interests diverging from those of our Group.

Except as indicated in the preceding paragraph and disclosed in "*Certain relationships and related party transactions*," no member of the board of directors of the Issuer or management has any material conflict of interest between his or her private interests and his or her duties as a member of the board of directors of the Issuer or management.

Principal shareholders

As of the date of this Offering Memorandum, the issued share capital of the Issuer consists of 554,154,605 ordinary shares and 52,000,000 preferred shares (i.e., an aggregate number of 606,154,605 shares), each having a nominal value of €0.70. All the issued share capital of the Issuer is held by LuxCo, a partnership limited by shares (*société en commandite par actions*) organized and existing under the laws of the Grand Duchy of Luxembourg. The sole manager and general partner of LuxCo is SGD Luxembourg Holdings S.à r.l., a private limited liability company (s*ociété à responsabilité limitée*) organized and existing under the laws of the Grand Duchy of Luxembourg.

Ownership in LuxCo

As of the date of this Offering Memorandum, the issued share capital of LuxCo consisted of 39,999 ordinary shares and one general partnership share (i.e., an aggregate number of 40,000 shares), each having a nominal value of €0.775. OCM Luxembourg EPOF II S.à r.l., an investment vehicle owned by Oaktree, owns 92.8% of the ordinary shares of LuxCo and SGD Luxembourg Holdings S.à r.l., another vehicle owned by Oaktree, owns the sole general partner share. OCM Luxembourg EPOF II S.à r.l. holds more than 80% of the economic interests in LuxCo through a combination of ordinary shares and preferred equity certificates. The remainder of the ordinary shares is held (directly or indirectly) by several current and former lenders (pursuant to a debt-for-equity swap entered into pursuant to the restructuring of the Group in 2009).

Shareholders' Agreement

On February 4, 2010, LuxCo and SGD Luxembourg Holdings S.à r.l. (as general partner), among others, entered into a shareholders' agreement, as amended from time to time (the "Shareholders' Agreement"), relating to the shares held in LuxCo by Oaktree and certain senior lenders and initial other financial investors, and governing the management and affairs of LuxCo and its subsidiaries.

The Shareholders' Agreement contains provisions, among other things, that regulate (i) restrictions and rights on transfers of debt and equity instruments in LuxCo (including rights of first refusal, and tag-along and drag-along rights), (ii) new issues of securities, (iii) the manner and process of exit, (iv) rights attaching to warrants issued in LuxCo, (v) rights of each class of shareholders in the context of a debt issuance and (vi) decisions that require the approval of a qualified majority of our minority shareholders, such as a distribution of dividends or reduction of share capital not made in proportion with the number of shares held, a merger, a demerger, a "hive down," a sale of LuxCo or of its material assets, the transformation of LuxCo into another corporate form, the conclusion of a material agreement with LuxCo, the appointment of statutory auditors, the amendment of the terms and conditions of our equity warrants and the issuance of new securities at an issue price other than at their fair market value.

Certain relationships and related party transactions

General

In the course of our ordinary business activities, we regularly enter into agreements with companies within the Group. These agreements relate to, among other things, the provision of billing, information technology and accounting services, and the rendering of other intragroup services, such as business advisory, treasury, finance, marketing, human resources, legal, tax, research and development and engineering services. Described below are the most significant transactions with related parties.

Subordinated Shareholder Loan

LuxCo is the lender under an intercompany loan made available to the Issuer. See "*Description of certain financing arrangements—Subordinated Shareholder Loan*." We will prepay €8.2 million in principal and €6.8 million in accrued interest outstanding under the Subordinated Shareholder Loan with the proceeds from the Offering.

Existing Senior Facilities and Existing Operational Facilities

Oaktree is one of the existing lenders under the Existing Senior Facilities and the Existing Operational Facilities. Oaktree had €115.9 million aggregate principal amount outstanding and €3.8 million in accrued and unpaid interest outstanding under the Existing Senior Facilities as of December 31, 2013. It also had €46.8 million aggregate principal amount outstanding and €1.9 million in accrued and unpaid interest outstanding under the Existing Operational Facilities as of December 31, 2013. Both the Existing Senior Facilities and the Existing Operational Facilities will be repaid in full on the Issue Date with the proceeds from the Offering.

Services Framework Agreement

On February 4, 2010, two entities controlled by Oaktree entered into a services framework agreement with us (the "Services Framework Agreement"), pursuant to which they may, from time to time, enter into administrative services agreements with us. The Services Framework Agreement provides that in consideration for such services, we shall reimburse these entities for all reasonable costs and out-of-pocket expenses incurred in rendering these and related services for the benefit of the Group. For the years ended December 31, 2011, 2012 and 2013, rebilling costs amounted to €0.7 million under the Services Framework Agreement. Each party to the Services Framework Agreement may terminate the agreement upon one month's prior notice. The agreement will automatically terminate if we cease to be an affiliate of LuxCo.

Consulting services agreements

Derek Whiteside, a member of the board of directors of the Issuer, is the general manager of Clear Performance Ltd, a consultancy specialized in technical and business-related glass packaging consulting services. We have engaged Clear Performance Ltd since July 1, 2011 and have made payments to it of €18,000, €41,412 and €148,317 for the years ended December 31, 2011, 2012 and 2013, respectively. We believe that the services of Clear Performance Ltd are negotiated on an arm's-length basis.

Patrick Choel, a former member of the board of directors of the Issuer, is the general manager of Université 82, a consultancy specialized in perfumery industry consulting services. We have engaged Université 82 since March 1, 2011 and have made payments to it of €35,931, €40,120 and €40,112 for the years ended December 31, 2011, 2012 and 2013, respectively. We believe that the services of Université 82 are negotiated on an arm's-length basis.

Cooperation agreement with Cogent Glass Limited

In April 2013 we entered into a cooperation agreement with Cogent Glass Limited, a pharmaceutical molded and tubular type I glass packaging company based in India, which is majority owned by Oaktree, and to which we provide technical management and consultancy services. In connection with the cooperation agreement, we also entered into a call option agreement, pursuant to which we have the right of first refusal with respect to any sale of shares in Cogent Glass Limited.

Demerger

Pursuant to the Demerger Agreements, we will enter into various agreements with entities related to the perfumery glass packaging operations, which we believe are negotiated on an arm's-length basis. See "*The Transactions*." In addition, with effect from the Issue Date, the Issuer and LuxCo Perfumery will enter into a Framework Services Agreement whereby the Issuer and LuxCo Perfumery will procure the continued provision of certain services, on the terms on which such services were provided prior to the Issue Date, pursuant to various individual service agreements entered into between their respective subsidiaries. We believe that the Framework Services Agreement was negotiated on an arm's-length basis. See "*The Transactions—Framework Services Agreement*."

Description of certain financing arrangements

Revolving Credit Facility Agreement

Overview and structure

In connection with this Offering, the Issuer, Luxco and the Guarantors expect to enter into the Revolving Credit Facility Agreement on or prior to the Issue Date, with J.P. Morgan Limited, BNP Paribas and Credit Suisse International as arrangers (the “Arrangers”), BNP Paribas as agent (the “Agent”), and the financial institutions named therein as original lenders.

The Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of €35 million on a committed basis. The Revolving Credit Facility may be utilized by any current or future borrower under the Revolving Credit Facility in euro, pounds sterling and U.S. dollars and any other currency approved by the Agent (acting on the instructions of all of the Lenders) by the drawing of cash advances, the issuance of bank guarantees and letters of credit and by way of ancillary facilities. Subject to certain exceptions, amounts may be borrowed, repaid and reborrowed at any time. Borrowings will be available for the general corporate, working capital purposes, capital expenditure and investments of the Issuer and its subsidiaries and/or transaction costs (including, for the avoidance of doubt, any fees in accordance with the funds flow statement), excluding (i) any prepayment, purchase, defeasance, redemption or acquisition or retirement of the Notes, any Pari Passu Debt (as defined in the Intercreditor Agreement), any Credit Facility Lender Liabilities (as defined in the Intercreditor Agreement) or, in each case, any refinancing thereof, (ii) any payments falling within the definition of Restricted Payments (as defined in the Revolving Credit Facility Agreement) (including dividends or any other distributions in respect of share capital) other than Permitted Investments (as defined in the Revolving Credit Facility Agreement) to the extent such Investments are not directly or indirectly applied towards the payment of dividends or any other distributions in respect of share capital which are not permitted under the terms of the Notes), or (iii) any acquisition of a company or any Capital Stock or a business or undertaking (or, in each case, any interest in any of them) to the extent not permitted under the Revolving Credit Facility Agreement.

In addition, subject to certain conditions, one or more additional facilities under the Revolving Credit Facility Agreement, either as a new facility and/or as an additional tranche of any existing facility, may be added to the total commitments under the Revolving Credit Facility in an aggregate amount for all such additional facilities and/or additional tranches not exceeding €10 million.

Availability

The Revolving Credit Facility may, subject to the satisfaction of customary conditions precedent, be utilized from the Issue Date until the date falling one month prior to the termination date of the Revolving Credit Facility.

Borrowers and Guarantors

The Issuer is an original guarantor under the Revolving Credit Facility. The Revolving Credit Facility is guaranteed by the Issuer and the other Guarantors. SGD S.A. and SGD Kipfenberg GmbH are original borrowers under the Revolving Credit Facility. A mechanism is included in the Revolving Credit Facility Agreement to enable any of the Issuer’s wholly owned subsidiaries to accede as a borrower under the Revolving Credit Facility subject to certain conditions.

Maturity and repayment requirements

The Revolving Credit Facility will mature in 2018.

Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the termination date for the Revolving Credit Facility, save in respect of any letter of credit which has been cash collateralized or in respect of which a back-to-back guarantee acceptable to the relevant issuing bank (acting reasonably) has been provided, provided that in each case any extension beyond the termination date is done on a bilateral basis only between the relevant issuing bank and the relevant borrower and none of the other lenders will have any responsibility or liability in relation thereto.

Interest rate and fees

The interest rate on cash advances under the Revolving Credit Facility will be the rate per annum equal to the aggregate of the applicable margin and LIBOR or EURIBOR (as applicable). The margin under the Revolving Credit Facility will be set at a percentage to be agreed. However, after this time, the margin on the loans is subject to a ratchet whereby it can be reduced or increased if (i) no Event of Default (as defined in the Revolving Credit Facility Agreement) has occurred and is continuing, and (ii) the Consolidated Total Net Debt to Consolidated Pro-Forma EBITDA is (a) greater than or equal to a ratio to be agreed (in which case the margin shall be within a range to be agreed).

A commitment fee will be payable as a percentage of the applicable margin of the relevant lender's available commitment for the period commencing on the first business day after the Issue Date and ending on the last day of the availability period for the Revolving Credit Facility. The commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the cancelled amount of the relevant lender's commitment at the time the cancelation is effective. No commitment fee shall accrue or become payable before the Issue Date.

Default interest will be calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay customary (i) agency fees to the Agent and the Security Agent in connection with the Revolving Credit Facility Agreement and/or the Intercreditor Agreement, (ii) arrangement and underwriting fees and fronting fees to the issuing bank under the Revolving Credit Facility Agreement and (iii) letter of credit fees to the issuing bank.

Guarantees

Each guarantor under the Revolving Credit Facility Agreement will provide a senior guarantee of all amounts payable to the finance parties by each other obligor (including any additional borrowers which accede to the Revolving Credit Facility Agreement) (subject to the limitations described in "*Limitations on validity and enforceability of the Guarantees and the security interests*").

Security

The Revolving Credit Facility will be secured by first-ranking security interests over the Collateral, ranking *pari passu* with the security interests securing the Notes. In addition, the Revolving Credit Facility will be secured by an assignment by way of security (*Dailly*) over third-party receivables owed to SGD S.A.

Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the Collateral (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes.

Representations and warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications, exceptions and baskets, and with certain representations and warranties being repeated, including: (i) status and due incorporation; (ii) power and authority; (iii) legal valid and binding obligations; (iv) no conflict; (v) the validity and admissibility in evidence; (vi) governing law and enforcement; (vii) insolvency; (viii) no filing or stamp taxes; (ix) tax liabilities; (x) no default; (xi) the accuracy of financial information and financial statements; (xii) no litigation; (xiii) compliance with environmental laws; (xiv) no security, guarantees or indebtedness (other than as permitted); (xv) ranking; (xvi) legal and beneficial ownership; (xvii) intellectual property; (xviii) the accuracy of the Group structure; (xix) holding companies activities; (xx) pension schemes; (xxi) center of main interests; and (xxii) anti-terrorism laws, in each case subject to exceptions and materiality thresholds.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes. In addition, the Revolving Credit Facility also contains certain affirmative and negative covenants and a financial covenant. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge and other qualifications, exceptions and baskets.

Notes repurchase condition

The Revolving Credit Facility requires that if more than 50% of the aggregate principal amount of the Notes issued on the Issue Date (the "Threshold") are repurchased prior to their scheduled repayment date, the Revolving Credit Facility will be (subject to certain exceptions) permanently cancelled and repaid in the relevant proportion which the Notes purchase in excess of the Threshold bears to the Threshold.

Additional covenants

The additional covenants include, among others: (i) providing certain financial information, including annual audited, quarterly and monthly financial statements, compliance certificates and an annual budget and, upon reasonable request, information relating to the financial condition of LuxCo or the Group; (ii) authorizations and consents; (iii) maintenance of status and authorization; (iv) ranking; (v) change of business; (vi) preservation of assets; (vii) insurance; (viii) taxes; (ix) pension schemes; (x) intellectual property; (xi) environmental undertakings; (xii) super senior indebtedness; (xiii) holding company; (xiv) guarantees and security; (xv) further assurance; (xvi) sanctions and anti-corruption laws; (xvii) COMI shift; (xviii) pre-funded account (as further described below); (xix) demerger (as further described below); and (xx) perfumery division, in each case subject to exceptions and materiality thresholds.

In particular, the Designated Bank Account covenant provides for the obligation of SGD S.A. not to make any withdrawal from the Designated Bank Account except: (i) to the extent required to be paid for the sole purpose of satisfying any Net Perfumery Cash Need prior to the Put Option Transfer Date (which shall be paid immediately upon any such withdrawal); (ii) after the Put Option Transfer Date; or (iii) with the prior written consent of the Instructing Group (as defined in the Intercreditor Agreement), in each case, subject to the Intercreditor Agreement, which is described in more detail in "*Description of certain financing arrangements—Intercreditor Agreement*."

Moreover, the demerger covenant includes the obligation of LuxCo and each member of the Group to (i) promptly pay all amounts payable under certain Demerger documents as and when they become due; (ii) perform and comply with its obligations under or in connection with certain Demerger documents; (iii) not amend, vary, novate, supplement, waive or terminate any relevant Demerger document term except in writing: (A) prior to the closing date, with the prior written consent of the lenders; or (B) after the Put Option Transfer Date, in a way which could not be reasonably expected to adversely affect the interests of the lenders; and (iv) comply with all applicable laws in all respects in the context of the Demerger. Furthermore, the Issuer shall procure the occurrence of the Put Option Transfer Date on or prior to December 31, 2015 or such later date as the Issuer and the Agent, acting on the instructions of the lenders whose commitments under the Revolving Credit Facility aggregate more than $66^{2/3}$ of the total commitments (the "Majority Lenders"), may agree.

Covenant suspension

The provision for suspension of certain covenants upon the Notes achieving investment-grade status as set forth in the "*Description of Senior Secured Notes*," shall also apply equally to the Revolving Credit Facility.

Mandatory prepayment requirements upon a change of control or a sale

Upon the occurrence of the sale of all or substantially all of the assets of the Group (as defined in the Revolving Credit Facility Agreement) whether in a single transaction or a series of related transactions, other than in the case of the Demerger ("Sale"), the Revolving Credit Facility will be cancelled and all outstanding utilizations and ancillary outstandings, together with accrued interest, and all other amounts accrued under the Finance Documents (as defined in the Revolving Credit Facility Agreement), shall become immediately due and payable and shall be repaid within five business days of such date, save to the extent that any ancillary lender or, as the case may be, issuing bank may, as between itself and the relevant member of the Group, agree to continue to provide such ancillary facility or, as the case may be, letter(s) of credit, in which case, after notification thereof to the Agent such arrangements shall continue on a bilateral basis and not as part of, or under, the Finance Documents and save for any rights and obligations against any other Finance Party under the Finance Documents arising prior to such cancellation, no such rights or obligations in respect of the letter(s) of credit or, as the case may be, ancillary facility shall, as between the Finance Parties, continue and the Transaction Security (as defined in the Revolving Credit Facility Agreement) shall not, following release thereof by the Security Agent, secure any such letter(s) of credit or ancillary facility in respect of any claims that arise after such cancellation.

Upon the occurrence of a Change of Control: (i) the Issuer shall promptly notify the Agent of that event (and, in any event, within five days of that event having occurred); (ii) subject to paragraph (c) below: (A) a lender shall not be obliged to fund a utilization (except for a Rollover Loan, as defined in the Revolving Credit Facility Agreement) and an ancillary lender shall not be obliged to fund a utilization of an ancillary facility unless that lender consents to so fund; and (B) if a lender so requires and informs the Agent within 60 days of the occurrence of a Change of Control, the Agent shall, promptly notify the Issuer and five business days after the end of such 60 day period, the Revolving Credit Facility shall be cancelled insofar as it is made available by that lender and that lender's participation in outstanding utilizations and ancillary outstandings shall, together with accrued interest, and all other amounts accrued to that lender under the Finance Documents be immediately due and payable, and full cash cover in respect of each letter of credit under an ancillary facility shall become immediately due and payable, and for those lenders who do not request such a cancellation within 60 days of the occurrence of a Change of Control, the definition of Sponsor (as defined in the Revolving Credit Facility Agreement) shall include the new investor after such Change of Control.

Notwithstanding paragraph (b) above, the Sponsor shall be permitted to approach each lender in advance of a proposed Change of Control to seek each such lender's consent to a waiver of the provisions of paragraph (b) above in connection with such proposed Change of Control (the "Successor Transfer"). The Sponsor shall approach each lender more than 30 days before a Successor Transfer. Each lender and the Sponsor shall then consult for a period of not more than 30 days in respect of the Successor Transfer (the "Discussion Period").

Prior to the expiry of the Discussion Period, each lender shall give written confirmation to the Investors of its decision (in the sole determination of each lender), to: (i) consent to the Successor Transfer (the "Positive Decision"); or (ii) not consent to the Successor Transfer (the "Negative Decision").

In the event that any lender provides a Positive Decision, no Change of Control shall occur for the purposes of paragraph (b) above and the Revolving Credit Facility Agreement generally in relation to the commitments and participations of that lender and, for the purposes of those lenders providing a Positive Decision only, the definition of Sponsor shall include the new investor after any Successor Transfer has occurred.

In the event of a Negative Decision by any lender: (i) on and from the date of that Change of Control that lender shall not be obliged to fund a utilization (except for a Rollover Loan) and if that lender is an ancillary lender, it shall not be obliged to fund a utilization of an ancillary facility; and (ii) the Agent shall, promptly notify the Issuer and with effect from the date that is 60 days after the Change of Control, cancel the facility insofar as made available by that lender and declare that lender's participation in outstanding utilizations and ancillary outstandings, together with accrued interest and all other amounts accrued to that lender under the Finance Documents due and payable on or (at the Issuer's election subject to Break Costs, as defined in the Revolving Credit Facility Agreement) before the date that is 60 days after the Change of Control, and full cash cover in respect of each letter of credit and any letter of credit under any ancillary facility shall become due and payable on or (at the Issuer's election subject to Break Costs) before the date that is 60 days after the Change of Control.

Following a Negative Decision, the Issuer shall have the right (but not the obligation) to treat the relevant lender as if it were a Non-Consenting Lender (as defined in the Revolving Credit Facility Agreement) and require the transfer of such lender's commitments in accordance with the Revolving Credit Facility Agreement.

Financial covenant

Under the Revolving Credit Facility, we are required to comply with a Minimum EBITDA covenant set at 40% headroom over the projected EBITDA as of the Issue Date. The financial covenant will be calculated and tested on the second quarter following the Issue Date and thereafter quarterly, provided that the failure to satisfy such covenant when the Revolving Credit Facility is not drawn or outstanding shall not be deemed to constitute or result in a Default or an Event of Default or a breach of the Revolving Credit Facility Agreement.

Events of default

The Revolving Credit Facility Agreement provides for the same events of default (with certain adjustments as necessary) as under the Notes.

In addition, the Revolving Credit Facility provides for customary events of default, all of which are subject to customary materiality, actual knowledge and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including: (i) breach of financial covenant (subject to certain equity cure rights); (ii) misrepresentations; (iii) cross-default to any Indebtedness above €7.5 million; (iv) repudiation and rescission of finance documents; (v) invalidity and unlawfulness; (vi) breach of the Intercreditor Agreement; (vii) payment default; (viii) compulsory acquisition; (ix) cessation of business; (x) auditor's qualification; and (xi) an Obligor (as defined in the Revolving Credit Facility Agreement) breach of any of its obligations under any Finance Document (as defined in the Revolving Credit Facility Agreement).

Governing law

The Revolving Credit Facility Agreement and any non-contractual obligation arising out of or in connection with it will be governed by and construed and enforced in accordance with English law although the additional covenants and the events of default included in the schedule of the Revolving Credit Facility Agreement, will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility Agreement is governed by, and shall be governed by, English law).

Intercreditor Agreement

In connection with the entry into the Revolving Credit Facility and the Indenture, the Issuer, the direct shareholder of the Issuer, the Guarantors and certain other subsidiaries of the Issuer will enter into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the lenders under the Revolving Credit Facility; (ii) any persons who accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the "Hedging Agreements"; the liabilities under such Hedging Agreements, the "Hedging Liabilities"; and any persons who accede to the Intercreditor Agreement as counterparties to such Hedging Agreements being referred to in such capacity as the "Hedge Counterparties"); (iii) the Trustee, on its own behalf and on behalf of the holders of the Notes (for the purpose of this "*Description of certain financing arrangements*," the "Notes") (the "Noteholders") (the "Notes Trustee"); (iv) the intragroup creditors and debtors; and (v) certain direct or indirect shareholders of the Issuer in respect of certain structural debt that the Issuer or another member of the Group has incurred or may incur in the future (including any subordinated shareholder loans).

- In this description, "Group" refers to the Issuer and each of its subsidiaries.
- Each member of the Group that incurs any liability or provides any guarantee under the Revolving Credit Facility, in respect of the Notes or under any other Debt Document (as defined in "*—Further security and incremental borrowings*") is referred to as a "Debtor" and are collectively referred to as the "Debtors."

The Intercreditor Agreement will set forth:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;

- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (such assets, the "Collateral"; such security, the "Transaction Security"; and the documents constituting such Transaction Security, the "Transaction Security Documents").

The Intercreditor Agreement will contain provisions relating to future indebtedness that may be incurred by the members of the Group, which is permitted or not prohibited under the Credit Facility Documents (as defined below), the Notes Documents (as defined below), any Pari Passu Debt Document (as defined below) and any Senior Notes Document (as defined below) to rank *pari passu* in right of payment with the liabilities under the Revolving Credit Facility Agreement, the liabilities under the Indenture (for the purposes of this section, the "Notes Indenture") and any existing Pari Passu Liabilities (as defined below), then existing or, to the extent not permitted under any Finance Document, with the consent of the relevant Creditor Representatives (as defined herein) under each such document (acting on the instructions of the requisite level of creditors under such documents) and to be secured on the Collateral, subject to the terms of the Intercreditor Agreement (such indebtedness being the "Pari Passu Debt"; the creditors in respect of such indebtedness being the "Pari Passu Creditors"; the liabilities of the Debtors in respect of such indebtedness being the "Pari Passu Liabilities"; and the documents creating or evidencing the Pari Passu Liabilities, the "Pari Passu Debt Documents").

The Intercreditor Agreement will also include provisions relating to future indebtedness in the form of senior notes (such indebtedness being "Senior Notes," the liabilities of the Debtors in respect of such indebtedness being "Senior Notes Liabilities" and documents creating or evidencing the Senior Notes Liabilities, the "Senior Notes Documents") that may be incurred by a special purpose entity which is wholly owned directly or indirectly by Luxco and is not a member of the Group (such entity, the "Senior Notes Issuer") and provisions relating to the liabilities in respect of guarantees granted by each guarantor of the Senior Notes (the "Senior Notes Guarantee Liabilities"), that is permitted or not prohibited under the Credit Facility Documents, the Notes Documents, any existing Pari Passu Debt Document and any existing Senior Note Document to rank equally with any existing Senior Notes Liabilities, subject to the terms of the Intercreditor Agreement (the creditors in respect of such indebtedness being the "Senior Notes Creditors."

The Intercreditor Agreement will also provide for any credit facility constituting a "Credit Facility" under the Notes Indenture, the creditors of which are entitled under the terms of the Notes Documents, any existing Pari Passu Debt Document and any existing Senior Notes Document to receive priority in respect of the proceeds of the enforcement against the Collateral (each such facility being a "Credit Facility" and, together with the Revolving Credit Facility, the "Credit Facilities" and each finance document relating thereto (but excluding any Hedging Agreement), a "Credit Facility Document"). Each lender under a Credit Facility is a "Credit Facility Lender" and excluding any Hedging Liabilities, the liabilities of the Debtors to the Credit Facility Lenders are referred to as the "Credit Facility Lender Liabilities."

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of a Debt Document and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

By purchasing a Note, Noteholders shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorized the Notes Trustee and the Senior Notes Trustee to enter into the Intercreditor Agreement on their behalf.

The following description is a summary of certain provisions in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety.

Ranking and priority

The Intercreditor Agreement will provide, subject to the provisions in respect of permitted payments described below, that (i) the Credit Facility Lender Liabilities; (ii) the liabilities of the Debtors with respect to Hedging Agreements entered into in relation to interest rate hedging in respect of (1) any Credit Facility, the Notes or any Senior Notes or (2) in respect of Pari Passu Debt (the "Super Senior Hedging Liabilities" and, together with the Credit Facility Lender Liabilities and the Creditor Representative Liabilities owed to the Credit Facility Agent, the "Super Senior Liabilities" and the creditors of the Super Senior Liabilities, the "Super Senior Creditors"); (iii) the liabilities of the Debtors with respect to Hedging Agreements entered into in relation to foreign currency hedging in respect of (1) any Credit Facility, the Notes or the Senior Notes or (2) in respect of Pari

Passu Debt (the “Non-Super Senior Hedging Liabilities” and the creditors of the Non-Super Hedging Liabilities, the “Non-Super Senior Hedge Counterparties”); (iv) the liabilities of the Issuer and the Debtors in respect of the Notes (the “Notes Liabilities”); (v) the Pari Passu Liabilities (together with the Notes Liabilities and the Non-Super Senior Hedging Liabilities, the “Senior Secured Liabilities,” and the creditors of the Senior Secured Liabilities, the “Senior Secured Creditors”); (vi) the liabilities of the Issuer and the Debtors in respect of the Senior Notes (the “Senior Notes Liabilities”) and (vii) certain other unsecured liabilities, will rank in right and priority of payment in the following order:

- *first*, the Super Senior Liabilities, the liabilities of any Debtor to an arranger under the Revolving Credit Facility (the “Arranger Liabilities”), the Senior Secured Liabilities and the liabilities of the Security Agent (the “Security Agent Liabilities”) will rank *pari passu* and without any preference between them;

- *second*, the Senior Notes Guarantee Liabilities will rank *pari passu* and without any preference between them.

The intercompany obligations (the “Intra Group Liabilities” and the documents creating or evidencing such Intra Group Liabilities being “Intra Group Debt Documents”) of any member of the Group to any other member of the Group (each, an “Intra Group Lender” and, collectively, the “Intra Group Lenders”) are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors. The liabilities owed by any Debtor to Luxco and any shareholder, direct or indirect, of the Issuer (or any holding company or subsidiary of the Issuer or any other subsidiary of any such holding company that is not a member of the Group) and any of their respective transferees or successors (the “Shareholder Liabilities” and the documents creating or evidencing such Shareholder Liabilities being “Shareholder Debt Documents”) are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

In this section the Shareholder Liabilities and the Intra Group Liabilities are together referred to as the “Subordinated Liabilities.”

The parties to the Intercreditor Agreement will agree in the Intercreditor Agreement that the Transaction Security ranks and secures the following liabilities in the following order:

- *first*, the Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Arranger Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Liabilities, the Hedging Liabilities and Liabilities owed to the Security Agent, will rank and secure such liabilities first, *pari passu* and without any preference between them; and

- *second* (to the extent only of any SUN Shared Security (as defined in the Intercreditor Agreement), the Senior Notes Liabilities.

The Senior Liabilities and the Subordinated Liabilities will not be secured by any of the Transaction Security unless permitted by the Credit Facility Documents, the Notes Documents and any Pari Passu Debt Documents. Notwithstanding the foregoing, the Senior Notes Liabilities shall be secured by the SUN Shared Security if any (being the security granted in favor of the Security Agent over the shares, loans, bonds or other equity or debt instruments issued by the Issuer to Luxco or by a subsidiary of the relevant Senior Notes Issuer which is a holding company of the Issuer or by the Senior Notes Issuer to Luxco). The Senior Notes Liabilities are senior obligations of the Senior Notes Issuer. Until the Senior Secured Debt Discharge Date, the Senior Notes Creditors may not take any steps to appropriate the assets of the Senior Notes Issuer in connection with any enforcement action other than as expressly permitted by the Intercreditor Agreement.

Under the Intercreditor Agreement, all Proceeds from Enforcement of the Collateral and certain other recoveries will be applied as provided under “*—Application of proceeds from enforcement of Transaction Security*.”

Further security and incremental borrowings

The creditors in respect of the Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Arranger Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Liabilities and the Hedging Liabilities and (to the extent of any Senior Notes Liabilities secured by the SUN Shared Security) the Senior Notes Liabilities (together, the “Secured Liabilities,” and the creditors thereof, the “Secured Parties” and the documents evidencing the Secured Liabilities, the "Secured Debt Documents") may take, accept or receive the benefit of additional security and additional guarantees, indemnities or other assurance against loss from any member of the Group in respect of the Secured Liabilities, provided that, if and to the extent legally possible, such security, guarantee, indemnity or other assurance against loss is also granted to the Security Agent as agent and trustee of the other Secured Parties. Any such additional security, guarantee, indemnity or other assurance against loss will rank in the same order of priority as referred to above and the proceeds of the enforcement of any such security will be applied as provided under "—*Application of proceeds from enforcement of Transaction Security*."

The Intercreditor Agreement will contemplate the Debtors (or any of them): (i) incurring incremental borrowing liabilities and/or guarantee liabilities under; or (ii) refinancing the borrowing liabilities incurred under the documents creating or evidencing indebtedness under or in respect of any Credit Facility, the Notes, the Senior Notes, the Hedging Liabilities, the Pari Passu Debt or the Subordinated Liabilities (such documents or instruments together with Transaction Security Documents, the Shareholder Debt Documents and the Intra Group Debt Documents being referred to collectively as the "Debt Documents") and/or incurring guarantee liabilities in respect of any indebtedness incurred in connection with any such refinancing (such incremental borrowing liabilities, refinancing liabilities and/or guarantee liabilities being referred to as "Additional Indebtedness") which in any such case are intended to rank *pari passu* with and/or share *pari passu* in any Transaction Security with any existing liabilities and/or to rank behind any existing liabilities and/or to share in the Transaction Security behind such existing liabilities. The Secured Parties and the creditors in respect of the Subordinated Liabilities (the "Subordinated Creditors" and, collectively with the Secured Parties and the Senior Notes Creditors, the "Creditors" and each, a "Creditor") will confirm in the Intercreditor Agreement that, provided such financing or refinancing and such ranking and such security is not prohibited under the terms of the Debt Documents, they will (at the Debtors' cost) enter into such documentation as may be necessary (including entering into a new intercreditor agreement on substantially the same terms as the Intercreditor Agreement) to ensure that the Additional Indebtedness (and the liabilities and obligations of the Debtors in respect of such Additional Indebtedness) will have the ranking permitted to be conferred upon it in accordance with the terms of the Debt Documents, provided that such documentation does not in any significant respect have a material adverse effect on the interests of any of the Secured Parties.

Security: Pari Passu Creditors

The Pari Passu Creditors may take, accept or receive the benefit of:

(a) security in respect of the Pari Passu Liabilities in addition to the Transaction Security if, at the same time, it is also granted either:

  (i) to the Security Agent as trustee for the other Secured Parties in respect of their secured obligations;

  (ii) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as trustee for the Secured Parties:

    A. to the other Secured Parties in respect of their secured obligations; or

    B. to the Security Agent under a Parallel Debt structure for the benefit of the other Secured Parties; or

  (iii) in the case of any security granted after the date of the Intercreditor Agreement, to some of the Secured Parties provided that such security is incremental to the Transaction Security that has already been granted in favor of all other Secured Parties and any proceeds derived from the enforcement of such security will be shared with all the Secured Parties in accordance with the payment waterfalls set forth in "—*Application of proceeds from enforcement of Transaction Security*."

and ranks in the same order of priority as that contemplated in "—*Ranking and priority*"; and

(b) any guarantee, indemnity or other assurance against loss in respect of the Pari Passu Liabilities in addition to those in:

  (i) the original form of the Pari Passu Debt Documents;

  (ii) the Intercreditor Agreement; or

(iii) any guarantee, indemnity or other assurance against loss given for the benefit of all the Secured Parties in respect of their Secured Liabilities;

only if, in each case (1) the grant of such security or the giving of such guarantee, indemnity or other assurance against loss is permitted by the documents or instruments creating or evidencing the Notes Liabilities (the "Notes Documents") and the Credit Facility Documents and (2) at the same time, it is also granted to the Credit Facility Lenders and granted to the other Secured Parties in respect of their respective Secured Liabilities and ranks in the same order of priority as that contemplated in "*—Ranking and priority*."

Permitted payments

The Intercreditor Agreement will permit, prior to the occurrence of an acceleration event in respect of a Credit Facility, the Pari Passu Liabilities and the Notes Liabilities (a "Secured Debt Acceleration Event"), payments to be made by the Debtors under the Revolving Credit Facility, the Notes Documents and Pari Passu Debt Documents, in each case in accordance with the terms of the relevant Credit Facility Agreement, Notes Documents and the Pari Passu Debt Documents, but subject to: (i) in the case of payments in respect of the Notes, compliance with the Notes Purchase condition described under "*—Revolving Credit Facility—Notes purchase condition*"; (ii) in the case of payments in respect of the Pari Passu Liabilities, any restrictions under the Credit Facilities, the Notes Documents and any Pari Passu Debt Documents then outstanding. Following the occurrence of a Secured Debt Acceleration Event, subject to certain exceptions, payments can only be made by the Debtors applying the amounts received by the relevant Debtor under the process described under "*—Application of proceeds from enforcement of Transaction Security*," The restriction in the foregoing sentence shall not apply (i) where, provided that the Majority Super Senior Creditors Notes/Pari Passu Required Holders constitute the Instructing Group in accordance with "*—Enforcement decision*" a payment block suspension notice has been delivered by the Credit Facility Agent to the Security Agent in accordance with the terms of the Intercreditor Agreement or (ii) to the extent that such Secured Debt Acceleration Event has subsequently been cancelled and/or irrevocably revoked in writing by each relevant Creditor Representative.

The Intercreditor Agreement will also permit payments in respect of Senior Notes Guarantee Liabilities prior to the Secured Debt Discharge Date (as defined herein) to be made by the Debtors under the Senior Notes Documents including if (a) (i) the payment is of any principal amount of the Senior Notes Liabilities or the Senior Notes Issuer Liabilities which is either not prohibited from being paid by the Credit Facility, the Notes Document and any Pari Passu Debt Document or is paid on or after the final maturity date of the Senior Notes Liabilities (provided that such maturity date is a date not earlier than one year after the originally scheduled maturity date of the Notes and Termination Date (as defined in the Credit Facility Documents) at the time of issuance of such Senior Notes or is a payment of any amount which is not an amount of principal or capitalized interest or a corresponding amount under the relevant proceeds loans for the Senior Notes (such amount including all scheduled interest payments, including if applicable, special interest or liquidated damages) and default interest on the Senior Notes Liabilities accrued due and payable in cash in accordance with the terms of the relevant Debt Document, additional amounts payable as a result of the tax gross-up provisions relating to the Senior Notes Liabilities and amounts in respect of currency indemnities in the relevant indenture for the Senior Notes and/or applicable proceeds loan, (ii) no notice of a Secured Debt Event of Default has been delivered by the Credit Facility Agent, the Notes Trustee or the Pari Passu Debt Representative (as the case may be); and (iii) no payment default under any Credit Facility, the Notes Indenture (above an agreed threshold) and the Pari Passu Liabilities Documents (above an agreed threshold) has occurred and is continuing; (b) the Majority Super Senior Creditors (as defined below) and the Notes Trustee and the Pari Passu Debt Representative give prior consent to that payment being made; (c) the payment is of amounts owing to the Senior Notes Trustee (the "Senior Notes Trustee Amounts"); (d) the payment is of administrative and maintenance costs, fees, expenses and taxes of the Issuer (in acting as the issuer of the Senior Notes) including any reporting or listing requirements, as permitted under the terms of the Credit Facilities; or (e) the payment is of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Notes Documents in compliance with the Intercreditor Agreement, the Credit Facilities, the Notes Documents and the Pari Passu Debt Documents.

The Intercreditor Agreement will also permit payments to be made from time to time when due to lenders owed any Intra Group Liabilities ("Intra Group Liabilities Payments") if at the time of payment no Secured Debt Acceleration Event or an acceleration event in respect of the Senior Notes Liabilities has occurred and is continuing (an "Acceleration Event"). The Intercreditor Agreement will permit Intra Group Liabilities Payments if (i) an Acceleration Event has occurred prior to the date on which the Super Senior Liabilities are discharged in full (the "Super Senior Discharge Date"), with the consent of the Instructing Group (as defined, and further described, in "—*Enforcement decision*"); (ii) an Acceleration Event has occurred after the Super Senior Discharge Date but prior to the date on which the Senior Secured Liabilities are discharged in full (the "Senior Secured Discharge Date"), with the consent of the Notes/Pari Passu Required Holders (as defined herein) (acting through their Creditor Representatives); (iii) an Acceleration Event has occurred after the Senior Secured Discharge Date but prior to the later of the date on which the Senior Notes Liabilities are discharged (the "Senior Notes Discharge Date"), with the consent of the Senior Notes Required Holders (as defined herein) (acting through their Creditor Representatives); (iv) that payment is made to facilitate, or receipt of that Payment by the relevant recipient thereof shall facilitate, payment of the Super Senior Liabilities or Senior Secured Liabilities; or (v) to the extent a Secured Debt Acceleration Event has subsequently been cancelled and/or irrevocably revoked in writing by each relevant Creditor Representative, the payment is made to facilitate payments of the Senior Notes Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement and, if such payment is made pursuant to Senior Notes Guarantees or Additional Senior Guarantees, it would be permitted at such time.

Payments may be made on Shareholder Liabilities from time to time when due if: (i) the payment is not prohibited by a Credit Facility, the Notes Documents, the Pari Passu Debt Documents or the Senior Notes Documents; (ii) the payment is to be made to the Senior Notes Issuer in respect of any Senior Notes Issuer Liabilities of the Issuer made in order to enable the Senior Notes Issuer to make a payment in equivalent amount in Senior Notes Liabilities which is then due and payable by the Senior Issuer pursuant to the Senior Notes Documents (or in the case of a payment in respect of scheduled interest, such payment will become due and payable within no more than three business days) to be made at the time such payment of Shareholder Liabilities is made to the Senior Notes Issuer; (iii) prior to the Super Senior Discharge Date, the Instructing Group (as defined herein) gives written consent to such payment being made; (iv) on or after the Super Senior Discharge Date but prior to the Senior Secured Discharge Date, the Notes/Pari Passu Required Holders (acting through their Creditor Representative (as defined below)) give written consent to such payment being made; or (v) after the Secured Debt Discharge Date but prior to Senior Discharge Date, the Senior Notes Required Holders (acting through their Creditor Representative) give written consent to such payment being made.

For the avoidance of doubt, no release or discharge of any Shareholder Liabilities of a member of the Group in consideration for the issue of shares in that member of the Group shall be restricted by this paragraph prior to an Acceleration Event.

Creditor Representative

Under the Intercreditor Agreement, the parties will appoint various creditor representatives. "Creditor Representative" means:

(a) in relation to the lenders under the Revolving Credit Facility, the facility agent under the Revolving Credit Facility Agreement;

(b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent in respect of that credit facility (an "Additional Credit Facility Agent," and, together with the facility agent under the Revolving Credit Facility Agreement, a "Credit Facility Agent");

(c) in relation to the Noteholders, the Notes Trustee;

(d) in relation to the Senior Noteholders, the Senior Notes Trustee;

(e) in relation to any Pari Passu Creditors, the creditor representative for those Pari Passu Creditors (the "Pari Passu Debt Representative"); and

(f) in relation to any Hedge Counterparty, such Hedge Counterparty (which shall be its own Creditor Representative).

Issue of Senior Payment Stop Notice

(a) Until the later of the Super Senior Discharge Date and the Senior Secured Discharge Date (the "Secured Debt Discharge Date"), except with the prior consent of the Credit Facility Agent, the consent of the Notes

Trustee and the Pari Passu Debt Representative(s), and subject to the provisions of the Intercreditor Agreement which will deal with the effects of an insolvency event, the Issuer shall ensure that no member of the Group shall make, and no Senior Noteholder may receive from any member of the Group, any payment in respect of the Senior Notes which would otherwise be permitted as referred to above (other than the Senior Notes Trustee Amount) if:

(i) a payment default under the Secured Debt Documents (a "Secured Debt Payment Default") has occurred and is continuing; or

(ii) an event of default under a Credit Facility Document, the Notes Documents or the Pari Passu Debt Documents (other than a Secured Debt Payment Default) (a "Secured Debt Event of Default") has occurred and is continuing, from the date on which the Credit Facility Agent or the Notes Trustee or the Pari Passu Debt Representative (as the case may be) (the "Relevant Representative") delivers a notice (a "Senior Payment Stop Notice") specifying the event or circumstance in relation to that Secured Debt Event of Default to the Senior Notes Issuer, the Security Agent and the Senior Notes Trustee, until the earliest of:

A. the date falling 179 days after delivery of that Senior Payment Stop Notice;

B. the date on which a Senior Default occurs for failure to pay principal at the original scheduled maturity of the Senior Notes;

C. in relation to payments of Senior Notes Liabilities, if a Senior Notes Standstill Period (as defined herein) is in effect at any time after delivery of that Senior Payment Stop Notice, the date on which that Senior Notes Standstill Period expires;

D. the date on which the relevant Secured Debt Event of Default is no longer continuing and, if the relevant Secured Liabilities have been accelerated, such acceleration has been rescinded;

E. the date on which the Relevant Representative delivers a notice to the Senior Notes Issuer, the Security Agent and the Senior Notes Trustee cancelling the Senior Payment Stop Notice;

F. the later of the Super Senior Discharge Date and the Senior Secured Discharge Date; and

G. the date on which the Senior Notes Trustee takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

(b) Unless the Senior Notes Trustee waives this requirement:

(i) a new Senior Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Payment Stop Notice; and

(ii) no Senior Payment Stop Notice may be delivered in reliance on a Secured Debt Event of Default more than 60 days after the date the Credit Facility Agent, the Notes Trustee or the Pari Passu Debt Representative (as applicable) received notice of that Secured Debt Event of Default.

(c) The Credit Facility Agent, the Notes Trustee and the Pari Passu Debt Representative(s) may serve only one Senior Payment Stop Notice with respect to the same event or set of circumstances.

(d) The Credit Facility Agent, the Notes Trustee and the Pari Passu Debt Representative(s) may not serve a Senior Payment Stop Notice with respect to a Secured Debt Event of Default which had been notified to each of them at the time at which an earlier Senior Payment Stop Notice was issued.

Cure of payment stop: Senior Noteholders

If at any time following the issuance of a Senior Payment Stop Notice or the occurrence of a Secured Debt Payment Default:

(a) the Senior Payment Stop Notice ceases to be outstanding and/or the Secured Debt Payment Default ceases to be continuing, as the case may be; and

(b) the relevant Debtor then promptly pays to the Senior Noteholders an amount equal to any payments which had accrued under the Senior Notes Documents and which would have been permitted payments but for that Senior Payment Stop Notice or Secured Debt Payment Default, then any Event of Default which may have occurred as a result of that suspension of payments shall be waived and any Senior Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Senior Noteholders.

Restrictions on enforcement/certain challenges by Senior Noteholders

Until the later of the Secured Debt Discharge Date, except with the prior consent of or as required by the Instructing Group, no Senior Noteholder shall take or require the taking of any enforcement action in relation to the Senior Notes Liabilities except as permitted under the Intercreditor Agreement (see "—*Permitted Senior Notes Guarantee enforcement*" below:

Permitted Senior Notes Guarantee enforcement

(a) The above restrictions on enforcement will not apply if:

   (i) an event of default (or event or circumstance which would, with the expiration of a grace period, the giving of notice, the making of any determination provided for in the relevant definition of "Event of Default" in the Senior Notes Indenture or any combination of the foregoing, be an event of default) under any Senior Notes Indenture (a "Senior Notes Default") (such default being a "Relevant Senior Notes Default") is continuing;

   (ii) the Credit Facility Agent, the Notes Trustee and the Pari Passu Debt Representative(s) have received a notice of the Relevant Senior Notes Default specifying the event or circumstance in relation to the Relevant Senior Notes Default from the Senior Notes Trustee;

   (iii) a Senior Notes Standstill Period (as defined below) has elapsed; and

   (iv) the Relevant Senior Notes Default is continuing at the end of the relevant Senior Notes Standstill Period.

(b) Promptly upon becoming aware of a Senior Notes Default, the Senior Notes Trustee shall, by notice (a "Senior Enforcement Notice") in writing notify the Credit Facility Agent, the Notes Trustee and the Pari Passu Debt Representative(s) of the existence of such Senior Notes Default.

Senior Notes Standstill Period

In relation to a Relevant Senior Notes Default, a Senior Notes Standstill Period shall mean the period beginning on the date (the "Senior Notes Standstill Start Date") the Senior Notes Trustee serves a Senior Enforcement Notice on the Credit Facility Agent, the Notes Trustee and the Pari Passu Debt Representative(s) in respect of such Relevant Senior Notes Default and ending on the earliest to occur of:

(a) the date falling 179 days after the Senior Notes Standstill Start Date (the "Senior Notes Standstill Period");

(b) the date the Secured Parties take any enforcement action (excluding any action taken to preserve or perfect any Collateral as opposed to realize it) in relation to a Guarantor, provided that the Senior Noteholders and Additional Senior Creditors may then only take the same enforcement action in relation to the Guarantor as the enforcement action taken by the Secured Parties against such Guarantor and not against any other member of the Group;

(c) the date of an insolvency event in relation to a Senior Notes Guarantor against whom enforcement action is to be taken;

(d) the date on which a Senior Notes Default occurs for failure to pay principal at the original scheduled maturity of the Senior Notes; and

(e) the expiration of any other Senior Notes Standstill Period outstanding at the date such first Senior Notes Standstill Period commenced (unless that expiration occurs as a result of a cure, waiver or other permitted remedy).

The Senior Noteholders may take enforcement action as described above in relation to a Relevant Senior Notes Default even if, at the end of any relevant Senior Notes Standstill Period or at any later time, a further Senior Notes Standstill Period has begun as a result of any other Relevant Senior Notes Default.

If the Security Agent has notified the Senior Notes Trustee that it is enforcing Transaction Security created over (directly or indirectly) shares of a Senior Notes Guarantor in accordance with the instructions of the Instructing Group, no Senior Noteholder may take any action referred to in "*—Permitted Senior Notes Guarantee enforcement*," against that Senior Notes Guarantor while the Security Agent is taking steps to enforce that Collateral where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Enforcement Instructions

The Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless otherwise instructed by the relevant Instructing Group (as further described in "*—Enforcement decision*" below).

Subject to the Transaction Security having become enforceable in accordance with its terms, and:

(i) subject to the terms of the Intercreditor Agreement, the Instructing Group may give instructions to the Security Agent as to the enforcement of the Transaction Security as they see fit provided that the instructions as to enforcement given by the Instructing Group are consistent with the Security Enforcement Principles (as defined herein); or

(ii) to the extent permitted to enforce or to require the enforcement of the SUN Shared Security prior to the Senior Notes Discharge Date and subject to the paragraph below, the Senior Notes Trustee(s) (acting on the instruction of the Senior Notes Required Holders) may give instructions to the Security Agent as to the enforcement of the SUN Shared Security as the Senior Notes Trustee(s) see(s) fit.

Prior to the Secured Debt Discharge Date: (i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or (ii) in the absence of instructions from the Instructing Group, and, in each case, the Instructing Group has not required any Debtor to make a Distressed Disposal or an Exit Disposal (each as defined herein), the Security Agent shall give effect to any instructions to enforce the SUN Shared Security (for the avoidance of doubt, subject to the sixth subparagraph of "*—Distressed Disposals, Exit Disposals and Foreclosures*") which the Senior Notes Trustee(s) (acting on the instructions of the Senior Notes Required Holders) are then entitled to give to the Security Agent under "*—Permitted Senior Notes Guarantee enforcement*."

Enforcement decision

If either the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders (acting through their Creditor Representatives) (the "Instructing Group") wish to instruct the Security Agent to commence enforcement of any Transaction Security, such group of creditors must deliver a copy of the proposed instructions as to enforcement (the "Proposed Enforcement Instructions") to the Security Agent and the Creditor Representative for each of the Super Senior Creditors and the Senior Secured Creditors (as appropriate). The Security Agent shall promptly notify each Creditor Representative of the Super Senior Creditors, the Notes Trustee and each of the Pari Passu Representatives upon receipt of such Proposed Enforcement Instructions.

Prior to the Super Senior Discharge Date, if the Security Agent has received any Proposed Enforcement Instructions, then the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions of the Notes/Pari Passu Required Holders (and the Notes/Pari Passu Required Holders shall be the Instructing Group for the purpose of "*—Enforcement instructions*" above, in each case, acting through their respective Creditor Representative) provided that such instructions are consistent with certain Security Enforcement Principles (as referred to below) and failure to give instructions will be deemed to be an instruction not to take Enforcement steps.

In the event that:

(a) from the date that is three months after the date upon which the first Proposed Enforcement Instructions (including such instructions not to take Enforcement steps) are delivered, the Notes/Pari Passu Required Holders have not taken any enforcement action of the Transaction Security; or

(b) the Super Senior Liabilities have not been fully discharged in cash within six months of the date upon which the first such Proposed Enforcement Instructions (including any such instructions not to take Enforcement steps) are delivered,

then (with effect from the date of the earlier to occur of such events), the Majority Super Senior Creditors shall become the Instructing Group for the purposes of "—*Enforcement instructions*."

If at any time the Security Agent has not taken any Relevant Enforcement Action in respect of the Transaction Security notwithstanding the Transaction Security having become enforceable in accordance with its terms, a Creditor Representative acting on behalf of the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders, as the case may be, may at any time provide immediate instructions as to Enforcement to the Security Agent. If the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders determine in good faith (and notify the Creditor Representatives of the other Super Senior Creditors and the Notes Creditors and the Pari Passu Creditors and the Security Agent) the delay in taking enforcement action of the Transaction Security could reasonably be expected to have a material adverse effect on:

(i) the Security Agent's ability to enforce the Transaction Security; or

(ii) the realization proceeds of any enforcement of the Transaction Security,

and the Security Agent shall act with respect to the relevant asset or Debtor that is the subject of the determination pursuant to (i) or (ii) above, in accordance with the first such notice of determination and instructions as to Enforcement received by the Security Agent (provided in each case that such instructions are consistent with certain Security Enforcement Principles.

If at any time an insolvency event has occurred with respect to any relevant Member of the Group (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from such Majority Super Senior Creditors, provided that in the event the Security Agent has received Proposed Enforcement Instructions from the Creditor Representative for the Notes/Pari Passu Required Holders and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the Creditor Representative for the Notes/Pari Passu Required Holders until such time as the Creditor Representative for the Majority Super Senior Creditors issues enforcement instructions to the Security Agent and such instructions shall override and supercede any such prior instructions given by the Creditor Representative for the Notes/Pari Passu Required Holders.

Other than where the preceding two paragraphs apply, if, prior to the Super Senior Discharge Date, the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders (in each case, acting reasonably) consider that the Security Agent is enforcing the Transaction Security in a manner which is not consistent with certain Security Enforcement Principles, the Creditor Representatives for the relevant Super Senior Creditors or Senior Secured Creditors shall give notice to the Creditor Representatives for the other Super Senior Creditors and Senior Secured Creditors (as appropriate), after which the Creditor Representatives for the other Super Senior Creditors, the Notes Trustee and each Pari Passu Debt Representative shall consult with the Security Agent for a period of 15 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of enforcement provided that such Creditors' Representatives shall not be obligated to consult in the manner referred to in this paragraph more than once in relation to each enforcement action.

After the Super Senior Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Notes/Pari Passu Required Holders.

Limitation on enforcement of Shareholder Liabilities

Creditors in respect of the Shareholder Liabilities will not be permitted to take any enforcement action in respect of such liabilities prior to the last to occur of the Super Senior Discharge Date, the Senior Secured Discharge Date and the Senior Notes Discharge Date (the "Final Discharge Date") save that, prior to the Final Discharge Date and after the occurrence of an insolvency event in relation to any relevant member of the Group, each such Creditor may only (unless otherwise directed by the Security Agent or unless the Security

Agent has taken, or has given notice that it intends to take, action on behalf of that Creditor in accordance with the terms of the Intercreditor Agreement), and shall, if so directed by the Security Agent, exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that relevant member of the Group's Shareholder Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that relevant member of the Group in respect of any Shareholder Liabilities;

(c) exercise any right of setoff or take or receive any payment in respect of any Shareholder Liabilities of that relevant member of the Group; or

(d) claim and prove in the liquidation of that relevant member of the Group for the Shareholder Liabilities owing to it,

but shall not take any other enforcement action.

Limitation on enforcement of Intra Group Liabilities

Creditors in respect of the Intra Group Liabilities will not be permitted to take any enforcement action in respect of such liabilities prior to the Final Discharge Date except that, prior to the Final Discharge Date and after the occurrence of an insolvency event in relation to any relevant member of the Group, each Intra Group Lender may only (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Intra Group Lender in accordance with the Intercreditor Agreement) and shall, if so directed by the Security Agent, exercise any right it may otherwise have against that relevant member of the Group to:

(a) accelerate any of that relevant Group member's Intra Group Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that relevant member of the Group in respect of any Intra Group Liabilities;

(c) exercise any right of setoff or take or receive any payment in respect of any Intra Group Liabilities of that relevant member of the Group; or

(d) file claims, or claim and prove in the liquidation of that member of the Group for the Intra Group Liabilities owing to it,

but shall not take any other enforcement action.

New Money and Refinancing

Additional Secured Creditor Liabilities and Senior Notes Liabilities

To the extent permitted by, and subject to compliance with the requirements of, the Intercreditor Agreement and the other Debt Documents: (i) the Credit Facility Lenders may increase a Credit Facility and make further advances under such Credit Facility to members of the Group and each such advance or increased amount will be deemed to be made under the terms of the relevant Credit Facility Document; (ii) a Senior Secured Notes Issuer may issue Senior Secured Notes under a Senior Secured Notes Indenture; (iii) a Debtor may incur Pari Passu Liabilities under a Pari Passu Debt Document; and (iv) a Senior Notes Issuer may issue Senior Notes under a Senior Notes Indenture.

Subject to the Agreed Security Principles (as defined in the Intercreditor Agreement) and to "*—Retaking of security*," any liabilities set forth under subparagraphs (i) to (iv) above (the "Additional Secured Liabilities") shall rank and be secured under the Intercreditor Agreement in the manner provided for in "*—Refinancing of Secured Creditor Liabilities and Senior Notes Liabilities*" in respect of the equivalent-ranking Secured Refinancing Liabilities (*mutatis mutandis*).

Refinancing of Secured Creditor Liabilities and Senior Notes Liabilities

The Secured Creditor Liabilities and the Senior Notes Liabilities, with the consent of the Issuer, may be refinanced or replaced (the "Secured Refinancing Liabilities") in whole or in part and in each case on terms and in a manner that does not breach the terms of the Intercreditor Agreement, any Credit Facility Document, any Notes Indenture, any Senior Notes Indenture or any Pari Passu Debt Document without the consent of any other Creditors and:

(a) any obligations incurred by any Debtor or other member of the Group pursuant to such refinancing or replacement of any Credit Facility Lender Liabilities ("Credit Facility Lender Liabilities"), any Notes Liabilities ("Notes Refinancing Liabilities"), any Pari Passu Liabilities ("Pari Passu Refinancing Liabilities") or any Senior Notes Liabilities ("Senior Notes Refinancing Liabilities" and, together with any Credit Facility Lender Refinancing Liabilities and the Notes Refinancing Liabilities, the "Secured Refinancing Liabilities") will, to the extent so designated by the Issuer: (i) in the case of Credit Facility Lender Refinancing Liabilities, rank as Credit Facility Lender Liabilities, in the manner described in "*—Ranking and priority*"; (ii) in the case of Notes Refinancing Liabilities, rank as Notes Liabilities in the manner described in "*—Ranking and priority*"; (iii) in the case of Pari Passu Refinancing Liabilities, rank as Pari Passu Liabilities in the manner described in "*—Ranking and priority*"; and (iv) in the case of Senior Notes Refinancing Liabilities, rank as Senior Notes Liabilities in the manner described in "*—Ranking and priority*";

(b) subject to the Agreed Security Principles and to "*—Retaking of security*" below, the Transaction Security Documents shall secure such Secured Refinancing Liabilities and in respect of such Transaction Security Documents and any new security granted by any Debtor to secure such Secured Refinancing Liabilities, such Secured Refinancing Liabilities will: (i) in the case of Credit Facility Lender Refinancing Liabilities, rank as Credit Facility Lender Liabilities, in the manner described in "*—Ranking and priority*" in relation to the Transaction Security; (ii) in the case of Notes Refinancing Liabilities, rank as Notes Liabilities in the manner described in "*—Ranking and priority*" in relation to the Transaction Security; (iii) in the case of Pari Passu Refinancing Liabilities, rank as Pari Passu Liabilities in the manner described in "*—Ranking and priority*" in relation to the Transaction Security; and (iv) in the case of Senior Notes Refinancing Liabilities, rank as Senior Notes Liabilities in the manner described in "*—Ranking and priority*" in relation to the Transaction Security provided that, for the avoidance of doubt, no Security granted by, or created over the assets of, any Debtor may secure the Senior Notes Liabilities other than as permitted under "*—Permitted payments*"; and

(c) the Intercreditor Agreement shall be construed to permit the assumption of any Secured Refinancing Liabilities and to give effect to the ranking set forth in paragraphs (a) and (b) above;

provided that:

(i) any trustee or representative of the creditors of such Secured Refinancing Liabilities (a "Refinancing Representative"), accedes to the Intercreditor Agreement in accordance with its terms as the applicable Creditor Representative; and

(ii) each creditor in relation to such Secured Refinancing Liabilities (that is not a Refinancing Representative) accedes to the Intercreditor Agreement in accordance with its terms or is deemed to accede to the Intercreditor Agreement pursuant to the terms of its relevant finance documents, in each case on the same terms as the applicable Super Senior Creditor or Senior Secured Creditor (together, the "Secured Creditors").

Retaking of security

(a) If any Transaction Security over any asset under the applicable Transaction Security Documents is amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released to ensure that the Additional Secured Liabilities or Secured Refinancing Liabilities can be secured with the ranking contemplated under subparagraph (a) of "*—Refinancing of Secured Creditor Liabilities and Senior Notes Liabilities*," then the Security Agent is hereby authorized to effect such amendment, extension, renewal, restatement, supplement, modification, replacement or release the applicable Transaction Security Documents provided that: (i) if an Event of Default under a Credit Facility (that is not to be refinanced or replaced in whole) is continuing at that time the requisite consent under the Credit Facility is obtained; (ii) immediately upon such release of Transaction Security, new Transaction Security shall be provided in favor of the providers of such Additional Secured Liabilities or Secured Refinancing Liabilities and the existing Secured Creditors on terms substantially the same as the terms of the Transaction Security Documents released and subject to the same ranking as set forth in "*—Ranking and priority*" in relation to the Transaction Security; and (iii) contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of Security of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent either: (A) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Security Agent confirming the solvency of Luxco, the Senior Notes Issuer and each member of the Group, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; (B) a certificate from the board of directors or chief financial officer of the relevant person, which certificate confirms the solvency of the person granting such Transaction Security after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; or (C) an opinion of counsel, in form and substance reasonably satisfactory to the Security Agent (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Transaction Security created under the Transaction Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken is valid and perfected Transaction Security not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, that such Transaction Security was not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

(b) Notwithstanding anything to the contrary, no Secured Party shall be required to release any Transaction Security under the Transaction Security Documents where the release contemplated in paragraph (a) above may result in such Secured Party incurring any hardening period risk in respect of any such Transaction Security if and to the extent that the relevant Additional Secured Liabilities or Secured Refinancing Liabilities (i) can be secured by all Transaction Security which, in accordance with the applicable law of such Transaction Security, is expressed to be second ranking (or any other lower ranking, such ranking to be determined on the basis of the chronological order in which such security is taken) in accordance with subparagraph (b) of "*—Retaking of security*" (the "Lower Ranking Security") in favor of the Secured Parties and (ii) can be secured by such Lower Ranking Security with the ranking contemplated under subparagraph (a) of "*—Refinancing of Secured Creditor Liabilities and Senior Notes Liabilities*" by virtue of the provisions of the Intercreditor Agreement and to the intent that: (i) the Secured Parties benefiting from any already existing Transaction Security Documents governed by French, German or Luxembourg law or any other law which permits the taking of lower or subsequent ranking security agree that Lower Ranking Security may be created in order to secure the Secured Obligations as modified in accordance with the Intercreditor Agreement and in particular in accordance with this "*Retaking of security*"; (ii) the parties expressly agree that the beneficiaries of any Lower Ranking Security will receive the proceeds of enforcement of any Security created pursuant to the Transaction Security Documents in accordance with "*—Application of proceeds from enforcement of Transaction Security*," regardless of the ranking of such Lower Ranking Security; (iii) nothing in this paragraph (b) shall restrict the Secured Parties benefiting from any already existing Transaction Security Document from enforcing and/or releasing the already existing Transaction Security Documents in accordance with the Intercreditor Agreement (including pursuant to "*—Distressed Disposals, Exit Disposals and Foreclosures*"); (iv) each of the Secured Parties agrees not to take any action to challenge the validity or enforceability of the Lower Ranking Security by reason of it being expressed to be second ranking (or any other lower ranking); (v) any decision to enforce any Transaction Security Document shall be taken in accordance with the provisions of the Intercreditor Agreement regardless of the ranking of the relevant Transaction Security; (vi) no Secured Party benefiting from any already existing Transaction Security Document shall incur any liability to the beneficiaries of the Lower Ranking Security for the manner of exercise or any non-exercise of their rights, remedies, powers, authority or discretions under such already existing Transaction Security or for any waivers, consents or releases; and (vii) to the extent necessary to achieve the above, the Security Agent shall act as *tiers convenu* in relation to the Lower Ranking Security.

Security Enforcement Principles

A Creditor Representative may only give enforcement instructions that are consistent with the following security enforcement principles (the "Security Enforcement Principles"):

(a) it shall be the primary and overriding aim of any enforcement of the Transaction Security to achieve the security enforcement objective, such objective being to maximise the recovery by the Super Senior Creditors and the Senior Secured Creditors so far as such recovery is consistent with prompt and expeditious realization of value from enforcement of the Transaction Security (the "Security Enforcement Objective");

(b) without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced and other enforcement action will be taken such that either:

 (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the terms of the Intercreditor Agreement (as further described in "*—Application of proceeds from enforcement of Transaction Security*"); or

 (ii) in the case of enforcement by the Notes/Pari Passu Required Holders sufficient Proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see "*—Application of proceeds from enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full in cash (unless the Majority Super Senior Creditors agree otherwise);

(c) to the extent that the Transaction Security that is the subject of the proposed enforcement action is:

 (i) securing assets other than shares in a member of the Group where the aggregate book value of such assets exceeds €1 million (or its equivalent); or

 (ii) over some or all of the shares in a member of the Group,

 then the Security Agent shall, if requested by the Instructing Group, and at the expense of the Issuer, (to the extent that financial advisors have not adopted a general policy of not providing such opinion) appoint an internationally recognized investment bank or accountancy firm or, if it is not practicable for the Security Agent to appoint any such bank or firm on commercially reasonable terms (including for reasons of conflicts of interest) as determined by the Security Agent (acting in good faith), another third-party professional firm which is regularly engaged in providing valuations in respect of the relevant type of assets (in each case not being the firm appointed as the relevant Debtor's administrator or other relevant officer holder) selected by the Security Agent (a "Financial Advisor") to opine as expert that the consideration received from any disposal is fair from a financial point of view after taking into account all relevant circumstances (a "Financial Advisor's Opinion");

(d) the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement. Prior to making any appointment of a Financial Advisor, the Security Agent is entitled to ensure that cost cover (at a level it is satisfied with acting reasonably) has been provided;

(e) the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(f) where the Instructing Group is the Notes/Pari Passu Required Holders, the Notes/Pari Passu Required Holders may waive the requirement for a Financial Advisor's Opinion where sufficient Proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see "*—Application of proceeds from enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full; and

(g) in the event that an enforcement of the Transaction Security is conducted by way of Public Auction (as defined below), no Financial Advisor shall be required to be appointed, and no Financial Advisor's Opinion shall be required, in relation to such enforcement, provided that the Security Agent shall be entitled (but not obligated) to appoint a Financial Advisor to provide such advice as the Security Agent deems appropriate in relation to such enforcement by way of Public Auction.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Notes/Pari Passu Required Holders and the Security Agent.

"Public Auction" means an auction or other competitive sale process of assets, by or on behalf of the Security Agent (i) pursuant to an enforcement of Transaction Security (or by a member of the Group, Luxco or the Senior Notes Issuer in circumstances that are a Distressed Disposal (as defined herein)), or (ii) in order to carry out an Exit Disposal, the process of such sale or disposal having been conducted as follows:

(a) prior to the sale or other disposal, the Security Agent shall, in respect of such auction or other competitive sale process, consult with an internationally recognized investment bank or accounting firm selected by the Security Agent (acting reasonably) with respect to the procedures which may reasonably be expected to be used to obtain a fair market price in the then prevailing market conditions (taking into account all relevant circumstances and in order to facilitate a prompt and expeditious sale at a fair market price in the prevailing market conditions although there shall be no obligation to postpone any such sale in order to achieve a higher price);

(b) the Security Agent shall have implemented (to the extent permitted by law) in all material respects the procedures recommended by such bank or firm in relation to such auction or process;

(c) the Secured Parties shall have a right to participate; and

(d) neither Luxco, nor Oaktree, each of its affiliates, any trust of which Oaktree or any of its affiliates is a trustee, any partnership of which Oaktree or any of its affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, Oaktree or any of its affiliates (and excluding any shall independent debt fund) (a "Sponsor Affiliate"), nor any of their affiliates shall have had the right to participate without the consent of the Majority Senior Notes Creditors (acting through their respective Creditor Representatives) (or the majority of the Senior Noteholder immediately after it has sold its Senior Notes further to the exercise of the Senior Notes Call Option (as defined in the Intercreditor Agreement), it being specified that following the exercise of the Senior Notes Call Option, the Senior Notes Sellers (as defined below) shall instruct the Senior Notes Trustee, which will act as the agent of the relevant Senior Notes Seller(s) according to the same rules *mutatis mutandis* as those governing such Senior Notes Trustee pursuant to the relevant Senior Notes Document (the "Senior Notes Sellers Agent"), according to the same rules *mutatis mutandis* as those whereby the Senior Notes Creditors instruct the Senior Notes Trustee pursuant to the relevant Senior Notes Document (the "Senior Notes Sellers"), as the case may be), if such auction or competitive sale process is in respect of SUN Shared Security or assets which were secured by such SUN Shared Security before the enforcement of any Transaction Security as a result of which the relevant Foreclosed Assets (as defined herein) are owned either by Secured Parties (or any representative on their behalf) or a special purpose limited liability vehicle acquiring or holding shares of any class, loans, bonds or other equity or debt instruments (including preferred equity certificates (PECs) and convertible preferred equity certificates (CPECs)) issued by an entity ("Investment Instruments") or Charged Property pursuant to a Foreclosure and whose share capital is held (directly or indirectly) by the Secured Parties or any affiliate(s) of any Secured Parties and which has become a party to the Intercreditor Agreement pursuant to its terms (the "Secured Parties SPV") following: (a) an appropriation (including pursuant to a *pacte commissoire* or a private appropriation) by judicial foreclosure in favor of, or attribution to, Secured Parties (or any Creditor Representative on their behalf) or a Secured Parties SPV; or (b) a disposal to a Secured Parties SPV (including a disposal made in the context of the enforcement of a Transaction Security Document by way of sale), in each case, in accordance with the relevant Transaction Security Documents (the "Foreclosure") thereof.

For the purposes of paragraphs (a), (b), (c) and (d) above:

(i) the Security Agent shall be entitled to retain any such internationally recognized investment bank or accounting firm as its and/or any of the other Secured Parties' financial advisor to advise and assist in the proposed sale or disposition for such remuneration as the Security Agent in good faith determines is appropriate for the circumstances;

(ii) except as required by applicable law, the Security Agent shall not have any obligation to any person to engage in or to use reasonable efforts to engage in a listing of any or all of any equity interests the subject of such auction or other competitive sale process, including, without limitation, if recommended by such investment bank or accounting firm;

(iii) by reason of certain prohibitions, or exemptive or safe-harbor provisions from such prohibitions, contained in law or regulations of any applicable governmental authority, the Security Agent may, with respect to any sale of all or any part of such equity interests or assets:

A. limit purchasers to those who meet the requirements of such governmental authority or exemptive or safe-harbor provision (as applicable) and/or make representations and undertakings satisfactory to the Security Agent relating to compliance with such requirements and/or provisions; and/or

B. limit purchasers to persons who will agree, among other things to acquire such shares for their own account, for investment and not with a view to the distribution or resale thereof;

(iv) the Security Agent and other Secured Parties shall not under any circumstances be required to make representations, warranties or undertakings to any actual or proposed purchaser (other than customary representations in a security enforcement as to power to transfer the relevant equity interests pursuant to the Transaction Security Documents) or to indemnify any actual or proposed purchaser against any costs, liabilities or similar expenses or losses; and

(v) without limitation to the other circumstances of the sale or other disposition that the Security Agent and such investment bank or accounting firm may take into consideration, the Security Agent may (but is not required to) in all circumstances specify that no offer to purchase equity interest or other assets will be entertained unless such offer:

A. is for all (and not some only) of the equity interests being sold or otherwise disposed;

B. is for cash consideration payable at closing (and therefore not including, for the avoidance of doubt, any element of deferred compensation) and is not subject to any financing conditions; and/or

C. contemplates a closing of the sale of the equity interests or other assets in not more than three (3) months (or such longer period as the Security Agent may specify) from the time of initiation of the sale or disposition process; and

(vi) a "right to participate":

A. means any offer, or indication of a potential offer, that a Secured Party makes shall be considered by the Security Agent or such investment bank or accounting firm against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder. For the avoidance of doubt, if after having applied that same criteria, the offer or indication of a potential offer made by a Secured Party is not considered by the Security Agent or such investment bank or accounting firm to be sufficient to continue in the sale or disposal process, such consideration being against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder (such continuation may include being invited to review additional information or being invited to have an opportunity to make a subsequent or revised offer, whether in another round of bidding or otherwise) then the right to participate of that Secured Party under the Intercreditor Agreement shall be deemed to be satisfied; and

B. shall not apply if the Security Agent believes in good faith that it may (or there is a risk that it may) result in a violation of any applicable laws or that it may (or there is a risk that it may) result in a requirement for registration under any applicable securities laws.

For the purposes of paragraph (a), such investment bank or accounting firm may be instructed by the Security Agent to take the limitations set out in subparagraphs (i) to (vi) (inclusive) above into account and to formulate recommendations that are consistent with them.

Exercise of voting rights

Each Creditor (other than the Credit Facility Lenders, the Revolving Credit Facility Agent, the Notes Trustee, the Pari Passu Debt Representative and the Senior Notes Trustee) will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent and the Security Agent shall give instructions for these purposes as directed by the Instructing Group, provided that such instructions have been given in accordance with the terms of the Intercreditor Agreement.

Payment of the Soulte

If, following any Foreclosure, a Soulte (as defined herein) is owed by the Secured Parties to any Debtor, that Debtor agrees that such Soulte shall only become due and payable by the Secured Parties: (a) where such Soulte arises in connection with the enforcement of any French law Transaction Security Document, on the earlier of: (i) the date which is twelve months after the date on which such Foreclosure occurs; and (ii) the Final Discharge Date; or (b) where such Soulte arises in connection with the enforcement of any Luxembourg law Transaction Security Document, at the time, and solely to the extent, payable pursuant to the tenth-ranking item in the order of priority described in "—*Application of proceeds from enforcement of Transaction Security*."

Enforcement procedures with respect to the SUN Shared Security—Senior Notes Call Option

Joint Foreclosure

The Security Agent may require all Secured Creditors to participate in the Foreclosure of any SUN Shared Security, provided that any Soulte in connection with such Foreclosure shall only be payable by: (i) the Super Senior Creditors, if the Majority Super Senior Creditors constitute the Instructing Group requesting such Foreclosure; or (ii) the Secured Creditors, if the Notes/Pari Passu Required Holders (in each case acting through their Creditor Representatives) constitute the Instructing Group requesting such Foreclosure.

In case different classes of Secured Creditors participate in a Foreclosure in respect of any SUN Shared Security, and if the relevant SUN Shared Charged Property may not be held on trust by the Security Agent for the benefit of the Secured Creditors, such SUN Shared Charged Property shall be attributed (on the basis of the value determined in accordance with the relevant Transaction Security Document) first to the Super Senior Creditors, then to the other Senior Secured Creditors and then to the Senior Notes Creditors, in each case, on a *pari passu* basis and in accordance with "—*Application of proceeds from enforcement of Transaction Security*," as if such SUN Shared Charged Property had been cash.

Senior Notes Call Option

The Security Agent may, after the occurrence of an enforcement action referred to in paragraph (i) below (and acting on the instructions of the relevant Instructing Group which instructed it in respect of that enforcement action), by giving not less than five days' notice to the entity acting as trustee under any issue of Senior Notes (the "Senior Notes Trustee") (the "Senior Notes Call Option Exercise Notice"), require an assignment to it (or to a nominee or nominees) (as applicable, the "Senior Notes Call Option Beneficiary") by each Senior Notes Creditor of all of the rights, benefits and obligations of each Senior Notes Creditor in respect of the Senior Notes Liabilities if: (i) the Security Agent has initiated (or, simultaneously with the service of the Senior Notes Call Option Exercise Notice, initiates) enforcement action with respect to any Transaction Security over Investment Instruments in the Issuer or any of its holding companies; and (ii) the Senior Notes Call Option is exercised vis-à-vis each Senior Notes Creditor simultaneously,

it being acknowledged by each Senior Notes Creditor that the validity, enforceability, effectiveness or ineffectiveness of any exercise of the Senior Notes Call Option vis-à-vis any other Senior Notes Creditors shall have no effect whatsoever on its rights and obligations under this "*Senior Notes Call Option*."

The assignment of the Senior Notes Liabilities to the Security Agent (or to a nominee or nominees) pursuant to the Senior Notes Call Option: (i) shall occur without any formality and be deemed to occur on the date upon which the Senior Notes Trustee receives the Senior Notes Call Option Exercise Notice (the "Senior Notes Liabilities Assignment Date"); and (ii) shall be made by each Senior Notes Creditor unilaterally, irrevocably and unconditionally free and clear from any Security.

All rights attached to the Senior Notes Liabilities accrued until the Senior Notes Liabilities Assignment Date (including, without limitation, (i) the right to receive any payment in respect of Senior Notes Liabilities and (ii) the benefit of the SUN Shared Security and the Senior Notes Guarantees) shall be transferred upon, and benefit to the Senior Notes Call Option Beneficiary as from, the Senior Notes Liabilities Assignment Date.

The aggregate consideration (the "Senior Notes Liabilities Deferred Consideration") for the assignment of the Senior Notes Liabilities under the Senior Notes Call Option shall be equal to the amount of the Senior Notes Liabilities (and Replacement Cost thereon, as the case may be) from time to time but shall be payable in accordance with the provisions of "*—Application of proceeds from enforcement of Transaction Security*" to the extent and when there are enough proceeds to be applied by the Security Agent to pay such Senior Notes Liabilities Deferred Consideration in accordance with the provisions of "*—Application of proceeds from enforcement of Transaction Security*."

The Senior Notes Call Option Beneficiary may itself subsequently assign and/or transfer any such Senior Notes Liabilities to any of its affiliates or Secured Parties SPV which shall accede to the Intercreditor Agreement, whereupon the provisions of this paragraph shall apply *mutatis mutandis* to it and such assignee and/or transferee shall be deemed a Senior Notes Call Option Beneficiary for the purposes of the Intercreditor Agreement.

Any Senior Notes Call Option Beneficiary shall agree to turn over any recovery made under the Senior Notes Liabilities to the Security Agent in accordance with "*—Turnover by the Primary Creditors*" or "*—Turnover by the Senior Notes Creditors, Subordinated Creditors and Secured Parties SPV*" (as applicable).

The Senior Notes Liabilities which are subject to the Senior Notes Call Option may be assigned and/or transferred by the Senior Notes Call Option Beneficiary on the instructions of the Security Agent in the context of an Exit Disposal or to facilitate such Exit Disposal.

Following the Senior Notes Liabilities Assignment Date, the Senior Notes Trustee and any Senior Notes Call Option Beneficiary shall act solely upon the instructions of the Security Agent in relation to any matter in respect of the Senior Notes Liabilities.

After the Senior Notes Liabilities Assignment Date, the Senior Notes Sellers shall remain entitled to receive all financial statements to be provided by members of the Group to the Senior Notes Trustee pursuant to the relevant Senior Notes Indenture (as in force as of the date the Senior Notes Call Option is exercised) as if they were still Senior Noteholders.

On and from the Senior Notes Liabilities Assignment Date (or the date of any release or transfer of Senior Notes Liabilities in connection with a Foreclosure) to the date falling 179 days thereafter (and provided that, at such time, no Exit Disposal has been completed or commenced) the Senior Notes Sellers Agent may request the Security Agent to appoint, at the cost of the Senior Notes Sellers Agent, a Financial Advisor to provide a valuation (including an enterprise valuation of the members of the Group forming part of the SUN Shared Charged Property) in relation to the immediate recovery value of the Senior Notes Liabilities assuming an immediate sale for cash of the SUN Shared Charged Property and taking into consideration the waterfall provisions in "*—Application of proceeds from enforcement of Transaction Security*" (the "Senior Notes Recovery Value"). Such valuation shall promptly be notified by the Financial Advisor to the Security Agent and the Senior Notes Sellers Agent. Within two months of such notification, and if such valuation demonstrates that the Senior Notes Recovery Value exceeds the value of all the payments and distributions that would be required under "*—Application of proceeds from enforcement of Transaction Security,*" the Senior Notes Sellers Agent shall have the right to request the Security Agent promptly to commence an Exit Disposal in respect of the SUN Shared Charged Property which shall be conducted in compliance with the provisions of "*—Distressed Disposals, Exit Disposals and Foreclosures*." There shall be no obligation to complete such Exit Disposal unless all the payments and distributions referred to in "*—Application of proceeds from enforcement of Transaction Security*" will be made in cash and in full upon such Exit Disposal being completed.

Turnover

Turnover by Primary Creditors

The Intercreditor Agreement will provide that if any creditor in respect of the Super Senior Liabilities, the Senior Secured Liabilities or the Senior Notes Liabilities (the "Primary Creditors") receives or recovers the proceeds of any enforcement of any Transaction Security (whether before or after an insolvency event), the proceeds of any Exit Disposal, any Soulte, any Cash Proceeds (as defined herein), or any other amounts which should otherwise be received, recovered or realized by the Security Agent for application in accordance with the payment waterfall described in "—*Application of proceeds from enforcement of Transaction Security*," that Primary Creditor will, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of setoff (i) promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and until such payment hold the same on trust for the Security Agent and in an event separate from its other assets, property or funds; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of setoff promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

For the purpose of this section *"Description of certain financing arrangements—Intercreditor Agreement":*

"Affected Liabilities" means, in respect of any relevant liabilities: (i) those liabilities which have been extinguished or discharged in connection with a Foreclosure (other than by payment in cash); (ii) those liabilities which have been released, waived or reduced (including under an *abandon de créance* or *remise de dette*) at any time following the Foreclosure Date; (iii) those liabilities which have been converted into Investment Instruments at any time following a Foreclosure; (iv) the amount of the Soulte (if any) effectively paid by the Creditors of those liabilities (or any Creditor Representative thereof) in connection with a Foreclosure but only to the extent (A) not funded (at the time of such payment) out of Cash Proceeds allocated in accordance with the Intercreditor Agreement or (B) not repaid by the relevant payee pursuant to a clawback; and (v) in respect of Super Senior Liabilities, Senior Secured Liabilities, the liabilities owed by the Senior Notes Issuer and the Debtors to the Senior Notes Creditors under the Senior Notes Documents (the "Senior Notes Liabilities") and/or the liabilities owed to the Senior Notes Issuer by any member of the Group (including, but not limited to, those owed by the Issuer to the Senior Notes Issuer under or in connection with any Senior Notes Proceeds Loan Agreement and declared dividends to the Senior Notes Issuer) (the "Senior Notes Issuer Liabilities"), the relevant Replacement Cost (as defined in the Intercreditor Agreement) which has accrued for more than a year.

"Recourse Right" means any and all rights (including accessory rights such as security interests), actions and claims that any Debtor which has granted any Transaction Security or a guarantee in order to secure or guarantee all or part of the secured obligations may have against any other person (whether a Debtor or otherwise), in each case as a result of an enforcement action of any Transaction Security, enforcement or existence of that guarantee or otherwise as a result of the payment or the right to request the payment of such secured obligations in lieu of such other person, and including any right to be repaid by, to receive any amount from or to be indemnified by, that other person (whether prior to or after enforcement), any right of recourse by way of subrogation, *recours subrogatoire*, *recours personnel* or any other similar right, action or claim under any applicable law, whether such right arises by law, contract or otherwise.

"Exit Disposal" means, following a Foreclosure of certain Foreclosed Assets, a sale, disposal or transfer of: (i) such Foreclosed Assets; (ii) any Investment Instrument issued by a Secured Parties SPV holding such Foreclosed Assets; or (iii) if the Foreclosed Assets consist of shares of the Senior Notes Issuer or any member of the Group, any assets held by the Senior Notes Issuer or such member of the Group or any Subsidiary of it, in each case, to a person or persons which is or are not the Senior Notes Issuer, a member of the Group or a Secured Parties SPV.

"Soulte" means, in relation to any enforcement action occurring by way of Foreclosure, the amount by which the value of all of the assets which from time to time are, or are expressed to be, the subject of the Transaction Security (the "Charged Property") so appropriated or foreclosed as a result of such Foreclosure (as determined in accordance with the relevant Transaction Security Document) exceeds the amount of the secured obligations secured under the corresponding Transaction Security Document immediately prior to such Foreclosure occurring (which, for the avoidance of doubt, shall not include any Assigned Recourse Rights arising from or in connection with such Foreclosure).

"Cash Proceeds" means: (i) all amounts or distributions received in cash by the Foreclosed Assets Holders in respect of the Foreclosed Assets or Investment Instruments issued by a Secured Parties SPV (including in connection with a liquidation or a winding-up of a Secured Parties SPV); and (ii) all proceeds received in cash by Foreclosed Assets Holders as a result of an Exit Disposal, in each case before deducting any liabilities for taxes incurred and required to be paid by Foreclosed Assets Holders in connection with those distributions but, in the case of either a sale of Foreclosed Assets by a Secured Parties SPV or a sale described in the Intercreditor Agreement, after deducting any taxes payable by the seller.

"Foreclosed Asset" means: (i) any Charged Property foreclosed by the Secured Parties following a Foreclosure; (ii) where such Charged Property includes shares in any company, any asset of such company(ies) or any Subsidiary(ies) thereof; (iii) any asset of the type referred to in paragraphs (i) or (ii) above transferred to any Secured Parties SPV; and/or (iv) any share of any Secured Parties SPV having acquired assets of the type referred to in paragraphs (i) or (ii) above (including in the context of the enforcement of a Transaction Security Document by way of sale).

Turnover by Senior Notes Creditors, Subordinated Creditors, Secured Parties SPV and Senior Notes Call Option Beneficiary

The Intercreditor Agreement will provide that if any Senior Notes Creditor, any creditor of any Subordinated Liabilities, any Secured Parties SPV or any Senior Notes Call Option Beneficiary receives or recovers:

(a) any payment or distribution of, or on account of, or in relation to any such liabilities which is not otherwise permitted under the Intercreditor Agreement or made in accordance with the payment waterfall described in "—*Application of proceeds from enforcement of Transaction Security*";

(b) other than by way of setoff permitted under the Intercreditor Agreement, any amount by way of setoff in respect of any such liabilities which is not otherwise permitted under the Intercreditor Agreement or which does not give effect to a payment or enforcement action which is otherwise permitted to be made, received or taken by the relevant creditor or Secured Parties SPV under the Intercreditor Agreement;

(c) other than by way of setoff permitted under the Intercreditor Agreement, any amount (i) on account of, or in relation to, any of such liabilities (A) after the occurrence of an Secured Debt Acceleration Event or the enforcement of any Transaction Security (a "Distress Event") or (B) as a result of any other litigation or proceedings against a Debtor or a member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or that member of the Group), other than, in each case, any amount received or recovered in accordance with the payment waterfall described in "—*Application of proceeds from enforcement of Transaction Security*"; or (ii) other than by way of setoff permitted under the Intercreditor Agreement, any amount by way of setoff in respect of any of such liabilities after the occurrence of a Distress Event;

(d) the proceeds of any enforcement of any Transaction Security, the proceeds of any Distressed Disposal, the proceeds of any Exit Disposal, any Soulte, any Cash Proceeds or the proceeds of any Assigned Recourse Rights, in each case, except in accordance with the payment waterfall described in "—*Application of proceeds from enforcement of Transaction Security*"; or

(e) other than by way of setoff permitted under the Intercreditor Agreement, any distribution in cash or in kind or payment of, or on account of or in relation to, any of such liabilities which is not made in accordance with the payment waterfall described in "—*Application of proceeds from enforcement of Transaction Security*" and which is made as a result of, or after, the occurrence of an insolvency event in respect of that Debtor.

The relevant Senior Notes Creditor or Subordinated Creditor (as applicable) will, subject to certain exceptions:

(i) in relation to receipts or recoveries not received or recovered by way of setoff, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and until such payment hold the same on trust for the Security Agent and in an event separate from its other assets, property or funds; and (B) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of setoff, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Assignment of Recourse Rights

(a) Each Debtor hereby irrevocably and unconditionally assigns with immediate effect to the Security Agent acting in its name, all Recourse Rights which it has or may have in the future (the "Assigned Recourse Rights" and the amount thereof at any time, the "Amount of the Assigned Recourse Rights").

(b) The consideration for the assignment of the Assigned Recourse Rights (the "Assigned Recourse Rights Deferred Consideration") shall be equal to the Amount of the Assigned Recourse Rights but shall be payable in accordance with the provisions of "—*Application of proceeds from enforcement of Transaction Security*" only to the extent and when there are enough cash proceeds to be applied by the Security Agent to pay such Assigned Recourse Rights Deferred Consideration in accordance with the provisions of "—*Application of proceeds from enforcement of Transaction Security*."

(c) (i) The Security Agent (and each of its subsequent assignees) may itself subsequently assign any such Assigned Recourse Rights to any of its affiliates or Secured Parties SPV which shall accede to the Intercreditor Agreement, whereupon the provisions of this subparagraph shall apply *mutatis mutandis* to it; and (ii) upon any such assignment of the Assigned Recourse Rights, the relevant assignee shall agree to turn over any recovery made under the Assigned Recourse Rights to the Security Agent in accordance with "—*Turnover by the Senior Notes Creditors, Subordinated Creditors, Secured Parties SPV and Senior Notes Call Option Beneficiary*."

(d) The Assigned Recourse Rights may be transferred by the Security Agent in the context of an Exit Disposal or to facilitate such Exit Disposal.

(e) The assignment of the Assigned Recourse Rights shall be notified to each Debtor which is incorporated in France in accordance with Article 1690 of the French Civil Code.

Application of proceeds from enforcement of Transaction Security

The Intercreditor Agreement will provide that amounts received or recovered from the realization or enforcement of all or any part of the Transaction Security will be applied in the following order of priority:

(a) *first*, *pari passu* and pro rata in or towards payment of: (i) any sums owing to the Security Agent or any delegate appointed by the Security Agent or any receiver, any Pari Passu Debt Representative in respect of any Pari Passu Debt issued in the form of notes, any amounts owing to the Notes Trustee, any Senior Notes Trustee Amounts payable to the Senior Notes Trustee and (ii) the liabilities owed to the Revolving Credit Facility Agent and each Creditor Representative (to the extent not included in the foregoing and excluding any Hedge Counterparty in its capacity as its own Creditor Representative) of any unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each such Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any Transaction Security Document or the Intercreditor Agreement (to the extent that such Transaction Security has been given in favor of such obligations);

(b) *second*, *pari passu* and pro rata in or toward payment of all costs and expenses incurred by the holders of the holders of Secured Liabilities in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) *third*, if the first date on which a Foreclosure (as defined in the Intercreditor Agreement) occurs (the "Foreclosure Date") has occurred, *pari passu* and pro rata, in payment or distribution to the the Secured Parties (or their Affiliates) or any Senior Notes Call Option Beneficiary in their capacity as holders (directly or indirectly through a Secured Parties SPV) of foreclosed assets (the "Foreclosed Asset Holders") of their tax liabilities (if any);

(iv) *fourth*, if the Foreclosure Date has occurred, in payment or distribution to the relevant Subordinated Creditors of any Soulte payable and not yet paid (to the extent paid back to the Security Agent by the Subordinated Creditors in accordance with "*—Turnover by Senior Notes Creditors, Subordinated Creditors, Secured Parties SPV and Senior Notes Call Option Beneficiary*";

(v) *fifth*, subject to paragraph (f) of "*New Money after the Foreclosure Date*," *pari passu* and pro rata, in payment or distribution, or repayment of all costs, expenses, interest and principal amounts due to the relevant creditors with respect to any New Money (if any);

(vi) *sixth*, in or toward payment to: (i) the Revolving Credit Facility Agent on behalf of the Revolving Credit Facility finance parties and on behalf of the arrangers under the Revolving Credit Facility and each Creditor Representative in respect of a Credit Facility on behalf of the arrangers and lenders under and in respect of that Credit Facility; and (ii) the Hedge Counterparties in respect of the Super Senior Hedging Liabilities, for application towards the discharge *pari passu* and pro rata of (A) the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under the Revolving Credit Facility and the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under such Credit Facility) in accordance with the terms of the Credit Facility Documents; (B) the Super Senior Hedging Liabilities; and (C) the Replacement Costs (as defined in the Intercreditor Agreement) calculated in relation to any liabilities of the type referred to in paragraph (A) and paragraph (B) above which are Affected Liabilities;

(vii) *seventh*, in or towards the discharge of the Notes Liabilities and to the relevant Pari Passu Debt Representative on behalf of the Pari Passu Creditors for application towards the discharge of the Pari Passu Liabilities, to the Non-Super Senior Hedge Counterparties for application towards the discharge of the Non-Super Senior Hedging Liabilities, and the Replacement Costs (as defined in the Intercreditor Agreement) calculated in relation to any liabilities of the type referred to above in this paragraph (vii) which are Affected Liabilities; and

(xiii) *eight*, to the extent paid out of enforcement proceeds resulting from the enforcement of SUN Shared Security, the Senior Notes Guarantee or proceeds from an Exit Disposal in relation to assets which were previously secured by such SUN Shared Security, in payment or distribution to: (A) prior to the Senior Notes Liabilities Assignment Date, each Senior Notes Trustee on behalf of the Senior Noteholders or, if there is no Senior Notes Trustee acting on behalf of any relevant Senior Noteholders, such Senior Noteholders for application towards the discharge of: (I) the Senior Notes Liabilities owed to the Senior Noteholders (in accordance with the terms of the relevant Senior Notes Documents); and (II) Replacement Costs (as defined in the Intercreditor Agreement) calculated in relation to any liabilities referred to in paragraph (I) above which are Affected Liabilities, on a *pari passu* and pro rata basis as between (I) and (II) above; or (B) on or after the Senior Notes Liabilities Assignment Date, each Senior Notes Sellers Agent on behalf of the Senior Notes Sellers or, if there is no Senior Notes Sellers Agent acting on behalf of any relevant Senior Notes Sellers, such Senior Notes Sellers for application towards the discharge of the Senior Notes Liabilities Deferred Consideration;

(ix) *ninth*, if the Foreclosure Date has occurred, pro rata and *pari passu* among themselves: (A) to any Debtor or Subordinated Creditor to which a Soulte has been paid or remains payable, in payment or distribution in an amount equal to the amount of such Soulte (and to the extent such Soulte has been already paid by any Secured Parties to such Debtor or Subordinated Creditor, only to the extent that such Debtor or Subordinated Creditor has turned such Soulte over to the Security Agent in accordance with "*—Turnover by Senior Notes Creditors, Subordinated Creditors, Secured Parties SPV and Senior Notes Call Option Beneficiary*"; and (B) to any Debtor or Subordinated Creditor, in payment or distribution of the amount of the Assigned Recourse Rights Deferred Consideration;

(x) *tenth*, if none of the Debtors is under any further actual or contingent liability under any Credit Facility Document, Senior Secured Notes Document, Hedging Agreement, Pari Passu Debt Document or Senior Notes Document, in payment or distribution to any person to whom the Security Agent is obligated to pay or distribute in priority to any Debtor; and

(xi) the balance, if any, in payment or distribution to any member of the Group or any other party entitled to receive it.

Limitation on application of proceeds

If the application of any recoveries under the above paragraph in or towards the discharge of any liabilities would result in or have the effect of an unlawful payment or discharge under applicable law ("Affected Recoveries"), then those Affected Recoveries will be applied in or towards the discharge in full only of the liabilities (but subject at all times to the provisions of the Intercreditor Agreement) guaranteed or secured by the rights (whether guarantee, indemnity or security (including by way of prefunding)) the enforcement or realisation of which gave rise to the Affected Recoveries.

Foreclosure on Investment Instruments of a Debtor

For the avoidance of doubt, the provisions of this paragraph shall only apply after the Foreclosure Date.

Until the Security Agent is satisfied that it has received all Cash Proceeds resulting from the Exit Disposal, if any Foreclosed Assets Holder receives or recovers: (i) any payment or distribution of, or on account of or in relation to, any of the Cash Proceeds which is not made in accordance with the waterfall provisions in "*—Application of proceeds from enforcement of Transaction Security*"; or (ii) any amount by way of setoff in respect of any of the Cash Proceeds owed to it, that Foreclosed Assets Holder will promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the waterfall provisions in "*—Application of proceeds from enforcement of Transaction Security*."

Following a request by the Security Agent after receipt of Cash Proceeds, each Foreclosed Assets Holder shall promptly confirm to the Security Agent the amount of its tax liabilities in relation to those Cash Proceeds.

All Cash Proceeds received or recovered by the Security Agent under the above paragraphs, shall be held by the Security Agent as trustee for the Foreclosed Assets Holders, and shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law in accordance with the waterfall provisions in "*—Application of proceeds from enforcement of Transaction Security."*

On or after an Exit Disposal is completed, the Security Agent may, in its discretion, hold any amount of the Cash Proceeds in an interest-bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later application in paying amounts under "*—Application of proceeds from enforcement of Transaction Security*" that the Security Agent reasonably considers, in each case, might become due or owing at any time in the future.

Prior to the application of Cash Proceeds in accordance with the waterfall provisions in "*—Application of proceeds from enforcement of Transaction Security,"* the Security Agent may, in its discretion, hold all or part of those proceeds in an interest-bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those monies in accordance with the waterfall provisions in "*—Application of proceeds from enforcement of Transaction Security."*

For the purpose of, applying the Cash Proceeds in accordance with the waterfall provisions in "*—Application of proceeds from enforcement of Transaction Security,"* the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at the Security Agent's spot rate of exchange.

The obligations of any party to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

The Security Agent shall be entitled, in its discretion: (i) to set aside by way of reserve amounts required to meet; and (ii) to make and pay, any deductions and withholdings (on account of taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under "*—Application of proceeds from enforcement of Transaction Security,"* and to pay all taxes which may be assessed against it in respect of the Cash Proceeds, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent (other than in connection with its remuneration for performing its duties under the Intercreditor Agreement).

In the event of a sale of shares in any entity which is a Subsidiary of the Acquired Debtor or the Secured Parties SPV, the provisions of this "*—Foreclosure on Investment Instruments of a Debtor*" shall apply to the proceeds of such sale, *mutatis mutandis*, and the Secured Parties shall use all reasonable efforts to upstream or distribute cash from any such sale in order to permit the payments set forth in "*—Application of proceeds from enforcement of Transaction Security"* as soon as possible following such sale.

New Money after the Foreclosure Date

(a) On or after the Foreclosure Date, subject to paragraph (f) below, the Security Agent may, with the consent of the Issuer, propose by giving no less than seven days' prior written notice to the Creditor Representatives of each of the Secured Creditors and to the Hedge Counterparties, directly or indirectly through one or several Secured Parties SPV, that there be provided from time to time to the Issuer and/or its subsidiaries in addition to the liabilities outstanding under the Debt Documents, new financing(s) in the form of loans, bonds, equity-related bonds or other Investment Instruments (the "New Money").

(b) No Secured Creditor shall have any obligation to participate in any New Money.

(c) Senior Notes Creditors shall only be able to participate in any New Money on a basis approved in writing by the Security Agent on the instructions of the Majority Super Senior Creditors and Notes/Pari Passu Required Holders (in each case acting through their Creditor Representatives).

(d) Subject to paragraph (c) above, each Secured Creditor may elect to participate in any New Money within seven days following receipt of the notice referred to in paragraph (a) above, provided that each such Secured Creditor may participate in any such New Money up to the proportion which its exposure bears to the aggregate exposure of all Secured Creditors.

(e) All payment obligations (as principal, interest, default interest, fees or otherwise) under such New Money shall rank as described in "*—Application of proceeds from enforcement of Transaction Security,"* or any other lower ranking as otherwise agreed by all Secured Creditors participating in any New Money.

(f) No indebtedness in respect of New Money may be incurred without the prior written consent of all the Credit Facility Lenders and each Super Senior Hedge Counterparty and any indebtedness in respect of New Money which is incurred without such prior written consent will rank behind the Super Senior Liabilities and will not be entitled to receive any distribution under "*—Application of proceeds from enforcement of Transaction Security*" unless and until the Super Senior Liabilities (and all Replacement Costs (as defined in the Intercreditor Agreement) with respect to the Super Senior Liabilities) have been repaid and discharged in full.

Release of the Guarantees and the Security

Non-Distressed Disposal

In circumstances where a disposal of an asset of the Group which is subject to the Transaction Security is not being effected (i) by enforcement of the Transaction Security; (ii) at the request of the Instructing Group, after the Transaction Security has become enforceable; or (iii) in the case of a disposal to a person or persons outside the Group, after a Secured Debt Acceleration Event or a Distress Event has occurred (each a "Distressed Disposal") and is otherwise permitted by the Credit Facility Documents, the Notes Documents, the Pari Passu Debt Documents and the Senior Notes Documents (together the "Senior Debt Documents," and such disposal, a "Non-Distressed Disposal"), the Intercreditor Agreement will provide that the Security Agent is authorized (A) to release the Transaction Security or any other claim relating to a Debt Document over the relevant asset; and (B) if the relevant asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim relating to a Debt Document over the assets of that Debtor and the shares in and assets of any of its subsidiaries, provided that if an asset which is the subject of a Non-Distressed Disposal is transferred to another member of the Group the release of the Transaction Security must be permitted under the terms of the Credit Facilities, the Notes Documents and any Pari Passu Debt Documents and, to the extent that replacement Transaction Security is required from the transferee under the terms of the Debt Documents, such Transaction Security will (subject to any other requirements relating to the release, retaking, amendment or extension of the Transaction Security under the Debt Documents) be granted at the same time as (or before) the relevant disposals are effected.

If any proceeds from a Non-Distressed Disposal are required to be applied in mandatory prepayment of any of the Secured Liabilities or to be offered to any Secured Party pursuant to the terms of the Secured Debt Documents, then such proceeds will be applied in or towards payment of such Secured Liabilities or shall be offered to the relevant Secured Parties in accordance with the terms of the relevant Secured Debt Documents and the consent of any other party will not be required for that application.

Distressed Disposal, Exit Disposals and Foreclosures

Where a Distressed Disposal, an Exit Disposals or a Foreclosure of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized: (i) if the asset being disposed of consists of shares in the capital of a Debtor, to release: (A) the Transaction Security over the assets of that Debtor or any subsidiary of that Debtor; (B) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities in respect of the Debt Documents, its liabilities as guarantor in respect of the Debt Documents and any trading or other liabilities it may have to an Intra Group Lender or another Debtor ("Other Liabilities"); and (iii) any other claim of a Subordinated Creditor or another Debtor over the relevant assets; and (ii) if the asset being disposed of by way of Distressed Disposal, an Exit Disposals or a Foreclosure consists of shares in the capital of a holding company of a Debtor, to release: (A) the Transaction Security over the assets of that holding company and any subsidiary of that holding company; (B) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities in respect of the Debt Documents, its liabilities as guarantor in respect of the Debt Documents and any Other Liabilities; and (C) any other claim of a Subordinated Creditor or another Debtor over the relevant assets.

Where a Distressed Disposal, Exit Disposal or Foreclosure of an asset is being effected, the Intercreditor Agreement will also provide that the Security Agent is authorized if the asset being disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor and the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) decides to dispose of all or any part of the liabilities of that Debtor or holding company or any subsidiary of that Debtor or holding company under the Debt Documents or any liabilities owed by such Debtor, holding company or subsidiary to another Debtor ("Debtor Liabilities"):

(a) if the Security Agent does not intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor or all (but not part) of such Debtor Liabilities; or

(b) if the Security Agent does intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor and all or any part of such Debtor Liabilities and any other liabilities under the Debt Documents,

on behalf of the relevant creditors and Debtors.

Where a Distressed Disposal, Exit Disposal or Foreclosure of an asset is being effected, the Intercreditor Agreement will also provide that the Security Agent is authorized, if the asset being disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor (the "Disposed Entity") and the Security Agent decides to transfer to another Debtor all or any part of that Disposed Entity's obligations (or any obligations of any subsidiary of that Disposed Entity) in respect of Intra Group Liabilities or Debtor Liabilities, to enter into any agreement to agree the transfer and acceptance of all or part of the obligations in respect of those Intra Group Liabilities or Debtor Liabilities on behalf of the Debtors which owe such liabilities and the Debtors to which such liabilities are to be transferred.

In the case of a Distressed Disposal or an Exit Disposal, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have an obligation to postpone any Distressed Disposal or disposal of Liabilities in order to achieve a higher price).

If on or after the first date on which Senior Notes are issued but before the Senior Notes Discharge Date, (i) a Distressed Disposal or Exit Disposal is being effected such that the Senior Notes Guarantees will be released, or (ii) an Exit Disposal in respect of assets which were SUN Shared Charged Property, which were subject to Transaction Security over Investment Instruments in the Issuer or any of its holding companies, or which were owned by a Senior Notes Guarantor is being effected after (A) the Senior Notes Guarantees and SUN Shared Security have been released under this "*—Distressed Disposals, Exit Disposals and Foreclosures*" following a Foreclosure or (B) the Senior Notes has been exercised (in each case, excluding, for the avoidance of doubt, any Foreclosure), it is a further condition to the release that either:

(a) the Senior Notes Trustee has approved the release on the instructions of the Senior Notes Required Holders; or

(b) where shares or assets of a Senior Notes Guarantor are sold:

(i) the proceeds of such sale or disposal are all in cash (or substantially all in cash);

(ii) all present and future obligations owed to the Secured Parties under the Credit Facility Documents, Hedging Agreements, the Notes Documents and the Pari Passu Debt Documents by a member of the Group, all of whose shares are pledged or charged in favor of the Secured Parties are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all or part security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

(A) the Credit Facility Agent, Notes Trustee and Pari Passu Debt Representative determine acting reasonably and in good faith that the finance parties under the Revolving Credit Facility, the Note Creditors and the Pari Passu Creditors (respectively) will recover more from a transaction involving such sale or disposal than if such claim was released or discharged; and

(B) the Credit Facility Agent, Notes Trustee and Pari Passu Debt Representative serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell or dispose of and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(iii) such sale or disposal (including any sale or disposal of any claim) is made:

(A) pursuant to a Public Auction; or

(B) where a Financial Advisor confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price.

The net proceeds of each Distressed Disposal and Exit Disposal (and the net proceeds of any disposal of liabilities owed to a Primary Creditor or disposal of Debtor Liabilities) shall be paid to the Security Agent for application in accordance with the payment waterfall described in "*—Application of proceeds from enforcement of Transaction Security,*" as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities owed to a Primary Creditor or disposal of Debtor Liabilities has occurred, as if that disposal of liabilities or Debtor Liabilities had not occurred.

In this section:

"Distressed Disposal" means a disposal of an asset subject to the Transaction Security of a member of the Group which is (i) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable; (ii) being effected by enforcement of the Transaction Security; or (iii) being effected, after the occurrence of an Secured Debt Acceleration Event or the enforcement of any Transaction Security, to a person or persons which is, or are, not a member, or members, of the Group;

"Majority Super Senior Creditors" means those Super Senior Creditors whose super senior credit participations at that time aggregate more than 66⅔% of the total super senior credit participations at that time;

“Pari Passu Debt Required Holders” means in respect of any direction, approval, consent or waiver to be granted by a tranche of the Pari Passu Debt, the Pari Passu Creditors of the principal amount of the relevant tranche of Pari Passu Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant Pari Passu Debt Documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding relevant tranche of Pari Passu Debt, in accordance with the relevant Pari Passu Debt Documents. For the avoidance of doubt, in determining whether the Pari Passu Creditors of the required principal amount of relevant tranche of Pari Passu Debt have concurred in any direction, waiver or consent, relevant Pari Passu Debt owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor (other than an independent fund established for the purpose of making, purchasing or investing in loans or debt securities and which has not been set up solely to make purchases of any of the commitments or amounts outstanding under the Debt Documents, and which is managed or controlled by Towerbrook or its affiliates (an “Independent Debt Fund”)), will be considered as though not outstanding;

“Relevant Enforcement Action” means either (i) the determination by the Instructing Group of the method of enforcement of Transaction Security or (ii) the appointment of a Financial Advisor by the Instructing Group to assist in such determination;

“Notes/Pari Passu Required Holders” means, at any time, those Senior Noteholders, Pari Passu Creditors and Non-Super Senior Hedging Counterparties whose Senior Secured Credit participations at that time aggregate more than 50% of the total Senior Secured Credit Participations (as defined herein) at that time;

“Senior Notes Required Holders” means in respect of any direction, approval, consent or waiver, the relevant Noteholders of the principal amount of Notes required to vote in favor of such direction, approval, consent or waiver under the terms of the Notes Indenture or, if the required amount is not specified, the holders holding at least the majority of the aggregate principal amount of the then outstanding Notes, in accordance with the Notes Indenture. For the avoidance of doubt, in determining whether the Noteholders of the required principal amount of Notes have concurred in any direction, approval, consent or waiver, Notes owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor other than an Independent Debt Fund, will be considered as though not outstanding, except that for the purpose of determining whether the Notes Trustee will be protected in relying on any such direction, approval, waiver or consent, only Notes that the Notes Trustee knows are so owned will be disregarded;

“Senior Notes Guarantees” means each senior subordinated guarantee by a Senior Notes Guarantor of the obligations of the Senior Notes Issuer under the Senior Notes Documents which shall be made expressly subject to the provisions of the Intercreditor Agreement in a legally binding manner; and

“Senior Notes Required Holders” means, in respect of any direction, approval, consent or waiver, the Senior Notes Trustee acting on behalf of the holders of the principal amount of the then outstanding Senior Notes required under the terms of the relevant Senior Notes Indenture to vote in favor of such direction, approval, consent or waiver, or, if the required amount is not specified, the holders holding at least a majority of the principal amount of the then outstanding Senior Notes, in accordance with the relevant Senior Notes Indenture. For the avoidance of doubt, in determining whether the Senior Noteholders of the required principal amount of relevant tranche of Senior Notes have concurred in any direction, waiver or consent, Senior Notes owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding except that for the purpose of determining whether the Senior Notes Trustee will be protected in relying on any such direction, approval, waiver or consent, only Senior Notes that the Senior Notes Trustee knows are so owned will be disregarded.

Amendment

In addition to customary minor, technical or administrative matter amendments by the Security Agent, the Intercreditor Agreement will provide that it may be amended with only the consent of the Majority Super Senior Creditors, the Notes Required Holders, the Pari Passu Debt Required Holders, the Senior Notes Required Holders, the Issuer and the Security Agent, unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (i) any amendment to the order of priority or subordination set forth in the Intercreditor Agreement; (ii) any amendment to the payment waterfall, turnover and redistribution provisions or enforcement provisions set forth in the Intercreditor Agreement; (c) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent; or (d) the amendment of provisions in the Intercreditor Agreement, which shall not be made without consent of:

(i) the Credit Facility Lenders;

(ii) the Notes Trustee (acting in accordance with the terms of the Notes Indenture);

(iii) the Senior Notes Trustee (acting in accordance with the terms of the relevant Senior Notes Indenture), insofar as the amendment or waiver might adversely affect the rights, ranking, immunities or protections of the Senior Notes Trustee or the Senior Noteholders (and excluding, for the avoidance of doubt, any amendment or waiver to the provisions set forth in "—*Enforcement decision*," for which the written consent of the Senior Notes Trustee shall not be required);

(iv) in the case of any Pari Passu Debt constituting an issuance of debt securities, the Pari Passu Debt Representative (acting in accordance with the terms of the relevant Pari Passu Debt Documents);

(v) in the case of any Pari Passu Debt constituting a Credit Facility, the Pari Passu Creditors in that tranche of Pari Passu Debt;

(vi) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty);

(vii) the Issuer; and

(viii) the Security Agent.

An amendment or waiver that relates to the Security Enforcement Principles may be made by the Majority Super Senior Creditors, the Senior Notes Required Holders, the Pari Passu Debt Required Holders of each tranche of Pari Passu Debt and the Security Agent.

If, however, an amendment, waiver or consent affects one or more classes of Secured Party and could not reasonably be expected to materially and adversely affect the interests of the other class or classes of Secured Party, only agreement from the requisite affected class or classes is required.

Subject to the paragraphs above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of the affected party.

Option to purchase: Notes Creditors and Pari Passu Creditors

After a Distress Event, by giving not less than ten days' prior written notice to the Revolving Credit Facility Agent and, if applicable, the Hedge Counterparties, the Notes Trustee and the Pari Passu Creditor Representative (until the date which is the earlier of (i) a Foreclosure occurring in respect of Investment Instruments issued by the Issuer or Luxco and (ii) a Public Auction occurring in respect of Investment Instruments issued by the Issuer or Luxco), at the direction and expense of and having obtained all necessary approvals from the Noteholders and Pari Passu Creditors (as applicable) (the "Purchasing Senior Secured Creditors"), will have the right to acquire or procure (on a several but not joint basis) that a nominee (the "Purchasing Senior Secured Creditors' Agent") acquires by way of transfer all (but not part only) of the rights and obligations of the Credit Facility Lenders and the Super Senior Hedge Counterparties in respect of Super Senior Liabilities and the Super Senior Hedging Liabilities (the "Super Senior Acquisition Debt"). If more than one Purchasing Senior Secured Creditor wishes to exercise the option to purchase (or procure, through the Purchasing Senior Secured Creditors' Agent, on a several but not joint basis, the purchase of) the Super Senior Acquisition Debt, each such Purchasing Senior Secured Creditor shall purchase (or procure, through the Purchasing Senior Secured Creditors' Agent, on a several but not joint basis, the purchase of) the Super Senior Acquisition Debt pro rata, in the proportion that its principal amount outstanding under the Notes and its principal amount outstanding under the Pari Passu Debt Documents ("Senior Secured Credit Participations") bears to the aggregate Senior Secured Credit Participations of all the Purchasing Senior Secured Creditors.

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Credit Facility Lender Liabilities then outstanding and relevant hedging purchase amount (as determined in accordance with the Intercreditor Agreement), including in respect of any broken funding costs, as well as certain costs and expenses of the Super Senior Creditors and Super Senior Hedge Counterparties; after the transfer, no Super Senior Creditor or Super Senior Hedge Counterparty will be under any actual or contingent liability to any Debtor or any other person under the Intercreditor Agreement, any Credit Facility Document or any Hedging Agreement (in relation to Super Senior Hedging Liabilities only) for which it is not holding cash collateral in an amount and on terms satisfactory to it; the Purchasing Senior Secured Creditors (or, if required by the Credit Facility Lenders and Super Senior Hedge Counterparties, a third party acceptable to all the Credit Facility Lenders and Super Senior Hedge Counterparties) indemnifies each Credit Facility Lender and each other Finance Party under such Credit Facility Document on the date of the relevant transfer and each Super Senior Hedge Counterparty under the relevant Hedging Agreements in respect of all losses which may be sustained or incurred by any Credit Facility Lender or other such Finance Party or Super Senior Hedge Counterparty as a result of any sum received or recovered by any Credit Facility Lender or Super Senior Hedge Counterparty from any Debtor, any Purchasing Senior Secured Creditors, the Purchasing Senior Secured Creditors' Agent or any other person being required (or it being alleged that it is required) to be paid back by or clawed back from any Credit Facility Lender or any Super Senior Hedge Counterparty for any reason; and the relevant transfer shall be without recourse to, or warranty from, any Super Senior Creditor or Super Senior Hedge Counterparty, save that each Credit Facility Lender and Super Senior Hedge Counterparty will be deemed to have given the following representations and warranties in favour of the Purchasing Senior Secured Creditors or the Purchasing Senior Secured Creditors' Agent (as applicable) and (if different) any third-party indemnitee on the date of that transfer:

(a) in the case of a Credit Facility Lender, it is the sole owner, free from all Security and third-party interests (other than any arising by operation of law), of all rights and interests under the Revolving Credit Facility finance documents or the Credit Facility Documents purporting to be transferred by it by that transfer;

(b) in the case of a Super Senior Hedge Counterparty, it is the sole owner, free from all Security and third-party interests (other than any arising by operation of law) of all rights and interests under the relevant Hedging Agreements purporting to be transferred by it by that transfer;

(c) it has the power to enter into and make, and has taken all necessary action to authorize its entry into and making of, that transfer; and

(d) the Credit Facility Lenders and Super Senior Hedge Counterparties are satisfied with the results of any "know your client" or other similar checks relating to the identity of any person that they are required by law to carry out in relation to such a transfer; and

the Senior Noteholders have not exercised the purchase rights described in "—*Option to purchase: Senior Noteholders*" below or, having exercised such rights, have failed to complete the acquisition of the Credit Facility Lender Liabilities, the Hedging Liabilities under the Hedging Agreements, the Notes Liabilities and the Pari Passu Liabilities.

Option to purchase: Senior Noteholders

The Senior Noteholders (the "Purchasing Senior Notes Creditors") may, after a Distress Event (and until the date which is the earlier of (i) a Foreclosure occurring in respect of Investment Instruments issued by the Issuer or the Senior Notes Issuer and (ii) a Public Auction occurring in respect of Investment Instruments issued by the Issuer or the Senior Notes Issuer), by giving not less than ten days' notice to the Credit Facility Agent, the Hedge Counterparties, the Notes Trustee and the Pari Passu Debt Representative (together, the "Relevant Representatives"), acquire or procure (on a several but not joint basis) the acquisition by a person nominated by the Purchasing Senior Notes Creditors (the "Purchasing Senior Notes Creditors' Agent") of all (but not part only) of the rights, benefits and obligations in respect of the Super Senior Liabilities and the Senior Secured Liabilities (and the Assigned Recourse Rights and the Senior Notes Liabilities if the Senior Notes Call Option has been exercised) (the "Senior Secured Acquisition Debt"). If more than one Purchasing Senior Notes Creditor wishes to exercise the option to purchase (or procure, through the Purchasing Senior Notes Creditors' Agent, on a several but not joint basis, the purchase of) the Senior Secured Acquisition Debt, each such Purchasing Senior

Notes Creditor shall purchase (or procure, through the Purchasing Senior Notes Creditors' Agent, on a several but not joint basis, the purchase of) the Senior Secured Acquisition Debt pro rata, in the proportion that its principal amount outstanding under the Senior Notes and its principal amount outstanding under the Additional Senior Debt Documents ("Senior Credit Participations") bears to the aggregate Senior Credit Participations of all the Purchasing Senior Notes Creditors.

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Secured Liabilities then outstanding, including in respect of any broken funding costs, as well as certain costs and expenses of the creditors in respect of the relevant Secured Liabilities; after the transfer, no Credit Facility Lender, Hedge Counterparty, Notes Creditor or Pari Passu Creditor will be under any actual or contingent liability to any Debtor or any other person under the Intercreditor Agreement, any Credit Facility Document, any Hedging Agreement, any Notes Finance Document or any Pari Passu Debt Document for which it is not holding cash collateral in an amount and on terms satisfactory to it; the Purchasing Senior Notes Creditors, other than the Senior Notes Trustee, (or if required by the Credit Facility Lenders, Hedge Counterparties, Noteholders or Pari Passu Creditors, a third party acceptable to the Credit Facility Lenders, Hedge Counterparties, Notes Creditors or Pari Passu Creditors), shall provide on the date of the transfer an indemnity to each Credit Facility Lender and each other finance party under such Credit Facility Document, Hedge Counterparty, Notes Creditor, Purchasing Senior Notes Creditors' Agent and/or Pari Passu Creditor (each, an "Indemnified Party") for any actual or alleged obligation to repay or claw back any amount received by such Indemnified Party; and the relevant transfer shall be without recourse to, or warranty from, any Primary Creditor, save that each such Primary Creditor will be deemed to have given the following representations and warranties in favor of the Purchasing Senior Notes Creditors or the Purchasing Senior Notes Creditors' Agent (as applicable) and (if different) any third-party indemnitee on the date of that transfer that:

(a) in the case of a Credit Facility Lender, it is the sole owner, free from all Security and third-party interests (other than by operation of law), of all rights and interests under the Credit Facility Documents purporting to be transferred by it by that transfer;

(b) in the case of a Hedge Counterparty, it is the sole owner, free from all Security and third-party interests (other than by operation of law) of all rights and interests under the Hedging Agreements purporting to be transferred by it by that transfer;

(c) in the case of a Notes Creditor, it is the sole owner, free from all Security and third-party interests (other than any arising under the Notes Documents or by operation of law), of all rights and interests under the Notes Documents purporting to be transferred by it by that transfer;

(d) in the case of a Pari Passu Creditor, it is the sole owner, free from all Security and third-party interests (other than any arising under the relevant Pari Passu Debt Documents or by operation of law), of all rights and interests under the relevant Pari Passu Debt; Documents purporting to be transferred by it by that transfer;

(e) it has the power to enter into and make, and has taken all necessary action to authorize its entry into and making of, that transfer; and

(f) the transferring Primary Creditors and Hedge Counterparties are satisfied with the results of any "know your client" or other similar checks relating to the identity of any person that they or any Representative are required by law to carry out in relation to such a transfer.

Governing Law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

Subordinated Shareholder Loan

In connection with the financing of our acquisition by Oaktree, the Issuer issued loan note instruments (collectively, the "Subordinated Shareholder Loan") to LuxCo. The Subordinated Shareholder Loan accrues payment-in-kind interest at 12.06% per annum. Outstanding amounts under the Subordinated Shareholder Loan rank on a subordinated basis to all other trade, financial or other claims of the borrowers. As of

December 31, 2013, an aggregate of €62.5 million was payable to LuxCo under the Subordinated Shareholder Loan (comprising €55.7 million in principal and capitalized interest and €6.8 million in accrued interest). The Subordinated Shareholder Loan was amended in December 2012 to further subordinate the Subordinated Shareholder Loan and to remove the change of control provision therein. In connection with the Offering, we have amended and restated the Subordinated Shareholder Loan on April 14, 2014 to, among other things, extend its maturity beyond the maturity date for the Notes. In addition, we will prepay €8.2 million in principal and €6.8 million in accrued interest outstanding under the Subordinated Shareholder Loan with the proceeds from the Offering.

CIR and CICE financing facilities

SGD Group S.A.S. has entered into several financing facilities for our pharmaceutical glass packaging operations with BPI France for an aggregate amount of €6.6 million on March 28, 2013 and July 26, 2013 pursuant to which we prefinance claims we have against the French State under CICE and CIR. These facilities terminate on March 5, 2015 and July 17, 2014, respectively. As of December 31, 2013, we had €3.5 million outstanding under these facilities. We intend for these facilities to remain in place after the Offering.

Currency swap agreement

SGD S.A. has entered into currency swap agreements for our pharmaceutical glass packaging operations with Bank of China on May 22, 2012 and June 19, 2012 (as amended on May 22, 2013 and June 19, 2013, respectively) for a nominal aggregate value of €6.8 million, pursuant to which we swapped euro for renminbi. We intend for these currency swap agreements to remain in place after the Offering.

Euler Hermes guarantee

SGD S.A. has entered into a guarantee agreement for our pharmaceutical glass packaging operations on July 29, 2013, pursuant to which Euler Hermes will provide bid bonds and performance bonds, up to a maximum aggregate amount of €5.0 million, in relation to tender offers in France or abroad. Euler Hermes has recourse against us for any payments made by it. As of December 31, 2013, the amount outstanding pursuant to this arrangement represents €0.8 million. We intend for this facility to remain in place following the Offering.

Factoring facility

SGD S.A. has entered into a factoring agreement for both our pharmaceutical glass packaging operations and our perfumery glass packaging operations at the Mers-les-Bains manufacturing facility on November 13, 2009, pursuant to which it can assign trade receivables to RBS Factor (since then renamed GE Capital Factor) for the face value of these receivables, up to a maximum aggregate amount of €40 million.

RBS Factor S.A. (since then renamed GE Capital Factor) has recourse against us for the unpaid receivables from companies operating in France, but not for the unpaid receivables from export. The factoring agreement is automatically renewed every year for a period of three years. As of December 31, 2013, the outstanding amount pursuant to such factoring arrangement represents €28.6 million (comprising €12.8 million for our pharmaceutical glass packaging operations and €15.8 million for our perfumery glass packaging operations at the Mers-les-Bains manufacturing facility). We intend to discontinue our factoring facility with respect to our pharmaceutical glass packaging operations shortly after the Issue Date.

Finance leases

SGD S.A. has entered into several finance leases for our pharmaceutical glass packaging operations with Deutsche Leasing France, Natixis Lease, Econocom and SCH Leasing for the leasing of various assets, such as equipment or intangible goods. Under our lease with Deutsche Leasing France, we have an option to purchase the goods leased three months prior to the expiration of the lease agreement. As of December 31, 2013, SGD S.A. had €5.9 million outstanding under these leases. We intend for these leases to remain in place after the Offering.

Working capital facility

SGD S.A. has entered into a working capital facility for our pharmaceutical glass packaging operations with Banque Espírito Santo et de la Vénétie for an amount of €2.0 million on July 20, 2012 (amended on July 31, 2013) to finance its working capital requirements. The facility terminates on July 31, 2014 and is secured by a floating charge over part of the inventory of SGD S.A. As of December 31, 2013, we had €2.0 million outstanding under this facility. We intend for this financing to remain in place after the Offering.

Description of the Senior Secured Notes

You will find definitions of certain capitalized terms used in this "*Description of the Senior Secured Notes*" under the heading "*Certain definitions*." For purposes of this "*Description of the Senior Secured Notes*," references to the "*Issuer*" refer only to SGD Group S.A.S. and not to any of its Subsidiaries and references to "*we*," "*our*," and "*us*" refer to the Issuer and its Restricted Subsidiaries, and references to the "*Security Provider*" refer only to SGD Luxembourg Holdings S.C.A. and not to any of its Subsidiaries.

The Issuer will issue €350.0 million aggregate principal amount of 5.625% Senior Secured Notes due 2019 (the "*Senior Secured Notes*") under an indenture to be dated as of April 24, 2014 (the "*Indenture*"), between, *inter alios*, the Issuer, the Guarantors, the Security Provider, U.S. Bank Trustees Limited, as trustee (in such capacity, the "*Trustee*") and BNP Paribas, as security agent (in such capacity, the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not incorporate or include terms of, or be subject to any of the provisions of, the U.S. Trust Indenture Act of 1939, as amended.

The Issuer intends to use the proceeds from the offering of the Senior Secured Notes sold on the Issue Date, (i) to prepay the outstanding indebtedness under the Existing Senior Facilities and the Existing Operational Facilities, (ii) to pay the estimated fees and expenses incurred in connection with the offering of the Senior Secured Notes and, to the extent any proceeds remain, (iii) for general corporate purposes, in each case as set forth in this Offering Memorandum under the caption "*Use of proceeds*."

The Indenture will be unlimited in aggregate principal amount, of which €350.0 million aggregate principal amount of Senior Secured Notes will be issued in this Offering. We may issue additional Senior Secured Notes having identical terms and conditions as the Senior Secured Notes (the "*Additional Senior Secured Notes*"). We will only be permitted to issue Additional Senior Secured Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens (as described below under "*—Certain covenants—Limitation on Indebtedness*" and "*—Certain covenants—Limitation on Liens*"). Except as otherwise provided for in the Indenture, the Senior Secured Notes issued in this Offering and, if issued, any Additional Senior Secured Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this "*Description of the Senior Secured Notes*," references to the "*Senior Secured Notes*" include the Senior Secured Notes and any Additional Senior Secured Notes that are actually issued.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of certain financing arrangements—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Senior Secured Notes*" is intended to be an overview of the material provisions of the Senior Secured Notes, the Indenture and the Security Documents. Since this description of the terms of the Senior Secured Notes is only a summary, you should refer to the Senior Secured Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and your rights. Copies of such documents are available from us upon request.

The registered Holder of a Senior Secured Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Senior Secured Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

General

The Senior Secured Notes

The Senior Secured Notes will, upon issuance:

- be general obligations of the Issuer, secured as set forth under "—*Security*";
- rank *pari passu* in right of payment with any existing or future obligation of the Issuer that is not subordinated in right of payment to the Senior Secured Notes, including the obligations of the Issuer under the Revolving Credit Facility and certain Hedging Obligations;
- rank senior in right of payment to any existing or future obligation of the Issuer that is expressly subordinated in right of payment to the Senior Secured Notes;
- be effectively subordinated to any existing or future obligation of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Senior Secured Notes, to the extent of the value of the property and assets securing such obligation;
- be Guaranteed by the Guarantors;
- be structurally subordinated to any existing or future obligation of the Issuer's Subsidiaries that are not Guarantors, including obligations to trade creditors;
- mature on May 15, 2019; and
- be represented by one or more registered Senior Secured Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-entry, delivery and form*").

Under the terms of the Intercreditor Agreement, the holders of the Senior Secured Notes will receive proceeds from the enforcement of the Collateral only after certain super senior priority obligations have been repaid in full, including (i) obligations under the Revolving Credit Facility, (ii) other Indebtedness Incurred pursuant to the terms of the Indenture that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain Hedging Obligations.

The Notes Guarantees

On the Issue Date, the Senior Secured Notes will be Guaranteed by the Guarantors. In addition, if required by the covenant described under "—*Certain covenants—Additional Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee in the future.

The Notes Guarantees of the Guarantors as of the Issue Date will:

- be the general obligation of such Guarantor, secured as set forth under "—*Security*";
- rank *pari passu* in right of payment with any existing or future obligation of such Guarantor that is not subordinated in right of payment to its Notes Guarantee, including such Guarantor's obligations under the Revolving Credit Facility and certain Hedging Obligations;
- rank senior in right of payment to any existing or future obligation of such Guarantor that is expressly subordinated in right of payment to its Notes Guarantee; and
- be effectively subordinated to any existing or future obligation of such Guarantor that is secured by property and assets that do not secure its Notes Guarantee, to the extent of the value of the property and assets securing such obligation.

The obligations of a Guarantor under its Notes Guarantees will be subject to the terms of the Intercreditor Agreement, certain limitations under local law and other contractual and legal limitations and defenses generally available to providers of credit support (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, liquidity maintenance requirements, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Senior Secured Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. In particular, the Notes Guarantee of SGD S.A. is expected to be limited in value to an amount not greater than the amount of the loan(s) of the proceeds of this offering of Senior Secured Notes made to and used by SGD S.A., which is expected to be approximately €96 million. Other Indebtedness of the relevant Guarantor may not be similarly limited. In addition, the relevant Notes Gurantees of SGD Germany GmbH and SGD Kipfenberg GmbH will be contractually limited by a so called "limitation language" to the extent the granting of such Notes Guarantees would result in a breach of capital maintenance or liquidity maintenance rules which may result in a risk of the managing directors of such German Guarantors of personal civil or criminal liability. See "*Risk factors—Risks related to our indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral*" and "*Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France, Germany and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral*." The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on validity and enforceability of the Guarantees and the security interests*."

As of the Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under "*—Certain definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Any Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not Guarantee the Senior Secured Notes.

As of December 31, 2013, after giving *pro forma* effect to the Transactions, the Issuer and its consolidated Subsidiaries would have had €373.7 million of total third-party borrowings, €350.0 million of which is represented by the Senior Secured Notes. In addition, there would have been €35.0 million available for drawing under the Revolving Credit Facility.

Principal and maturity

On the Issue Date, the Issuer will issue €350.0 million in aggregate principal amount of 5.625% Senior Secured Notes. The Senior Secured Notes will mature on May 15, 2019. The Senior Secured Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Senior Secured Notes will accrue at the rate of 5.625% per annum. Interest on the Senior Secured Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on November 30 and May 31, commencing on November 30, 2014;
- be payable to the holder of record of such Senior Secured Notes on November 15 and May 15 immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

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

Paying Agent and Registrar for the Senior Secured Notes

The Issuer will maintain one or more Paying Agents for the Senior Secured Notes in the City of London. The Issuer will also undertake to maintain a Paying Agent in a European Union member state that will not be obligated to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of 26 and 27 November 2000 regarding the taxation of savings income (the "*Directive*"), or any law implementing or complying with or introduced in order to conform to, such Directive. The initial Paying Agent will be Elavon Financial Services Limited, UK Branch (the "*Paying Agent*").

The Issuer will also maintain a registrar (the "*Registrar*") in Ireland, and a transfer agent (the "*Transfer Agent*") in the City of London. The initial Registrar will be Elavon Financial Services Limited and the initial Transfer Agent will be Elavon Financial Services Limited, UK Branch. The Registrar and Transfer Agent will maintain a register reflecting ownership of the Senior Secured Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Senior Secured Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrars or Transfer Agents for the Senior Secured Notes without prior notice to the Holders of such Senior Secured Notes. For so long as Senior Secured Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent on the official website of the Irish Stock Exchange (*www.ise.ie*), to the extent and in the manner permitted by the rules of the Irish Stock Exchange. Such notice of the change in a Paying Agent, Registrar or Transfer Agent may instead be published in a daily newspaper with general circulation in Ireland (which is expected to be the Irish Times). The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Senior Secured Notes.

Notes Guarantees

General

The obligations of the Issuer pursuant to the Senior Secured Notes, including any payment obligation resulting from a Change of Control, will be Guaranteed on the Issue Date, jointly and severally, by the Guarantors (each, a "*Guarantor*" and such Guarantee, a "*Notes Guarantee*"). As of and for the year ended December 31, 2013, the Issuer and the Guarantors accounted for 72% of the revenue and 90% of the EBITDA of the pharmaceutical glass packaging segment and 91% of the combined total assets, 83% of the combined revenue and 94% of the combined EBITDA of the Issuer.

In addition, as described below under "*—Certain covenants—Additional Guarantees*" and subject to the Intercreditor Agreement, certain Subsidiaries of the Issuer that Guarantee the Revolving Credit Facility in the future or certain other Indebtedness permitted under the Indenture may also be required under the Indenture to enter into a supplemental indenture as a Guarantor of the Senior Secured Notes and accede to the Intercreditor Agreement.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions or to comply with corporate benefit, capital maintenance, liquidity maintenance, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Senior Secured Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. In particular, the Notes Guarantee of SGD S.A. is expected to be limited in value to an amount not greater than the amount of the loan(s) of the proceeds of this offering of Senior Secured Notes made to and used by SGD S.A., which is expected to be approximately €96 million. Other Indebtedness of the relevant Guarantor may not be similarly limited. In addition, the relevant Notes Gurantees of SGD Germany GmbH and SGD Kipfenberg GmbH will be contractually limited by a so called "limitation language" to the extent the granting of such Notes Guarantees would result in a breach of capital maintenance or liquidity maintenance rules which may result in a risk of the managing directors of such German Guarantors of personal civil or criminal liability. See "*Risk factors—Risks related to our indebtedness and the Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Notes or security interests in the Collateral*" and "*Risk factors—Risks related to our indebtedness and the Notes—The insolvency and administrative laws of France, Germany and Luxembourg, as the case may be, may not be favorable to creditors, including investors in the Notes, and may limit your ability to enforce your rights under the Notes, the Guarantees or the security interests in the Collateral*." The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on validity and enforceability of the Guarantees and the security interests*."

The operations of the Issuer are conducted through its Subsidiaries, and therefore the Issuer depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Senior Secured Notes. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any) generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Senior Secured Notes. The Senior Secured Notes and each Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of non-Guarantor Restricted Subsidiaries and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any). As of and for the year ended December 31, 2013, the non-Guarantor Restricted Subsidiaries represented 28% and 10% of the revenue and EBITDA of the pharmaceutical glass packaging segment, respectively, and 9% of the combined total assets, 17% of the combined revenue and 6% of the combined EBITDA of the Issuer. After giving *pro forma* effect to the Transactions, the non-Guarantor Restricted Subsidiaries would have had €2.1 million of Indebtedness outstanding. Although the Indenture will limit the Incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain covenants—Limitation on Indebtedness*."

Notes Guarantees release

The Notes Guarantee of a Guarantor will terminate and release upon:

- a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company), or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary), if the sale or other disposition does not violate the Indenture and the Guarantor ceases to be a Restricted Subsidiary of the Issuer as a result of the sale or other disposition;
- the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes in accordance with the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and discharge*";
- in accordance with an enforcement action pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "*—Amendments and waivers*";
- as described in the second paragraph of the covenant described below under "*—Certain covenants—Additional Guarantees*"; or
- with respect to a Guarantor that is not the continuing or surviving Person in the relevant consolidation or merger, as a result of a transaction permitted by "*—Certain covenants—Merger and consolidation—The Guarantors*."

Upon any occurrence giving rise to the release of a Notes Guarantee, as specified above, the Trustee, subject to the receipt of certain documentation, shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without any additional consent of the Holders or any other action or consent on the part of the Trustee.

Transfer and exchange

The Senior Secured Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Senior Secured Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

- Senior Secured Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"). The Regulation S Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "*144A Book-Entry Interests*") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "*Regulation S Book-Entry Interests*") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Registrar and the Transfer Agent are not required to register the transfer or exchange of any Senior Secured Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Senior Secured Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Senior Secured Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Senior Secured Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Senior Secured Notes, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under "*—Certain definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

As of the Issue Date the Senior Secured Notes will be secured, subject to the Intercreditor Agreement and certain perfection requirements, by security interests granted on an equal and ratable first-ranking basis over the following property, rights and assets:

- all of the shares of each of the Issuer, SGD Germany GmbH, Société de Services Verriers S.A.R.L., VG Emballage S.A.S., SGD Kipfenberg GmbH and SGD S.A. (with the exception of a *de minimis* portion of the share capital of SGD S.A., which is held by certain directors of SGD S.A. due to French law requirements);
- receivables owed by the Issuer (and other members of the Group, if applicable) to the Security Provider;
- the proceeds paid to SGD Luxembourg Holdings S.C.A. and/or SGD S.A. under the Equity Commitment Letter;
- bank accounts of the Issuer, SGD S.A., SGD Germany GmbH, and SGD Kipfenberg GmbH;
- receivables owed to the Issuer, SGD Germany GmbH and SGD Kipfenberg GmbH;
- intercompany loans lent by the Issuer and SGD S.A.;
- insurance policies held by SGD S.A. and SGD Kipfenberg GmbH;
- pharmaceutical intellectual property and other intellectual property rights owned or leased by SGD S.A.;
- payment rights of SGD S.A. under several documents in relation to the Perfumery Business Transfer; and
- movable assets of SGD Kipfenberg GmbH (collectively, the "Collateral").

If and to the extent granted in favor of the Revolving Credit Facility and subject to applicable law, within 30 days from the Put Option Transfer Date, a security interest over SGD S.A.'s business as a going concern will be granted as security for the Senior Secured Notes on an equal and ratable first-ranking basis which shall be subject to the terms of the Intercreditor Agreement and certain perfection requirements.

The assets that comprise the Collateral will also secure on a first-ranking basis the obligations of the Issuer and the Guarantors under the Revolving Credit Facility and certain Hedging Obligations. Subject to certain conditions, including compliance with the covenants described under "*—Certain covenants—Impairment of Security Interest*" and "*—Certain covenants—Limitations on Liens,*" the Issuer will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Senior Secured Notes, as permitted under the Indenture and the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, the holders of the Senior Secured Notes will receive proceeds from the enforcement of the Collateral only after certain super senior priority obligations have been repaid in full, including (i) obligations under the Revolving Credit Facility, (ii) other Indebtedness

Incurred pursuant to the terms of the Indenture that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain Hedging Obligations.

The Collateral will be pledged pursuant to the Security Documents to the Security Agent as Parallel Debt Creditor for the benefit of the holders of the Senior Secured Notes and holders of the other secured obligations that are secured by the Collateral. Any other security interests that may in the future be granted to secure obligations under the Senior Secured Notes, any Notes Guarantees and the Indenture would also constitute "Collateral." All Collateral will be subject to any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance, liquidity maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Limitations on validity and enforceability of the Guarantees and the security interests*."

Subject to the terms of the Security Documents and prior to enforcement of any such Collateral, the Issuer, the Guarantors and the Security Provider as the case may be, will have the right to remain in possession and retain exclusive control of the Collateral securing the Senior Secured Notes and the Notes Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom and, in respect of the shares that are part of the Collateral, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing).

As described above, all of the Collateral will also secure the liabilities under the Revolving Credit Facility as well as certain Hedging Obligations and any Additional Senior Secured Notes and may also secure certain future Indebtedness, certain of which is entitled to payment from the proceeds of an enforcement of the Collateral in priority to the Notes. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Senior Secured Notes.

No appraisals of the Collateral have been made in connection with this offering of the Senior Secured Notes on the Issue Date. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk factors—Risks related to our indebtedness and the Notes—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.*"

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "*Security Interests*" and each, a "*Security Interest*") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee and the Holders of the Senior Secured Notes under the Indenture and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, will be established by the terms of the Intercreditor Agreement, which will provide, among other things, that the obligations under the Revolving Credit Facility, certain Hedging Obligations and the Senior Secured Notes are secured equally and ratably by first-ranking Security Interests; *provided, however,* that the holders of Senior Secured Notes will only receive proceeds from the enforcement of the Collateral after certain super senior priority obligations have been paid in full, including (i) obligations under the Revolving Credit Facility, (ii) other Indebtedness Incurred pursuant to the terms of the Indenture that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain Hedging Obligations. See "*Description of certain financing arrangements—Intercreditor Agreement.*" In addition, pursuant to the Intercreditor Agreements or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness, including Indebtedness that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral. See "*—Release of Liens,*" "*—Certain covenants—Impairment of Security Interest*" and "*—Certain definitions—Permitted Collateral Liens.*"

Security Documents

Under the Security Documents, the Issuer, the Guarantors and the Security Provider will grant security over the Collateral to secure the payment when due of the Issuer's and the Guarantors' payment obligations under the Senior Secured Notes, the Notes Guarantees and the Indenture. The Security Documents will be entered into by the relevant security provider and the Security Agent as Parallel Debt Creditor for benefit of the secured parties. When entering into the Security Documents, the Security Agent will act in its own name, but for the benefit of the secured parties (including itself, the Trustee and the holders of Senior Secured Notes from time to time). Under the Intercreditor Agreement, the Security Agent will also act as an agent of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

In certain jurisdictions, including France and Germany, due to the laws and other jurisprudence governing the creation and perfection of security interests, the relevant Security Documents will secure "parallel debt" obligations created under the Intercreditor Agreement in favor of the Security Agent (and not the obligations under the Senior Secured Notes and the Notes Guarantees). The parallel debt construct has not been fully recognized or tested under law in certain of these jurisdictions (including, but not limited to, Germany). See "*Risk factors—Risks related to our indebtedness and the Notes—The security over the Collateral will not be granted directly to the holders of the Notes.*"

Each of the Issuer, the Guarantors and the Security Provider shall, and shall procure that each of their respective Subsidiaries, if any, shall, at their own expense, execute and do all such acts and things and provide such assurances as the Security Agent may require (i) for registering any Security Document relating to the Collateral in any required register and for perfecting or protecting the security intended to be afforded by such Security Document relating to the Collateral; and (ii) if such Security Document is enforced in accordance with the terms of the Indenture, the relevant Security Document and the Intercreditor Agreement, for facilitating the realization of all or any part of the assets which are subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of the Collateral. Each of the Issuer, the Guarantors and the Security Provider shall, and shall procure that each of their respective Subsidiaries, if any, shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give such notices, orders and directions which the Security Agent may request.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the holders of the Senior Secured Notes. As a consequence of such contractual provisions, holders of the Senior Secured Notes will not be entitled to take enforcement action in respect of the Collateral securing the Senior Secured Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Senior Secured Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Senior Secured Notes and the Indenture have been discharged. However, the Security Interests with respect to the Senior Secured Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Liens*."

In the event that the Security Provider, the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk factors—Risks related to our indebtedness and the Notes*."

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement will restrict the ability of the Security Agent as Parallel Debt Creditor, the Holders and the Trustee, on behalf of the Holders, to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility, certain hedging counterparties and certain future indebtedness permitted under the terms of the Indenture and the Intercreditor Agreement to rank senior to the Notes. These limitations are described under "*Description of certain financing arrangements—Intercreditor Agreement*" and "*Limitations on validity and enforceability of the Guarantees and the security interests*." The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

Subject to the terms of the Security Documents, the Security Agent as Parallel Debt Creditor will have the right to enforce the security interest following any failure to pay any sums due under the Indenture or the Revolving Facility Agreement (i) which constitutes an Event of Default under the Indenture or the Revolving Facility Agreement or (ii) following any notice of acceleration pursuant to the Revolving Facility Agreement or the Indenture.

The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Senior Secured Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. The creditors under the Revolving Credit Facility, the holders of Senior Secured Notes, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Senior Secured Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; agreement to be bound

The Indenture will provide that the Issuer and the Trustee will be authorized (without any further consent of the holders of the Senior Secured Notes) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of certain financing arrangements—Intercreditor Agreement*."

The Indenture will also provide that each holder of the Senior Secured Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents; and

(3) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

See the sections entitled "*Risk factors—Risks related to our indebtedness and the Notes—The security over the Collateral will not be granted directly to the holders of the Notes*" and "*Description of certain financing arrangements—Intercreditor Agreement*."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "*—Certain covenants—Additional Intercreditor Agreements*."

Release of Liens

The Collateral of the Issuer and its Subsidiaries will be released from the Liens over such Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain covenants—Merger and consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*" or is otherwise permitted in accordance with

the Indenture or (b) any Restricted Subsidiary; *provided* that this clause 1(b) shall not be relied upon in the case of a transfer to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Senior Secured Notes following such sale or disposal;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "—*Amendments and waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Senior Secured Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes, as provided in "—*Defeasance*" and "—*Satisfaction and discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary; or

(6) as otherwise permitted in accordance with the Indenture.

The Security Provider will be entitled to release the Security Interests in respect of the Collateral owned by the Security Provider under the circumstances described in (3), (4) and (6).

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "—*Certain covenants—Impairment of Security Interest*."

The Security Agent and the Trustee (but only if required) will take all necessary action requested by the Issuer to effectuate any release of Collateral securing the Senior Secured Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel each certifying which circumstance, as described above, giving rise to a release of Liens has occurred, and that such release fully complies with the Indenture.

Optional redemption

Except as described below and except as described under "Redemption for taxation reasons," the Senior Secured Notes are not redeemable until October 15, 2015. On and after October 15, 2015 the Issuer may redeem all or, from time to time, part of the Senior Secured Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) *plus* accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods indicated below:

Period	Redemption Price
October 15, 2015 to April 14, 2016	104.219%
April 15, 2016 to April 14, 2017	102.813%
April 15, 2017 to April 14, 2018	101.406%
April 15, 2018 and thereafter	100.000%

Prior to October 15, 2015, the Issuer may on any one or more occasions redeem up to 40% of the original principal amount of the Senior Secured Notes issued under the Indenture (including the original principal amount of any Additional Senior Secured Notes), upon not less than 10 nor more than 60 days' notice, with funds in an aggregate amount (the "*Redemption Amount*") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 105.625% of the principal amount of the Senior Secured Notes so redeemed, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 60% of the original principal amount of the Senior Secured Notes (including the original principal amount of any Additional Senior Secured Notes) issued under the Indenture remain outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

In addition, prior to October 15, 2015, the Issuer may redeem all or, from time to time, part of the Senior Secured Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Senior Secured Notes, *plus* the Applicable Premium *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

"*Applicable Premium*" means, with respect to any Senior Secured Note the greater of:

(a) 1 % of the principal amount of such Note; and

(b) the excess (to the extent positive) of:

  (i) the present value at such redemption date of (1) the redemption price of such Senior Secured Note at October 15, 2015 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under the first paragraph of this section (excluding accrued and unpaid interest)), *plus* (2) all required interest payments due on such Senior Secured Note to and including October 15, 2015 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; *over*

  (ii) the outstanding principal amount of such Senior Secured Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

"*Bund Rate*" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors or a member of Senior Management of the Issuer) most nearly equal to the period from the redemption date to October 15, 2015; *provided*, *however*, that if the period from the redemption date to October 15, 2015, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to October 15, 2015, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

General

We may repurchase the Senior Secured Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*—Selection and notice*" below.

If the Issuer effects an optional redemption of Senior Secured Notes, it will, for so long as the Senior Secured Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, inform the Irish Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Senior Secured Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Senior Secured Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Senior Secured Notes will be subject to redemption by the Issuer.

In connection with any redemption of Senior Secured Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

No sinking fund

Other than a Special Mandatory Redemption, the Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Senior Secured Notes.

Redemption at maturity

On May 15, 2019, the Issuer will redeem the Senior Secured Notes that have not been previously redeemed or purchased and canceled at 100% of their principal amount *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and notice

If less than all of the Senior Secured Notes are to be redeemed at any time, the Paying Agent or the Registrar will select Senior Secured Notes for redemption on a *pro rata* basis (or, in the case of Senior Secured Notes issued in global form as discussed under "*Book-entry, delivery and form*," based on a method that most nearly approximates a *pro rata* selection as the Paying Agent or the Registrar deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee, the Paying Agent and the Registrar will not be liable for any selections made in accordance with this paragraph.

For so long as the Senior Secured Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Ireland (which is expected to be the *Irish Times*) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may instead be published on the website of the Irish Stock Exchange (*www.ise.ie*).

If any Senior Secured Note is to be redeemed in part only, the notice of redemption that relates to that Senior Secured Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Senior Secured Notes called for redemption become due on the date fixed for redemption. Unless the Issuer defaults in the payment of the redemption price, on and after the redemption date interest will cease to accrue on Senior Secured Notes or portions of Senior Secured Notes called for redemption.

Redemption for taxation reasons

The Issuer may redeem the Senior Secured Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Senior Secured Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "*—Withholding taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise if the Issuer determines in good faith that, as a result of:

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

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

a Payor (as defined below) is, or on the next interest payment date in respect of the Senior Secured Notes would be, required to pay Additional Amounts with respect to the Senior Secured Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Tax Jurisdiction became a Relevant Tax Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Senior Secured Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendment occurring after the time such successor Person becomes a party to the Indenture.

Any notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of Senior Secured Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that the Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld, conditioned or delayed) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely without further inquiry on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Withholding taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "*Payor*") in respect of the Senior Secured Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Senior Secured Note or Notes Guarantee is made or any political subdivision or governmental authority thereof or therein having the power to tax (including the jurisdiction of any Paying Agent); or

(2) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor or the Paying Agent with respect to any Senior Secured Note or any Notes Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Senior Secured Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member, partner or shareholder

of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Senior Secured Note or the receipt of any payment or the exercise or enforcement of rights under such Senior Secured Note, the Indenture or a Notes Guarantee;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Senior Secured Note to comply with a reasonable written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice (at least 30 days before any such withholding or deduction would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes are imposed as a result of the presentation of the Senior Secured Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the later of the applicable payment date or the date on which the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Senior Secured Note been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment on the Senior Secured Notes or with respect to any Notes Guarantee;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(6) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to the Directive or any law implementing, or complying with, or introduced in order to conform to, such Directive;

(7) any Taxes imposed in connection with a Senior Secured Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Taxes by presenting the relevant Senior Secured Note to another, and accepting payment from such other, Paying Agent in a member state of the European Union;

(8) any Taxes imposed pursuant to section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code, in each case, as of the Issue Date (or any amended or successor version that is substantively comparable), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental agreement relating thereto; or

(9) any combination of the items (1) through (8) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Senior Secured Notes, to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Senior Secured Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies or other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Senior Secured Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Senior Secured Notes or this "*Description of the Senior Secured Notes*" there is mentioned, in any context:

(1) the payment of principal;
(2) purchase prices in connection with a purchase of Senior Secured Notes;
(3) interest; or
(4) any other amount payable on or with respect to any of the Senior Secured Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay each applicable Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, initial resale registration, enforcement of, or receipt of payments with respect to any Senior Secured Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer after this Offering).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Senior Secured Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof; *provided* that Senior Secured Notes of €100,000 or less may only be redeemed in whole and not in part) of such Holder's Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount of the Senior Secured Notes repurchased, *plus* accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obligated to repurchase Senior Secured Notes as described under this heading, "Change of Control," in the event and to the extent that it has unconditionally exercised its right to redeem all of the Senior Secured Notes and given notice of redemption as described under "*—Optional redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Senior Secured Notes and given notice of redemption as described under "*—Optional redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of any such Senior Secured Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount of such Senior Secured Notes *plus* accrued and unpaid interest and

Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(3) stating that any Senior Secured Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Senior Secured Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Senior Secured Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Senior Secured Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Senior Secured Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Senior Secured Notes or portions of the Senior Secured Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Trustee (or an authenticating agent) the Global Notes in order to reflect thereon the portion of such Senior Secured Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Senior Secured Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Senior Secured Notes surrendered, if any; *provided* that each such new Senior Secured Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Senior Secured Notes are listed on the Irish Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily newspaper with general circulation in Ireland (which is expected to be the *Irish Times*) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Irish Stock Exchange (*www.ise.ie*).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Senior Secured Notes in the event of a takeover, recapitalization or similar transaction. Holders' right to require the Issuer to repurchase Senior Secured Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Senior Secured Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Senior Secured Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Senior Secured Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Senior Secured Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk factors—Risks related to our indebtedness and the Notes—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events*."

In addition, if an event that constitutes a Change of Control, the definitions of "*Change of Control*" and "*Permitted Holders*" expressly permit a third party to obtain control of the Issuer in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Senior Secured Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Secured Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Senior Secured Notes.

Certain covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 5.0 to 1.0; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this paragraph and clause (11) of the definition of Permitted Debt by Restricted Subsidiaries that are not Guarantors will not exceed €15.0 million at any one time outstanding.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("*Permitted Debt*"):

(1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of €45.0 million and 67% of Consolidated EBITDA, *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Senior Secured Notes or a Note Guarantee, then the guarantee must be subordinated to or pari passu with the Senior Secured Notes or such Note Guarantee to the same extent as the Indebtedness being guaranteed; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

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

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and if the aggregate principal amount of such Indebtedness of the Issuer or such Guarantor exceeds €10.0 million, to the extent legally permitted (the Issuer and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness), it is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Senior Secured Notes, in the case of the Issuer, or the applicable Notes Guarantee, in the case of a Guarantor, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Senior Secured Notes (other than any Additional Senior Secured Notes) and any "parallel debt" obligations related to the Senior Secured Notes under the Intercreditor Agreement or any Additional Intercreditor Agreement;

(b) any Indebtedness of the Issuer or a Restricted Subsidiary (other than Indebtedness Incurred under the Revolving Credit Facility and Indebtedness described in clauses (3) and 4(a) of this paragraph) outstanding on the Issue Date after giving effect to the Issue Date Transactions;

(c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clauses (4)(a), 4(b), 4(c), (5) and (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant; and

(d) Management Advances;

(5) Indebtedness of any Person (i) outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (ii) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided* that, with respect to this clause (5), at the time of such acquisition or other transaction and after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, (x) either (A) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (B) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness and (y) to the extent that the Indebtedness incurred under sub-clause (ii) of this clause (5) constitutes Senior Secured Indebtedness, either (A) the Issuer would have been able to Incur €1.00 of additional Senior Secured Indebtedness pursuant to the first paragraph of this covenant or (B) the Consolidated Senior Secured Leverage Ratio for the Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such acquisition or other transaction and the related Incurrence of Indebtedness;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used or useful in a Similar Business or (B) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of €30.0 million and 13% of Total Assets; *provided* that the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 180 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) the financing of insurance premiums in the ordinary course of business and (c) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €20.0 million and 8% of Total Assets; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to the first paragraph of this covenant and this clause (11) by Restricted Subsidiaries that are not Guarantors will not exceed €15.0 million;

(12) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Qualified Receivables Financing and Qualified CIR Securitization Financing;

(13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, a Perfumery Contribution or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, a Perfumery Contribution or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "—*Limitation on Restricted Payments*" to the extent the Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any Restricted Subsidiary makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described under "—*Limitation on Restricted Payments*" in reliance thereon;

(14) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any CICE Financing; and

(15) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any local overdraft, working capital or other local facility in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, will not exceed €10.0 million; *provided* that such local facilities are used exclusively to finance the business of the Issuer and its Restricted Subsidiaries in China and India.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) (a) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant, and may not be reclassified; and

(b) all Indebtedness incurred under clause (1) of the second paragraph of this covenant that is secured by Liens on the Collateral that is accorded super senior priority status with respect to proceeds of enforcement of Collateral under the Intercreditor Agreement or any Additional Intercreditor Agreement may not be reclassified;

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

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11), (13), (14) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

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

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

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS; and

(8) accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by such Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of "*Refinancing Indebtedness*"; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Neither the Issuer nor any Guarantor will Incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Senior Secured Notes and the applicable Notes Guarantee, if any, on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

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

  (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in Subordinated Shareholder Funding; and

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

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

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "*Restricted Payment*"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

  (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

  (b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (10), (11) or (17) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

   (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

   (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock, Designated Preference Shares or pursuant to a Perfumery Contribution) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (t) a Perfumery Contribution, (u) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (v) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (w) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph, (y) Net Cash Proceeds used to Incur Indebtedness pursuant to clause (13) of the covenant described under "—*Limitation on Indebtedness*" and (z) Excluded Contributions);

   (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (y) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph, (z) Perfumery Contributions and (aa) Excluded Contributions;

   (iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

   (v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "*Permitted Investment*"; and

(vi) subject to the limitations in clause (2) of the definition of "*Consolidated Net Income*," 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clause (11) of the definition of "*Permitted Investment*,"

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clauses (iv), (v) or (vi).

Notwithstanding the foregoing, any amounts (such amounts, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of Net Cash Proceeds, property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control pursuant to the definition thereof, (2) the purpose and effect of the receipt of such proceeds, property or assets or marketable securities was to repay indebtedness to reduce the Consolidated Leverage Ratio of the Issuer so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such proceeds, property or assets or marketable securities and (3) no Change of Control Offer is made in accordance with the requirements of the Indenture.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an officer of the Issuer, or, if such fair market value exceeds €7.5 million, by the Board of Directors.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares pursuant to clause (12) of this paragraph) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than the issuance of Disqualified Stock or Designated Preference Shares, a Perfumery Contribution or as an Excluded Contribution) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant and will not be considered Perfumery Contributions, Excluded Contributions or Net Cash Proceeds from an Equity Offering for the purposes of the "*Optional redemption*" provisions of the Indenture;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary that, in the case of Preferred Stock of a Restricted Subsidiary, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on sales of assets and Subsidiary stock*," but only if the Issuer shall have first complied with the terms described under "*—Limitation on sales of assets and Subsidiary stock*" and purchased all Senior Secured Notes tendered pursuant to any offer to repurchase all the Senior Secured Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and purchased all Senior Secured Notes tendered pursuant to the offer to repurchase all the Senior Secured Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such transaction or series of transactions) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness *plus* accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) €3.0 million, *plus* €1.5 million per calendar year that has commenced since the Issue Date (with any amount unused in any calendar year being carried over in the two next succeeding calendar years), *plus* (y) the Net Cash Proceeds (other than a Perfumery Contribution) received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock *plus* (z) the Net Cash Proceeds of key man life insurance policies, to the extent such Net Cash Proceeds in (y) and (z) are not included in any calculation under clause (c)(i) or (c)(ii) of the first paragraph describing this covenant and are neither Perfumery Contributions nor Excluded Contributions;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes;

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Transactions or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*"; and

(c) the amounts constituting dividends, other distributions or payments as described in this Offering Memorandum under *"Use of proceeds"* or "*The Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or Perfumery Contributions) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that in the case of this clause (i) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 3.00 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of this clause (ii) after giving *pro forma* effect to such loans, advances, dividends and distributions, the Consolidated Leverage Ratio shall be equal to or less than 3.25 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of €15.0 million and 6% of Total Assets;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with any CICE Financing, Qualified Receivables Financing and Qualified CIR Securitization Financing;

(15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock, a Perfumery Contribution or an Excluded Contribution or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, loan or other payment to any Parent; *provided* that, on the date of any such dividend, distribution, loan or other payment, the Consolidated Leverage Ratio for the Issuer and its Restricted Subsidiaries does not exceed 2.75 to 1.0 on a *pro forma* basis after giving effect thereto;

(18) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); *provided however*, that the total aggregate amount of Restricted Payments made under this clause (18) does not exceed €3.0 million outstanding at any one time; and

(19) (a) dividends or other distributions to the issuer of Parent Senior Notes to fund the substantially concurrent, regularly scheduled payment of interest or additional amounts, if any, as such amounts come due under the Parent Senior Notes, other than at any time when a Secured Debt Payment Default has occurred and is continuing or a Senior Notes Payment Stop Notice is outstanding (in each case as such terms, or equivalent terms, are defined in the Intercreditor Agreement or any Additional Intercreditor Agreement); *provided* that the entire net proceeds of such Parent Senior Notes have been contributed to the equity of, or lent to, the Issuer as Subordinated Shareholder Funding or Indebtedness that is contractually subordinated in right of payment to the Senior Secured Notes in compliance with the terms of the Indenture and the Intercreditor Agreement; *provided*, *further*, that in no event shall any such proceeds be included in the calculation of amounts available under clause (c) of the first paragraph of this covenant or used to make a Restricted Payment pursuant to clauses (1), (6), (10) or (15) of this paragraph and (b) the Guarantee by the Issuer and any Guarantor of such Parent Senior Notes.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or Senior Management of the Issuer acting in good faith.

Limitation on Liens

The Issuer and the Security Provider will not, and the Issuer will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Senior Secured Notes and the Indenture are directly secured equally and ratably with, or prior to (in the case of Liens with respect to Subordinated Indebtedness) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Senior Secured Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*."

Limitation on restrictions on distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any other Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) or any other agreement or instrument, in each case in effect at or entered into on the Issue Date or (b) the Indenture, the Senior Secured Notes, the Intercreditor Agreement or the Security Documents;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer, the Successor Issuer or the Successor Guarantor (each as defined under "*—Merger and consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer or the Successor Guarantor;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of clause (C) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Senior Secured Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a CICE Financing, Qualified Receivables Financing or Qualified CIR Securitization Financing that, in the good faith determination of the Board of Directors or a member of Senior Management of the Issuer, are necessary or advisable to effect such CICE Financing, Qualified Receivables Financing or Qualified CIR Securitization Financing (as applicable); or

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*."

Limitation on sales of assets and Subsidiary stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the Capital Stock, property or other assets subject to such Asset Disposition (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(ii) Cash Equivalents;

(iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's consolidated balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness and Indebtedness owed to the Issuer or any Restricted Subsidiary) that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness as a result of such Asset Disposition;

(iv) Replacement Assets;

(v) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

(vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(vii) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €10.0 million and 4% of Total Assets (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(viii) a combination of the consideration specified in clauses (i) through (vii) of this paragraph (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Issuer, the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*"; *provided, however,* that, in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchase or redeemed; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem Indebtedness (other than the Senior Secured Notes, Subordinated Indebtedness or Indebtedness owed to the Issuer or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a *pari passu* basis with the Senior Secured Notes (including Indebtedness with super priority status in respect of the proceeds from the enforcement of the Collateral) at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary) and at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; *provided* that any Indebtedness to be prepaid, repaid, purchased or redeemed pursuant to clause (i), (ii) or (iii) shall not be Indebtedness incurred under the Perfumery Business Factoring Facility; *provided further* that the Issuer shall prepay, repay, purchase or redeem Indebtedness pursuant to clause (ii) or (iii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Senior Secured Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Senior Secured Notes equal to the proportion that (x) the total aggregate principal amount of Senior Secured Notes outstanding bears to (y) the sum total aggregate principal amount of the Senior

Secured Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Senior Secured Notes);

(2) purchase Senior Secured Notes pursuant to an offer to all Holders of the Senior Secured Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure other than with respect to the Perfumery Business;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (3), (4), (5) or (6) of this paragraph or a combination thereof; *provided* that a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date,

provided that any assets or Capital Stock acquired pursuant to clause (4), (6), (7) or (8) shall not be a Transferred Asset or an asset which is exchanged for, or used to acquire, a Transferred Asset in a single or series of transactions; *provided however*, if the assets disposed of constitute Collateral or constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral, the Issuer shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Capital Stock or assets (to the extent such assets were of a category of assets included in the Collateral as of the Issue Date) referred to in this covenant in favor of the Senior Secured Notes on a first-ranking basis.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes "*Excess Proceeds*." Pending the final application of any such Net Cash Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition, or at such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds €15.0 million, the Issuer will be required within 10 Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Senior Secured Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Senior Secured Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Senior Secured Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Senior Secured Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Senior

Secured Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Senior Secured Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Senior Secured Notes is denominated in a currency other than the currency in which the relevant Senior Secured Notes are denominated, the amount thereof payable in respect of such Senior Secured Notes shall not exceed the net amount of funds in the currency in which such Senior Secured Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Senior Secured Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the principal amount of Senior Secured Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Senior Secured Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Senior Secured Notes and Pari Passu Indebtedness or portions of Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Senior Secured Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Senior Secured Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Senior Secured Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Senior Secured Note to such Holder, in a principal amount equal to any unpurchased portion of the Senior Secured Note surrendered; *provided* that each such new Senior Secured Note will be in a principal amount with a minimum denomination of €100,000. Any Senior Secured Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Senior Secured Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of €3.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €7.5 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €15.0 million, the Issuer has received a written opinion (a "*Fairness Opinion*") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*" (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "*—Limitations on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (8), (10), (11) and (14) of the definition thereof);

(2) any issuance or sale of Capital Stock or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or on arm's length term with an entity that is not an Affiliate that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary; *provided that* any transaction involving the Perfumery Business between or among the Issuer and any Restricted Subsidiary or between or among a Restricted Subsidiary and another Restricted Subsidiary must be on arm's length terms;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the entry into and performance of obligations of the Issuer or any Restricted Subsidiary under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement or payment pursuant to which the Issuer or any Restricted Subsidiary or any other Person with which the Issuer or any of its Restricted Subsidiaries is required or permitted to file a consolidated or combined tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; *provided*, that payments under such Tax Sharing Agreement shall not exceed, and shall not be duplicative of, the amounts described under clause (7) of the definition of "*Parent Expenses*" and the related tax liabilities of the Issuer and its Restricted Subsidiaries are relieved thereby;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary and any Affiliate (other than an Unrestricted Subsidiary) of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable; *provided* that such Subordinated Shareholder Funding, as amended or otherwise modified, will be deemed to be Subordinated Shareholder Funding for all purposes under the indenture;

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees in an aggregate amount not to exceed €2.0 million per year and related expenses and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by a majority of the Board of Directors in good faith;

(12) any transactions in respect of which the Issuer or a Restricted Subsidiary delivers a written opinion (in form and substance reasonably satisfactory to the Trustee) to the Trustee from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) investments by any of the Permitted Holders in securities of any Restricted Subsidiary (and the payment of reasonable out of pocket expenses of the Permitted Holders in connection therewith) so long as (i) the investment complies with clause (1) of the immediately preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the proposed issue amount of such class of securities;

(14) pledges of Capital Stock of Unrestricted Subsidiaries; and

(15) any transaction effected as part of a CICE Financing, Qualified Receivables Financing, Qualified CIR Securitization Financing and factoring or similar arrangements.

Reports

So long as any Senior Secured Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2014, annual reports containing: (i) information with a level and type of detail that is substantially comparable in all material respects to information in the sections entitled "*Management's discussion and analysis of financial condition and results of operations*" and "*Business*" in this Offering Memorandum; (ii) unaudited pro forma income statement and balance sheet information of the Issuer, together with explanatory footnotes, which gives pro forma effect to the Refinancing, the Perfumery Business Transfer and the Transitional Services Agreement, *provided* that the information described in this clause (ii) shall not be required for any fiscal year beginning after the Put Option Transfer Date; (iii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for

any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (iv) the audited consolidated (or, if applicable, combined) balance sheet of the Issuer as at the end of the most recent two fiscal years and audited consolidated (or, if applicable, combined) income statements and statements of cash flow of the Issuer for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements (which, for the avoidance of doubt, shall include segment information substantially similar to the segment reporting included in the financial statements included in this Offering Memorandum and *further provided* that such segment information shall not be required for any fiscal year beginning after the Put Option Transfer Date); (v) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (vi) a description of material risk factors and material subsequent events; and (vii) consolidated EBITDA; *provided* that the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or, in the case of the fiscal quarter ending March 31, 2014, 90 days) following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ended March 31, 2014, quarterly financial statements containing the following information: (i) the Issuer's unaudited condensed consolidated (or, if applicable, combined) balance sheet as at the end of such quarter and unaudited condensed consolidated (or, if applicable, combined) statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed consolidated balance sheet date and the comparable prior period, together with condensed footnote disclosure (which, for the avoidance of doubt, shall include segment information substantially similar to that included in the financial statements included in this Offering Memorandum and *further provided* that such segment information shall not be required for any quarter beginning after the Put Option Transfer Date); (ii) unaudited pro forma income statement and balance sheet information of the Issuer, together with explanatory footnotes, which gives pro forma effect to the Refinancing, the Perfumery Business Transfer and the Transitional Services Agreement, provided that the information described in this clause (ii) shall not be required for any quarter beginning after the Put Option Transfer Date; (iii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (iv) an operating and financial review of the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Senior Secured Notes are not freely transferable under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Senior Secured Notes copies of all reports furnished to the Trustee on the Issuer's website and if and so long as the Senior Secured Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof and to the extent that the rules and regulations of the Irish Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the listing agent in Dublin, Ireland.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. Except as provided below, no report need include separate financial statements for the Issuer or any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Issuer's (a) total revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee or (b) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

In the event that (i) the Issuer or any Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and consolidation

The Issuer

The Issuer will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of any member state of the European Union, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Senior Secured Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described

under “*—Limitation on Indebtedness*” or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Successor Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Senior Secured Notes.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this “*Merger and consolidation—The Issuer*” covenant) shall not apply to the creation of a new subsidiary as a Restricted Subsidiary of the Issuer.

The Guarantors

No Guarantor (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

    (a) the other Person is the Issuer or, in the case of a Guarantor, any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition;

    (b) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable (such resulting, surviving or transferee Person, the “*Successor Guarantor*”); and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

    (c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

The provisions set forth in this "*Merger and consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Senior Secured Notes, the Indenture, the Intercreditor, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (3) under the heading "*—The Issuer*" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1) and (4) under the heading "*—The Issuer*" or clause (3) under the heading "*—The Guarantors*," as the case may be, shall apply to any such transaction.

Center of main interests and establishments

Neither the Issuer nor the Security Provider will do anything to change the location of their respective centers of main interests for the purpose of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings where that change would be reasonably likely to be materially adverse to the interests of the Holders.

Limitation on Security Provider

The Security Provider shall not carry on any material business or own any material assets other than:

(1) the ownership of shares of any Person and conducting activities related to, or reasonably incidental to, the establishment or maintenance of such Person's corporate existence;

(2) making an investment in any Person in the form of Subordinated Shareholder Funding, purchases of Capital Stock of such Person or contributions to the equity of such Person;

(3) the provision of administrative services (including treasury services), strategy, legal, accounting and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets and employment of personnel necessary to provide such services and other transactions of a type customarily entered into by holding companies;

(4) the granting of Liens permitted under the covenant described under "*—Limitation on Liens*" and the incurrence of Indebtedness not otherwise prohibited by the terms of the Indenture or the Intercreditor Agreement;

(5) rights and obligations arising under the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement), the Demerger Documents, the Security Documents and the Revolving Credit Facility and any agreement pursuant to which Refinancing Indebtedness in relation to the above Indebtedness is incurred by the Issuer or its Restricted Subsidiaries and other ancillary documents or instruments related thereto, including liabilities under any "parallel debt" obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents or any security document in respect of Permitted Liens or Permitted Collateral Liens or any Liens in accordance with the covenant described under the caption "*—Certain covenants—Limitation on Liens*";

(6) the ownership of (i)(A) cash and Cash Equivalents and (B) other property, in each case for the purpose of transferring such cash, Cash Equivalents, property or assets to any Parent or Subsidiary or for discharging its liabilities with respect to activities permitted hereunder;

(7) paying dividends, making distributions and other payments to direct shareholders, including the servicing, purchase, redemption or retirement of Subordinated Shareholder Funding to the extent funded out of the proceeds received in the case of the Issuer as permitted or not prohibited under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents or any other security documents to which the Security Provider is a party for the pledge of assets permitted to be secured under the Indenture;

(8) directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries corporate existence;

(9) conducting activities directly related or reasonably incidental to, or in connection, with the Transactions;

(10) (A) the listing of its Capital Stock and the issuance, offering and sale of its Capital Stock (including in a Public Offering), including compliance with applicable regulatory and other obligations in connection therewith, (B) using the net cash proceeds of such issuance, or exchanging or converting such instruments, to fund the purchase, repurchase or redemption of, any Indebtedness or other equity or debt instrument of the Issuer, or to contribute to the common equity of the Issuer, to the extent permitted or not prohibited by the Indenture and the relevant Security Documents; and (C) any purchase, repurchase, redemption, or the performance of the terms and conditions of, and exercise of rights in respect of, the foregoing, to the extent such activities are otherwise permitted or not prohibited by the Indenture and the relevant Security Documents, in each case, in relation to transactions authorized or not prohibited by the Indenture;

(11) conducting activities directly related or reasonably incidental to any Initial Public Offering or Equity Offering, including the maintenance of any listing of equity interests issued by any IPO Entity;

(12) the performance of obligations and exercise of rights under contracts or arrangements with any Management Investors;

(13) any liabilities or obligations in connection with any employee or participation scheme operated by the Issuer, including any management equity plan, incentive plan or other similar scheme operated by, for the benefit of, on behalf of or in respect of the Security Provider, the Issuer or any Restricted Subsidiary (and/or any current or past employees, directors or members of management thereof and any related corporate entity established for such purpose);

(14) the sale, conveyance, transfer, lease or disposition of all or substantially all of its assets in compliance with the last paragraph of this covenant; and

(15) other activities not specifically enumerated above that are *de minimis* in nature or that are of the same nature as activities exercised by the Issuer on the Issue Date.

The Security Provider or any successor Person will not sell, assign, convey, transfer, lease or otherwise dispose of any voting power of the Voting Stock of the Issuer or any successor Person and will not otherwise cease to own and hold directly all of the Capital Stock and total voting power of the Voting Stock of the Issuer or such successor Person (other than voting power in respect of directors' qualifying shares or shares (or other voting power in the Voting Stock) required by applicable law to be held by a Person other than the Security Provider or such successor Person), and the Security Provider or such successor Person will ensure that all of the Capital Stock of the Issuer or any Successor Issuer (other than directors' qualifying shares or shares (or other Capital Stock) required by applicable law to be held by a Person other than the Security Provider or its successor Person) constitutes Collateral. Notwithstanding the foregoing and otherwise in compliance with the "*Impairment of Security Interests*" covenant, the Security Provider may sell, convey, transfer, lease or dispose of the Security Provider Collateral, including, for the avoidance of doubt, the Capital Stock and Voting Stock of the Issuer, or consolidate with or merge into any Person to the extent (1) the resulting, surviving or transferee Person (the "Successor Security Provider") will be a Person organized and existing under the laws of The Grand Duchy of Luxembourg or under the laws of France; (2) the Successor Security Provider expressly assumes all of the obligations of the Security Provider under the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee), the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents (or the Successor Security Provider shall have entered into a security document creating a Lien over the Security Provider Collateral on substantially the same terms as the corresponding Security Document then in force), as applicable; and (3) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing. Upon the accession of a Successor Security Provider to the Indenture pursuant to this clause, the original Security Provider shall be released from all its obligations under the Indenture and the other Senior Secured Notes Documents, provided that it shall remain obligated to the covenant described under "*Amendment to Demerger Documents*."

Limitation on Issuer Activities

The Issuer may not carry on any material business or own any material assets other than, without limitation:

1) the issuance of the Notes and entering into the Revolving Credit Facility Agreement, the Intercreditor Agreement, the Demerger Documents and the Security Documents, and any activities undertaken with the

purpose of fulfilling its obligations under the Notes, the Indenture, the Revolving Credit Facility, the Intercreditor Agreement, the Demerger Documents and the Security Documents, as well as any other finance document relating to Indebtedness not prohibited to be Incurred under the Indenture and any related finance or security document;

(2) the provision of administrative services (including treasury services), strategy, legal, accounting and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets and employment of personnel necessary to provide such services;

(3) ownership of the shares of its Subsidiaries and conducting activities related to, or reasonably incidental to, the establishment or maintenance of its or its Subsidiaries' corporate existence;

(4) (a) ownership of cash and Cash Equivalents; and (b) other property and assets, in each case, for the purpose of transferring such cash, Cash Equivalents, property and assets to any Parent or Subsidiary;

(5) incurring Subordinated Shareholder Funding;

(6) (a) incurring any other Indebtedness not prohibited by the Indenture, and the Intercreditor Agreement; (b) conducting any activities reasonably incidental to the Incurrence of such Indebtedness, including the performance of the terms and conditions of such Indebtedness; and (c) the granting of Liens to secure such Indebtedness as well as the Notes in compliance with the Indenture;

(7) making any payment distribution, or Investment not prohibited by the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement;

(8) the sale, conveyance, transfer, lease or disposal of any assets not prohibited under the Indenture;

(9) (A) the listing of its Capital Stock and the issuance, offering and sale of its Capital Stock (including in a Public Offering), including compliance with applicable regulatory and other obligations in connection therewith, (B) using the net cash proceeds of such issuance, or exchanging or converting such instruments, to fund the purchase, repurchase or redemption of, any Indebtedness or other equity or debt instrument of the Issuer, or to contribute to the common equity of its direct Subsidiaries, to the extent permitted or not prohibited by the Indenture and the relevant Security Documents; and (C) any purchase, repurchase, redemption, or the performance of the terms and conditions of, and exercise of rights in respect of, the foregoing, to the extent such activities are otherwise permitted or not prohibited by the Indenture and the relevant Security Documents, in each case, in relation to transactions authorized or not prohibited by the Indenture;

(10) the granting of Liens permitted under the covenant described under "—*Limitations on Liens*";

(11) conducting activities directly related or reasonably incidental to, or in connection with, the Transactions;

(12) other transactions of a type customarily entered into by holding companies;

(13) any liabilities or obligations in connection with any employee or participation scheme operated by the Issuer, including any management equity plan, incentive plan or other similar scheme operated by, for the benefit of, on behalf of or in respect of the Security Provider, the Issuer or any Restricted Subsidiary (and/or any current or past employees, directors or members of management thereof and any related corporate entity established for such purpose);

(14) the performance of obligations and exercise of rights under contracts or arrangements with any Management Investors; and

(15) other activities not specifically enumerated above that are *de minimis* in nature or that are of the same nature as activities exercised by the Issuer on the Issue Date.

Impairment of Security Interest

Neither the Issuer nor the Security Provider shall, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and neither the

Issuer nor the Security Provider shall, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Security Provider, the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens, (ii) the Issuer and its Restricted Subsidiaries may undertake a Permitted Reorganization and may discharge and release the Collateral to give effect to the Put Option Agreement, (iii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, manifest error or inconsistency therein, (v) the Security Provider, the Issuer and its Restricted Subsidiaries may amend the Security Interests in any manner that does not adversely affect holders of the Notes in any material respect and (vi) with respect to the Security Provider Collateral, the Security Provider may arrange for the establishment of a Successor Security Provider that directly holds the Security Provider Collateral and, in connection therewith and to the extent required, release the Security Provider Collateral, provided that such a release is immediately followed by the retaking by such Successor Security Provider of Permitted Collateral Lien over the Security Provider Collateral of at least equivalent ranking and scope; *provided*, *however*, that in the case of clause (i), (v) or (vi) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, or of the Successor Security Provider, in the case of Security Provider Collateral, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person, in form and substance reasonably satisfactory to the Trustee, which confirms the solvency of the Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement.

In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee may reasonably be expected to give rise to or result in (a) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance or liquidity maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restrictions) of any applicable jurisdiction; (b) any risk or liability for the officers, directors or shareholders of such Restricted Subsidiary; or (c) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (b) undertaken in connection with, such Notes Guarantee which cannot be avoided through measures reasonably available to the Issuer or any Restricted Subsidiary. At the option of the Issuer, any Notes Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance, liquidity maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "—*Notes Guarantees—Notes Guarantees release*." A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Limitations on validity and enforceability of the Guarantees and the security interests*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any (x) Indebtedness permitted pursuant to the first paragraph of the covenant described under "—*Limitation on Indebtedness*" or clause (1), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*" and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Senior Secured Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Senior Secured Notes (including Additional Senior Secured Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Senior Secured Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Senior Secured Notes then outstanding, except as otherwise permitted below under "—*Amendments and waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Senior Secured Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "—*Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices or at the offices of the listing agent.

Lines of business

The Issuer will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Issuer and its Restricted Subsidiaries, taken as a whole.

Payments for consent

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Senior Secured Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Senior Secured Notes unless such consideration is offered to be paid and is "paid to all holders of the Senior Secured Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Senior Secured Notes, to exclude holders of Senior Secured Notes in any jurisdiction where the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or the payment of the consideration therefor, would require the Issuer or any Restricted Subsidiary to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer in its sole discretion determines (acting in good faith) (x) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (y) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Withdrawals from Designated Bank Account

The Issuer shall not, and shall cause its Restricted Subsidiaries not to, make any withdrawal from the Designated Bank Account except:

(1) to the extent required to be paid to the Issuer or any of its Restricted Subsidiaries for the sole purpose of off-setting losses incurred by the Perfumery Business prior to the completion of the Perfumery Business Transfer;

(2) upon or after completion of the Perfumery Business Transfer; or

(3) as permitted under the Revolving Credit Facility (including pursuant to the prior written consent of the "Instructing Group" as such term is defined in the Revolving Credit Facility),

in each case, subject to the Intercreditor Agreement.

Amendment to Demerger Documents

The Security Provider, the Issuer and each of its Restricted Subsidiaries shall not amend, vary, novate, supplement, waive or terminate any term of the Demerger Documents except in writing and in a way which would not, in the reasonable opinion of the Issuer, be adverse to the interests of the Holders in any material respect.

Suspension of covenants on achievement of Investment Grade Status

If on any date following the Issue Date, the Senior Secured Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Senior Secured Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to the Senior Secured Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on restrictions on distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Limitation on sales of assets and Subsidiary stock*";

(6) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and consolidation—The Issuer*";

(7) "*—Lines of business*"; and

(8) "*—Center of main interests and establishments*";

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "Limitation on Restricted Payments" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Senior Secured Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Senior Secured Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall not be obliged to notify Holders of a Suspension Event or, if applicable, upon the occurrence of a Reversion Date.

There can be no assurance that the Senior Secured Notes will ever achieve or maintain an Investment Grade Status.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Senior Secured Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Senior Secured Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer, the Security Provider or any Restricted Subsidiary to comply for 60 days after notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with the agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary (or the payment of which is Guaranteed by the Issuer or any Restricted Subsidiary) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

   (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

   (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

   and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €15.0 million or more or (ii) such Indebtedness is secured by a Permitted Collateral Lien and Incurred pursuant to the first paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" or clause (1) or (6) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" secured by Collateral that is, in each case, accorded super senior priority status with respect to proceeds of enforcement of Collateral under the Intercreditor Agreement or any Additional Intercreditor Agreement, and (A) the 30-day consultation period under the Intercreditor Agreement with respect to the enforcement of such Indebtedness has expired, (B) certain insolvency events have occurred or (C) the consultation period under the Intercreditor Agreement does not apply because the Senior Secured Creditors (as defined herein) have determined in good faith that to enter into consultation could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any of the Collateral or the realization of proceeds thereof and have instructed the Security Agent as to the enforcement of the Collateral;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer, the Issuer of any Parent Senior Notes or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement,

any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of €5.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents, or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Notes Guarantee of the Issuer or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Senior Secured Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Senior Secured Notes because an Event of Default described in clause (4) under the immediately preceding paragraph has occurred and is continuing, the declaration of acceleration of the Senior Secured Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Senior Secured Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Senior Secured Notes that became due solely because of the acceleration of the Senior Secured Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Senior Secured Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Senior Secured Notes may not enforce the Indenture or the Senior Secured Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Senior Secured Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Trustee may withhold from Holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any, on the Senior Secured Notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee (and the Trustee has received) indemnity and/or security satisfactory to the Trustee in its sole discretion against any loss, liability or expense caused by taking or not taking such action. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Senior Secured Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity (including by way of pre-funding) satisfactory to it in its sole discretion against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such security and/or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction in its sole discretion. It may not be possible for the Trustee to take certain actions in relation to the Senior Secured Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and waivers

Subject to certain exceptions, the Senior Secured Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Senior Secured Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Senior Secured Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes). However, without the consent of Holders holding not less than 90% (or, in the case of clause (8), 75%) of the then outstanding principal amount of the Senior Secured Notes affected, an amendment or waiver may not, with respect to any Senior Secured Notes held by a non-consenting Holder:

(1) reduce the principal amount of Senior Secured Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Senior Secured Note;

(3) reduce the principal of or extend the Stated Maturity of any Senior Secured Note;

(4) reduce the premium payable upon the redemption of any Senior Secured Note or change the time at which any Senior Secured Note may be redeemed, in each case as described under "—*Optional redemption*";

(5) make any Senior Secured Note payable in money other than that stated in the Senior Secured Note;

(6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Senior Secured Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Senior Secured Notes;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Senior Secured Notes in any material respect or amends the terms of such Senior Secured Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Senior Secured Notes (except pursuant to a rescission of acceleration of the Senior Secured Notes by the Holders of at least a majority in aggregate principal amount of such Senior Secured Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Senior Secured Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Senior Secured Notes Document;

(3) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Senior Secured Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) for the issuance of Additional Senior Secured Notes;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the covenant described under "—*Certain covenants—Limitation on Indebtedness*" or "—*Additional Guarantees*," to add Guarantees with respect to the Senior Secured Notes, to add security to or for the benefit of the Senior Secured Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Senior Secured Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Senior Secured Notes to any provision of this "*Description of the Senior Secured Notes*" to the extent that such provision in this "*Description of the Senior Secured Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Senior Secured Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Senior Secured Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; provided that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain covenants—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems appropriate, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Senior Secured Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Senior Secured Notes given in connection with a tender of such Holder's Senior Secured Notes will not be rendered invalid by such tender.

For so long as the Senior Secured Notes are listed on the Irish Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Ireland in a daily newspaper with general circulation in Ireland (which is expected to be the *Irish Times*). Such notice of any amendment, supplement and waiver may instead be published on the website of the Irish Stock Exchange (*www.ise.ie*).

Acts by Holders

In determining whether the Holders of the required principal amount of the Senior Secured Notes have concurred in any direction, waiver or consent, the Senior Secured Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Senior Secured Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Senior Secured Notes, registration of Senior Secured Notes, mutilated, destroyed, lost or stolen Senior Secured Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Notes Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under "*Certain covenants*" (other than clauses (1), (2) and (3) of the covenant described under "*—Certain covenants—*

Merger and consolidation—The Issuer") and "*Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee provision (other than in respect of the Issuer and the Security Provider) and the security default provision described under "*—Events of Default*" ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Senior Secured Notes may not be accelerated because of an Event of Default with respect to such Senior Secured Notes. If the Issuer exercises its covenant defeasance option with respect to the Senior Secured Notes, payment of the Senior Secured Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1), (2) and (4) of the covenant described under "*—Certain covenants—Merger and consolidation—The Issuer*"), (4), (5) (other than with respect to the Issuer), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Senior Secured Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an opinion of tax counsel in the United States to the effect that Holders and beneficial owners of the relevant Senior Secured Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such opinion of tax counsel in the United States must be based on a ruling received from, or published by, the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law occurring after the Issue Date);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer and the Guarantors;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Senior Secured Notes, as expressly provided for in the Indenture) as to all outstanding Senior Secured Notes when (1) either (a) all the Senior Secured Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Senior Secured Notes, and certain Senior Secured Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Senior Secured Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Senior Secured Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Senior Secured Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture and all sums payable to the Trustee under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Senior Secured Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (5)).

No personal liability of directors, officers, employees and shareholders

No director, officer, employee, incorporator or shareholder of the Issuer, the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer, the Issuer or any Guarantor under the Senior Secured Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and certain agents

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee, any Paying Agent or any other such agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries. If the Trustee or any Agent becomes the Holder, beneficial owner or pledgee of any Notes, it may deal with the Issuer with the same rights it would have if it were not the Trustee, any Paying Agent or any other such Agent.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses Incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Senior Secured Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, notices of the Issuer with respect to the Senior Secured Notes will be published on the website of the Irish Stock Exchange (*www.ise.ie*). In addition, for so long as any Senior Secured Notes are represented by Global Notes, all notices to Holders of the Senior Secured Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may instead be published in a daily newspaper with general circulation in Ireland (which is expected to be the *Irish Times*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Senior Secured Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Senior Secured Notes will be prescribed six years after the applicable due date for payment of interest.

Currency indemnity and calculation of euro-denominated restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Senior Secured Notes and the Notes Guarantees, if any, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Senior Secured Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Senior Secured Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Senior Secured Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Senior Secured Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application will be made to list the Senior Secured Notes on the Official List of the Irish Stock Exchange and to admit the Senior Secured Notes to trading on the Global Exchange Market thereof. There can be no assurance that the application to list the Senior Secured Notes on the Official List of the Irish Stock Exchange and to admit the Senior Secured Notes on the Global Exchange Market will be approved and settlement of the Senior Secured Notes is not conditioned on obtaining such listing.

Enforceability of judgments

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Senior Secured Notes, may not be collectable within the United States.

Consent to jurisdiction and service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Senior Secured Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Senior Secured Indenture will provide that the Security Provider, the Issuer and each Guarantor will appoint CT Corporation System as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing law

The Indenture and the Senior Secured Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by the law of the location of the relevant asset that is part of the Collateral.

Certain definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

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

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary, property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary; *provided* that a disposition of property or other assets constituting Collateral by the

Issuer or a Restricted Subsidiary to a Restricted Subsidiary that is not a Guarantor and that has Incurred Indebtedness pursuant to, and that is outstanding under, clause (5) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" (other than Acquired Indebtedness described in sub-clause (i) of such clause (5)) shall be deemed to be an Asset Disposition unless such disposition is permitted under another exemption from the definition of Asset Disposition;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and the Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain covenants—Merger and consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) of less than €5.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of the third and fourth paragraphs of the covenant described under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*," dispositions, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with any CICE Financing, Qualified Receivables Financing, Qualified CIR Securitization Financing or any factoring transaction or otherwise in the ordinary course of business;

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

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets

(having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) an issuance or sale by a Restricted Subsidiary of Preferred Stock or Redeemable Capital Stock that is permitted by the covenant described above under "—*Certain covenants—Limitation on Indebtedness*";

(19) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(20) any disposition by the Issuer or a Restricted Subsidiary pursuant to any Demerger Document as described under the section of this Offering Memorandum titled "*The Transactions*."

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

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Paris, France or London, United Kingdom are authorized or required by law to close.

"*Business Transfer Agreement*" means the business transfer agreement relating to the Perfumery Business between SGD S.A., FrenchCo Perfumery and the Security Provider to be entered into on the Put Option Exercise Date.

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

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the Pre-Expansion European Union (other than Greece, Portugal or Spain), Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial

paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

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

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; provided, further, that for the purposes of this clause, no Change of Control shall be deemed to occur solely by reason of the Issuer becoming a wholly-owned Subsidiary , directly or indirectly, of a Successor Security Provider; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"*CICE*" means the competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi*) provided for in article 244 quater C of the French Tax Code (*Code général des impôts*).

"*CICE Financing*" means Indebtedness under an agreement pursuant to which current or future CICE payments or claims of the Issuer or any Restricted Subsidiary are assigned.

"*CIR*" means the research tax credit (*crédit d'impôt recherche)* provided for in article 244 quater B of the French Tax Code (*Code général des impôts*).

"*Clearstream*" means Clearstream Banking, *société anonyme*, as currently in effect or any successor securities clearing agency.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Senior Secured Notes and/or any Notes Guarantee.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking, except to the extent of dividends declared or paid on, or other cash payments in respect of, equity interests held by such third parties;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any non-cash items related to CICE and any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing and Qualified CIR Securitization Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period; and

(10) any charge recorded in connection with CVAE.

provided that the adjustments in clauses (1) through (10) shall be determined on a *pro forma* basis giving effect to the Perfumery Business Transfer until the earlier of the Put Option Transfer Date and the date on which no monies remain drawable under the Sponsor Indemnity.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income (expense) of the Issuer and its Restricted Subsidiaries on a *pro forma* basis giving effect to the Perfumery Business Transfer until the earlier of Put Option Transfer Date and the date on which no monies remain drawable under the Sponsor Indemnity, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(6) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(7) the consolidated interest expense that was capitalized during such period (excluding any interest capitalized, accrued, accreted or paid in respect of any Subordinated Shareholder Funding); and

(8) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person, including any Parent Senior Notes (for the avoidance of doubt such interest shall include, without double counting, all amounts paid pursuant to clause (19) of "Permitted Payments"),

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition and (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and the Restricted Subsidiaries on a *pro forma* basis giving effect to the Perfumery Business Transfer until the earlier of Put Option Transfer Date and the date on which no monies remain drawable under the Sponsor Indemnity (excluding Hedging Obligations entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer)) plus the aggregate principal amount of any outstanding Parent Senior Notes Incurred.

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period.

In addition, for purposes of calculating the Consolidated Leverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any Restricted Subsidiary, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any Restricted Subsidiary, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any Restricted Subsidiary following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Leverage shall be treated in accordance with IFRS; and

(7) an adjustment will be made in respect of the difference between: (i) the total *pro forma* consolidated amount received or receivable pursuant to CICE for the four quarter period as determined on the basis of CICE applicable to all relevant entities of the Group as at the end of the period, and (ii) the total amount received or receivable pursuant to CICE already included in EBITDA for that period, shall be added to Consolidated EBITDA.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purposes of clause (c)(i) of the first paragraph of the covenant described under "*—Certain covenants—Limitation on Restricted Payments,*" such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under clause (11) of the definition of "*Permitted Investments*";

(2) solely for the purpose of determining the amount available for Restricted Payments under clauses (c)(i) and (c)(vi) of the first paragraph of the covenant described under "*—Certain covenants— Limitation on Restricted Payments*," any net income (but not loss) of any Restricted Subsidiary (other than a Guarantor)

or dividends or distributions received by a Restricted Subsidiary from an Unrestricted Subsidiary if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Senior Secured Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Revolving Credit Facility and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions specified in clause (11) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on restrictions on distributions from Restricted Subsidiaries*," except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income or dividends or distributions from an Unrestricted Subsidiary up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions), acquisition costs, business optimization, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

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

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case to the extent related to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;

provided that Consolidated Net Income and the adjustments in clauses (1) through (13) shall be determined on a *pro forma* basis giving effect to the Perfumery Business Transfer the earlier of the Put Option Transfer Date and the date on which no monies remain drawable under the Sponsor Indemnity.

"*Consolidated Senior Secured Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by an Officer or the Board of Directors of the Issuer)) *plus* the aggregate principal amount of any outstanding Parent Senior Notes Incurred which is secured by a Lien on (a) the Collateral (excluding Indebtedness to the extent secured on a junior priority basis) or (b) assets or property of the Issuer or a Guarantor that do not constitute Collateral.

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) the Consolidated Senior Secured Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Leverage Ratio; *provided*, *however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Consolidated Senior Secured Leverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—Certain covenants—Limitation on Indebtedness*."

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

    (a) for the purchase or payment of any such primary obligation; or

    (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Notes Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*CVAE*" means *cotisation sur la valeur ajoutée des entreprises* of any similar tax enacted in replacement or complement thereof.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Demerger Documents*" means, the Master Reorganization Agreement, the Sponsor Indemnity and the Put Option Agreement, together.

"*Designated Bank Account*" shall have the meaning assigned to such term in the Offering Memorandum.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) and (c)(iii) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Restricted Payments*."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Senior Secured Notes or (b) the date on which there are no Senior Secured Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "*—Certain covenants—Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Commitment Letter*" means the commitment letter provided by OCM European Principal Opportunities Fund II, L.P. to SGD Luxembourg Holdings S.C.A. and SGD S.A. relating to the provision of shareholder financing to enable SGD Luxembourg Holdings S.C.A. to comply with its obligations to fund SGD S.A. under the Put Option Agreement.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or Perfumery Contributions) of the Issuer or any Restricted Subsidiary.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Existing Operational Facilities*" means the credit facilities established under the operational facilities agreement dated February 4, 2010, as amended from time to time, between, among others, the Issuer, SGD S.A. and SGD Kipfenberg GmbH as borrowers, and The Royal Bank of Scotland plc as arranger, original lender, agent and security agent.

"*Existing Senior Facilities*" means the credit facilities established under the senior facilities agreement dated February 4, 2010, as amended from time to time, between, among others, the Issuer, SGD S.A. and SGD Germany GmbH as borrowers, and The Royal Bank of Scotland plc as arranger, original lender, agent and security agent.

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

"*Excluded Contribution*" means Net Cash Proceeds or property or assets (other than Excluded Amounts or Perfumery Contributions) received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" wherever such term is used in this "Description of the Senior Secured Notes" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Senior Secured Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fitch*" means Fitch Ratings Inc.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any Restricted Subsidiary Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any Restricted Subsidiary, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any Restricted Subsidiary, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any Restricted Subsidiary following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary and other than dividends on Equity Interests payable to the Issuer or a Restricted Subsidiary.

"*FrenchCo Perfumery*" means SGD Parfumerie France S.A.S.

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

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

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantors*" means SGD S.A., SGD Germany GmbH, SGD Kipfenberg GmbH and any additional Guarantor that executes a supplemental indenture in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Notes Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Senior Secured Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are required to comply as in effect on the Issue Date, or with respect to the covenant described under the heading "*—Certain covenants—Reports*," as in effect from time to time.

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

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

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

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

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

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

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

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

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business or (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

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

(1) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of CICE Financing, Qualified Receivables Financings and Qualified CIR Securitization Financing and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however,* that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(3) for the avoidance of doubt, any obligations in respect of early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means any funds or limited partnerships managed or advised by Oaktree Capital Management, LP or any of its Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by Oaktree Capital Management, LP or any of its Affiliates or direct or indirect Subsidiaries or any entity controlled by all or substantially all of the managing directors of such fund or Oaktree Capital Management, LP from time to time.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement to be dated on or about the Issue Date, by and among, *inter alios*, the Issuer, the Security Provider, the Security Agent and the Trustee, as amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided, however,* that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under the caption "*—Certain covenants—Limitation on Restricted Payments.*"

For purposes of "*—Certain covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the Pre-Expansion European Union (other than Greece, Portugal or Spain), Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

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

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

"*Investment Grade Status*" shall occur when all of the Senior Secured Notes receive both of the following:

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

(2) a rating of "BBB-" or higher from Fitch,

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

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means April 24, 2014.

"*Issue Date Transactions*" means the Transactions that will occur on or prior to the Issue Date.

"*Issuer*" means SGD Group S.A.S.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*LuxCo Perfumery*" means SGD Luxembourg Perfumery Holdings.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €3.0 million in the aggregate outstanding at any time.

"*Management Investors*" means (i) members of the management team of the Issuer or any Restricted Subsidiary investing, or committing to invest, directly or indirectly, in the Issuer as at the Issue Date and any subsequent members of the management team of the Issuer or any Restricted Subsidiary who invest directly or indirectly in the Issuer from time to time and (ii) such entity as may hold shares transferred by departing members of the management team of the Issuer or any Restricted Subsidiary for future redistribution to such management team.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"Master Reorganization Agreement" has the meaning ascribed to it in the Offering Memorandum.

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

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition (other than Capitalized Lease Obligations), in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

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

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

"*Offering Memorandum*" means this offering memorandum in relation to the Senior Secured Notes.

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

"*Parallel Debt Creditor*" means the Security Agent as creditor of the parallel debt.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

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

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any Restricted Subsidiary, (b) costs and expenses with respect to the ownership, directly or indirectly, by any Parent, (c) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent and (d) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed €1.5 million in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided*, *however*, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its Subsidiaries would be required to pay in respect of such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries; and

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness;

 (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

 (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

 (c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Parent Senior Notes*" means senior notes issued by any Parent (or a finance subsidiary thereof) as "Senior Notes" under the Intercreditor Agreement or any Additional Intercreditor Agreement.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

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

"Perfumery Business" means the business of the Issuer and its Restricted Subsidiaries relating to the manufacturing of glass packaging for perfumery and cosmetic applications and the research, development, design, marketing, selling and distributing of these products.

"*Permitted Business*" means (a) any businesses, services or activities engaged in by the Issuer or any Restricted Subsidiary on the Issue Date or which is contemplated by the Issuer on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any Restricted Subsidiary that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Perfumery Business Factoring Facility*" means the €40.0 million factoring agreement dated November 13, 2009 between SGD S.A. and GE Capital Factor (then known as RBS Factor) as it applies to the Perfumery Business.

"*Perfumery Business Transfer*" means the transfer of the perfumery glass packaging activities at the Mers-les-Bains manufacturing facility by SGD S.A. as beneficiary under the Put Option Agreement to FrenchCo Perfumery.

"*Perfumery Contribution*" means Net Cash Proceeds or property or assets contributed by any Parent or any Affiliate of any Parent other than the Issuer and its Restricted Subsidiaries to the Issuer or any of its Restricted Subsidiaries after the Issue Date (i) pursuant to any indemnification, obligation or guarantee or other contribution in respect of the Perfumery Business under the Demerger Documents or otherwise and (ii) which is (x) used to repay any debt, liability or amount payable (including accruals) related to the Perfumery Business or (y) allocated, or used (directly or indirectly) to acquire assets which are allocated, to the Perfumery Business pursuant to the Demerger Documents.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23) and (24) of the definition of "*Permitted Liens*" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(b) to secure:

   (i) the Senior Secured Notes (excluding any Additional Senior Secured Notes);

   (ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*";

   (iii) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*," which Indebtedness may have super senior priority status in respect of the proceeds from the enforcement of the Collateral not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

   (iv) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*," to the extent Incurred by the Issuer or a Guarantor and to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

   (v) Indebtedness described under clause (5) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" and that is incurred by the Issuer or a Guarantor;

   (vi) Indebtedness described under clause (6) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*"; *provided* that Currency Agreements and Interest Rate Agreements entered into with respect to the Senior Secured Notes, any Indebtedness Incurred under the Revolving Credit Facility, or any Refinancing Indebtedness in respect thereof that is Incurred in compliance with the covenant described under "*—Certain covenants—Limitation on Indebtedness*" that is not subordinated in right of payment to the Senior Secured Notes and that is permitted under the Indenture to be secured by a Permitted Collateral Lien which ranks *pari passu* with the Lien on the Collateral securing the Senior Secured Notes may have super senior priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

   (vii) Indebtedness described under clauses (7) (other than with respect to Capitalized Lease Obligations), (11), (13) or (14) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*";

   (viii) on a junior priority basis to the Senior Secured Notes, any Parent Senior Notes Incurred solely with respect to the share capital of, and any intercompany receivable from, such Parent Senior Notes issuer's directly owned Subsidiary (or, in the case such Parent Senior Notes are issued by a finance subsidiary of such Parent, the share capital of, and any intercompany receivable from, the Parent's directly owned Subsidiary, as applicable, and such finance subsidiary); and

   (ix) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (vii).

(c) Incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with respect to obligations that in total do not exceed €5.0 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business;

provided, *further*, that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided*, *further*, that all property and assets (including, without limitation, the Collateral) securing such Indebtedness (including any guarantees thereof) or Refinancing Indebtedness secure the Senior Secured Notes and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (iii) and (vi) above.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) the Management Investors, (3) any Related Person of any Persons specified in clauses (1) and (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and such Persons referred to in the following sentence, collectively, have exclusive legal and beneficial ownership of more than 50% of the total voting power of the voting Stock of the Issuer or any of its direct or indirect parent companies that are wholly owned by such group. Any person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control that is also a Specified Change of Control Event will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any Restricted Subsidiary):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

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

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any CICE Financing, Qualified Receivables Financing and Qualified CIR Securitization Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) [Reserved];

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €20.0 million and 8% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "*Permitted Liens*" or made in connection with Liens permitted under the covenant described under "*—Certain covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of clauses (4), (6) or (14) the second paragraph of the covenant described under "*—Certain covenants—Limitation on Affiliate Transactions*";

(15) (a) Guarantees of Indebtedness of the Issuer or its Restricted Subsidiaries permitted to be Incurred by the covenant described under "*—Certain covenants—Limitation on Indebtedness*" and (b) (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(16) Investments in loans under the Revolving Credit Facility, the Senior Secured Notes and any Additional Senior Secured Notes;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided, however*, that the Board of Directors shall certify that in its opinion, the outsourcing transaction will be economically beneficial to the Issuer and the Restricted Subsidiaries (considered as a whole); provided further that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (17) does not exceed €15.0 million; and

(18) any disposition of investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements or similar binding agreements; provided that any cash or Cash Equivalents received in such disposition is applied in accordance with the covenant described under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*."

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

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of (a) any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "*—Certain covenants—Limitation on Indebtedness*" or (b) the Issuer or a Guarantor; provided that such Restricted Subsidiary that is not a Guarantor is not required to Guarantee the Notes pursuant to the covenant described under "*—Certain covenants—Additional Guarantees*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; provided that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; provided that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the covenant described above under "*—Certain covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution (including, but not limited to, liens arising under the general terms and conditions of banks or saving banks (*Allgemeine Geschäftsbedingungen der Banken und Sparkassen*));

(12) Liens arising from New York Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business

combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, that such Liens do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or that is merged or consolidated into the Issuer or a Restricted Subsidiary;

(15) Liens in favor of the Issuer or any Guarantor;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

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

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

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

(21) Liens on Receivables Assets Incurred in connection with any CICE Financing, Qualified Receivables Financing and Qualified CIR Securitization Financing;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

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

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

(26) any security granted over the marketable securities portfolio described in clause (9) of the definition of "*Cash Equivalents*" in connection with the disposal thereof to a third party;

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Senior Secured Notes, and (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the Revolving Credit Facility and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Senior Secured Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement;

(29) Liens; *provided* that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed €15.0 million; and

(30) Liens securing Indebtedness permitted to by Incurred under clause (15) of the definition of Permitted Debt.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries (a "*Reorganization*") that is made on a solvent basis; *provided* that:

(a) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries; and

(b) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral.

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

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

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

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

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

"Put Option Agreement" means the put option agreement to be entered into on the Issue Date with SGD S.A. as beneficiary of the put option and FrenchCo Perfumery as promisor under the put option in relation to the expected transfer on the Put Option Transfer Date of the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility by SGD S.A. to FrenchCo Perfumery;

"*Put Option Exercise Date*" means the date on which SGD S.A., as beneficiary under the Put Option Agreement, exercises its put option, pursuant to which SGD S.A. is expected to transfer on the Put Option Transfer Date the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility to FrenchCo Perfumery as promisor under the Put Option Agreement;

"*Put Option Transfer Date*" means the date on which the transfer of the perfumery glass packaging operations at the Mers-les-Bains manufacturing facility by SGD S.A. as beneficiary under the Put Option Agreement to FrenchCo Perfumery as promisor is effective and which is expected to be no later than December 31, 2015;

"*Qualified CIR Securitization Financing*" means any financing arrangement through which the Issuer or any of its Subsidiaries (other than by, or on behalf of, the Perfumery Business) sell, convey or otherwise transfer to any other Person any accounts receivable (whether now existing or arising in the future) of the Issuer and its Subsidiaries arising from the CIR except for any CIR in relation to the Perfumery Business.

"*Qualified Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person, or may grant a security interest in, Receivables Assets, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions or invoice discounting involving accounts receivable, asset securitizations and invoice discounting facilities, and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable. For the avoidance of doubt, the Perfumery Business Factoring Facility shall constitute a Qualified Receivables Financing until and including the Put Option Transfer Date.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Senior Secured Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer as a replacement agency.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets (including receivables pursuant to CICE) that are or will be the subject of a CICE Financing, Qualified Receivables Financing and a Qualified CIR Securitization Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with any CICE Financing, Qualified Receivables Financing and Qualified CIR Securitization Financing.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a CICE Financing, Qualified Receivables Financing and Qualified CIR Securitization Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a CICE Financing, Qualified Receivables Financing or Qualified CIR Securitization Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary), including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the first anniversary of the Stated Maturity of the Senior Secured Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (*plus*, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Senior Secured Notes, such Refinancing Indebtedness is subordinated to the Senior Secured Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include (i) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain covenants—Limitation on Restricted Payments*."

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries as of the Issue Date or any and all other businesses that in the good faith judgment of the Board of Directors or any member of Senior Management of the Issuer are related thereto; *provided* that Replacement Assets shall not include any properties or assets that replace properties or assets which were used in the Perfumery Business.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

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

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the €35.0 million senior secured revolving credit facility established pursuant to the super senior revolving facility agreement to be dated on or about the Issue Date, by and among, *inter alios*, the Issuer, the Guarantors, J.P. Morgan Limited, BNP Paribas and Credit Suisse International, as arrangers, the senior lenders (as named therein) and BNP Paribas as agent and security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

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

"*SEC*" means the U.S. Securities and Exchange Commission.

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

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Security Provider Collateral*" means the shares of the Issuer, the receivables owed by the Issuer (and other members of the Group, if applicable) to the Security Provider and any other Collateral granted by the Security Provider.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that (a) is secured by a Lien on the Collateral (excluding Indebtedness to the extent secured on a junior priority basis), (b) is secured by a Lien on assets or property of the Issuer or a Guarantor that do not constitute Collateral or (c) is Incurred by a Restricted Subsidiary that is not a Guarantor and that in the case of each of (a), (b) and (c), is Incurred under the first paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" or clauses (1), (2), (4)(a), (4)(b), (5), (7), (11), (13) or (15) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*") and any Refinancing Indebtedness in respect thereof.

"*Senior Secured Notes Documents*" means the Senior Secured Notes (including Additional Senior Secured Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Specified Change of Control Event*" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that giving *pro forma* effect thereto, the Consolidated Leverage Ratio of the Issuer and the Restricted Subsidiaries would have been less than 4.75 to 1.0.

"*Sponsor Indemnity*" means the unconditional and irrevocable counter-indemnity provided by OCM European Principal Opportunities Fund II, L.P. under the Equity Commitment Letter, counter-indemnifying SGD Luxembourg Holdings S.C.A. against any demand or claim made under the unconditional and irrevocable indemnity provided by SGD Luxembourg Holdings S.C.A., indemnifying SGD S.A. against certain losses incurred in the Perfumery Business.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which are reasonably customary in securitization of Receivables transactions.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Certain covenants—Limitation on sales of assets and Subsidiary stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Senior Secured Notes or any Guarantee of the Senior Secured Notes pursuant to a written agreement, including any Subordinated Shareholder Funding.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Senior Secured Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Senior Secured Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Senior Secured Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Senior Secured Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Shareholder Liabilities" (as defined therein),

provided, however, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an incurrence of such Indebtedness by the Issuer as of the date of such event of circumstance, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuances of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Funding. For the avoidance of doubt, the Subordinated Shareholder Loan as in effect on the Issue Date shall be treated as Subordinated Shareholder Funding for purposes of the Indenture.

"*Subordinated Shareholder Loan*" shall have the same meaning assigned to such term in this Offering Memorandum.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

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

    (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

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

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"Successor Security Provider" with respect to the Issuer means any Person (other than a natural person) that, at the time the Issuer becomes a Subsidiary of such other Person, beneficially owns and legally owns, directly (except as required by law), 100% of the total voting power of the issued and outstanding Voting Stock and 100% of the issued and outstanding Capital Stock of the Issuer. Following such transfer, any reference to the Security Provider shall be deemed to refer to the Successor Security Provider except in the case of the covenant described under "*Amendment to Demerger Documents.*"

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Issuer and/or any of its Subsidiaries and any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent to enable a Parent to compensate the Issuer or such Subsidiary for losses incurred which may need to be compensated by a Parent under any profit and loss pooling agreement).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any member state of the Pre-Expansion European Union (other than Greece, Portugal or Spain), (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

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

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Issuer and its Restricted Subsidiaries as shown on the balance sheet of the Issuer prepared on the basis of IFRS; provided that Total Assets shall be calculated on a *pro forma* basis giving effect to the Perfumery Business Transfer until the earlier of the Put Option Transfer Date and the date on which no monies remain drawable under the Sponsor Indemnity.

"*Transactions*" shall have the meaning assigned to such term in this Offering Memorandum.

"*Transferred Asset*" means any asset of the Issuer or its Restricted Subsidiaries to be transferred pursuant to the Demerger Documents.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Unrestricted Subsidiary*" means:

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

(2) any Subsidiary of an Unrestricted Subsidiary.

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

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*—Certain covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

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

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Issuer, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

Book-entry, delivery and form

General

Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A (the "Rule 144A Notes") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Rule 144A Global Notes"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "Common Depositary") for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S (the "Regulation S Notes") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Ownership of interests in the Rule 144A Global Notes (the "Restricted Book-Entry Interests") and in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the Restricted Book-Entry Interests, the "Book-Entry Interests") will be limited to persons who have accounts with Euroclear and/or Clearstream, or persons who hold interests through such participants or otherwise in accordance with applicable transfer restrictions set forth in the Indenture and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered to be the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its or their respective nominee) will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of the Notes under the Indenture.

Neither we nor the Trustee nor any of our or its respective agents and none of the Paying Agent, the Registrar or the Transfer Agent will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary for the Global Notes, and we fail to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer restrictions*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Registrar and the Transfer Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €100,000, and in integral multiples of €1,000, in excess thereof, will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a transfer agent, we will issue and the Trustee (or its appointed agent) will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee, the Paying Agent and the Registrar appointed pursuant to the Indenture from any loss that any of them may suffer if a Definitive Registered Note is replaced. We may charge for the expenses of replacing a Definitive Registered Note.

If any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer restrictions*."

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or the Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under existing practices of Euroclear and Clearstream, if fewer than all the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Paying Agent, which will in turn make such payments to the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (including interest and penalties with respect thereto), except as may be required by law and as described under "*Description of the Senior Secured Notes—Withholding taxes*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Senior Secured Notes—Withholding taxes*," we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee, the Registrar, the Transfer Agent and the Paying Agent will treat the registered holders of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the Registrar, the Transfer Agent or the Paying Agent or any of our or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the records of the Common Depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of the Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of us, the Trustee or the Initial Purchasers or any of our or their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by owners of book-entry interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Transfer restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed in "*Transfer restrictions.*"

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer restrictions.*"

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the U.S. Securities Act or any other exemption (if available) under the U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor or a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Notes only as described under "*Description of the Senior Secured Notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer restrictions*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Application will be made to list the Notes represented by the Global Notes on the Official List of the Irish Stock Exchange and for the Notes to be admitted to trading on the Global Exchange Market thereof. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent or any of our or their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Global clearance and settlement under the book-entry system

Initial settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special timing considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or in Brussels if Euroclear is used.

Clearing information

We expect that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes for the Notes are set forth under "*Listing and general information—Clearing information*."

Information concerning Euroclear and Clearstream

The following description of the operations and procedures of Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Neither we nor the Initial Purchasers take any responsibility for these operations and procedures and we urge investors to contact the systems or their participants directly to discuss these matters.

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream also interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Since Euroclear and Clearstream only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons who or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take action in respect of such interest, may be limited by the lack of a definite certificate for that interest. We understand that, under existing industry practices, if either the Issuer or the Trustee requests any action by owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give or take any action that a holder is entitled to give or take under the Indenture, Euroclear and Clearstream would authorize participants owning the relevant Book-Entry Interest to give or take such action, and such participants would authorize indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited.

Tax considerations

EU Savings Directive

Under the European Council Directive 2003/48/EC of June 3, 2003 on the taxation of savings income in the form of interest payments (the "EU Savings Directive"), each Member State of the European Union is required, since July 1, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) within the meaning of the EU Savings Directive ("Interest Payments") made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident for tax purposes in that other Member State or to certain limited types of entities established in that other Member State.

However, for a transitional period, certain Member States (Luxembourg and Austria) may instead levy withholding tax at a rate of 35% in relation to such Interest Payments. Such transitional period shall end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community and the last of several jurisdictions (Andorra, Liechtenstein, Monaco, San Marino and Switzerland), providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on April 18, 2002 (the "OECD Model Agreement") with respect to Interest Payments made by paying agents established within their respective territories to beneficial owners resident in the territory to which the EU Savings Directive applies, in addition to the simultaneous application by those same jurisdictions of a withholding tax on such Interest Payments at the above-mentioned rate, and (ii) the date on which the European Council unanimously agrees that the United States is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to Interest Payments made by paying agents established within its territory to beneficial owners resident in the territory to which the EU Savings Directive applies. The Luxembourg government has announced that Luxembourg will opt out of the withholding system in favor of the exchange of information system with effect from January 1, 2015.

A number of non-EU countries and dependent or associated territories, including Switzerland, have agreed to apply similar measures.

The European Commission has reviewed the EU Savings Directive and proposed certain amendments which may, if implemented, amend or broaden the scope of the requirements described above.

Certain French tax consequences

The following is a summary of certain material French tax considerations relating to the purchase, ownership and disposition of the Notes by an investor who is not a French tax resident for French tax purposes, who does not hold the Notes in connection with a permanent establishment or a fixed base in France and who is neither a shareholder of the Issuer nor a related party of the Issuer within the meaning of Article 39, 12 of the French tax code *(Code général des impôts*) (the "FTC").

This summary is based on the French tax law and regulations in effect and as applied by the French tax authorities on the date of this Offering Memorandum, all of which are subject to change, possibly with retroactive effect, or to different interpretations.

This summary is for general information only and does not purport to be a comprehensive description of all of the French tax considerations that may be relevant to any prospective investor.

Prospective investors in the Notes are urged to consult their own professional tax advisors as to the French tax consequences of purchasing, owning and disposing of the Notes in light of their particular circumstances.

EU Savings Directive

The EU Savings Directive was implemented into French law under Articles 199-*ter* and 242-*ter* of the FTC. Article 242-*ter* imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Payments of interest and other revenues with respect to the notes

Payments of interest and other revenues made by a debtor that is established in France with respect to a particular debt (including debt in the form of notes as the Notes) are not subject to the withholding tax set forth under Article 125 A III of the FTC unless such payments are made outside France in a non-cooperative state or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the FTC (a "Non-Cooperative State"). If such payments are made in a Non-Cooperative State, a 75% withholding tax is applicable (subject to certain exceptions, certain of which are set forth below and to the more favorable provisions of any applicable double tax treaty). The 75% withholding tax is applicable irrespective of the tax residence or registered headquarters of the holders of the Notes. The list of Non-Cooperative States is published by a ministerial executive order (*arrêté*) which is updated yearly.

Furthermore, according to Article 238 A of the FTC, interest on debt and other revenues paid by a debtor or an issuer of notes that is established in France will not be deductible from the debtor's or the issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on an account opened in a financial institution established in such a Non-Cooperative State. Under certain conditions, any such nondeductible interest or other revenues may be recharacterized as constructive dividends pursuant to Article 109 *et seq.* of the FTC, in which case it may be subject to the withholding tax set forth under Article 119-*bis* 2 of the FTC, at a rate of 30% or 75% (subject to the more favorable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the FTC nor, to the extent the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the nondeductibility of the interest or other revenues pursuant to Article 238 A of the FTC and the withholding tax set out under Article 119-*bis* 2 of the FTC which may be levied as a consequence of such nondeductibility, will apply in respect of a particular issue of debt instruments (including debt in the form of notes as the Notes), provided that the debtor or the issuer can prove that the main purpose and effect of such issuance is not to enable payments of interest or other revenues to be made in a Non-Cooperative State (the "Exception").

Pursuant to French administrative guidelines (*Bulletin Officiel des Finances Publiques—Impôts* BOI-INT-DG-20-50-20140211 n°550 and n°990 (the "Administrative Guidelines")), an issue of debt securities benefits from the Exception without the issuer having to provide any evidence supporting the main purpose and effect of such issuance of debt securities (the "Safe Harbor"), if such notes are:

- offered by means of a public offering within the meaning of Article L. 411-1 of the French Monetary and Financial Code *(Code monétaire et financier*) or pursuant to an equivalent offer in a state other than a Non-Cooperative State (for this purpose, an "equivalent offering" means any offering requiring the registration or submission of an offering document by or with a foreign securities market authority);
- admitted to trading on a French, or foreign-regulated market or on a multilateral financial instruments trading facility, provided that such market or facility is not located in an Non-Cooperative State and that such market is operated by a market operator, an investment services provider or by such other similar foreign entity that is not located in a Non-Cooperative State; or
- admitted, at the time of their issuance, to the operations of a central depositary or of a securities clearing and delivery and payment systems operator within the meaning of Article L. 561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators, provided that such depositary or operator is not located in a Non-Cooperative State.

Since the Notes issued by the Issuer under this Offering Memorandum qualify as debt securities under French commercial law and to the extent they are admitted, at the time of their issuance, to the operations of a central depositary or of a securities clearing and delivery and payment systems operator within the meaning of Article L. 561-2 of the French *Code monétaire et financier* which is not located in a Non-Cooperative State, payments of interest and other revenues made by or on behalf of the Issuer to the holders of the Notes in respect of the Notes will fall under the Safe Harbor.

Accordingly, such payments made by or on behalf of the Issuer to the holders of the Notes will be exempt from the withholding tax set forth under Article 125 A III of the FTC. Moreover, under the same conditions and to the extent that the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, interest and other revenues paid by the Issuer to the holders of the Notes in respect of the Notes will not be subject, pursuant to the Administrative Guidelines, to the related nondeductibility rule set forth under Article 238 A of the FTC and, as a result, will not be subject to the withholding tax set forth under Article 119-*bis* 2 of the FTC solely on account of their being paid or accrued to a person domiciled or established in a Non-Cooperative State or paid on an account opened in a financial institution established in such a Non-Cooperative State.

Taxation on disposal

A holder of a Note who is not a resident of France for French tax purposes and who does not hold the Notes in connection with a permanent establishment or a fixed place of business in France should not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, disposal or other disposition of the Notes.

Transfer tax

No transfer taxes or similar duties are payable in France in connection with the transfer of Notes, except in the case of filing with the French tax authorities on a voluntary basis.

Certain general tax considerations—payments by a Guarantor

If a Guarantor makes any payment in respect of the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Certain U.S. federal income tax considerations

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”); (II) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (III) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of Notes by a U.S. holder (as defined below). This summary deals only with Notes that are held as capital assets (generally, property held for investment) by a U.S. holder who acquires the Notes upon original issuance at their issue price. This summary assumes that the issue price of the Notes will be the price set forth on the cover page of this Offering Memorandum.

For purposes of this discussion, a “U.S. holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury Regulations (the “Treasury Regulations”) to be treated as a U.S. person.

This summary is based upon provisions of the Code, the Treasury Regulations, judicial authority, published administrative positions of the U.S. Internal Revenue Service (the “IRS”) and other applicable authorities, all as in effect on the date of this Offering Memorandum. Changes in such rules, or new interpretations thereof, may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. We have not sought, and will not seek, any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS or a court will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary is general in nature and does not purport to address all aspects of U.S. federal income taxation or all tax considerations that may be relevant to a U.S. holder in light of its particular circumstances. In addition, it does not address the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, banks, financial institutions, individual retirement and other tax-deferred accounts, regulated investment companies, real estate investment trusts, S corporations, investors in partnerships or other pass-through entities for U.S. federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the Notes as part of a hedging, integrated, constructive sale or conversion transaction, or a straddle;
- tax consequences to a U.S. holder whose "functional currency" is not the U.S. dollar;
- tax consequences to U.S. expatriates or entities covered by the U.S. anti-inversion rules;
- tax consequences to persons who are not U.S. holders;
- tax consequences to persons who are resident or have a taxable presence in France or any other jurisdiction other than the United States;
- tax consequences to persons holding the Notes through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States;
- alternative minimum tax consequences, if any;
- any U.S. federal tax consequences other than income tax consequences; or
- any state, local or non-U.S. tax consequences.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partner and the partnership. If you are a partnership holding Notes, or a partner in such a partnership, you should consult your own tax advisor.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. If you are considering the purchase of Notes, you should consult your own tax advisor concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under any other tax laws, under the laws of any other taxing jurisdiction or due to changes in tax law.

Additional payments

We may be required to pay additional amounts if certain taxes are withheld or deducted from payments on the Notes (as described under "*Description of the Senior Secured Notes—Withholding taxes*") or make additional payments in redemption of the Notes in addition to their stated principal amount and accrued interest (as described under "*Description of the Senior Secured Notes—Change of Control*" and "*Description of the Senior Secured Notes—Optional redemption*"). Although the issue is not free from doubt, we intend to take the position that the possibility of paying such additional amounts, or making additional payments in redemption of the Notes, does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. If we become obligated to pay additional amounts, then we intend to take the position that such amounts will be treated as ordinary interest income and taxed as described under "*—Payments of* *stated interest*" below. If we become obligated to make additional payments in redemption of the Notes, then we intend to take the position that such payments will be treated as additional proceeds and taxed as described under "*—Sale, exchange or retirement of Notes*." These positions will be based in part on our determination that, as of the date of the issuance of the Notes, the possibility that additional amounts will have to be paid, or additional payments in redemption of the Notes will have to be made, was a remote or incidental contingency within the meaning of the applicable Treasury Regulations.

Our determination that these contingencies are remote or incidental is binding on a U.S. holder, unless the U.S. holder explicitly discloses to the IRS on its tax return for the year during which such U.S. holder acquires the Notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. holder may be required to accrue interest income on its Notes based upon a comparable yield, regardless of its method of accounting. The "comparable yield" is the yield at which we would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions otherwise similar to those of the Notes. In addition, any gain on the sale, exchange, redemption or other taxable disposition of the Notes would generally be recharacterized as ordinary income. Each U.S. holder should consult its own tax advisor regarding the tax consequences of the Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Payments of stated interest

Stated interest on a Note (including any payments of additional amounts paid in respect of withholding taxes and without reduction for any amounts so withheld) will be included in your gross income as ordinary income at the time that such interest is accrued or received, in accordance with your method of accounting for U.S. federal income tax purposes.

If you use the cash-basis method of accounting for U.S. federal income tax purposes, you will be required to include in income the U.S. dollar value of the amount received, determined by translating the euro received at the "spot rate" on the date such payment is received regardless of whether the payment is in fact converted into U.S. dollars. Under applicable Treasury Regulations, the "spot rate" generally means a rate that reflects a fair market rate of exchange available to the public for currency under a spot contract involving representative amounts. A cash-basis U.S. holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such stated interest, but may recognize exchange gain or loss attributable to the actual disposition of the euro so received.

If you use the accrual method of accounting for U.S. federal income tax purposes or are otherwise required to accrue interest prior to receipt, you may determine the amount of income recognized with respect to such stated interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the stated interest that has accrued during such year, determined by translating such interest at the average spot rate for the period or periods during which such interest accrued (or, with respect to an accrual period that straddles two taxable years, at the average rate of exchange for the partial period within each taxable year). Under the second method, you may elect to translate stated interest income at the applicable spot rate on (i) the last day of the accrual period, (ii) the last day of the taxable year if the accrual period straddles your taxable year or (iii) the date on which the stated interest payment is received if such date is within five business days of the end of the accrual period. This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisor as to the availability and advisability of making such election.

Upon receipt of a stated interest payment on a Note (including upon the sale or exchange of a Note, the proceeds of which include amounts attributable to accrued interest previously included in income), a U.S. holder who uses the accrual method of accounting for tax purposes or is otherwise required to accrue interest prior to receipt generally will recognize U.S. source ordinary income or loss in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the euro at the "spot rate" on the date such payment is received) and the U.S. dollar value of the stated interest income previously included in income with respect to such payment, regardless of whether the payment is in fact converted into U.S. dollars. Such amount will not be treated as interest income or expense.

You may be entitled to deduct or credit foreign taxes, if any, imposed on stated interest (including any additional amounts), subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your other applicable foreign taxes for a particular tax year). Stated interest income (including any additional amounts) on a Note generally will be considered foreign source income and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income. You generally will be denied a foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex and this paragraph discusses those rules only at a high level of generality. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale, exchange or retirement of Notes

If you sell or exchange a Note, or if a Note that you hold is retired, you generally will recognize gain or loss equal to the difference between the amount you realize on the taxable disposition (less any amount attributable to accrued but unpaid interest that you have not previously included in income, which amount will be subject to tax in the manner described under "*—Payments of stated interest*") and your adjusted tax basis in the Note. Your adjusted tax basis in a Note generally will equal the U.S. dollar value of your purchase price for the Note on the date of such purchase decreased by the U.S. dollar value of the aggregate amount of any payments (other than stated interest) on such Note previously made to you. If you sell or exchange a Note for euro, or receive euro on the retirement of a Note, the amount you will realize for U.S. federal income tax purposes generally will be the U.S. dollar value of the euro that you receive based on the spot rate on the date of such sale, exchange or retirement. However, if the Note is traded on an established securities market, a cash-basis U.S. holder (or, if that person so elects, an accrual-basis U.S. holder) will determine the U.S. dollar value of euro received by translating such amount at the spot rate on the settlement date of the sale, exchange or retirement. Any such election made by an accrual-basis U.S. holder must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to foreign currency exchange gain or loss, any gain or loss that you recognize on the sale, exchange or retirement of a Note generally will be U.S.-source capital gain or loss, and generally will be long-term capital gain or loss if you have held the Note for more than one year on the date of disposition. Long-term capital gains of non-corporate U.S. holders (including individuals) generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Despite the foregoing, gain or loss that you recognize on the sale, exchange or retirement of a Note generally will be treated as U.S.-source ordinary income or loss to the extent that the gain or loss is foreign currency exchange gain or loss with respect to the principal of a Note. For these purposes, the amount of foreign currency exchange gain or loss recognized generally will be equal to the difference between (i) the U.S. dollar value of the euro purchase price of the Note calculated as of the date of such sale, exchange or retirement (or on the settlement date, if the Notes are traded on an established securities market and the holder is either a cash-basis U.S. holder or an electing accrual-basis U.S. holder) and (ii) the U.S. dollar value of the euro purchase of the Note calculated as of the date you purchased such Note. The amount of foreign currency exchange gain or loss with respect to principal and accrued interest that is recognized upon such sale, exchange or retirement will be limited to the amount of overall gain or loss realized on your disposition of the Note.

Exchange of foreign currencies

Euro received as interest on a Note will have a basis equal to the U.S. dollar value thereof based on the spot rate in effect on the date of receipt. Upon the sale, exchange or retirement of a Note, if the Notes are traded on an established securities market, a cash-basis U.S. holder (or, upon election, an accrual-basis U.S. holder) will have a basis in the euro received equal to the U.S. dollar value thereof at the spot rate in effect on the settlement date of such sale, exchange or retirement. In all other cases (i) the U.S. holder will realize exchange gain or loss to the extent that the U.S. dollar value of the euro received (based on the spot rate in effect on the date of receipt) differs from the U.S. dollar value of the euro on the date of the sale, exchange or retirement of the Note and (ii) the U.S. holder's basis in the euro received will equal the U.S. dollar value of the euro, based on the spot rate in effect on the date of receipt. Any gain or loss recognized by a U.S. holder on a sale, exchange or other disposition of such euro will be ordinary income or loss and generally will be U.S. source income or loss for U.S. foreign tax credit purposes.

Reportable transactions

You may be required to report a sale or other disposition of your Notes (or if you are an accrual-basis U.S. holder, a payment of accrued interest) on IRS Form 8886 (Reportable Transaction Disclosure Statement) if you recognize foreign currency exchange loss that equals or exceeds certain threshold amounts. You are urged to consult your own tax advisor to determine the reporting obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886.

Foreign financial asset reporting

Certain U.S. holders are required to report information on the holding of certain foreign financial assets, including the debt of foreign entities, if the aggregate value of all these assets exceeds certain threshold amounts. The Notes are expected to constitute foreign financial assets subject to these requirements, unless the Notes are held in an account at certain financial institutions. U.S. holders should consult their tax advisors regarding the application of this reporting obligation.

Medicare contribution tax

Certain U.S. holders who are individuals, estates or trusts will be required to pay up to an additional 3.8% tax on certain investment income, such as interest and capital gains. You are urged to consult your own tax advisor regarding the effect, if any, of such additional tax on your ownership and disposition of the Notes.

Backup withholding and information reporting

Payments in respect of the Notes that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless you (i) properly establish that you are a corporation or other exempt recipient or (ii) in the case of backup withholding, provide an accurate taxpayer identification number and certify that no loss of exemption from backup withholding has occurred or otherwise establish an exemption.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability. You may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

Limitations on validity and enforceability of the Guarantees and the security interests

Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in some of the jurisdictions in which the Guarantees are or the Collateral is being provided or where a security provider is organized. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests in the Collateral. Also set forth below is a brief description of certain aspects of insolvency law in France, Germany and Luxembourg.

European Union

The Guarantors in France and Germany are incorporated under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 of May 29, 2000, on insolvency proceedings, as amended EU Insolvency Regulation, which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its "center of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its "center of main interests" in the Member State in which it has its registered office, in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the "center of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." The courts have taken into consideration a number of factors in determining the "center of main interests" of a company, including, in particular, where board meetings are held, the location at which the company conducts the majority of its business or has its head office, and the location at which the majority of the company's creditors are established. A company's "center of main interests" may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

The EU Insolvency Regulation applies to insolvency proceedings that are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the "center of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open territorial insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean a place of operations at which the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its center of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "winding-up proceedings" listed in Annex B of the EU Insolvency Regulation. Where main proceedings in the Member State in which the company has its "center of main interests" have not yet been opened, territorial insolvency proceedings can be opened in another Member State in which the company has an establishment only where either (i) insolvency proceedings cannot be opened in the Member State in which the company's "center of main interests" is situated under that Member State's law or (ii) the territorial insolvency proceedings are opened at the request of a creditor that is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening the main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The liquidator appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's "center of main interests" is there) may exercise the powers conferred on him or her by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

France

The following is a brief description of certain aspects of the prevention of corporate difficulties and insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes. References to the holders of the Notes below include the holders of the Notes acting through, or in place of, the Issuer with respect to the Collateral.

French laws and proceedings affecting creditors include debt rescheduling pursuant to Articles 1244-1 *et seq*. of the French Civil Code (*Code civil*), ad hoc agency proceedings (*mandats ad hoc*), conciliation proceedings (*procédure de conciliation*), safeguard proceedings (*procédure de sauvegarde*), accelerated financial safeguard proceedings (*sauvegarde financière accélérée*) and judicial reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*). In general, French insolvency legislation favors the continuation of a business and the protection of employment over the payment of creditors.

Under the EU Insolvency Regulation, if a debtor is located in the European Union (other than Denmark), French courts shall have jurisdiction over the main insolvency proceedings if the center of the debtor's main interests is situated in France. In the case of a company or legal person, the place of the registered office shall be presumed to be the "center of its main interests" in the absence of proof to the contrary. In determining whether the "center of main interests" of a company is in France, French courts will take into account a broad range of factual elements.

Grace periods

In addition to the pre-insolvency and insolvency laws discussed below, the holders of the Notes could, like any other creditors, be subject to Articles 1244-1 *et seq*. of the French Civil Code (*Code civil*).

Pursuant to Articles 1244-1 *et seq*. of the French Civil Code, French courts may, in any civil proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule the payment dates of payment obligations over a maximum period of two years and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate set by the French Central Bank (*Banque de France*), which is currently 0.04% per annum) or that payments made shall first be allocated to the repayment of principal. If a court order under Articles 1244-1 *et seq*. of the French Civil Code is made, it will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by the court. A creditor cannot contract out of such grace periods. When the debtor benefits from a conciliation proceeding, these statutory provisions shall be read in combination with Article L. 611-7 of the French Commercial Code (see "—*Conciliation proceedings*").

Insolvency test

Under French law, a company is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its debts as they fall due with its available assets taking into account available credit lines, existing debt rescheduling agreements and moratoria.

Mandat ad hoc proceedings

A French company facing difficulties may request the opening of *mandat ad hoc* proceedings, the aim of which is to reach an agreement with the debtor's main creditors and stakeholders.

French law does not provide for any specific rule in respect of *mandat ad hoc* proceedings, except that these proceedings (i) are confidential by law and (ii) may only be initiated by the debtor company itself, in its sole discretion. *Mandat ad hoc* proceedings are not limited in time and are informal proceedings carried out under the supervision of the president of the relevant court (usually the Commercial Court), which do not involve any stay of the proceedings.

A company that is facing any type of difficulties (but which is not insolvent; see "—*Insolvency test*") may request from the court the appointment of a *mandataire ad hoc*, whose name it can suggest. The *mandataire ad hoc*'s duties are determined by the court. Such *mandataire ad hoc* is usually appointed in order to facilitate negotiations with creditors but he or she cannot coerce the creditors into accepting any proposal. The agreement reached by the parties (if any) with the help of such *mandataire ad hoc* can be reported by the latter to the president of the court but is not approved by the court. The restructuring agreement between the company and its main creditors will be negotiated on a purely consensual and voluntary basis; those creditors not willing to take part cannot be bound by the arrangement. Creditors are not barred from taking legal action against the company to recover their claims but, in practice, they usually accept not to do so.

In any event, the debtor retains the right to petition the relevant judge for a grace period, as set forth above.

Conciliation proceedings

A French company facing difficulties may request the opening of conciliation proceedings (*procédure de conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders.

Points that conciliation proceedings have in common with *mandat ad hoc* proceedings are (i) confidentiality by law and (ii) they may only be initiated by the debtor company itself, in its sole discretion. Main differences include (i) the conditions to open conciliation proceedings, (ii) the limitation in time of conciliation proceedings, (iii) the right to petition the president of the Commercial Court for a grace period and (iv) the ability to acknowledge or approve the restructuring agreement.

A company may, in its sole discretion, apply for the opening of conciliation proceedings with respect to itself, provided it (i) is not insolvent (see "—*Insolvency test*"), or has been insolvent for fewer than 45 days and (ii) experiences current or predictable legal, economic or financial difficulties. The debtor petitions the president of the Commercial Court for the appointment of a conciliator (whose name he or she can suggest) in charge of assisting the debtor in negotiating with some or all of its creditors and/or trade partners an agreement that provides for the restructuring of its indebtedness. Conciliation proceedings are confidential and may last up to five months. During the proceedings, creditors may continue to sue individually for payment of their claims but they usually in practice accept not to do so. In addition, the debtor retains the right to petition the president of the Commercial Court for a grace period.

This agreement may be either acknowledged (*constaté*) by the president of the court or approved (*homologué*) by the court. It will become binding upon them and the creditors party thereto may not take action against the company in respect of claims governed by the agreement.

The acknowledgement of the agreement by the president of the court upon all parties' request, gives the agreement the legal force of a final judgment, which means that it constitutes a judicial title that can be enforced by the parties without further recourse to a judge (*titre exécutoire*), but the conciliation proceedings remain confidential.

The conciliation agreement can also be approved by the court upon the debtor's request. It will have the following specific consequences:

- creditors who provided new money, goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will have priority of payment over all pre-proceeding and post-proceeding claims (other than certain post-proceeding employment claims and procedural costs) (the "New Money Lien"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings; and

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* and therefore the commencement date of the suspect period cannot be set by the court as of a date earlier than the date of the approval of the agreement by the court.

A third party having granted a guarantee (*sûreté personnelle*) or a security interest (*sûreté réelle*) can benefit from the provisions of the approved or acknowledged agreement.

In the event of a breach of the agreement, any party to the agreement can petition the court for its termination. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims and security interests, except amounts already paid to them.

Conciliation proceedings, in the context of which a draft plan has been negotiated and is supported by a large majority of creditors without reaching unanimity, will be a mandatory preliminary step of the accelerated financial safeguard proceedings, as described below.

Safeguard proceedings

A company may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided it (i) is not insolvent (see "—*Insolvency test*") and (ii) experiences difficulties that it is not able to overcome. Creditors of the company do not attend the hearing before the court at which the opening of safeguard proceedings is requested. Following the opening of safeguard proceedings, a court-appointed administrator is usually appointed to investigate the business of the company during an initial observation period, which may last up to 18 months, and helps the company elaborate a draft safeguard plan (*projet de plan de sauvegarde*). Creditors do not have effective control over the proceedings, which remain in the hands of the debtor. The court-appointed administrator (*administrateur judiciaire*) will, pursuant to the terms of the opening judgment, exercise a control *a posteriori* over the decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d 'assistance*).

During the safeguard proceedings, payment by the debtor of any debts incurred prior to the opening of the proceedings is prohibited, subject to very limited exceptions. For example, the bankruptcy judge can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the business or recover goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*). In addition, creditors are required to declare to the court-appointed creditors' representative (*mandataire judiciaire*) the debts that arose prior to the opening of the procedure (as well as the post-opening non-privileged debts) and are prohibited from engaging any individual lawsuits against the debtor for any payment default in relation to such debts (see "—*Status of creditors during safeguard proceedings, accelerated financial safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings*") and the accrual of interest on loans with a term of less than one year, or payments deferred for less than one year, is stopped. Debts arising after the commencement of the safeguard proceedings and which relate to expenses necessary for the business's activities during the observation period or are for the requirements of the proceedings, or are in consideration for a service rendered to the debtor during this period, must be paid as and when they fall due and, if such is not the case, they will be given priority over debts incurred prior to the commencement of the safeguard proceedings (with certain limited exceptions, such as the New Money Lien).

The manners in which the liabilities will be settled, as provided for in the plan (debt remissions and payment times) must be submitted to the creditors during a consultation, prior to the plan being approved by the court. The rules governing consultation vary according to the size of the business.

"*Ordinary" consultation*: For debtors whose accounts are not certified by a statutory auditor or prepared by a chartered accountant, and who do not have more than 150 employees or €20 million of revenue, the administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who, individually or collectively, obtains the agreement of each creditor who stated a claim, regarding the debt remissions and payment times proposed.

The French Commercial Code does not state whether the proposals for settlement can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at the consultation stage. According to legal commentaries and established practice, in the absence of a specific legislative prohibition, varying treatment of creditors is possible, provided that it is justified by the specific position of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible to make alternative proposals at the consultation stage (which generally breaks down into a short-term option, with debt remissions and rapid payment of the balance, and a long-term option, with 100% repayment of the debts over ten years; the courts tend to impose a long-term solution).

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not consulted.

In the event of a consultation in writing, if a creditor does not respond within 30 days from receipt of the letter from the creditors' representative, such creditor is deemed to have accepted the proposal. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the administrator and the monitors.

Within the framework of an ordinary consultation, if the creditors refuse the proposals that were submitted to them, the court that approves the turnaround plan can only obligate them to accept deferral of the payment of their receivables over a maximum period of ten years. All forgiveness of debt is contingent on individual acceptance.

Committee-based consultation: For debtors who exceed the aforementioned thresholds, or for debtors who do not but with the authorization of the supervisory judge, the court-appointed administrator sets up two creditors' committees, on the basis of the debts that arose prior to the initial judgment: one for credit institutions (or assimilated institutions and entities having granted credit or advances in favor of the debtor) and their successive assignees having a claim against the debtor, and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers. These committees will be consulted on the safeguard plan drafted by the debtor's management during the observation period. In addition, any member of a committee may submit proposals for drawing up a safeguard plan to the debtor and the court-appointed administrator.

The committees must announce whether they approve or reject the safeguard plan within a minimum of 15 days of its submission. The plan must be approved by a majority vote of each committee, provided that the majority is two-thirds of the outstanding claims of the creditors expressing a vote. The amounts of the claims secured by a trust (*fiducie*) constituted as a guarantee granted by the debtor are not taken into account. In addition, creditors for whom the plan does not provide any modification of their repayment schedule or provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted do not take part in the vote.

If there are any holders of the Notes, they are required to vote on the plan during a general meeting of all holders of the Notes (even if they relate to different issues and regardless of the law applicable to each issue) held for that purpose and approve the plan at the same two-thirds majority vote. Approval of the plan at the two-thirds majority shall, if the plan is approved by the court, bind all the members of the committees and the holders of the Notes (including those who voted against the adoption of the plan). The plan submitted to the committees and the holders of the Notes, if any, must take into account subordination agreements entered into by the creditors before the commencement of the proceedings, may treat creditors differently if it is justified by their differences in situation and may notably include rescheduling or cancelling debts, and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If, within the first six months of the observation period, the creditors' committees and the meeting of the holders of the Notes approve the plan, and subject to verification by the court that the interests of all creditors are sufficiently safeguarded and to a rescheduling of the claims of creditors who are not members of the committees or holders of the Notes (as discussed hereinafter), the court will approve the plan. With respect to creditors who are not members of the committees, proposals are made to each creditor collectively or individually.

For those creditors (outside the creditors' committee or the meeting of the holders of the Notes) who have not reached a negotiated agreement, the court can impose a uniform rescheduling of the repayment of their debts over a maximum period of ten years, except for debts with maturity dates of more than ten years, in which case the maturity date shall remain the same. The court cannot obligate such creditors to waive any part of their claims or accept debt-for-equity swaps. The first payment must be made within one year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual installment must be of at least 5% of the total amount of the debt claims).

In the event that the debtor company's proposed plan is not approved by both committees and the general meeting of holders of the Notes within the first six months of the observation period, either because they do not vote on the plan or because they reject it, the court can still adopt a safeguard plan in the time remaining until the end of the observation period. In such a case the rules are the same as those applicable to creditors who are not part of the committees and who are not holders of the Notes and, in particular, the court can only impose a uniform rescheduling of the repayment of the debts over a maximum period of ten years (as described above).

Creditors for whom the plan does not provide any modification of their repayment schedules or provides for a complete reimbursement in cash of their claims as soon as the plan is adopted or as soon as their claims are admitted do not need to be consulted on the plan.

Specific case—creditors that are public institutions: Public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt remissions under conditions that are similar to those that would be granted by a private economic operator placed in the same position, under normal market conditions. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors are consulted under specific conditions, within the framework of a commission before which the heads of finance departments of the organizations and institutions concerned are represented. The tax administrators may grant relief from all direct taxes. With regard to indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

In the event that safeguard (or judicial reorganization) proceedings are opened against the Issuer, the holders of the Notes will be treated as holders of the Notes of the Issuers and will take part in the general meeting of holders of the Notes and the committees of the holders of the Notes, if any. Therefore, the holders of the Notes would not be a member of the credit institutions' committee but would vote on any draft plan proposed by the Issuer as members of the general meeting of holders of the Notes.

A draft plan (the approval of which would require a two-thirds majority vote of each committee and the general meeting of the holders of the Notes) prepared by the Issuer's management and proposed by the Issuer to its creditors could include, among other things, debt rescheduling or the cancellation of debts, and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholders' consent). Holders of the Notes could, as members of the general meeting of holders of the Notes, veto such plan if they reach a blocking minority (i.e., their claims represent more than one-third of the claims of those creditors casting a vote in the meeting). Conversely, if a two-thirds majority is reached in each committee or meeting and the plan is subsequently approved by the relevant court, the plan will bind all the creditors of the Issuer (including holders of the Notes and notably holders of the Notes, and the members of the creditor's committees who voted against the adoption of the plan during the vote taken by the applicable general meeting of holders of the Notes or committee).

As a general matter, only the legal owner of the bank debt claim will be invited onto the credit institutions' committee. Accordingly, a person holding only an economic interest therein will not itself be a member of the credit institutions' committee.

Accelerated financial safeguard proceedings

Envisaged as a means of facilitating "pre-pack" bankruptcies in France, born from the "pre-pack" restructuring practice, accelerated financial safeguard proceedings ("AFS") permit a debtor having prepared in conciliation proceedings a draft safeguard plan ensuring the continuation of his or her business as a going concern supported by enough of its financial creditors (i.e., members of the credit institutions' committee and holders of the Notes) to render likely its adoption (by the two-thirds majority applicable in safeguard proceedings) by the credit institutions' committee and the meeting of the holders of the Notes, if any, within a maximum of two months of the commencement of the proceedings.

Only financial creditors (e.g., creditor members of the credit institutions' committee and holders of the Notes) are implicated in such a restructuring plan and consulted on the draft safeguard plan, and therefore an AFS filing does not affect or entail the suspension of payments to creditors other than financial creditors (e.g., suppliers of goods and services which continue to be paid according to their applicable contract terms and are not subject to the moratorium on enforcement action during the observation period). As to financial creditors, the debtor will be prohibited from paying any amounts in connection with the finance documents that fall due during the observation period. Should interest fall due during the observation period, they may be paid only after the judgment of the Commercial Court sanctioning the safeguard plan.

As with traditional safeguard proceedings, the plan adopted in the context of an AFS may notably provide for rescheduling, debt cancellation and conversion of debt into equity capital in the debtor company (debt-for-equity swaps requiring the relevant shareholders' consent).

In order to file for an AFS, the debtor company must (i) be engaged in a conciliation procedure; (ii) justify the preparation of a draft safeguard plan ensuring the continuation of the business as a going concern supported by enough of its financial creditors to render likely its adoption by the credit institutions' committee and the meeting of the holders of the Notes in order to be adopted by the majority of two-thirds of the amount of claims held by the committee of credit institutions' members and by the general meeting of bondholder members having expressed their vote (in practice, an agreement on the draft safeguard plan is previously signed by lenders in order to prove their support); (iii) not be insolvent (see "—*Insolvency test*"); (iv) face financial difficulties that it finds itself unable to overcome; and (v) have (a) either more than 150 employees or a turnover greater than €20 million or (b) a total balance sheet exceeding (aa) €25 million or (bb) €10 million if it controls another company that has more than 150 employees, the turnover of which for the previous financial year is greater than €20 million or the total balance sheet of which exceeds €25 million. Therefore, based on currently applicable regulations, the Issuer is currently eligible for AFS proceedings.

Prior to the opening of an AFS, a restructuring agreement must be signed by (i) senior lenders whose total participations represent at least two-thirds of the advances made available under the senior facilities agreement, (ii) mezzanine bondholders whose total outstanding bonds represent at least two-thirds of the total outstanding mezzanine bonds under the mezzanine subscription agreement and (iii) shareholders whose total outstanding bonds represent at least two-thirds of the total outstanding shareholders' bonds.

Creditors, other than financial creditors (such as public creditors, the tax or social security administration and suppliers) are not directly impacted by the AFS. Their debts will continue to be due and payable according to their contractual or legal terms.

Since the AFS is by nature an accelerated procedure, very tight deadlines are imposed. The Commercial Court must approve any restructuring plan within one month of the date on which the procedure has begun, although this deadline may be extended by up to a maximum of one additional month. If a plan is not adopted by the creditors and approved by the court within such deadlines, the court is obligated to terminate the procedure.

Judicial reorganization or liquidation proceedings

Judicial reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*) may be initiated against or by a company only if it is insolvent (see "—*Insolvency test*") and, for the liquidation proceedings only, if the company's recovery is manifestly impossible. Note that a recent decision from the French Constitutional Court (n°2012-286 QPC) dated December 7, 2012 held anti-constitutional the commencement of judicial reorganization proceedings by the court upon its own initiative (the same reasoning is likely to apply to judicial liquidation proceedings). The company is required to petition for insolvency proceedings (or for conciliation proceedings) within 45 days of becoming insolvent. If it does not, de jure managers (including directors) and, as the case may be, de facto managers are exposed to incurring civil liability.

The date of insolvency (*cessation des paiements*) is deemed to be the date of the court order commencing proceedings, unless the court sets an earlier date, which may be up to 18 months before the date of the court order. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings. The date of insolvency is important because it marks the beginning of the suspect period. Certain transactions undertaken during the suspect period may be void or voidable.

Under the judicial reorganization the administrator appointed by the court will assist the debtor in making some or all the management decisions (*mission d 'assistance*) and may also be empowered by the court to take over the management and control the company (*mission d'administration*). The opening of liquidation proceedings entails the relief of the debtor of the management.

The court order commencing the proceedings may order either the liquidation or the reorganization of the company. In the event of reorganization, an administrator is usually appointed by the court (*administrateur judiciaire*) to investigate the business of the company during an initial observation period, which may last up to 18 months, and makes proposals either for the reorganization of the company (by helping the debtor to elaborate a reorganization plan, which is similar to a safeguard plan), or the sale of the business or the liquidation of the company. However, it is possible that, further to the aforementioned decision from the French Constitutional Court, the constitutionality of the conversion of a safeguard or judicial reorganization procedure into judicial reorganization or liquidation proceedings, when it is decided upon the court's own initiative, can be challenged. Committees of creditors and meetings of the holders of the Notes may be created under the same conditions as in safeguard proceedings. At any time during this observation period, the court can order the liquidation of the company. At the end of the observation period, the outcome of the proceedings is decided by the court.

Void and voidable transactions

"Void transactions" include transactions or payments entered into during the suspect period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration, contracts under which the reciprocal obligations of the company significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner that is not commonly used in the ordinary course of business, any escrow ordered by a judicial decision if such decision is not final when reorganization or liquidation proceedings are commenced, security granted for debts previously incurred, any provisional measures (unless the writ of attachment or seizure predates the date of insolvency), operations relating to stock options, fiduciary transfers (unless the transfer is made as security for indebtedness entered into simultaneously) and modifications to existing fiduciary transfers securing previous debts.

"Voidable transactions" include payments for due debts made from the date of insolvency, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the suspect period if the party dealing with the debtor company knew that it was insolvent (see "—*Insolvency test*"). Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the suspect period.

Creditors' liability

Pursuant to Article L. 650-1 of the French Commercial Code as interpreted by case law, where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may be held liable for losses suffered as a result of facilities granted to the debtor only if the granting of such facilities was wrongful and, in the case of fraud, interference with the management of the debtor or if the security or guarantees taken to support the facilities are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable in such circumstances can be cancelled or reduced by the court.

If a creditor has repeatedly interfered in the company's management, it can be deemed to be a de facto manager of such company (*dirigeant de fait*). In such a case, Article L. 651-2 of the French Commercial Code provides that, if judicial liquidation proceedings (*liquidation judiciaire*) have been commenced against the debtor, the creditor may be liable for bearing the excess of liabilities over the company's assets, along with the other managers (whether de jure or de facto), as the case may be, if it is established that their mismanagement contributed to the company's shortfall of assets. If such conditions are met, French courts will decide whether the managers should bear all or part of the shortfall amount.

Status of creditors during safeguard proceedings, accelerated financial safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings

As a general rule, creditors domiciled in France whose claims arose prior to the commencement of the proceedings must file a claim with the court-appointed creditors' representative (*mandataire judiciaire*) within two months of the publication of the court order in the *Bulletin Officiel des Annonces Civiles et Commerciales* (in an exception, the deadline begins upon the receipt of an individual notification for those creditors whose claims arose out of a published contract or who benefit from a published security interest); this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are barred, except with respect to very limited exceptions, from receiving distributions made in accordance with the proceedings. Employees are not subject to such limits and are preferential creditors under French law.

From the date of the court order commencing the insolvency proceedings (safeguard, accelerated financial safeguard, judicial reorganization or liquidation proceedings), the company is prohibited from paying (i) debts outstanding prior to that date, subject to specified exceptions, which essentially concern the set-off of interrelated debts and payments made to recover assets for which recovery is justified by the continued operation of the business, provided that such payments are authorized by the bankruptcy judge and (ii) debts arising after the opening of the proceedings if such debts are not useful to the proceedings (post-opening, non-privileged debts). During this period, creditors may not pursue any legal action against the company with respect to any claim arising prior to the court order commencing the proceedings or, as the case may be, for the aforementioned post-opening, non-privileged debts if the objective of such legal action is:

- to obtain an order for or a payment of a sum of money by the company to the creditor (however, the creditor may require that the court fix the amount due); or
- to terminate a contract for the nonpayment of pre-petition amounts owed by the company or to enforce the creditor's rights against any assets of the company, except where such asset, whether tangible or intangible, movable or immovable, is located in another Member State, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency procedure, in accordance with the terms of Article 5 of the EU Insolvency Regulation.

In accelerated financial safeguard proceedings, however:

- debts owed to creditors other than banks, financial institutions or holders of the Notes should be paid in the ordinary course; and
- the debtor draws a list of the claims of its creditors having participated in the conciliation proceedings, which is certified by its statutory auditors (or in its absence, its accountant). Although such creditors can file proofs of claim pursuant to the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claims as set forth in the list prepared by the debtor (within the two or four months' time limit). Those financial creditors who did not take part in the conciliation proceeding (but who would be party to the financial institutions' committee or the meeting of the holders of the Notes) would have to file their proofs of claim within the aforementioned legal time limits.

Contractual provisions that would accelerate the payment of the company's obligations upon the occurrence of (i) the opening of safeguard or judicial reorganization proceedings, (ii) accelerated financial safeguard or (iii) insolvency (*cessation des paiements*) are not enforceable under French law. The opening of liquidation proceedings, however, automatically accelerates the maturity of all of a company's obligations unless the continued operation of the business (for up to three months, renewable once) with a view to the adoption of a plan for the sale of the business (*plan de cession*) is ordered by the court (three months, renewable once), in which case the acceleration of the obligations will only be triggered on the date of the court decision adopting the plan for the sale of the business or on the date on which the continued operation of the business ends.

The court-appointed administrator may elect to terminate ongoing contracts (*contrats en cours*) which he or she believes the debtor will not be able to continue to perform. On the contrary, he or she may require the continuation of such contracts provided that the company fully performs its post-petition contractual obligations, or may decide not to continue them. The court can also set a time period during which the assets that it deems necessary to the continuation of the business of the debtor may not be sold without its consent.

If the court adopts a plan for the sale of the business in judicial reorganization or liquidation proceedings with a temporary continuation of the business, the proceeds from the sale will be allocated for the payment of creditors according to their ranking.

If the court decides to order the judicial liquidation of the company, the court will appoint a liquidator to sell the assets of the company and settle the relevant debts in accordance with their ranking. However, in practice, if a plan for the sale of the business is under consideration, the court will usually appoint a judicial administrator to manage the company and organize such sale of the business.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, officials appointed by the insolvency court as required by the regulations relating to insolvency proceedings, creditors who, as part of the approved conciliation agreement, have provided new money or goods or services, certain secured creditors in the event of judicial liquidation proceedings, post-petition creditors, the French State, other pre-petition secured creditors and pre-petition unsecured creditors.

Main modifications of French bankruptcy regime

French insolvency law may change as a result of Ordinance No. 2014-326 relating to the reform of the prevention of corporate difficulties and of insolvency proceedings ("Ordinance No. 2014-326"), which is expected to come into force on July 1, 2014. This reform will affect the current regime explained above in relation to *mandat ad hoc* proceedings, conciliation proceedings, safeguard proceedings, accelerated safeguard proceedings, judicial reorganization and liquidation proceedings.

Ordinance No. 2014-326 provides, in particular, for the following modifications:

Amicable proceedings

- The extension of the benefit of the New Money Lien to creditors who agree to provide cash, goods or services to a debtor in the course of conciliation proceedings. Under current law, creditors are only entitled to enjoy the New Money Lien over claims approved under the conciliation agreement;
- in the event of the opening of safeguard proceedings or a judicial reorganization, within the context of the adoption of a safeguard plan or a recovery plan, a court will not be able to impose delays and debt reduction on creditors' claims benefiting from the New Money Lien, it being specified that this new provision shall not prevent these creditors from granting such delays or debt reduction;
- at the request of the debtor and after the participating creditors have expressed their opinion, a conciliator may be appointed in order to organize a partial or total sale of the company which would occur, if applicable, in the context of subsequent safeguard, judicial reorganization or liquidation proceedings;
- if the agreement is acknowledged (*constat*) by the president of the court or in the event of approval (*homologation*) by the court, it can, at the request of the debtor, appoint the conciliator as a court nominee to monitor the implementation of the agreement *(mandataire à l'exécution de l'accord)* during its execution;
- the remuneration of the conciliator and of the court nominee monitoring the implementation of the agreement *(mandataire à l'exécution de l'accord)* is set by the president of the court after the debtor has accepted the terms of the agreement and after a preliminary opinion of the public prosecutor; the order setting the remuneration of the *mandataire ad hoc,* the conciliator or the court-nominated executor is communicated to the public prosecutor, it being specified that the remuneration shall be neither linked to the amount of the debt write-offs obtained, nor subject to a fee for the opening of the file;
- with regard to the grace periods under Articles 1244-1 *et seq*. of the French Civil Code, the judge having opening conciliation proceedings (i) may grant delays under such Articles even when the formal notice asking the debtor to pay was sent before conciliation proceedings commenced (and not only during conciliation proceedings) and (ii) may grant delays under such Articles during the execution period of the conciliation protocol (and not only during conciliation proceedings); and
- two types of contractual provisions shall be deemed null and void: (i) any provision that modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its

obligations simply by reason of the designation of a *mandataire ad hoc,* of the opening of conciliation proceedings or of a request submitted therefor, shall be deemed null and void and (ii) any provision forcing the debtor to bear, simply by reason of the appointment of a *mandataire ad hoc* or of the opening of conciliation proceedings, the fees of the counsel whom the creditor has called upon for assistance in connection with these procedures for the portion exceeding the proportion set forth in a decree of the minister of justice, shall be deemed null and void.

Safeguard proceedings, accelerated safeguard proceedings and accelerated financial safeguard proceedings

- Under Ordinance No. 2014-326 (i) safeguard proceedings are maintained but amended (Articles L. 620-1 *et seq.* of the French Commercial Code) (ii) accelerated safeguard proceedings (*sauvegarde accélérée*) are a new type of proceedings created (Articles L. 628-1 to L. 628-8 of the French Commercial Code) and (iii) accelerated safeguard proceedings are maintained but amended (Articles L. 628-9 and L. 628-10 of the French Commercial Code);
- within the context of safeguard proceedings (also applicable to a judicial reorganization), creditors can submit a draft plan, which will be subject to a report of the administrator, in competition with the debtor's plan; in the absence of a debtors' plan, the administrator determines the date upon which the creditors' committee will vote on the draft plan;
- during safeguard proceedings only (not during a judicial reorganization), the conditions under which the administrator must decide whether to continue the contract have been modified; the provision that provides that when the products or services involve the payment of a sum of money, this payment must be made in cash, unless the administrator obtains extended payment deadlines from the contractual partner of the debtor, has been deleted; however, Ordinance No. 2014-326 placed the administrator under an obligation to verify that by continuing the contract he or she does not risk creating a foreseeable prejudice for the contractual partner;
- within the context of safeguard proceedings (or a judicial reorganization), each creditor member of one of the creditors' committees set up shall inform, if applicable, the administrator of the existence of any agreement that subjects the vote of said creditor to conditions, or of any agreement the purpose of which is the partial or full payment of the claim by a third party, as well as the existence of subordination agreements. The administrator shall submit to this creditor the conditions for the calculation of the votes attached to the claims enabling such creditor to cast a vote. In the event of disagreement, either the creditor or the administrator can refer to the president of the court in summary proceedings (*référé*);
- within the context of safeguard proceedings (or a judicial reorganization), when one of the creditors' committees and, if applicable, the sole general meeting of bondholders, has not rendered an opinion on the plan within the six-month period commencing from the opening of the procedure, or if the court did not approve any plan in accordance with Article L. 626-31, at the request of the administrator, the court may decide to grant to the committees and, if applicable, the sole general meeting of bondholders, a new time period that may not exceed the duration of the observation period;
- when the court mandates the administrator (in accordance with Article L. 626-16 of the French Commercial Code) to convene the general meetings mentioned in Article L. 626-3 of the French Commercial Code, in order to vote on the modifications of the articles of association involved by the plan, the administrator may decide that the general meeting will rule when convened the first time, by the majority of the votes held by the partners or the shareholders attending the meeting or represented at the meeting, provided that said partners or shareholders hold at least half the shares with voting rights. When convened the second time, the common law provisions relating to the quorum and majority requirements shall apply (this provision is also applicable to a judicial reorganization);
- accelerated safeguard proceedings are based on the principles of accelerated financial safeguard proceedings but produce effects, not only on the financial creditors, but also on the creditors mentioned in Article L. 622-24 of the French Commercial Code and with the obligation to declare their claims described by this text (excluding any effect on the employees) and on the contractual partners mentioned in Articles L. 622-13 to L. 622-14 of the French Commercial Code. Proceedings can last only three months: if no solution has been reached within this period, the court must end the proceedings; and

- accelerated financial safeguard proceedings are maintained but amended: when the accounts of the debtor show that the nature of the indebtedness makes it likely the adoption of a plan by the sole creditors mentioned as being members of the credit institutions committees, and where applicable, of the general meeting of the bondholders, the debtor may, if he or she meets the condition of Article L. 628-1, request the opening of the accelerated safeguard proceedings, it being specified that this procedure will only affect these creditors, so that only the credit institutions' committee and, where applicable, the general meeting of the bondholders, are constituted. Proceedings can last one month, and are extendible for one month.

Judicial reorganization and liquidation proceedings

- In a judicial reorganization (but not in safeguard proceedings) if the equity capital has not been reconstituted in accordance with Article L. 626-3 of the French Commercial Code, the administrator is qualified to request the appointment of a court nominee in charge of convening the competent general meeting and to vote on the reconstitution of the equity capital, in accordance with the minimum set in this Article, in place of the dissenting partners or shareholders when the draft plan provides for a modification of the share capital for the benefit of one or several persons who undertake to comply with the plan;
- in judicial reorganization and liquidation proceedings, following the decision of the French Constitutional Court dated December 7, 2012 (n° 2012-286 QPC), the court's automatic referral (*saisine d'office*) is deleted;
- the creation of a new type of "void transactions," including a declaration of non-seizability (*déclaration d'insaisissabilité*) that occurred during the suspect period;
- the simplification and acceleration of judicial liquidation proceedings (*liquidation judiciaire*);and
- the creation of professional recovery proceedings (*procédure de rétablissement profesionnel*).

Procedure and competence

- The decision of transfer whereby a court is designated to rule on *mandat ad hoc* or conciliation proceedings used by the debtor allows prorogation of jurisdiction for the benefit of the same court to rule on safeguard, judicial reorganization or liquidation proceedings that may directly follow;
- the court-appointed judge (*juge-commissaire*) may not sit on the trial formation, under nullity of the judgment, or take part in the debates concerning the procedure over which he has been appointed; and
- when several courts are petitioned in relation to proceedings affecting companies controlled by same company or controlling the same companies within the meaning ascribed to it by Article L. 233-3 of the French Commercial Code, a common administrator and court nominee for the entire procedure may be appointed. They may be in charge of a coordination mission in accordance with the rules set by decree in *Conseil d'Etat*.

Limitations on the Guarantees

The liabilities and obligations of each guarantor incorporated in France (a "French Guarantor") are subject to:

- certain exceptions, including to the extent of any obligations which, if incurred, would constitute prohibited financial assistance within the meaning of Article L. 225-216 of the French Commercial Code or misuse of the corporate assets within the meaning of Articles L. 241-3, L. 242-6 or L. 244-1 of the French Commercial Code; and
- French corporate benefit rules, in particular and without limitation, should a guarantee be granted by a French Guarantor that is a subsidiary of the Issuer, a guarantee limitation amount would apply corresponding to an amount equal to the proceeds from the Offering applied by the Issuer for the direct or indirect benefit of that French Guarantor through any intercompany loans to that French Guarantor or its subsidiaries and outstanding on the date a payment is made under the Guarantee.

Accordingly, any guarantee by a French Guarantor will be limited to the amounts of the proceeds of the Notes (if any) that will be made available by the Issuer to such French Guarantor and/or the subsidiaries of that

French Guarantor (if any), via intercompany loan arrangements or otherwise, in each case to the extent such loans are outstanding to the French Guarantor and/or its subsidiaries at the time when a payment is required under the Guarantee. By virtue of this limitation, a French Guarantor's obligation under the Guarantees could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its Guarantee.

In addition, if a French Guarantor receives, in return for issuing the Guarantee, an economic return that is less than the economic benefit such French Guarantor would obtain in a transaction entered into on an arm's-length basis, the difference between the actual economic benefit and that in a comparable arm's-length transaction could be taxable under certain circumstances.

Under French corporate benefit rules, a court could declare any Guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the French Guarantor did not receive some real and adequate corporate benefit from the transaction involving the grant of the guarantee as a whole. The existence of a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

Limitation on enforcement of security interests

Security interests governed by French law may only secure payment obligations and may only be enforced following a payment default (including following acceleration) and may only secure obligations up to the secured amount that is due and remaining unpaid. Under French law, pledges over assets may generally be enforced at the option of the secured creditors either (i) pursuant to a judicial process (x) by way of a sale of the pledged assets in a public auction (the proceeds of the sale being paid to the secured creditors) or (y) by way of judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) by way of contractual foreclosure (*attribution conventionnelle* or *pacte commissoire*) of the pledged assets to the secured creditors, following which the secured creditors become the legal owner of the pledged assets.

If the secured creditors choose to enforce by way of foreclosure (whether a judicial foreclosure or private foreclosure), the secured liabilities would be deemed extinguished up to the value of the foreclosed assets. Such value is determined either by the judge in the context of a judicial foreclosure or by a contractually pre-agreed expert in the context of a private foreclosure (*pacte commissoire*). In proceedings regarding an *attribution judiciaire* or a *pacte commissoire*, an expert is appointed to value the collateral (in this case, the securities). If the value of the collateral exceeds the amount of secured debt, the secured creditor may be required to pay the pledgor an amount (the *soulte*) equal to the difference between the value of the securities and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditor from a subsequent sale of the Collateral.

If the value of such securities is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such securities, and the remaining amount owed to such creditors will be unsecured.

Should the holders of the security over such collateral decline to request the judicial or contractual foreclosure of the securities, an enforcement of the pledged securities could be undertaken through a public auction in accordance with applicable law. Since such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such public auction might not reflect the value of our business as a going concern.

Parallel debt

Under French law, certain "accessory" security interests such as pledges require that the pledgee and the creditor be the same person. Such security interests cannot be held on behalf of the creditors by third parties who do not hold the secured claim, unless they act as trustees (*fiduciaires*) under Article 2011 of the French Civil Code or as security agents (*agents des sûretés*) under Article 2328-1 of the French Civil Code, which is not the case here for the Security Documents governed by French law. The holders of interests in the Notes from time to time will not be parties to the Security Documents. In order to permit the holders of the Notes to benefit indirectly from a secured claim, the Intercreditor Agreement will provide for the creation of a Parallel Debt.

Pursuant to such Parallel Debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Indenture and the Intercreditor Agreement (see "*Risk Factors—Risks related to our indebtedness and the Notes—The security over the Collateral will not be granted directly to the holders of the Notes*"). The pledges governed by French law will directly secure the Parallel Debt, will not directly secure the obligations under the Notes and may not secure the other indebtedness secured by the Collateral. There is one published decision of the French Supreme Court (*Cour de cassation*) on Parallel Debt mechanisms (*Cass. com.* September 13, 2011 n°10-25533 *Belvédère*) relating to bond documentation governed by New York law. Such decision recognized the enforceability in France of certain rights (especially the filing of claims in safeguard proceedings) of a security agent benefiting from a Parallel Debt. In particular, the French Supreme Court upheld the proof of claim of the legal holders of a Parallel Debt claim, considering that it did not contravene French international public policy (*ordre public international*) rules. The ruling was made on the basis that the French debtor was not exposed to double payment or artificial liability as a result of the Parallel Debt mechanism. Although this court decision is generally viewed by legal practitioners and academics as a recognition by French courts of Parallel Debt structures in such circumstances, there can be no assurance that such a structure will be effective in all cases before French courts. Indeed, it should be noted that the legal issue addressed by it is limited to the proof of claims. The French court was not asked to generally uphold French security interests securing a Parallel Debt. It is also fair to say that case law on this matter is scarce and based on a case-by-case analysis. Such decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a Parallel Debt claim and no assurance can be given that such a structure will be effective in all cases before French courts. There is no certainty that the Parallel Debt construction will eliminate or mitigate the risk of unenforceability under French law. To the extent that the security interests in the Collateral created under the Parallel Debt structure are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interest in the Collateral securing the Parallel Debt.

Trustee

Pledges governed by French law may also be granted to the benefit of the Security Agent as trustee for the holders of the Notes in accordance with the provisions of the Indenture, and may therefore not directly be granted to holders of the Notes. A concept of "trust" has been recognized for tax purposes by Article 792-0 *bis* of the FTC and the French Supreme Court (*Cour de cassation*) has held, in the *Belvédère* decision referred to above in respect of the Parallel Debt concept, that a trustee validly appointed under a trust governed by the laws of the State of New York could validly be regarded as a creditor in safeguard proceedings opened in France. However, while substantial comfort may be derived from the above, France has not ratified the La Haye Convention of July 1, 1985 on the law applicable to trusts and on their recognition, so that the concept of "trust" has not been generally recognized under French law. To the extent that the security interests in the Collateral created under the trust construct are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interest in the Collateral securing the trustee rights.

Fraudulent conveyance

French law contains specific provisions dealing with fraudulent conveyance both in and outside insolvency proceedings, the "*action paulienne*" provisions, which offer creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which such person guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such person's or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside insolvency proceedings of the relevant person by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or recovery plan (*commissaire à l'exécution du plan*), insolvency proceedings of the relevant person or by any of the creditors of the relevant person outside insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings, and may be declared unenforceable against third parties if: (i) the person performed such acts without an obligation to do so; (ii) the creditor concerned or, in the case of the person's insolvency proceedings, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of such person's creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*à titre gratuit*), in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance. If a court found that the issuance of the Notes, the granting of the security interests in the Collateral, or the granting of a guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes, the granting of the security interests in the Collateral or the granting of such guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the security interests in the Collateral or the Guarantees could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

Germany

Certain insolvency law considerations

As a general principle, the claims arising from a guarantee by a guarantor incorporated in Germany (a "German Guarantor") may be enforced against the German Guarantor outside the insolvency proceedings. Any insolvency proceeding over the assets of the Issuer would, however, be a rather strong indication that the overall financial situation of the entire group of affiliated companies has significantly deteriorated, which may cause the German Guarantors to subsequently file for insolvency.

Each of SGD Germany GmbH and SGD Kipfenberg GmbH are organized under the laws of Germany, have their registered offices in Germany and substantially all of their assets are located in Germany. Consequently, any insolvency proceedings with regard to these Guarantors are likely to be initiated in Germany if they were held to have their "center of main interests" within the territory of Germany at the time the application for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, German insolvency law would most likely govern such proceedings. The insolvency laws of Germany and, in particular, the provisions of the (*Insolvenzordnung*) may not be as favorable to your interests as creditors as the insolvency laws of other jurisdictions, including, among other things, in respect of the priority of creditors' claims, the ability to obtain post-petition interest as well as security interests and the duration of the insolvency proceedings, and therefore may limit your ability to recover payments due on the Notes and/or the German Guarantee to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Germany.

Under German insolvency law, there is no group insolvency concept, which generally means that, despite the economic ties between various entities within one group of companies, there will be one separate insolvency proceeding for each of the entities if and to the extent there exists an insolvency reason on the part of the relevant entity. Each of these insolvency proceedings will be legally independent from all other insolvency proceedings (if any) within the group. In particular, there is no consolidation of assets and liabilities of a group of companies in the event of insolvency and no pooling of claims among the respective entities of a group. The German Government (*Bundesregierung*) has released a Draft Bill to Facilitate the Handling of Group Insolvencies (*Entwurf eines Gesetzes zur Erleichterung der Bewältigung von Konzerninsolvenzen*). While the draft bill does not propose to abolish the principle of separate insolvency proceedings in relation to each group entity, it stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies: (i) a single court may be competent for each group entity insolvency proceedings; (ii) the appointment of a single person as insolvency administrator for all group companies is facilitated; (iii) certain coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and (iv) certain parties may apply for "coordination proceedings" (*Koordinationsverfahren*) and the appointment of a "coordination insolvency administrator" (*Koordinationsverwalter*) with the ability to propose a "coordination plan" (*Koordinationsplan*). It is currently unclear if and when, and whether in its current or modified form, this bill might be adopted by the German parliament.

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of the over-indebtedness (*Überschuldung*) of the debtor or in the event that the debtor is unable to pay its debts as and when they fall due (*Zahlungsunfähigkeit*). According to the relevant provision of the German Insolvency Code, a debtor is over-indebted when its liabilities exceed the value of its assets (based on their liquidation values), unless a continuation of the debtor's business as a going concern is predominantly likely (*positive Fortführungsprognose*). As a guideline, the debtor is deemed illiquid if it is unable to pay 10% or more of its due and payable liabilities during the subsequent three weeks, unless it is virtually certain that the company can close the liquidity gap shortly thereafter (*demnächst*) and it can be deemed acceptable to the creditor to continue to wait for the payments owed by such debtor. If a limited liability company (*Gesellschaft mit beschränkter Haftung—GmbH*) (such as SGD Germany GmbH and SGD Kipfenberg GmbH) becomes illiquid and/or over-indebteded, the management of such company and, under certain circumstances, its shareholders, are obligated to file for the opening of insolvency proceedings without undue delay, or at the latest within three weeks after the mandatory insolvency reason, (i.e., illiquidity and/or over-indebtedness) has occurred. Noncompliance with these obligations exposes management to both severe damage claims as well as sanctions under criminal law. In addition, the debtor can file for insolvency proceedings if it is imminently at risk of being unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). However, in that case, only the debtor, and not the creditors, is entitled (and not obligated) to file for the opening of insolvency proceedings.

The insolvency proceedings are administered by the competent insolvency court, which monitors the due performance of the proceedings. Upon receipt of the insolvency petition, the insolvency court may take preliminary measures (*vorläufige Maßnahmen*) to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings. In addition, the court will also appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) unless the debtor has petitioned for debtor-in-possession status (*Eigenverwaltung*)) — an insolvency process in which the debtor's management generally remains in charge of administering the debtor's business affairs under the supervision of a custodian (*Sachwalter*) — and this petition is not obviously futile. Depending on the size of the debtor's business operations, the insolvency court must, or may appoint a preliminary creditors' committee (*vorläufiger Gläubigerausschuss*) to, form a view on the profile of the officeholder to be appointed or to suggest a particular individual be appointed by the court. If the members of the preliminary creditors' committee unanimously agree on an individual, such suggestion is binding on the court (unless the suggested individual is not eligible; i.e., incompetent and/or not disinterested). To ensure that the preliminary creditors' committee reflects the interests of all creditor constituencies, it shall comprise a representative of the secured creditors, one for the large creditors and one for the small creditors as well as one for the employees. The duties of the preliminary insolvency administrator are, in particular, to safeguard and to preserve the debtor's assets (which includes the continuation of the business carried out by the debtor), to verify the existence of an insolvency reason and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. The court orders the opening (*Eröffnungsbeschluss*) of formal insolvency proceedings (*eröffnetes Insolvenzverfahren*) if certain requirements are met, particularly if there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open formal insolvency proceedings if third parties (e.g., creditors) advance the costs themselves. In the absence of such advancement, the petition for the opening of insolvency proceedings will be dismissed for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of formal insolvency proceedings, an insolvency administrator (usually the same person who acted as preliminary insolvency administrator) is appointed by the insolvency court unless debtor-in-possession status (*Eigenverwaltung*) is ordered. In the absence of debtor-in-possession status, the right to administer the debtor's business affairs and to dispose of the assets of the debtor passes to the insolvency administrator with the insolvency creditors (*Insolvenzgläubiger*) only being entitled to change the individual appointed as insolvency administrator upon the occasion of the first creditors' meeting (*erste Gläubigerversammlung*) with such change requiring that (i) a simple majority of votes cast (by head count and amount of insolvency claims) has voted in favor of the proposed individual becoming the insolvency administrator and (ii) the proposed individual is eligible as officeholder (i.e., he or she is sufficiently qualified, business-experienced and impartial).

The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's business. These new liabilities incurred by the insolvency administrator qualify as preferential claims against the estate (*Masseverbindlichkeiten*) which are preferred to any insolvency claim of an unsecured creditor (with the residual claim of a secured insolvency creditor remaining after realization of the available collateral (if any) also qualifying as unsecured insolvency claim).

From the perspective of the holders of the Notes, among others, some important consequences of such opening of formal insolvency proceedings against the German Guarantors that are subject to the German insolvency regime would be the following:

- the right to administer and dispose of the assets of a German Guarantor would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate;
- if the court does not order debtor-in-possession status (*Eigenverwaltung*) with respect to the German Guarantor, disposals effected by the management of the German Guarantor, after the opening of formal insolvency proceedings, are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings or thereafter, a creditor in the insolvency proceedings has acquired through execution (e.g., attachment) a security interest in part of the German Guarantor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings;
- claims against any such German Guarantor may only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*); and
- any person that has a right for separation (*Aussonderung*) (i.e., the relevant asset of this person does not constitute part of the insolvency estate) does not participate in the insolvency proceedings; the claim for separation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All creditors, whether secured or unsecured (unless they have a right to separate an asset from the insolvency estate (*Aussonderungsrecht*)) as opposed to a preferential right (*Absonderungsrecht*), wishing to assert claims against the insolvent debtor need to participate in the insolvency proceedings. German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately, but can instead only enforce them in compliance with the restrictions of the German Insolvency Code. Therefore, secured creditors are generally not entitled to enforce any security interest outside the insolvency proceedings. In the insolvency proceedings, however, secured creditors have certain preferential rights (*Absonderungsrechte*). Depending on the legal nature of the security interest entitlement to enforce such security is either vested with the secured creditor or the insolvency administrator. In this context, it should be noted that the insolvency administrator generally has the sole right to realize any movable assets in his, her or the debtor's possession which are subject to preferential rights (e.g., liens over movable assets (*Mobiliarsicherungsrechte*) or security transfer of title (*Sicherungsübereignung*)) as well as to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). If the enforcement right is vested with the insolvency administrator, the enforcement proceeds, less certain contributory charges for (i) assessing the value of the secured assets (*Feststellungskosten*) and (ii) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds plus VAT (if any), are disbursed to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. With the remaining unencumbered assets of the debtor the insolvency administrator has to satisfy the creditors of the insolvency estate (*Massegläubiger*) first (including the costs of the insolvency proceedings as well as any preferred liabilities incurred by the insolvency estate after the opening of formal insolvency proceedings). Thereafter, all other claims (insolvency claims (*Insolvenzforderungen*)), particularly claims of unsecured creditors, will be satisfied on a pro rata basis if and to the extent there is cash remaining in the insolvent estate (*Insolvenzmasse*) after the security interest and the preferential claims against the estate have been settled and paid in full. Therefore, the proceeds resulting from the realization of the insolvency estate of the debtor may not be sufficient to satisfy unsecured creditors under a guarantee granted by any German Guarantor in full after the secured creditors have been satisfied.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a movable asset that is subject to this right. The insolvency administrator must, however, compensate the creditor for any loss of value resulting from such use.

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law (including, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or the payment of a consideration), while claims of a person who become a creditor of the insolvency estate only after the opening of insolvency proceedings (*Massegläubiger*) generally rank senior to the claims of regular, unsecured creditors. Claims of subordinated creditors in the insolvency proceedings (*nachrangige Insolvenzgläubiger*) are satisfied only after the claims of other unsubordinated creditors (including the unsecured insolvency claims) have been fully satisfied.

The insolvency estate shall serve to satisfy the liquidated claims held by the personal creditors against the debtor on the date the insolvency proceedings were opened. The following claims shall be satisfied ranking below the other claims of insolvency creditors in the order given herein, and in proportion to their amounts if ranking with equal status: (i) interest and penalty payments accrued on the claims of the insolvency creditors from the opening of the insolvency proceedings; (ii) costs incurred by individual insolvency creditors due to their participation in the proceedings; (iii) fines, regulatory fines, coercive fines and administrative fines, as well as such incidental legal consequences of a criminal or administrative offense binding the debtor to pay money; (iv) claims on the debtor's gratuitous performance of a consideration; and (v) claims for the restitution of shareholder loans (*Gesellschafterdarlehen*) or claims resulting from legal transactions corresponding in economic terms to such a loan.

While in ordinary insolvency proceedings the value of the German Guarantor's assets will be realized by a piecemeal sale or, as the case may be, by a bulk sale of the German Guarantor's business as a going concern, a different approach aimed at the rehabilitation of the German Guarantor can be taken based on an insolvency plan (*Insolvenzplan*). Such plan can be submitted by the debtor or the insolvency administrator and requires, among other things and subject to certain exceptions, the consent of the German Guarantor and the consent of each class of creditors in accordance with specific majority rules and the approval of the insolvency court (while a group of dissenting creditors or the debtor can — under certain circumstances — be crammed down). If the debtor is a GmbH, the shares in the debtor can also be included in the insolvency plan, e.g., they can be transferred to third parties, including a transfer to creditors based on a debt-to-equity swap. Moreover, if the debtor has filed a petition for the opening of insolvency proceedings based on an insolvency reason other than illiquidity (i.e., imminent illiquidity or over-indebtedness), combined with a petition to initiate such process based on debtor-in-possession status and can prove that a restructuring of its business is not obviously futile, the court may grant a period of up to three months to utilize an insolvency plan for the debtor business (*Schutzschirm*). During this period, the creditors' rights to enforce security may — upon application of the filing debtor — be suspended. Under these circumstances, the insolvency court must appoint a custodian (*Sachwalter*) to supervise the process. The debtor is entitled to suggest an individual to be appointed as custodian with such suggestion being binding on the insolvency court unless the suggested person is obviously not eligible to become a custodian (i.e., is obviously not competent or impartial).

Under the German Insolvency Code, the insolvency administrator (or in case of debtor-in-possession proceedings, the custodian) may void (*anfechten*) transactions, performances or other acts that are deemed detrimental to insolvency creditors and which were effected prior to the commencement of formal insolvency proceedings during applicable voidable periods. Generally, if transactions, performances or other acts are successfully voided by the insolvency administrator, any amounts or other benefits derived from such challenged transaction, performance or act will have to be returned to the insolvency estate. The administrator's right to void transactions can, depending on the circumstances, extend to transactions having occurred up to ten years prior to the filing for the commencement of insolvency proceedings.

In the event of insolvency proceedings with respect to a German Guarantor based on and governed by the insolvency laws of Germany, the payment of any amounts to the holders of the Notes as well as the granting of collateral for or providing credit support for the benefit of the Notes could be subject to potential challenges (i.e., clawback rights) by an insolvency administrator under the rules of voidness as set forth in the German Insolvency Code. If the validity or enforceability of a German Guarantee and/or collateral is voided successfully, you may not be able to recover any amounts under such German Guarantee and/or Collateral. If payments have already been made under any such German Guarantee and/or Collateral, the insolvency administrator may require that the recipients return the payment to the insolvency estate and you would instead then only have a general unsecured claim without preference in insolvency proceedings.

In particular, an act (*Rechtshandlung*) or a legal transaction (*Rechtsgeschäft*) (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the creditors of the debtor may be voided according to the German Insolvency Code in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time such act was taken and the creditor knew of such illiquidity (or of circumstances that clearly suggest that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that clearly suggest such illiquidity or filing);

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (*Befriedigung*) to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had acknowledge of circumstances that clearly suggest such detrimental effect);

- a legal transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (i) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time or (ii) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew either of the debtor's illiquidity or of such filing at the time of the transaction;

- any act by the debtor without (adequate) consideration (e.g., whereby a debtor grants security for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;

- any act performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intention of prejudicing its insolvency creditors (*vorsätzliche Gläubigerbenachteiligung*) and the other party knew of such intention at the time of such act;

- any non-gratuitous contract concluded between the debtor and an affiliated party that directly operates to the detriment of the creditors can be voided unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as of the time the contract was concluded; in relation to corporate entities, the term "affiliated party" includes, subject to certain limitations, members of the management or supervisory board, general partners and shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons who are spouses, relatives or members of the household of any of the foregoing persons;

- any act that provides security or satisfaction (*Befriedigung*) for a shareholder loan made to the debtor or a similar claim if (i) in the case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of the insolvency proceedings or after the filing of such petition;

- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the satisfaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter, and (ii) a shareholder of the debtor had granted security or was liable as a guarantor or surety (*Garant oder Bürge*) (in which case the shareholder must compensate the debtor for the amounts paid (subject to further conditions)).

In this context, "knowledge" is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if he or she knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to a "affiliated party," there is a general statutory presumption that such party had "knowledge."

The granting of security concurrently with the incurrence of debt may be qualified as a "cash transaction" and may as such be privileged — under certain circumstances — under the German Insolvency Code (*Bargeschäftsprivileg*) by not being subject to voidness rights.

Apart from the examples of an insolvency administrator voiding transactions according to the German Insolvency Code described above, a creditor who has obtained an enforcement order (*Vollstreckungstitel*) could possibly also void any security right or payment performed under the relevant security right according to the German Law of Voidness (*Anfechtungsgesetz*) outside formal insolvency proceedings. The prerequisites vary to a certain extent from the rules described above and the voidable periods are calculated from the date a creditor exercises its rights of voidness in the courts.

A creditor of a German Guarantor who benefits from a transaction that constitutes (or is considered to be) a repayment of the registered share capital of a German Guarantor could, moreover, become personally liable under exceptional circumstances. This could be the case if, for example, the creditor were to act, in collusion with such German Guarantor (*kollusives Zusammenwirken*), with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that, or had reason to enquire further whether such German Guarantor was close to collapse (*Zusammenbruch*).

Although the choice of the laws of the State of New York to govern the Guarantees should be recognized by the competent courts of the Federal Republic of Germany in a dispute before a German court, the German court would generally recognize the choice of the substantive laws of the State of New York only and would apply the laws of the Federal Republic of Germany with respect to procedural or other insolvency matters. Furthermore, a German court may refuse to apply and/or to enforce provisions governed by the laws of the State of New York, as it applies to the Guarantees, if the respective provisions are contrary to German public policy (*ordre public*) or mandatory provisions under German law or the law of another jurisdiction must be applied regardless of the chosen law.

Finally, a German court may not recognize the choice of laws of the State of New York if, or to the extent it is determined that (i) the choice of laws of the State of New York is made with respect to any rights *in rem* (*dingliche Rechte*), (ii) there is no substantial connection between the relevant agreement (such as the Guarantees) and the parties thereto, on the one hand, and the State of New York, on the other hand, or (iii) the choice of laws of the State of New York was made to evade mandatory provisions or public policy (*ordre public*) considerations of the laws of another jurisdiction.

Limitations on the guarantees and collateral

The German Guarantors are incorporated in Germany in the form of limited liability companies (*Gesellschaft mit beschränkter Haftung*) ("GmbH"). The granting of guarantees and collateral by these companies is subject to certain provisions of the GmbHG.

Sections 30 and 31 of a GmbHG prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets (i.e., assets minus liabilities and liability reserves) is or would fall below the amount of its stated share capital (*Unterbilanz/Vertiefung einer Unterbilanz*). Guarantees, share pledges and any other collateral granted by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company are considered disbursements under Sections 30 and 31 of the GmbHG. Moreover, under Section 64, sentence 3 GmbHG, the management of a GmbH can be held personally liable in certain circumstances for payments to shareholders that would render the GmbH illiquid.

Therefore, in order to enable German Guarantors to grant guarantees and security interests securing liabilities without the risk of violating German capital maintenance and liquidity maintenance provisions and to protect management from personal liability (as well as criminal prosecution), it is standard market practice for credit agreements, notes, guarantees and security documents to contain "limitation language" in relation to subsidiaries incorporated in Germany in the legal form of a GmbH, a German stock corporation (*Aktiengesellschaft*) or a German limited partnership with a German limited liability company as general partner (*GmbH & Co. KG*).

Pursuant to such limitation language, the enforcement of the subsidiary guarantee and the Security Documents given by each of the German Guarantors will be limited, reflecting the requirement under the capital maintenance rules imposed by Sections 30 and 31 of the GmbHG if and to the extent payments under any such subsidiary guarantee or, as the case may be, the enforcement of Security Documents would cause a German Guarantor's net assets to fall below the amount of its registered share capital (*Stammkapital*) (or increase such situation) or if and to the extent payments or the enforcement under any subsidiary guarantee or, as the case may be, the enforcement of Security Documents would deprive the German Guarantors of the liquidity necessary to fulfill their financial liabilities to their creditors and render the company illiquid by violating the liquidity maintenance provision (*Zahlungsverbot*) set forth in Section 64, sentence 3 of the GmbHG.

Based on the foregoing and in order to avoid a conflict between each German Guarantor's obligations resulting from its subsidiary guarantee and/or granted collateral with its obligations under the capital maintenance and liquidity maintenance rules under German law, the limitation language that will be applicable to the subsidiary guarantees and/or granted collateral by German Guarantors is intended to limit each German Guarantor's obligations under its subsidiary guarantee and/or security document to the extent required under German law; in particular, limiting the right of the holders of the Notes and the Trustee to demand payment and performance under the German Guarantor's subsidiary guarantee and/or to enforce the collateral to the extent that such payment, performance and/or enforcement thereunder could (i) cause a registered share capital deficit (*Unterbilanz*) or increase an already existing registered share capital deficit (*Vertiefung einer Unterbilanz*) of such German Guarantor or (ii) deprive such German Guarantor of the liquidity to fulfill its other payment obligations as when they fall due and render the company illiquid by violating Section 64, sentence 3 of the GmbHG. As a consequence, the enforceability of the German subsidiary guarantees and/or collateral is limited respectively.

German capital maintenance rules are subject to evolving case law. Furthermore, although there has been some case law in relation to Section 64, sentence 3 of the GmbHG, there is only limited guidance by German courts as to when management can actually be held liable and it cannot be excluded that the granting and/or the enforcement of subsidiary guarantees or security for liabilities of a direct or indirect parent or sister company may be seen as a relevant "payment to a shareholder." We cannot assure you that future court rulings may not further limit the access of shareholders to assets of the German Guarantors, which can negatively affect the ability of the German Guarantors to make payments on the subsidiary guarantees and/or the enforcement of collateral granted by the German Guarantors.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding "destructive interference" (*existenzvernichtender Eingriff*) (i.e., a situation in which a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a subsidiary guarantee and/or collateral granted by the German Guarantors. In such a case, the amount of proceeds to be realized in an enforcement process may be reduced. According to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral by disregarding the vital interests of its other business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of subsidiary guarantees and/or collateral by the German Guarantors. Furthermore, the beneficiary of a transaction effecting a repayment of the stated share capital of the grantor of the subsidiary guarantee and/or collateral could become personally liable under exceptional circumstances. The German Federal Supreme Court (*Bundesgerichtshof*) ruled that this could be the case if, for example, the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the grantor of the guarantee and/or collateral was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Luxembourg

Certain insolvency law considerations

LuxCo is incorporated under the laws of the Grand Duchy of Luxembourg and has its registered office in the Grand Duchy of Luxembourg. Accordingly, Luxembourg courts should have, in principle, jurisdiction to open main insolvency proceedings with respect to LuxCo, as entity having its registered office and central administration (*administration centrale*) and center of main interest ("COMI"), as used in the EU Insolvency Regulation, in the Grand Duchy of Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the EU Insolvency Regulation, there is a rebuttable presumption that a company has its COMI in the jurisdiction in which it has the place of its registered office. As a result, there is a rebuttable presumption that the COMI of LuxCo is in the Grand Duchy of Luxembourg and consequently that any "main insolvency proceedings" (as defined in the EU Insolvency Regulation) would be opened by a Luxembourg court and be governed by Luxembourg law.

However, the determination of where LuxCo has its COMI is a question of fact, which may change from time to time. Preamble 13 of the EU Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." In the Eurofood IFSC Limited decision by the European Court of Justice (the "ECJ"), the ECJ restated the presumption in the EU Insolvency Regulation that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect." Subsequently, the ECJ stated in the Interedil Srl decision (Case C-396/09) that a debtor company's COMI must be determined by attaching greater importance to the place of the company's central administration, as may be established by objective factors that are ascertainable by third parties. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are taken, in a manner that is ascertainable by third parties, in that place, the presumption in that provision cannot be rebutted. Where a company's central administration is not in the same place as its registered office, the presence of company assets and the existence of contracts for the financial exploitation of those assets in a Member State other than that in which the registered office is situated cannot be regarded as sufficient factors to rebut the presumption unless a comprehensive assessment of all the relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State.

Under Luxembourg insolvency laws, the following types of proceedings ("Insolvency Proceedings") may be opened against such Luxembourg obligors:

- bankruptcy proceedings (*faillite*), the opening of which is initiated by the relevant guarantor, by any of its creditors or by Luxembourg courts ex officio. The managers and directors of LuxCo have the obligation to file for bankruptcy within one month if they are in a state of cessation of payment (*cessation de paiement*).

Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings, if the relevant guarantor (i) is in default of payment (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*).

If a court finds that these conditions are satisfied, it may also open ex officio bankruptcy proceedings, absent a request made by LuxCo.

The main effects of such proceedings are (i) the suspension of all measures of enforcement against LuxCo, except, subject to certain limited exceptions, for secured creditors and (ii) the payment of the LuxCo's creditors in accordance with their ranking upon the realization of the guarantor's assets:

- controlled management proceedings (*gestion controlée*), the opening of which may only be requested by LuxCo and not by its creditors; and
- composition proceedings (*concordat préventif de faillite*), the obtaining of which is requested by the relevant guarantor only after having received a prior consent from a majority of its creditors holding at least 75% of the claims against LuxCo. The obtaining of such composition proceedings will trigger a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the holders of Notes to receive payment under the security interests granted to secure the Notes may be affected by a decision of a court to grant a stay on payments (*sursis de paiement*) or to put LuxCo into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the commercial code or of the Companies Act. The management of such liquidation proceedings will generally follow rules similar to those applicable to bankruptcy proceedings.

LuxCo's liabilities in respect of the Notes will, in the event of a liquidation following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the concerned obligor's debts that are entitled to priority under Luxembourg law. For example, preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise; social security contributions; and
- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive.

Assets in the form of shares, accounts or receivables over which a security interest has been granted and perfected will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized), and subject to application of the relevant priority rule and liens and privileges arising mandatorily by law.

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. In the event of controlled management proceedings, the ability of secured creditors to enforce their security interest may also be limited, automatically causing the rights of secured creditors to be frozen until a final decision has been taken by the court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the relevant Luxembourg court subject to the exceptions under the Luxembourg law of August 5, 2005 on financial collateral arrangements (the "Luxembourg Collateral Law"), as referred to below. A reorganization order requires the prior approval of more than 50% of the creditors representing more than 50% of the relevant guarantor's liabilities in order to take effect. Furthermore, declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the guarantor or security provider during the period before bankruptcy, the "suspect period" (*periode suspecte*), which is a maximum of six months, from the date on which the Commercial Court formally adjudicates a person bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date, if the bankruptcy judgment was preceded by another insolvency proceedings (e.g., a suspension of payments or controlled management proceedings) under Luxembourg law.

In particular:

- pursuant to article 445 of the Luxembourg code of commerce, specified transactions (such as, in particular, the granting of a security interest for antecedent debts; the payment of debts which have not fallen due; whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; and the sale of assets or the entering into transactions generally without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) will be set aside or declared null and void, if so requested by the insolvency receiver; article 445 does not apply for financial collateral arrangements and setoff arrangements subject to the Luxembourg Collateral Law, such as Luxembourg law pledges over shares, accounts or receivables.
- pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts for considerations, as well as other transactions concluded during the suspect period, are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt's cessation of payments; article 446 does not apply for financial collateral arrangements and setoff arrangements subject to the Collateral Law, such as Luxembourg law pledges over shares, accounts or receivables.
- regardless of the suspect period, article 448 of the Luxembourg Code of Commerce and article 1167 of the Luxembourg Civil Code (*action paulienne*) give any creditor the right to challenge any fraudulent payments and transactions made prior to the bankruptcy.

The Luxembourg Collateral Law provides that with the exception of the provisions of the Luxembourg law of December 8, 2000 on over-indebtedness (which only apply to natural persons), the provisions of Book III, Title XVII of the Luxembourg Civil Code, of Book 1, Title VIII and of Book III of the Luxembourg Commercial Code and national or foreign provisions governing reorganization measures, winding-up proceedings or other similar proceedings and attachments or other measures referred to in article 19(b) of the Luxembourg Collateral Law are not applicable to financial collateral arrangements (such as Luxembourg pledges over shares or receivables) and shall not constitute an obstacle to the enforcement and performance by the parties of their obligations. Certain preferred creditors of a Luxembourg company (including the Luxembourg tax, social security and other authorities) may have a privilege that ranks senior to the rights of the secured or unsecured creditors.

After having converted all available assets of the company into cash and after having determined all the company's liabilities, the insolvency receiver will distribute the proceeds of the sale to the creditors further to their priority ranking as set forth by law, after deduction of receiver fees and bankruptcy administration costs.

Any international aspects of Luxembourg bankruptcy, controlled management and composition proceedings may be subject to the EU Insolvency Regulation. Insolvency proceedings may therefore have a material adverse effect on the Luxembourg Co-Issuer's obligations under the Notes.

Plan of distribution

General

The Issuer, the Security Provider, the Guarantors and the Initial Purchasers have entered into a purchase agreement dated April 15, 2014 (the "Purchase Agreement"). Subject to the terms and conditions set forth in the Purchase Agreement, the Issuer has agreed to sell to the Initial Purchasers and the Initial Purchasers have agreed, severally and not jointly, to purchase from the Issuer, the entire principal amount of the Notes.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover page of this Offering Memorandum. The Initial Purchasers may change the prices at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates and agents, including in respect of sales into the United States.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel. The Purchase Agreement also provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price set forth on the cover page hereof. Sales of the Notes may be made through affiliates of the Initial Purchasers or through registered brokers.

Notes are not being registered

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the U.S. Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Exchange Act of 1934, as amended (the "U.S. Exchange Act"). Each purchaser of the Notes will be deemed to have made acknowledgements, representations and agreements described under "*Transfer restrictions*." The Initial Purchasers will not offer or sell the Notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales in offshore transactions in reliance on Regulation S. Resales of the Notes are restricted as described under "*Transfer restrictions*."

Each Initial Purchaser has represented that it (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase Notes in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to this Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer restrictions*."

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

No sale of similar securities

We have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guarantee by, the Issuer and the Guarantors or any of their respective subsidiaries or affiliates (other than any securities issued by any funds managed or controlled by Oaktree or entities controlled by such funds that have no relationship or connection otherwise with the Issuer, the Guarantors or their respective subsidiaries or holding companies but are affiliates solely due to the fact that Oaktree have an equity interest in such entity) that are substantially similar to the Notes during the period from the date of the Purchase Agreement through and including the date falling 45 days after the closing of this Offering without prior written consent.

New issue of securities

Currently there is no public market for the Notes. Application will be made to list the Notes on the Official List of the Irish Stock Exchange and for the Notes to be admitted to trading on the Global Exchange Market thereof. No certainty can be given that this application will be granted, and we cannot assure you that an active trading market for the Notes will develop.

The Initial Purchasers of the Notes have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you. See "*Risk factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.*"

Initial settlement

We expect that delivery of the Notes will be made against payment on the respective Notes on or about April 24, 2014, which will be the 6th business day (as such term is used for purposes of Rule 15(c)6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (such settlement cycle being referred to as "T+6"; "T+5" in England due to holiday). Under Rule 15(c)6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the following two business days outside of England will be required, by virtue of the fact that the Notes initially will settle in T+6, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Price stabilization and short positions

In connection with this Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may over-allot the Notes or effect transactions, for a limited period after the Issue Date, with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. The Stabilizing Manager may bid for and purchase Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also create syndicate short positions, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the market price of the Notes above market levels that may otherwise prevail. The Stabilizing

Manager is not required to engage in these activities and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.*"

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. Any such stabilizing action, if begun, may be ended at any time, but must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise. See "*Risk factors—Risks related to our indebtedness and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.*"

Other relationships

Certain of the Initial Purchasers and/or their affiliates are mandated lead arrangers and original lenders under our new Revolving Credit Facility Agreement and are or will be counterparties in the hedging arrangements we expect to roll over and carry forward or enter into in connection with the Notes. The Initial Purchasers and their affiliates will receive customary fees and commissions in such capacities. BNP Paribas S.A. will act as the agent under the Revolving Credit Facility and as the security agent under the Intercreditor Agreement. Certain of the Initial Purchasers, or affiliates thereof, are also lenders under the Existing Senior Facilities, which will be repaid and cancelled as part of the Transactions. They expect to receive customary fees and commissions for these transactions.

The Initial Purchasers or their respective affiliates from time to time have provided in the past and may currently be providing and may provide in the future, investment banking, commercial lending, consulting and advisory services to us and our affiliates in the ordinary course of business, for which they have received or may receive customary fees and commissions.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us or our affiliates routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including (potentially) the Notes offered hereby. Any such short positions could adversely affect the future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Transfer restrictions

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

General

The Issuer has not registered and will not register the Notes or the Guarantees under the U.S. Securities Act or any state securities laws and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes are only being offered and sold:

- in the United States to “qualified institutional buyers” or “QIBs” (as defined in Rule 144A) in compliance with Rule 144A; and
- outside the United States in offshore transactions in accordance with Regulation S.

We use the terms “offshore transaction” and “United States” with the meanings given to them in Regulation S.

Important information about the Offering

If you purchase Notes, you will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes and the related Guarantees have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other state securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You are not an “affiliate” (as defined in Rule 144A) of the Issuer or acting on behalf of the Issuer and you are either:

   (a) a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or

   (b) purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that none of the Issuer, the Guarantors or the Initial Purchasers or any person representing any of them has made any representation to you with respect to the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that no person, including none of the Initial Purchasers or any person representing the Initial Purchasers, other than the Issuer, makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and our subsidiaries and the Notes as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) You are purchasing these Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell these Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are

purchasing Notes issued in reliance on Rule 144A (the "Rule 144A Notes"), and each subsequent holder of the Rule 144A Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Rule 144A Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the Issue Date and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only:

(a) to us, the Guarantors or any of our subsidiaries;

(b) pursuant to a registration statement that has been declared effective under the U.S. Securities Act;

(c) for so long as these Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB who purchases for its own account or for the account of a QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales occurring outside the United States within the meaning of Regulation S; or

(e) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act,

subject, in each of the foregoing cases, to any requirements of law that the disposition of your property or the property of your investor account or accounts be at all times within your or their control, and in compliance with any applicable state securities laws, and any applicable local laws and regulations.

You acknowledge that the Issuer, the Trustee, the Registrar and Transfer Agent reserve the right prior to any such offer, sale or transfer of the relevant Notes (i) pursuant to clause (d) or (e) above, to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND IN THE CASE OF RULE 144A NOTES: (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR OF THE NOTES) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR

TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE; AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(1) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.

(2) You acknowledge that:

  (a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

  (b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

    (i) you have sole investment discretion; and

    (ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

(3) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(4) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of distribution*."

(5) You acknowledge that until 40 days after the commencement of the Offering, any offer, sale or transfer of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(6) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made upon your purchase of the Notes are no longer accurate, you shall promptly notify the Initial Purchasers in writing. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to such investor account and that you have full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account.

Legal matters

Certain legal matters will be passed upon for us by Kirkland & Ellis International LLP, as to matters of U.S. federal law, New York state law and English law, and Weil, Gotshal & Manges LLP as to matters of French law. Certain legal matters will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of U.S. federal law, New York state law and English law, and Latham & Watkins A.A.R.P.I. as to matters of French law.

Statutory auditors

The combined financial statements of the Combined Business as of and for the years ended December 31, 2011, 2012 and 2013 have been audited by KPMG Audit ID, a division of KPMG S.A. and Euclide Expertise S.A.S., statutory auditors, as stated in their reports, which appear herein.

Enforceability of judgments

The Issuer and the Guarantors are organized under the laws of France and Germany and LuxCo, is organized under the laws of Luxembourg. Each of the documents relating to the Collateral for the Notes will be governed by the laws of France or Germany, as applicable. The Indenture (including the Guarantees) and the Notes will be governed by New York law. The Intercreditor Agreement will be governed by English law. Almost all the directors and executive officers of the Issuer and the Guarantors are nonresidents of the United States. Since substantially all the assets of the Issuer and the Guarantors, and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer, the Guarantors or LuxCo, investors will need to enforce such judgment in jurisdictions in which the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which the Issuer, the Guarantors and certain security providers are located, you should consult your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

France

The following is a summary of certain legal aspects of French law regarding the enforcement of civil law entitlements in connection with the Notes against the Issuer and the Guarantors, incorporated and existing under French law.

The United States and France are not parties to a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France.

A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*) that has exclusive jurisdiction over such matter.

Enforcement in France of such U.S. judgment could be obtained following proper (i.e., non-ex parte) proceedings if the civil court is satisfied that the following cumulative conditions have been met (which conditions, under prevailing French case law as of the date of this Offering Memorandum, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment is enforceable in the jurisdiction of the court that rendered it;
- such U.S. judgment was rendered by a court having jurisdiction over the matter because the dispute is clearly connected to the jurisdiction of such court (i.e., there was no international forum-shopping), the choice of the U.S. court was not fraudulent and French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, pertaining both to the merits and the procedure of the case, which include, particularly, the right to a fair trial;
- such U.S. judgment is not tainted with fraud under French law (e.g., the parties did not submit the dispute to a foreign court in order to intentionally avoid the application of French law); and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment that has become effective in France, and there is no risk of conflict with proceedings pending before French courts at the time enforcement of the judgment is sought that have the same or similar subject matter as such U.S. judgment.

In addition to these conditions, it is well established that only final and binding foreign judicial decisions (i.e., those having a *res judicata* effect) can benefit from an *exequatur* under French law.

If the French civil court is satisfied that such conditions are met, the U.S. judgment is likely to benefit from the *res judicata* effect as of the date of the decision of the French civil court and thus is likely to be declared enforceable in France. However, the decision granting the *exequatur* can be appealed.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French law No. 80-538 of July 16, 1980 and French Ordinance No. 2000-916 of September 19, 2000 (relating to the communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action or in contemplation thereof. If these regulations were applicable, the U.S. authorities would have to comply with international (the 1970 Hague Convention on the Taking of Evidence Abroad) and French procedural rules to obtain evidence in France or from French persons.

Similarly, French data protection rules (law No. 78-17 of January 6, 1978 on data processing, data files and individual liberties, as most recently modified by French Ordinance No. 2011-1012 of August 24, 2011) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply foreign law designated by the applicable French rule of conflict (including the law chosen by the parties to govern their contract) if the application of such law (in the case at hand) is deemed to contravene French international public policy (as determined on a case-by-case basis by French courts). Furthermore, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Pursuant to Articles 14 and 15 of the French Civil Code, a French national (either a company or an individual) can sue a foreign defendant before French courts in connection with the performance of obligations contracted by the foreign defendant in France with a French person or in a foreign country with French persons (Article 14). Pursuant to Article 15 of the French Civil Code, a French national can be sued by a foreign claimant before French courts in connection with the performance of obligations contracted by the French national in a foreign country with the foreign claimant (Article 15). For a long time, case law has interpreted these provisions as meaning that a French national, either claimant or defendant, could not be forced against its will to appear in a jurisdiction other than French courts. However, according to recent case law, the French courts' jurisdiction over French nationals is no longer mandatory to the extent an action has been commenced before a court in a jurisdiction that has sufficient contact with the litigation and the choice of jurisdiction is not fraudulent. In addition, a French national may waive his or her rights to benefit from the provisions of Articles 14 and 15 of the French Civil Code, including by way of conduct by voluntarily appearing before the foreign court.

The French Supreme Court (*Cour de cassation*) ruled in 2012 that a contractual provision submitting one party to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any relevant court with jurisdiction was invalid on the ground that it was unduly discretionary (*potestative*). Accordingly, any provisions to the same effect in any relevant documents would not be binding on the party submitted to the exclusive jurisdiction of the court or prevent a French party from bringing an action in French courts. This ruling does not apply to choice of court provisions that designate arbitration tribunals.

Germany

There may be doubt as to the enforceability in Germany of civil liabilities based on federal and state securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. The enforceability of final judgments therefore may depend on the laws of relevant U.S. state and federal laws. Consequently, a final judgment (*vollstreckbares Urteil*) for payment given by any court in the United States, whether or not based solely upon U.S. securities laws, would not automatically be enforceable in Germany. A final judgment by a U.S. court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below.

German courts will, in particular, not recognize and enforce such judgments if any of the reasons for excluding enforceability set forth in Section 328(1) of the German Code of Civil Procedure (*Zivilprozessordnung*) exist:

- if, pursuant to German law, the courts in the country of the court having rendered the foreign judgment did not have jurisdiction;
- if process has not been duly served or has not been served in a timely fashion to permit a defense, provided that the defendant did not actively participate in such process and pleads accordingly;
- if the judgment is incompatible with a prior judgment rendered by a German court or by a foreign court that is to be recognized in Germany;
- if the proceeding resulting in the judgment to be recognized is incompatible with a previously pending (*rechtshängig*) proceeding in Germany;
- if a recognition of the judgment would obviously be incompatible with fundamental principles of German law, particularly if the recognition would be incompatible with the civil rights granted under the German Constitution (*Grundgesetz*); and
- if reciprocity is not ensured (i.e., the courts of the country where the judgment was issued would not recognize and enforce a comparable judgment by a German court in equivalent circumstances).

Subject to the foregoing, purchasers of the Notes may be able to enforce judgments in civil and commercial matters obtained from U.S. courts in Germany. There is some German case law to the effect that reciprocity of the recognition of judgments is ensured in relation to claims relating to assets (*vermögensrechtliche Ansprüche*) in regard to various U.S. states. We cannot, however, assure you that attempts to enforce judgments in Germany will be successful.

German courts may reject the recognition and enforcement of punitive damages or may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damage.

German civil procedure differs substantially from U.S. civil procedure in a number of respects. In as far as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law may provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and/or the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

Luxembourg

Although there is no treaty between Luxembourg and the United States regarding the reciprocal enforcement of judgments, a valid, final and conclusive judgment against LuxCo, a guarantor or a security grantor incorporated in Luxembourg obtained from a state or federal court of the United States, which judgment remains in full force and effect, may be enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the enforcement procedures set forth in Article 678 *et seq.* of the Luxembourg New Code of Civil Procedure, being:

- the foreign court must properly have had jurisdiction to hear and determine the matter, both according to its own laws and to the Luxembourg international private law conflict of jurisdiction rules;
- the foreign court must have applied the law which is designated by the Luxembourg conflict of laws rules or, at least, the order must not contravene the principles underlying those rules;
- the decision of the foreign court must be final and enforceable (*exécutoire*) in the jurisdiction in which it was rendered;

- the foreign court must have applied the proper law to the matter submitted to it and the foreign procedure must have been regular in light of the laws of the country of origin;
- the decision of the foreign court must not have been obtained by fraud, but in compliance with the rights of the defendant and in compliance with its own procedural laws; and
- the decisions and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty).

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law (i) if the choice of such foreign law was not made bona fide or (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

In practice, Luxembourg courts now tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review.

In a judgment of the Luxembourg District Court, dated January 10, 2008, the Court differed slightly from the traditional rules for enforcing a judgment described above, and decided that, in order to enforce a foreign judgment in Luxembourg, a Luxembourg judge has to make sure that three conditions are fulfilled: (1) the "indirect" competence of the foreign judge based on the connection of the litigation with such judge, (2) the conformity with international public policy requirements, both substantive and procedural, and (3) the absence of fraud to the law. In the judgment, the District Court held that the Luxembourg judge does not need to verify that the (substantive) law applied by the foreign judge is the law which would have been applicable according to Luxembourg conflict of law rules.

Whether the District Court's opinion described above will develop into the prevailing position of Luxembourg case law cannot be forecast with certainty at this stage, especially considering that in the case at issue the matter was not appealed to the Court of Appeal and because, to the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, there has been no further case law on the issue since then. To the extent, however, that the District Court's decision endorsed the solution prevailing in French case law, its decision might, in the future, be endorsed by the Luxembourg courts in general.

Where you can find other information

Each purchaser of Notes from an Initial Purchaser will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(i) such person has been afforded an opportunity to request from the Issuer, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

(ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its decision to invest in the Notes; and

(iii) except as provided pursuant to (i) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We have agreed in the Indenture governing the Notes that, if at any time we are not subject to Section 13 or Section 15(d) of the U.S. Exchange Act, or are exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, we will, upon request of a holder of the Notes, furnish to such holder or beneficial owner or to the Trustee or the Paying Agent for delivery to such holder, beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to the Issuer at SGD Group S.A.S., Attn.: General Counsel, 14 bis Terrasse Bellini, 92800 Puteaux, France.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, the Issuer will agree to furnish periodic information to the holders of the Notes. See "*Description of the Senior Secured Notes—Certain covenants—Reports.*"

Listing and general information

Listing

We currently intend to list the Notes on the Official List of the Irish Stock Exchange and to trade the Notes on the Global Exchange Market thereof. There can be no assurance that the Issuer will be able to effect such admission of the Notes to trading on the Global Exchange Market.

Clearing information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common Codes
Rule 144A Global Notes	XS1028957204	102895720
Regulation S Global Notes	XS1028957469	102895746

Issuer and Guarantors' information

The Issuer

The Issuer is a private limited liability company (*société par actions simplifée*) organized and existing under the laws of France, with registered number 494 163 876 RCS Nanterre, under the name SGD Group S.A.S. The Issuer's registered office is at 14 bis Terrasse Bellini, 92800 Puteaux, France. The Issuer is a wholly owned subsidiary of LuxCo. For a full description of the principal shareholders of the Issuer, see "*Principal shareholders*."

SGD S.A.

SGD S.A. is a public limited liability company (*société anonyme*) organized and existing under the laws of France with registered number 552 012 585 RCS Nanterre under the name SGD S.A. The registered office of SGD S.A. is 14 bis Terrasse Bellini, 92800 Puteaux, France. SGD S.A. is a direct wholly owned (except for certain *de minimis* shareholdings) subsidiary of the Issuer.

SGD Germany GmbH

SGD Germany GmbH is a private limited liability company (*Gesellschaft mit beschränkter Haftung*) organized and existing under the laws of Germany and registered with the commercial register at the local court (*Amtsgericht*) of Ingolstadt under registration number HRB 4531. The registered office of SGD Germany GmbH is Altmühlstraße 2, 85110 Kipfenberg, Germany.

SGD Kipfenberg GmbH

SGD Kipfenberg GmbH is a private limited liability company (*Gesellschaft mit beschränkter Haftung*) organized and existing under the laws of Germany and registered with the commercial register at the local court (*Amtsgericht*) of Ingolstadt under registration number HRB 84. The registered office of SGD Germany GmbH is Altmühlstraße 2, 85110 Kipfenberg, Germany.

Resolutions, authorizations and approvals by virtue of which the Notes have been issued

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorizations (if any) in connection with the issuance of the Notes. The issuance of the Notes was approved by resolutions of the board of directors of the Issuer on April 10, 2014.

Material adverse change in the Issuer's financial position

Except as disclosed elsewhere in this Offering Memorandum, there has been no material adverse change in our combined financial position since the date of our last published audited financial statements.

Litigation

Except as disclosed elsewhere in this Offering Memorandum, none of us, the Issuer or any Guarantor is involved, or has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

Post-issuance reporting

Except as otherwise provided in this Offering Memorandum, we do not intend to provide post-issuance information regarding the Notes. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and traded on the Global Exchange Market thereof and the rules of such exchange shall so require, our organizational documents, along with the Indenture, the Guarantees and the financial statements and related notes included herein will be available for inspection at the office of the Paying Agent during normal business hours.

Index to financial statements

Combined financial statements as at and for the years ended December 31, 2013, 2012 and 2011

SGD Group S.A.S.

Registered office: Immeuble Bellini, 14 bis terrasse Bellini—92800 Puteaux Cedex

Statutory Auditors' report on the combined financial statements as at and for the years ended December 31, 2013, 2012 and 2011

Years ended December 31, 2013—December 31, 2012 and December 31, 2011

To the President,

In our capacity as Statutory Auditors of SGD Group S.A.S. and in compliance with your request within the framework of the contemplated offering of notes and carve-out of the pharmacy business (hereafter referred to as "Combined Business"), as described in the note "Basis of preparation" to the combined financial statements, we have audited the accompanying combined financial statements of the Combined Business described in the note "Basis of preparation" as at and for the years ended December 31, 2013, 2012 and 2011 ("the Combined Financial Statements").

The Board of Directors of SGD Group S.A.S. is responsible for the preparation and fair presentation of these Combined Financial Statements. Our responsibility is to express an opinion on these Combined Financial Statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Combined Financial Statements are free from material misstatement. An audit involves performing procedures, on a test basis or by other means of selection, to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the Combined Financial Statements present fairly, in all material respects, the financial position and assets and liabilities of the Combined Business as of December 31, 2013, 2012 and 2011, and the results of its operations for the years then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in the note "Basis of Preparation—Significant assumptions made in preparing the combined financial statements", which presents the significant assumptions made in preparing these Combined Financial Statements and in "Note 2—New standards" with respect to the mandatory application of IAS 19 revised "Employee Benefits".

The Statutory Auditors

Paris La Défense, 3 April 2014

KPMG Audit ID

Michel Piette
Partner

Issy-les-Moulineaux, 3 April 2014

EUCLIDE EXPERTISE

Cédric Osouf
Partner

Combined accounts

Combined financial statements as at and for the years ended December 31, 2013, 2012 and 2011

Contents

Combined balance sheet
Fiscal years ended December 31, 2013, 2012 and 2011

(in thousands of euros)	Notes	31-Dec-13	31-Dec-12	31-Dec-11
Non-current assets				
Goodwill	5			
Intangible assets	6	656	3,282	4,463
Property, plant and equipment	7	120,016	184,409	168,698
Non derivative financial assets	8	5,365	4,318	8,755
Deferred tax assets	18		3	
Total non current assets		**126,037**	**192,012**	**181,916**
Current assets				
Inventories	10	76,532	72,890	64,226
Trade accounts receivable	11	59,887	54,134	54,564
Other current assets	12	26,352	22,475	22,177
Current tax assets		14	17	20
Current non derivative financial assets	27	81	56	74,831
Current derivative instruments—assets	9	159		479
Cash and cash equivalents	13	44,321	31,938	33,978
Total current assets		**207,346**	**181,510**	**250,275**
TOTAL ASSETS		**333,383**	**373,522**	**432,191**
Equity and liabilities				
Capital	14	424,308	424,308	424,308
Retained earnings		(595,615)	(592,806)	(477,925)
Conversion reserves		1,726	1,737	1,727
Other reserves recyclable into profit and loss		(166)	(309)	(487)
Net profit/loss for the year		(53,532)	6,054	(15,502)
Other equity instruments	14	55,686	55,686	
Equity (Group share)		(167,593)	(105,330)	(67,879)
Non controlling interests				
Total equity		**(167,593)**	**(105,330)**	**(67,879)**
Non current liabilities				
Provisions	15	4,000	4,000	4,039
Pensions	16	20,035	19,146	14,979
Borrowings	17	327,678	310,240	316,366
Deferred tax liabilities	18	1,493	1,443	1,165
Total non current liabilities		**353,206**	**334,829**	**336,549**
Current liabilities				
Provisions	15	4,922	1,764	4,516
Trade accounts payable	19	56,818	53,416	51,715
Other current liabilities	20	51,289	47,949	48,442
Current tax liabilities		404	600	1,346
Current bank loans and credit	17	34,337	40,294	57,502
Total current liabilities		**147,770**	**144,023**	**163,521**
TOTAL EQUITY AND LIABILITIES		**333,383**	**373,522**	**432,191**

Combined income statement
Fiscal years ended December 31, 2013, 2012 and 2011

(in thousand of euros)	Notes	31-Dec-13 12 months	31-Dec-12 12 months	31-Dec-11 12 months
Revenue		411,032	394,241	387,719
Other business income		3,286	3,725	2,152
Revenue and other income		**414,318**	**397,966**	**389,871**
Transport related to sales		(18,162)	(18,598)	(18,717)
Variable sale expenses		(3,227)	(5,169)	(3,248)
Materials consumption and change in inventory		(109,106)	(104,057)	(115,512)
Production cost		(170,274)	(171,548)	(160,591)
Production amortization		(34,399)	(31,707)	(26,644)
Overheads, tax and costs on other operations		(19,415)	(16,589)	(19,296)
Gross operating profit		**59,735**	**50,297**	**45,862**
Sales, General and Administrative expense		(44,883)	(42,798)	(47,111)
Management fees		11,015	10,547	5,032
Operating income from ordinary activities		**25,867**	**18,046**	**3,783**
Other operating income/expense	22	(57,952)	8,039	1,012
Operating profit/loss		**(32,086)**	**26,085**	**4,795**
Cost of gross financial debt	23	(13,034)	(18,140)	(16,283)
Other financial income/expense	24	(1,923)	3,216	2,401
Cost of net financial debt		**(14,957)**	**(14,924)**	**(13,882)**
Pre-tax profit/loss		**(47,043)**	**11,161**	**(9,087)**
Tax expense/income	25	(6,489)	(5,107)	(6,415)
Net profit/loss of the year		**(53,532)**	**6,054**	**(15,502)**
Non controlling interests				
Net profit/loss—Group share		(53,532)	6,054	(15,502)

Combined comprehensive income statement
Fiscal years ended December 31, 2013, 2012 and 2011

(in thousands of euros)	31-Dec-13 12 months	31-Dec-12 12 months	31-Dec-11 12 months
Net profit/loss for the year	**(53,532)**	**6,054**	**(15,502)**
Exchange differential	(11)	10	570
Changes in fair value of hedging instruments	204	239	(576)
Deferred tax on changes in fair value of hedging instruments	(61)	(61)	174
Total of other comprehensive income items that will be later reclassified in net income	**132**	**188**	**168**
Remeasurements of defined benefit liability (asset)	(1,332)	(3,397)	465
Deferred tax on remeasurement of defined liability (asset)	467	1,065	(149)
Total of other comprehensive income items that will not be later reclassified in net income	**(865)**	**(2,332)**	**316**
Total of other comprehensive income items	**(733)**	**(2,144)**	**484**
Comprehensive income	**(54,265)**	**3,910**	**(15,018)**
Of which :			
Group share	(54,265)	3,910	(15,018)
Non controlling interests			

Statement of changes in combined equity
Fiscal years ended December 31, 2013, 2012 and 2011

(in thousands of euros, except per share data)	Number of shares	Amount of capital	Retained earnings	Other recyclable reserves in profit and loss	Conversion reserves	Other equity instruments[4]	Equity (Group share)	Equity (minority interests)	Total equity
Balance at January 1, 2011	606,154,605	**606,155**	**(637,035)**	**(85)**	**1,157**		**(29,808)**		**(29,808)**
Consolidated profit/loss for the year			(15,502)				(15,502)		**(15,502)**
Other comprehensive income items									
Change in translation adjustments					570		570		**570**
Change in scope									
Change in fair value of hedging instruments net of tax				(402)			(402)		**(402)**
Change in remeasurements of defined benefit liability (asset) net of tax			316				316		**316**
Total other comprehensive income items			316	(402)	570		484		**484**
Comprehensive income for the period			**(15,186)**	**(402)**	**570**		**(15,018)**		**(15,018)**
Other movements[1]			(23,053)				(23,053)		**(23,053)**
Share-based payments									
Capital increase/decrease[2]		(181,847)	181,847						
Balance at December 31, 2011	606,154,605	**424,308**	**(493,427)**	**(487)**	**1,727**		**(67,879)**		**(67,879)**
Balance at January 1, 2012	606,154,605	**424,308**	**(493,427)**	**(487)**	**1,727**		**(67,879)**		**(67,879)**
Consolidated profit/loss for the year			6,054				6,054		**6,054**
Other comprehensive income items									
Change in translation adjustments					10		10		**10**
Change in scope									
Change in fair value of hedging instruments net of tax				178			178		**178**
Change in remeasurements of defined benefit liability (asset) net of tax			(2,332)				(2,332)		**(2,332)**
Total other comprehensive income items			(2,332)	178	10		(2,144)		**(2,144)**
Comprehensive income for the period			**3,722**	**178**	**10**		**3,910**		**3,910**
Other movements[3]			(97,047)			55,686	(41,361)		**(41,361)**
Share-based payments									
Capital increase/decrease									
Balance at December 31, 2012	606,154,605	**424,308**	**(586,752)**	**(309)**	**1,737**	**55,686**	**(105,330)**		**(105,330)**

(in thousands of euros, except per share data)	Number of shares	Amount of capital	Retained earnings	Other recyclable reserves in profit and loss	Conversion reserves	Other equity instruments[4]	Equity (Group share)	Equity (minority interests)	Total equity
Balance at January 1, 2013	606,154,605	**424,308**	**(586,752)**	**(309)**	**1,737**	**55,686**	**(105,330)**		**(105,330)**
Consolidated profit/loss for the year			(53,532)				(53,532)		**(53,532)**
Other comprehensive income items									
Change in translation adjustments					(11)		(11)		**(11)**
Change in scope									
Change in fair value of hedging instruments net of tax				143			143		**143**
Change in remeasurements of defined benefit liability (asset) net of tax			(865)				(865)		**(865)**
Total other comprehensive income items			(865)	143	(11)		(733)		**(733)**
Comprehensive income for the period			**(54,397)**	**143**	**(11)**		**(54,265)**		**(54,265)**
Other movements[5]			(7,998)				(7,998)		**(7,998)**
Share-based payments									
Capital increase/decrease									
Balance at December 31, 2013	606,154,605	**424,308**	**(649,147)**	**(166)**	**1,726**	**55,686**	**(167,593)**		**(167,593)**

(1) At December 31, 2011, the other impacts on consolidated reserves mainly concern incremental eliminations through equity of investments of Perfumery entities as described in the basis of preparation ("Financing Through Equity"). In 2011, the combined group has financed Verreries de L'Orne for €21.9 million.

(2) On November 16, 2011, the Sole Shareholder decided to reduce the share capital of SGD Group S.A.S. from €606,154,605 to €424,308,223.50 by absorption of previously recorded losses totaling €181,846,381.50 by reducing the share par value from €1 to €0.70 per share.

(3) At December 31, 2012, the other impacts on consolidated reserves mainly concern the Financing Through Equity of the Perfumery entities (see Basis of preparation). The combined group has financed SGD Inversiones for €76.7 million, Verreries de l'Orne for €18.9 million.

(4) The change in the terms of the bond loan agreement resulted in the bond loan agreement being reclassified from a debt instrument to an equity instrument for a total amount of €55.7 million. (see Major events of FY 2012 in note 1.5).

(5) At December 31, 2013, the other impacts on consolidated reserves mainly concern :

- An opening correction in SGD S.A. for €(0.9) million related to corrections of errors on fuel inventory for €(0.5) million and on paid leave provision for €(0.4) million.
- The impact of the financial interests on the bond loan agreement that are booked through net equity for €(6.8) million

Combined cash flow statement
Fiscal years ended December 31, 2013, 2012 and 2011

(in thousand of euros)	12 months 31-Dec-13	12 months 31-Dec-12	12 months 31-Dec-11
Total consolidated net profit/loss	(53,532)	6,054	(15,503)
Adjustments:			
Elimination of depreciation and provisions	91,666	26,331	23,853
Elimination of gains/losses on disposal	1,902	(894)	(3,370)
Elimination of dividend income			
Operating cash flow after cost of net financial debt and tax	**40,035**	**31,491**	**4,980**
Elimination of tax expense (income)	6,489	5,107	6,415
Elimination of cost of net financial debt	14,957	14,924	13,882
Operating cash flow before cost of net financial debt and tax	**61,481**	**51,522**	**25,277**
Change in inventories	(4,191)	(8,688)	6,348
Change in trade receivables	(10,226)	918	4,863
Change in trade payables	5,956	2,613	(4,579)
Change in working capital requirement (non-current)	2,258	(1,873)	10,519
Impact of change in working capital requirement	**(6,202)**	**(7,030)**	**17,151**
Tax paid	**(6,557)**	**(4,321)**	**(7,316)**
CASH FLOW FROM OPERATING ACTIVITIES	**48,722**	**40,171**	**35,112**
Impact of changes in scope			
Purchases of tangible and intangible assets	(25,277)	(56,820)	(54,679)
Sale of tangible and intangible assets	3,293	4,678	4,093
Purchases/sales of financial assets			4,411
Other cash flows from investment activities	176	(183)	(13)
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(21,808)**	**(52,325)**	**(46,188)**
Loan issues	3,581	37,000	10,000
Net financial interest paid	(4,776)	(3,698)	(3,247)
Other cash flows from financing activities	2,970	(7,169)	243
CASH FLOWS FROM FINANCING ACTIVITIES	**1,775**	**26,133**	**6,996**
Effects of movements in exchange rates on cash held	(1,697)	(604)	936
CHANGE IN CASH FLOW	**26,993**	**13,375**	**(3,143)**
Opening cash	17,323	3,948	7,091
Closing cash	44,316	17,323	3,948
Change in cash flow	26,993	13,375	(3,143)

Opening and closing cash include cash pool liabilities.

Notes to the combined financial statements

Basis of preparation

SGD Group S.A.S (SGD or the "Company") is a Société par Actions Simplifiée [simplified joint stock company] formed under French law and based in France. The Company was founded in early 2007 in order to acquire, through a leveraged buyout operation (*LBO*) completed on March 29, 2007, the Bottling business of the Saint Gobain Group, operating in two main markets, pharmacy and perfumery.

The Company publishes consolidated financial statements, "the SGD Group IFRS consolidated financial statements", as required by Article L. 233-16 of the French Commercial Code (Code de Commerce) and in accordance with International Financial Reporting Standards (IFRS) as published by the IASB and adopted in the European Union.

SGD Group has entered in 2013 into a major strategic project consisting in:

- its reorganization into two divisions held by SGD Luxembourg Holdings S.C.A., its parent company, respectively (i) the French and foreign subsidiaries operating in the field of pharmaceutical glass-bottling and (ii) the French and foreign subsidiaries operating in the field of perfumery and cosmetics;
- and in the refinancing of its existing syndicated debt through Senior Secured Notes issuance.

SGD Group expects to implement this reorganization in two stages:

- In a first stage, SGD Group expects to split-off the perfumery glass packaging operations by transferring on the issue date of its refinancing to a company controlled by SGD Luxembourg Holdings S.C.A. the perfumery business, comprising all of the shares of SGD Inc., SGD Inversiones Vidrieras Spain S.L., SGD Brasil Vidros Ltda, SGD Italia S.R.L., Verreries de l'Orne S.A.S. and Les Verreries de la Somme S.A.S.
- This transfer will exclude however the perfumery glass packaging activities of SGD S.A., which are expected to be transferred on or prior to December 31, 2015 within the second stage of the reorganization. SGD S.A. has started a consultation process to discuss this project with employees.

SGD Group procures services to both businesses. As part of the first stage of the reorganization, it is expected that with effect from the Senior Secured Notes issuance, SGD Group will go on procuring these services and will enter into a transitional services agreement with the split-off perfumery glass packaging operations, which is expected to continue in force until at least the completion of the stage of the second stage of the reorganization.

In order to present an economic view of SGD Group's legal scope of operations that will carry on within the Company after the issue date of the Senior Secured Notes and given that this scope of operations does not represent a legal group before the reorganization actually takes place, combined financial statements have been prepared for years ended 2011, 2012 and 2013, in accordance with International Financial Reporting Standards (IFRS) as published by the IASB and adopted in the European Union (the "combined financial statements"). The combined financial statements present the historical financial information of the pharmaceutical glass-bottling business, as it will be operated after the first stage of the above-mentioned reorganization (the "Pharmacy" or the "Pharmacy business"), which will also include SGD S.A.'s perfumery's business until the second stage of the reorganisation as detailed above.

These combined financial statements have been prepared under the responsibility of the Company's Board of Directors, which approved them on April, 3rd 2014.

The combined financial statements as at and for the years ended December 31, 2013, 2012 and 2011 cover three 12-month periods.

The combined financial statements are prepared based on the accounting records used in the preparation of the SGD Group IFRS consolidated financial statements as at and for the years ended December 31, 2013, 2012 and 2011, respectively approved by the Company's Board of Directors on April 3, 2014, April, 24, 2013 and April 19, 2012. The assets and liabilities reflected in those combined financial statements have been measured at their carrying amounts in the SGD Group IFRS consolidated financial statements.

Scope of combination

The combined financial statements (referred to as "the Group") prepared by SGD Group S.A.S. for years ended 2011, 2012, 2013 include the following legal entities:

- SGD Group S.A.S., France
- SGD S.A., France
- Société de Services Verriers Sarl, France
- V.G. Emballage S.A.S., France
- SGD Kipfenberg GmbH, Germany
- SGD Germany GmbH, Germany
- SGD Asia Pacific Co., Ltd, China

Moreover, the following Pharmacy activities, run by entities belonging to SGD Group but outside of scope described above, have been included into combined financial statements. Indeed, it is planned that the margin of the two below activities will be transferred to the Pharmacy perimeter:

- Pharmacy trading operations of SGD La Granja Vidriera SL, Spain (pharmacy bottles bought from SGD S.A. or SGD Kipfenberg and sold within Spain)

- Commissioning profit generated by SGD North America Inc., USA for Pharmacy sales concluded within the USA in the name of SGD S.A.

The combined financial statements do not reflect:

- the transfer of the perfumery glass packaging operations currently run at our SGD S.A. Mers-les-Bains manufacturing facility, which is expected to be completed on or prior to December 31, 2015

- the transitional services agreement that is expected to be signed on the date of Senior Secured Notes issuance, whereby SGD Group and the split-off perfumery operations will procure the continued provision of certain services. However, Segment information disclosed in note 3 shows Pharmacy and Perfumery operations separately.

Significant assumptions made in preparing the combined financial statements

Reorganisation impacts

Stage 1 impacts of legal reorganisation have been anticipated in the 2011 opening balance sheet of the combined financial statements. Main impacts are:

- Perfumery investments

The impact of the first stage of the reorganization, notably the sale of the shares of SGD Brasil Vidros Ltda, SGD Inc., SGD Inversiones Vidrieras Spain, Les Verreries de l'Orne S.A.S. and Les Verreries de la Somme S.A.S. has been recorded in the combined financial statements, at the opening of 2011 period, based on the expected sale price for the transfer of the shares of the Perfumery entities in the first stage of the reorganization entered in 2013 described in Basis of preparation above.

The total impact booked in the 2011 opening balance sheet amounts to €35.8 million.

In 2011 and 2012, Perfumery entities Verreries de l'Orne and SGD Inversiones carried out capital increases that were financed by SGD S.A. and SGD Germany. These capital increases have been written off against equity in the combined financial statements for €21.9 million in 2011 and €95.6 million in 2012.

- Financial debt

As part of the first stage of the reorganization, it is expected that SGD Group will assume and ultimately repay the financial debt of both of its current pharmacy and perfumery operations. As a result, the whole financial debt of SGD Group has been included in the combined liabilities. In particular, financial debt, including accrued and capitalized interest, carried by SGD Group legal entities split off in the first stage of the reorganization has been included in the combined financial statements and accounted for at the opening of 2011 period.

The total impact of the financial debt of SGD Inversiones, SGD Inc and SGD North America booked in the 2011 opening balance sheet amounts to €91.8 million.

- Loans and other receivables from SGD Group Perfumery entities

Legal entities in the scope of combination have loans and other financing receivables (cash-pool assets, current accounts) to be received from SGD Group Perfumery entities. Such loans and receivables that are planned to be forgiven or transferred from SGD Group to SGD Luxembourg Holdings through capital reductions as part of the first stage of the reorganization have been recorded against equity at the opening of the 2011 combined financial statements for a total amount of €30.8 million.

- Tax

Current and deferred taxes have been determined taking into consideration existing tax groups. No current income tax was calculated for France given the consolidated tax losses carried forward of the French tax group (see note 18 for further detail).

- Off-balance sheet commitments

Off-balance sheet commitments of Perfumery entities sold on stage 1 of restructuring are not disclosed in the combined financial statements as they are not related to the Pharmacy business even if SGD Group S.A.S might be committed as the parent company of SGD Group.

IAS 19 revised—pensions

Effects of IAS 19 standard revision, applicable since 2013 year-end, have been taken into account retroactively starting at opening of 2011.

Intercompany transactions

Intercompany transactions between entities included in the scope of combination are eliminated in the combined financial statements. Transactions between entities included in the scope of combination and SGD Group Perfumery entities are not eliminated apart from loans and other receivables as described above (see note 27).

Note 1. Presentation of the business and major events

1.1 Features of the business

The Group operates mainly in Europe (Germany, Spain and France) and China and has 6 subsidiaries.

The Group is involved designs, manufactures and markets bottles for the pharmaceutical and perfumery industries, and is the worldwide leader in the manufacturing and marketing of bottles for the health industry, renowned for its innovation capabilities and its wide range of glass types. The Group is setting world standards for manufacturing processes and quality.

1.2 Major events of FY 2011

In 2011, SGD S.A. Sucy plant launched a large investment program including furnace refurbishment, new lines and control equipments, aiming at creating state of the art machinery & equipment and leading technology.

1.3 Major events of FY 2012

In 2012, capex focused on Germany and the SGD S.A. plant in Mers-les-Bains, with the refurbishment of the two pharmacy business furnaces in Mers-les-Bains and one in Kipfenberg. This capital expenditure resulted in incremental AX capacity, rendered both plants more productive and improved quality.

In December 2012, the Group signed an amendment to the bond loan agreement with SGD Luxembourg Holdings SCA, the sole bondholder, to change the term of the bond to an indefinite term.

The term ending on December 31, 2017 for repayment of the nominal amount of the loan (€39.8 million) and interest accrued since February 4, 2010 (€15.9 million) was changed to an indefinite term.

This change in the terms of the agreement resulted in the bond loan being reclassified from a debt instrument to an equity instrument.

1.4 Major events of FY 2013

The Board approved a project, aiming at building two standalone Pharmaceutical and Perfumery businesses, each of them having a leadership position in their respective markets.

The construction of a new plant for the French pharmaceutical operations was approved. It will be located near the existing dual plant of Mers-les-Bains.

Based on the latest business plan information, an independent calculation of the Perfumery business was performed in anticipation of the restructuring in 2014. An impairment test was performed and resulted in an additional €51.9 million impairment of the SGD S.A. Mers-les-Bains Perfumery fixed assets, recorded in 2013 profit and loss statement (see note 7 for further information).

Note 2. Significant accounting policies

The combined financial statements are presented in euros and all values are rounded to the nearest thousandth unless otherwise stated.

Compliance with accounting standards

Under European Council Regulation No. 1126/2008 adopted on November 3, 2008, the SGD Group has drawn up its combined financial statements in accordance with the International Financial Reporting Standards (IFRS) as published by the IASB and adopted in the European Union as of the date on which the financial statements were prepared.

International accounting standards comprise the IFRS, the IAS (International Accounting Standards), the SIC (Standing Interpretations Committee) and the IFRS IC (International Financial Reporting Standards Interpretations Committee).

All provisions adopted by the European Union are available on the European Commission's website at the following address:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

New standards

The following standards adopted by the European Union are mandatory from January 1, 2013 and have an impact on the financial information presented:

- Amendments to IAS 1 "Presentation of Other Comprehensive Income" applicable to fiscal years beginning on or after January 1, 2013;

The following standards adopted by the European Union are mandatory from January 1, 2013 but have no impact on the financial information presented:

- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets". These new provisions introduce a presumption that the asset is recovered entirely through sale, unless the entity can provide proof that recovery will occur in another manner;
- IFRS 13 "Fair Value Measurement". IFRS 13 represents a single source of requirements for measuring fair value and replaces those currently provided in the various IFRSs.
- Amendments to IFRS 7 "Financial instruments—Disclosures—Offsetting Financial Assets and Financial Liabilities";
- Amendments to IFRS 1 "Government Loans"

- Amendments to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters” applicable from January 1, 2013;

- Annual IFRS improvements (2009-2011)

Change in accounting method—First application of IAS 19 revised

IAS 19 was revised in June 2011. The new version became mandatory on 1 January 2013. In compliance with IAS 8, this change of method is applied retrospectively to all periods presented (being January 1, 2011).

This revised standard introduces the following changes for valuation and recognition of the SGD Group’s provisions for employee benefits:

- actuarial gains and losses on post-employment defined benefit plans are recorded in full through other components of net income and gains and losses recorded directly in equity. The corridor option is not applicable anymore;

- immediate recognition of the unvested past service cost;

- The expected rate of return on fund assets is now determined using the same discount rate as the rate applied to measure obligations. The differential between and the actual rate of return on fund assets is recorded directly in equity.

The new standards, amendments to existing standards and interpretations have been published but were not applicable on December 31, 2013 and have not been adopted early:

- IFRS 9* “Financial Instruments”. The standard introduces new requirements for classifying and measuring financial assets. According to IFRS 9, financial assets are classified and measured based on the business model under which these assets are held and the characteristics of their contractual cash flows. IFRS 9 will be applicable from January 1, 2015;

- IFRS 10 “Consolidated Financial Statements”. The standard introduces a single control model to determine whether an entity in which an investment is made should be consolidated. The mandatory effective date of IFRS 10 is set at January 1, 2014;

- IFRS 11 “Joint Arrangements”. This standard replaces IAS 31 “Interests in Joint Ventures” and SIC—13 “Jointly Controlled Entities—Non-Monetary Contributions by Venturers”. According to IFRS 11, the form of a joint arrangement, although still an important consideration, is no longer the essential factor for its accounting classification and therefore for its subsequent recognition. The effective date of IFRS 11 is set at January 1, 2014;

- IFRS 12 “Disclosure of Interests in Other Entities”. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the basis of control, any restrictions on consolidated assets and liabilities, exposure to risk resulting from interests in non-consolidated structured entities and the participation of minority interests in the activities of consolidated entities. The effective date of IFRS 12 is at January 1, 2014;

- IAS 27 “Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 27 and IAS 28 have been amended to comply with changes made following the publication of IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”. The effective date is set at January 1, 2014;

- Amendments to IAS 32 related to the rules of compensation of financial assets and financial liabilities;

- Amendments to IAS 36 related to information on the recoverable value of non-financial assets;

- Amendments to IAS 39 related to the novation of derivatives and the maintaining of hedge accounting; Amendments* to IFRS 10,11 and 13 “Transition guidance”

- Amendments* to IFRS 10, 12 and IAS 27 “Investment entities”

* standards not yet adopted by the European Union

Basis of measurement

The combined financial statements are prepared on the basis of historical cost with the exception of certain financial instruments which are recognised at fair value.

The methods used to measure the fair value of these instruments are presented in Note 2.3.12.

2.1 Consolidation methods

Subsidiaries in which the Group directly or indirectly holds exclusive control are consolidated using the full consolidation method.

All intra-group balances and transactions, as well as all income, expenses and unrealized gains and losses included in the book value of assets resulting from internal transactions are eliminated in full.

2.2 Use of estimates

To prepare its financial statements, the Group's management must make estimates and assumptions which affect the book value of assets and liabilities, income and expenses, and the information given in the appended notes.

These estimates are based on a going concern assumption and on the information available at the time they are prepared. They are continuously measured on the basis of past experience and various other factors deemed reasonable which form the basis of the assessments of the book value of the assets and liabilities. Estimates may be revised if the circumstances on which they were based change or if new information becomes available. Actual results may differ significantly from these estimates based on different assumptions or conditions.

In the current context of high market volatility and difficulty in assessing the economic outlook, the accounting estimates used in preparing the financial statements at December 31, 2011, 2012 and 2013 were made based on the best estimate to date of the foreseeable future and have been measured in the context of assumptions taking into account an economic crisis whose duration would be limited in time.

The main significant estimates made by the Group's management include provisions for impairment losses on intangible and tangible industrial assets, deferred taxes, employee benefits and other provisions.

The information provided for the contingent assets and liabilities existing on the date of preparation of the consolidated financial statements is also based on estimates. The estimates used are described in detail in the notes.

2.3 Summary of significant accounting policies

2.3.1 Presentation of financial statements

The SGD Group presents its financial statements in accordance with the principles contained in IAS 1 "Presentation of Financial Statements".

Based on customary practice and the nature of the business, the Group has opted to present the income statement using the nature of expense method. Operating income from ordinary activities includes all recurring income and expenses directly related to the Group's activities.

The "Other operating income and expenses" line item contains a figure when an important event that occurred during the accounting period could potentially distort the understanding of the company's performance. It includes income and expenses in very limited numbers that are unusual in their frequency, nature or amount.

Operating profit/loss includes all income and expenses directly related to the Group's activities, whether such income and expenses are recurring or result from one-time decisions or operations.

Assets and liabilities related to the operating cycle and those with a maturity of less than 12 months from the balance sheet date are classified as current. Other assets and liabilities are classified as non-current.

The Group prepares the cash flow statement using the indirect method and according to the provisions of IAS 7. The indirect method entails determining cash flows from operating activities for which profit is adjusted for transactions with no effect on cash flow and items related to investing and financing activities.

2.3.2 Translation of financial statements prepared in foreign currencies

These combined financial statements are presented in Euro, which is the Company's functional currency.

The accounts of the Group's foreign subsidiaries are maintained in their functional currency, which is the currency of the economic environment in which these entities primarily operate. In most cases, the functional currency is the local currency. However, for some entities, a functional currency different from the local currency may be used if it reflects the currency of the principal transactions.

Balance sheet items (including goodwill) of entities operating outside the euro zone are converted into euros at the exchange rate prevailing on the balance sheet date. The elements of their income statement are converted at the average exchange rate for the fiscal year to the extent that it represents a reasonable approximation of transactions' exchange rates of the period. The resulting translation gains and losses are recorded in other comprehensive income.

None of the Group's subsidiaries is located in a "hyperinflationary" economy as defined by IAS 29.

2.3.3 Translation of transactions in foreign currencies

In accordance with IAS 21, transactions in foreign currencies are initially translated and recorded in the functional currency of the entity in question at the rate prevailing on the transaction date.

At the end of the fiscal year, monetary assets and liabilities in foreign currencies are translated into euros at the closing exchange rate. The resulting exchange differences are recognized in profit or loss.

2.3.4 Business combinations and goodwill

Since January 1, 2010, the Group has applied revised IFRS 3 "Business Combinations" for the recognition of business combinations.

Business combinations are recognized using the acquisition method on the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions completed since January 1, 2010, the Group measures goodwill on the acquisition date as:

- the fair value of the consideration transferred
- plus the amount of any non-controlling interest in the acquired company
- plus, if the business combination is achieved in stages, the fair value of any equity interest held in the acquired company
- minus the net amount (usually at fair value) of the identifiable assets acquired and the liabilities assumed.

If the difference is negative, a gain is recognized immediately as a bargain purchase in profit or loss.

Costs related to the acquisition, other than those related to issuing debt or equity instruments, incurred by the Group as a result of a business combination are accounted for as expenses when they are incurred.

If the initial accounting for a business combination can be determined only provisionally, the Group has 12 months from the acquisition date to finalize the accounting for the business combination in question

2.3.5 Intangible assets

Intangible assets are accounted for at cost less any amortization and impairment losses.

When their useful life is finite, intangible assets are amortized over the useful life expected by the Group. This life is determined on a case-by-case basis depending on the nature and characteristics of the assets included in this item.

When their useful life is indefinite, intangible assets are not amortized but undergo routine annual testing for impairment (see note "Impairment of Assets").

Patents are capitalized at cost and are amortized over their useful life not exceeding their term of protection.

Development costs are capitalized when they meet the following criteria defined by IAS 38: technical and commercial feasibility necessary for completion of the project, the Group's intention to complete the project, ability to use the asset, probability of future economic benefits expected from the asset, availability of resources and reliable assessment of development expenditure. They are amortized on a straight-line basis over their useful life.

The development costs of internally developed software are capitalized when the criteria of IAS 38 are met. Capitalized costs primarily include the salaries of personnel involved in development and fees of outside service providers. They are amortized on a straight-line basis over their useful life.

Brands are not amortized.

Software licenses and patents are amortized on a straight-line basis over the following periods:

Software licenses	Straight-line amortization over 3 to 5 years
Patents, etc.	Straight-line amortization over 20 years

2.3.6 Property, plant & equipment

Property, plant & equipment (land, buildings and equipment) are recorded at their acquisition cost or fair value on acquisition or, where appropriate, their production cost, less accumulated depreciation and any impairment.

Subsequent costs are included in the book value of the asset or, where applicable, accounted for as a separate asset, if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

The Group has not used a residual value for these assets, as most industrial assets are meant to be used until the end of their economic life and are generally not expected to be sold.

Depreciation is calculated using the straight-line method over the expected useful life of the assets.

The actual estimated useful lives are as follows:

Buildings	30 to 40 years
Technical equipment, kilns, machinery and equipment	2 to 16 years
Other tangible assets	3 to 16 years

Land is not depreciated.

Precious metals included in furnaces are not depreciated.

Residual values and useful lives of assets are reviewed and, if necessary, adjusted on each balance sheet date.

Losses or gains on asset sales are determined by comparing the sale proceeds to the book value of the asset sold

2.3.7 Lease agreements

Finance leases

Assets acquired under finance leases are capitalized when the lease agreements transfer to the Group substantially all the risks and rewards inherent to ownership of such assets. The criteria for assessment of these agreements are based in particular on:

- the relationship between the lease term of the assets and their useful life,
- total future payments in relation to the fair value of the asset financed,
- the existence of a transfer of ownership at the end of the lease agreement,
- the existence of a favourable option to purchase,
- the specific nature of the leased asset.

Assets held under finance lease agreements are recorded as assets at the lower of the fair value of the leased asset and the present value of the minimum lease payments. A financial liability in the same amount is recognized in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the debt principal in order to obtain a constant periodic interest rate on the remaining balance of the liability. Finance charges calculated on the debt are recognized directly in the income statement. Assets are amortized over the shorter of the useful life or the lease term of the asset.

Operating leases

Lease agreements that do not have the characteristics of a finance lease are accounted for as operating leases, and only lease payments are recognized as profit or loss on a straight line basis.

2.3.8 Research costs

Research costs are recorded directly as expenses for the fiscal year.

2.3.9 Borrowing costs

Borrowing costs attributable to the financing of an asset and incurred during the construction period are included in the value of the asset, provided they are qualifying assets pursuant to IAS 23. Otherwise, borrowing costs are recorded as financial expenses for the fiscal year in which they are incurred.

2.3.10 Grants

Investment subsidies received for the purchase of capital assets are posted as liabilities under “Other liabilities” and are credited in the income statement based on the actual useful life of the assets for which they were awarded.

2.3.11 Asset impairment

Impairment testing involves comparing the book value of the asset or cash generating units (CGU) to its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use is obtained by adding the present value of the expected cash flows from using the asset (or CGU) and its ultimate disposal. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs directly related to the sale.

When tests show that the recoverable amount is less than the net book value of the asset (or group of assets), then an impairment loss is recognized in profit or loss for the differential, allocated primarily to goodwill.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. If this happens, the book value of the asset is increased up to its recoverable amount. However, impairment losses related to goodwill are irreversible. Impairment losses, and conversely reversals of impairment losses, are recognized in profit or loss. Amortization may be adjusted so that the revised book value of the asset is allocated over the residual useful life.

2.3.12 Non derivative financial assets

Financial assets are classified into one of four categories:

- assets at fair value through profit or loss held for trading;
- loans and receivables;
- held-to-maturity assets;
- available-for-sale assets.

The Group determines the classification of financial assets at the time of initial recognition, based on the purpose for which they were acquired.

Assets at fair value through profit or loss

These are financial assets that are traded in order to be sold in the very short term, held for the production of a short-term profit, or deliberately placed in this category. Derivatives are also designated as held for trading, unless they are classified as hedging instruments.

These assets are measured at fair value with changes in fair value recognized in profit or loss.

Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are included in current assets, except those maturing more than 12 months after the balance sheet date.

Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Their balance sheet value includes the remaining principal balance plus accrued interest.

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

Held-to-maturity assets

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and which the Group has the intention and ability to hold to maturity. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Held-to maturity assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

Available-for-sale assets

Available-for-sale assets are non-derivative financial assets that are not included in the above categories. They are included in non-current assets unless management plans to sell them within 12 months following the balance sheet date. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value.

Unrealized capital gains or losses are recognized in other comprehensive income until the sale of the assets, unless there are impairment losses which are recognized in profit or loss at the time of their determination.

Available-for-sale financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

Exchange gains and losses from assets in foreign currencies are recognized in profit or loss for debt securities and in other comprehensive income for equity securities.

This category mainly includes securities that do not meet the other definitions of financial assets held for trading. They are classified as other assets, current and non-current.

Fair value measurement

Fair value is, for instruments listed in an active market, a market price obtained at the measurement date (level 1). For instruments that are not listed in an active market, fair value is measured using valuation methods that include reference to recent transactions carried out under normal conditions or transactions involving substantially similar instruments, or recognized valuation models, including assumptions and observable market data using inputs other that quoted prices that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) or inputs which are not observable in the markets (level 3). Level 3 applies when there is no market or observable data and the company relies on its own assumptions to estimate the data that other market participants would have used to measure the fair value of the financial asset or liability.

However, when it is impossible to estimate the fair value of an equity instrument reasonably, it is maintained at historical cost.

2.3.13 Inventories

Inventories are measured at the lower of cost and net realisable value.

Raw materials

The cost of raw materials includes acquisition costs and other costs incurred to bring the inventory to its present location and condition. The gross value of inventories of raw materials is calculated using the weighted average cost method.

Work-in-process and finished goods

The gross value of inventories of finished goods is measured by reference to a “full cost price” which mainly includes the budgeted cost of production or “standard cost” of production adjusted as necessary by a share of production differences on standard costs intended to value the finished goods as nearly as possible to the actual cost of production.

Depreciation

A provision for depreciation of inventories is recorded if their actual cost price is less than their net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to complete the sale.

2.3.14 Trade and other receivables

Trade receivables, with maturities generally between 0 and 90 days, are recognized and accounted for at the original invoice amount less provisions for depreciation of unrecoverable amounts. A provision is created when there is objective evidence that the Group will not be able to recover these receivables. Bad debts are recognized as a loss when identified as such.

Securitization programme for trade receivables assigned under a factoring agreement and not yet due at the end of the fiscal year are retained in the receivables line item if, after analysis of the agreement, the risks related to trade receivables are not transferred substantially to the financial institutions.

2.3.15 Cash and cash equivalents

Cash and short-term deposits recognized in the balance sheet include bank balances, cash in hand and other short-term highly-liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above, net of cash credit.

2.3.16 Share capital

Ordinary shares and preferred shares are classified as equity instruments.

Bond loans issued by the Group for which the term is indefinite, meaning that repayment of the principal will not occur until the Company is liquidated, or earlier by discretionary decision, have been classified as equity instruments.

Additional costs directly attributable to the issue of new shares or options are recognized in equity as a deduction from issue income, net of taxes.

2.3.17 Non derivative financial liabilities

Borrowings are initially recognized at fair value. They are then recognized using the amortized cost method calculated on the basis of the effective interest rate. According to this principle, any redemption or issue premiums are deducted from the related balance sheet line item corresponding to these loans and are amortized as financial income or expense over the life of the loans.

The portion of debt less than one year is presented as a current liability.

The Group derecognizes all or part of a financial liability when the liability is extinguished due to cancellation of the bond or its maturity. Where debt with a lender has been restructured and the terms are substantially different, the Group recognizes a new liability and derecognize the former one, the difference between both of them being accounted for in profit or loss

2.3.18 Provisions

Provisions are recognized in accordance with IAS 37 when the Group, at the balance sheet date, has a legal, contractual or implicit obligation to a third party resulting from a past event and it is probable that an outflow of resources representing economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. These provisions are estimated by taking into account the most likely assumptions on the date the financial statements are prepared.

In the case of restructurings, an obligation arises when the restructuring has been announced, with a detailed plan or start of execution.

When the Group expects the total or partial reimbursement of the provision, for example because of an insurance policy, the reimbursement is recognized as a separate asset but only if the reimbursement is virtually certain. The expense related to the provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted on the basis of a pre-tax rate that reflects, where appropriate, the risks specific to the liability. If the provision is discounted, the increase in the provision related to the passage of time is recognized in financial expenses.

If the provision is used, the reversal of the provision is recognized as a credit to the expense account in which the expenditure covered by the provision was recorded. If the reversal of the provision results in the extinguishment of the expected risk with no associated expenditure, the reversal is recognized in other income. For sites in operation, provisions are recorded to cover identified risks when a legal or regulatory requirement is declared.

Provisions related to the normal operating cycle are classified as current provisions.

2.3.19 Employee benefits

a) Post-employment benefits

According to the laws and customs of the countries where the Group operates, SGD participates in employee benefit plans under which employees and retirees are paid pensions, post-retirement medical assistance and post-employment benefits, including severance pay.

Defined contribution plans

For defined contribution plans, the Group recognizes the payable contributions as expenses when they are due, since it has no commitment beyond the contributions paid.

Defined benefit plans

For defined benefit plans, pension costs are determined by independent actuaries, using the projected credit unit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each of these units is assessed separately to obtain the final obligation.

The final obligation is then discounted. These calculations mainly include the following assumptions:

- a discount rate,
- an inflation rate,
- a salary increase rate,
- an employee turnover rate.

These assessments are made annually for all plans.

External funds are required to cover pension liabilities in certain countries. The financial assets may exceed the estimated liabilities, thus generating the recognition of a financial asset in the balance sheet. However, recognition of this asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Some other post-employment benefits such as medical coverage are also covered by provisions which are assessed by performing an actuarial calculation comparable to that performed for pension provisions.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

b) Other commitments to employees

In some countries, monies intended to reward employees for the length of their service are paid by the Group in the form of bonuses. The Group's net obligation in respect of these other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

2.3.20 Recognition of income from ordinary activities

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue is primarily generated by sales of bottles and containers and is recognized at the time the risks and benefits related to ownership are transferred to the customer, i.e. on delivery. Discounts, refunds and reductions granted to customers are recognized at the same time as sales. They are classified as a reduction of consolidated revenue.

2.3.21 Cost of net financial debt

The cost of net financial debt includes interest payable on borrowings and finance leases, interest receivable on investments, income from other dividends, exchange gains and losses and gains and losses on hedging instruments, and net finance costs on post-employment defined benefits plans, which are accounted for in the income statement.

Interest income is accounted for in the income statement when earned using the effective interest rate method.

Interest charges are accounted for in the income statement when incurred using the effective interest rate method.

2.3.22 Taxes

Tax assets and liabilities payable for the fiscal year and for prior fiscal years are valued at the amount expected to be collected from or paid to the tax authorities. The tax rates and tax laws used to determine these amounts are those that have been enacted or substantively enacted as at the balance sheet date.

A system of research tax credits exists in France and in some foreign countries. Research tax credits are presented on the same line of the income statement as research costs, as technical overheads, to reflect the net cost of the research function.

Deferred taxes are recognized using the balance sheet liability method for all timing differences provided several exemptions existing at the balance sheet date between the tax base of assets and liabilities and their book value in the balance sheet, as well as for losses carried forward.

Deferred taxes are valued at the tax rates enacted or substantively enacted as at the balance sheet date.

A deferred tax asset is recorded only if it is probable that the Group will have future taxable profits to which the corresponding timing difference can be charged. Deferred tax assets are reviewed on each balance sheet date and written down if there is a risk of non-recovery.

In accordance with IAS 12 “Taxes”, tax assets and tax liabilities are not discounted.

The amount of deferred tax recognized in the Group’s accounts is determined for each of the tax entities included in the group.

Deferred tax assets and liabilities are offset if the entity has a legal right to offset current tax assets and liabilities and if the deferred tax assets and liabilities are subject to taxes levied by the same tax authority.

Note on the accounting treatment of the regional business tax (CET) in France

The CET, introduced by the 2010 French Finance Act to replace the *“taxe professionnelle”* in France (direct local business tax), consists of a levy on the real estate of businesses (CFE) and a levy on the added value of businesses (CVAE). According to the Group’s analysis, the CVAE meets the definition of an income tax as defined by IAS 12.2 (“Tax due based on taxable income”), while the CFE is treated as an operational expense.

This decision by the Group resulted in the reclassification of the CVAE as tax due from January 1, 2010 and the recognition of deferred taxes on the timing differences identified.

2.3.23 Derivative financial instruments

The Group trades in derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates. These instruments are traded with leading institutions. According to IAS 39, the use of hedge accounting requires that the effectiveness of the hedging relationship be designated and documented at its inception and throughout its life.

Derivatives are recognized in the balance sheet at their fair value at the balance sheet date. Changes in the value of derivatives are accounted for according to the following rules:

- For documented hedging instruments covering future cash flows, changes in fair value are recognized in other comprehensive income for the effective portion. The ineffective portion is recognized in profit or loss. The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss. The documentation of future cash flow hedges involving options or foreign exchange forward contracts excludes the time value and contango/backwardation components, which are recognized in profit or loss
- For hedging instruments documented as fair value hedges and non-documented instruments, changes in fair value are recognized in profit or loss.

The fair value of derivative financial instruments is generally determined by reference to the market price resulting from trading on a national securities exchange or on an OTC market. If no quoted market price is available, the fair value is based on estimates using discounting techniques from market models.

Note 3. Segment information

For the purpose of segment reporting, the Group's activities are split into two operating segments in accordance with IFRS 8. In SGD Group organization, the perfumery and pharmacy businesses are managed separately as they are specific with regards to key economic characteristics such as products, customers, and production equipment (furnaces).

Segment information presented below consists in a profit and loss statement down to ebitda, a simplified balance sheet and an operating cash flow statement.

Ebitda does not include non-recurring items labelled as "Other Operating Income/Expense" in the combined income statement.

Intrasegment relationships, eliminated within combined financial statements, are presented in the "Elimination" column for segment information purposes.

The measurement principles used by the Group in preparing this segment reporting are based on IFRS standards as adopted by the EU.

Basis of preparation

Scope

SGD S.A. and SGD Group S.A.S, legal entities that historically run operations for both the pharmacy and perfumery businesses have been split into a pharmacy segment and a perfumery segment.

All the other entities included in the combined financial statements have been allocated to the pharmacy business. In particular, Perfumery operations performed by SGD Asia Pacific, VGE and SSV are included in the pharmacy segment, in compliance with future planned reorganisations by December 31, 2015.

Perfumery segment only consists of SGD S.A. and SGD Group S.A.S. Perfumery operations.

Split methodology for SGD S.A. and SGD Group S.A.S.

As both pharmacy and perfumery Group activities were managed and reported separately over the three periods presented, the allocation of SGD S.A. and SGD Group S.A.S. accounts between perfumery and pharmacy segments is primarily based on the historical management reporting of both entities.

For items that are not allocated to pharmacy or perfumery business in SGD S.A. and SGD Group S.A.S historical management reporting, a specific analysis has been conducted by SGD management and an allocation has been performed (direct allocation when possible, or through allocation keys specific to each line items and best reflecting actual activities).

Operating profit and loss statement by segment

At December 31, 2013

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
Revenue	263,456	152,784	(5,207)	411,032
Other business income	1,385	1,901		3,286
Revenue and other income	**264,841**	**154,685**	**(5,207)**	**414,318**
Transport related to sales	(15,616)	(2,546)		(18,162)
Variable sale expenses	(2,510)	(717)		(3,227)
Materials consumption and change in inventory	(44,746)	(69,889)	5,528	(109,106)
Production cost	(101,730)	(68,544)		(170,274)
Production amortization	(26,458)	(7,941)		(34,399)
Other operating income/expense	(11,778)	(7,637)		(19,415)
Gross operating profit	**62,003**	**(2,589)**	**321**	**59,735**
Sales, General and Administrative expense	(21,963)	(22,920)		(44,883)
Management fees	(8)	11,023		11,015
Operating income from ordinary activities	**40,032**	**(14,486)**	**321**	**25,867**
Accumulated depreciation	(27,397)	(9,562)		(36,959)
EBITDA	**67,430**	**(4,924)**	**321**	**62,826**

At December 31, 2012

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
Revenue	258,152	142,517	(6,427)	394,241
Other business income	1,719	2,009	(3)	3,725
Revenue and other income	**259,871**	**144,526**	**(6,431)**	**397,966**
Transport related to sales	(16,008)	(2,590)		(18,598)
Variable sale expenses	(4,594)	(575)		(5,169)
Materials consumption and change in inventory	(46,582)	(64,507)	7,031	(104,057)
Production cost	(99,813)	(71,735)		(171,548)
Production amortization	(25,371)	(6,336)		(31,707)
Other operating income/expense	(9,612)	(6,977)		(16,589)
Gross operating profit	**57,891**	**(8,194)**	**600**	**50,297**
Sales, General and Administrative expense	(21,138)	(21,660)		(42,798)
Management fees		10,547		10,547
Operating income from ordinary activities	**36,753**	**(19,307)**	**600**	**18,046**
Accumulated depreciation	(26,647)	(8,460)		(35,107)
EBITDA	**63,400**	**(10,847)**	**600**	**53,153**

At December 31, 2011

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
Revenue	254,919	142,873	(10,072)	387,719
Other business income	1,141	1,011		2,152
Revenue and other income	**256,059**	**143,884**	**(10,072)**	**389,871**
Transport related to sales	(15,642)	(3,075)		(18,717)
Variable sale expenses	(2,593)	(655)		(3,248)
Materials consumption and change in inventory	(48,930)	(76,142)	9,560	(115,512)
Production cost	(95,269)	(65,322)		(160,591)
Production amortization	(19,945)	(6,699)		(26,644)
Other operating income/expense	(10,593)	(8,703)		(19,296)
Gross operating profit	**63,086**	**(16,712)**	**(512)**	**45,862**
Sales, General and Administrative expense	(22,608)	(24,503)		(47,111)
Management fees		5,032		5,032
Operating income from ordinary activities	**40,478**	**(36,183)**	**(512)**	**3,783**
Accumulated depreciation	(21,255)	(8,718)		(29,973)
EBITDA	**61,734**	**(27,465)**	**(512)**	**33,757**

Simplified balance sheet by segment

At December 31, 2013

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
Net fixed assets	**114,098**	**4,933**	**()**	**119,031**
Net inventories	35,940	40,577	15	76,532
Net trade receivables	35,873	22,780	(931)	57,723
Net trade payables	(32,161)	(23,657)	923	(54,895)
Operating Working Capital	**39,653**	**39,700**	**7**	**79,359**
Other Working Capital	(21,124)	(6,679)	9	(27,794)
Working Capital	**18,529**	**33,021**	**16**	**51,566**
Simplified Balance Sheet	**132,627**	**37,954**	**16**	**170,597**

At December 31, 2012

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
Net fixed assets	**137,451**	**47,773**	**(34)**	**185,190**
Net inventories	33,600	39,596	(306)	72,890
Net trade receivables	34,237	18,946	(1,182)	52,001
Net trade payables	(31,077)	(21,869)	1,174	(51,772)
Operating Working Capital	**36,760**	**36,673**	**(314)**	**73,119**
Other Working Capital	(15,545)	(8,174)	9	(23,710)
Working Capital	**21,216**	**28,499**	**(305)**	**49,409**
Simplified Balance Sheet	**158,666**	**76,272**	**(339)**	**234,599**

At December 31, 2011

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
Net fixed assets	**117,670**	**50,074**	**(34)**	**167,710**
Net inventories	31,846	33,287	(907)	64,226
Net trade receivables	32,470	20,390	(713)	52,146
Net trade payables	(30,276)	(20,618)	705	(50,189)
Operating Working Capital	**34,039**	**33,059**	**(915)**	**66,183**
Other Working Capital	(14,840)	(8,042)	9	(22,873)
Working Capital	**19,199**	**25,017**	**(906)**	**43,310**
Simplified Balance Sheet	**136,869**	**75,091**	**(940)**	**211,020**

Operating cash flow statement by segment

At December 31, 2013

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
EBITDA	**67,430**	**(4,924)**	**321**	**62,826**
Change in inventories	(3,831)	(39)	(321)	(4,191)
Change in trade receivables	(1,694)	(3,834)	(250)	(5,778)
Change in trade payables	1,149	1,788	251	3,188
Change in other working capital	3,405	(2,464)		941
Change in working capital	**(971)**	**(4,549)**	**(319)**	**(5,839)**
Capex	(16,536)	(11,623)	(38)	(28,197)
Operating Cash Flow	**49,923**	**(21,096)**	**(37)**	**28,790**

At December 31, 2012

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
EBITDA	**63,400**	**(10,847)**	**600**	**53,153**
Change in inventories	(1,465)	(6,622)	(600)	(8,688)
Change in trade receivables	(1,905)	1,558	470	124
Change in trade payables	569	1,251	(469)	1,351
Change in other working capital	(850)	925		75
Change in working capital	**(3,652)**	**(2,888)**	**(599)**	**(7,139)**
Capex	(47,357)	(10,731)		(58,088)
Operating Cash Flow	**12,391**	**(24,466)**	**1**	**(12,074)**

At December 31, 2011

(in thousand of euros)	Pharmacy	Perfumery	Elimination	Total
EBITDA	**61,734**	**(27,465)**	**(512)**	**33,757**
Change in inventories	2,036	3,800	512	6,348
Change in trade receivables	(3,532)	2,437	(397)	(1,492)
Change in trade payables	(3,271)	(6,543)	406	(9,408)
Change in other working capital	(2,044)	22,696	(9)	20,643
Change in working capital	**(6,811)**	**22,390**	**512**	**16,090**
Capex	(39,511)	(16,468)	38	(55,941)
Operating Cash Flow	**15,411**	**(21,543)**	**38**	**(6,094)**

Reconciliation of operating cash flow with cash flow from operating activities in combined cash flow statement

(in thousand of euros)	2013	2012	2011
Operating Cash Flow	**28,790**	**(12,074)**	**(6,094)**
Capex	28,197	58,088	55,941
Tax paid	(6,557)	(4,321)	(7,316)
Non cash items on provisions	(259)	(398)	2,320
Non recurring items	(1,449)	(1,124)	(9,739)
Cash Flow from Operating Activities	**48,722**	**40,171**	**35,112**

Revenue by geographical area

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
France	152,291	154,971	155,262
Western Europe	149,359	141,040	140,703
North and Central America	37,712	30,409	30,747
Africa Middle East	18,301	17,693	16,039
Eastern Europe	13,609	14,838	12,848
Asia Pacific	37,433	33,203	27,835
South America	2,327	2,087	4,286
TOTAL	**411,032**	**394,241**	**387,719**

Note 4. Definition of financial asset/liability classes by accounting categories based on IFRS standards

The chart below groups financial assets and liabilities by IAS 39 accounting category:

At December 31, 2013

Category (in thousands of euros)	Assets/liabilities valued at fair value through profit or loss	Held-to-maturity assets	Available-for-sale assets	Loans and receivables	Financial liabilities at amortized cost	Derivative instruments to hedge cash flows	Total net book value on the balance sheet	Fair value	Fair value hierarchy[2]
Non derivative financial assets				5,365			5,365	5,365	Level 1
Non-current derivative instruments									–
Current derivative instruments						159	159	159	Level 2
Other current assets				26,352			26,352	26,352	Level 1
Trade accounts receivable				59,887			59,887	59,887	Level 1
Cash and cash equivalents	44,321						44,321	44,321	Level 1
Total assets	**44,321**			**91,604**		**159**	**136,084**	**136,084**	
Non-current financial borrowings[1]					327,678		327,678	356,327	Level 2
Non-current derivative instruments									–
Current derivative instruments									–
Trade accounts payable					56,818		56,818	56,818	Level 1
Current bank loans and credit					34,337		34,337	34,337	Level 1
Other current liabilities					51,289		51,289	51,289	Level 1
Total liabilities					**470,122**		**470,122**	**498,771**	

(1) A fair value calculation was performed on the syndicated debt for which capitalizable interest is calculated at a fixed rate. For the rest of the debt, the book value was considered as being approximate to the fair value.

(2) See description of fair value hierarchy in note 2.3.12.

At December 31, 2012

Category (in thousands of euros)	Assets/liabilities valued at fair value through profit or loss	Held-to-maturity assets	Available -for-sale assets	Loans and receivables	Financial liabilities at amortized cost	Derivative instruments to hedge cash flows	Total net book value on the balance sheet	Fair value	Fair value hierarchy[2]
Non derivative financial assets				4,318			4,318	4,318	Level 1
Non-current derivative instruments									–
Current derivative instruments									–
Other current assets				22,475			22,475	22,475	Level 1
Trade accounts receivable				54,134			54,134	54,134	Level 1
Cash and cash equivalents	31,938						31,938	31,938	Level 1
Total assets	**31,938**			**80,927**			**112,865**	**112,865**	
Non-current financial borrowings[1]					310,240		310,240	321,368	Level 2
Non-current derivative instruments									–
Current derivative instruments									–
Trade accounts payable					53,416		53,416	53,416	Level 1
Current bank loans and credit					40,294		40,294	40,294	Level 1
Other current liabilities					47,949		47,949	47,949	Level 1
Total liabilities					**451,899**		**451,899**	**463,027**	

(1) A fair value calculation was performed on the syndicated debt for which capitalizable interest is calculated at a fixed rate. For the rest of the debt, the book value was considered as being approximate to the fair value.

(2) See description of fair value hierarchy in note 2.3.12.

At December 31, 2011

Category (in thousands of euros)	Assets/liabilities valued at fair value through profit or loss	Held-to-maturity assets	Available-for-sale assets	Loans and receivables	Financial liabilities at amortized cost	Derivative instruments to hedge cash flows	Total net book value on the balance sheet	Fair value	Fair value hierarchy[2]
Non derivative financial assets				8,755			8,755	8,755	Level 1
Non-current derivative instruments									–
Current derivative instruments						479	479	479	Level 2
Other current assets				22,177			22,177	22,177	Level 1
Trade accounts receivable				54,564			54,564	54,564	Level 1
Cash and cash equivalents	33,978						33,978	33,978	Level 1
Total assets	**33,978**			**85,496**		**479**	**119,953**	**119,953**	
Non-current financial borrowings[1]					316,366		316,366	317,493	Level 2
Non-current derivative instruments									–
Current derivative instruments									–
Trade accounts payable					51,715		51,715	51,715	Level 1
Current bank loans and credit					57,502		57,502	57,502	Level 1
Other current liabilities					48,442		48,442	48,442	Level 1
Total liabilities					**474,025**		**474,025**	**475,152**	

(1) A fair value calculation was performed on the syndicated debt for which capitalizable interest is calculated at a fixed rate. For the rest of the debt, the book value was considered as being approximate to the fair value.

(2) See description of fair value hierarchy in note 2.3.12.

Note 5. Goodwill

There is no goodwill in the combined financial statements.

Note 6. Intangible assets

Intangible assets from January 1, 2011 to December 31, 2013

(in thousands of euros)	Patents	Software	Other	Total
At December 31, 2011				
Start of year	153	5,199	1,129	6,481
Correction of opening balance sheet				
Purchases		1,927		1,927
Depreciation	(9)	(2,837)	(31)	(2,877)
Impairment losses			(1,159)	(1,159)
Sales				
Reclassifications and other[1]		20	(20)	
Translation adjustments		4	87	91
Net value	**144**	**4,313**	**6**	**4,463**
At December 31, 2011				
Gross value	230	22,723	8,925	31,877
Accumulated depreciation and impairment losses	(86)	(18,409)	(8,918)	(27,414)
Net value at December 31, 2011	**144**	***4,313***	**6**	**4,463**
At December 31, 2012				
Start of year	144	4,313	6	4,463
Correction of opening balance sheet				
Purchases		1,088		1,088
Depreciation	(9)	(2,982)	(35)	(3,026)
Impairment losses				
Sales				
Reclassifications and other[1]		669	96	765
Translation adjustments			(8)	(8)
Net value	**135**	**3,088**	**59**	**3,282**
At December 31, 2012				
Gross value	230	24,316	8,858	33,404
Accumulated depreciation and impairment losses	(95)	(21,227)	(8,800)	(30,122)
Net value at December 31, 2012	**135**	**3,088**	**59**	**3,282**
At December 31, 2013				
Start of year	135	3,088	59	3,282
Correction of opening balance sheet				
Purchases		552		552
Depreciation	(7)	(2,110)	(34)	(2,151)
Impairment losses		(1,445)		(1,445)
Sales				
Reclassifications and other[1]		439	(4)	435
Translation adjustments		()	(17)	(17)
Net value	**128**	**524**	**4**	**656**
At December 31, 2013				
Gross value	230	25,137	8,721	34,088
Accumulated depreciation and impairment losses	(102)	(24,613)	(8,718)	(33,432)
Net value at December 31, 2013	**128**	**524**	**4**	**656**

(1) The net balance of reclassifications refers to reclassifications between tangible and intangible assets.

Intangible assets are mainly composed of the capitalized IT & R&D projects, such as SAP project & licences.

Note 7. Property plant and equipment

Property plant and equipment from January 1, 2011 to December 31, 2013

(in thousands of euros)	Precious metals	Land	Buildings	Equipment, machinery and other	Construction work in progress	Total
At December 31, 2011						
Start of year	10,419	27,507	25,612	79,782	8,013	151,333
Change in scope						
Purchases	210		5,745	44,641	5,098	55,694
Sales	(108)	(33)	(119)	(4,874)		(5,134)
Translation adjustments			148	757	8	913
Depreciation			(3,058)	(31,105)		(34,163)
Impairment losses			(2,022)	2,077		55
Reclassifications and other[1]			48	564	(612)	
Net value	**10,521**	**27,474**	**26,354**	**91,842**	**12,507**	**168,698**
At December 31, 2011						
Gross value	10,521	27,474	110,156	377,245	12,507	537,904
Accumulated depreciation and impairment losses			(83,802)	(285,404)		(369,206)
Net value at December 31, 2011	**10,521**	**27,474**	**26,354**	**91,842**	**12,507**	**168,698**
At December 31, 2012						
Start of year	10,521	27,474	26,354	91,842	12,507	168,698
Change in scope		(1)	1	13	1	14
Purchases			751	34,828	19,057	54,635
Sales	(99)	(26)	(4)	(3,656)		(3,785)
Translation adjustments			(14)	(40)	(3)	(57)
Depreciation			(3,439)	(28,635)		(32,074)
Impairment losses				(2,258)		(2,258)
Reclassifications and other[1]			2,343	25,948	(29,056)	(765)
Net value	**10,422**	**27,447**	**25,992**	**118,042**	**2,506**	**184,409**
At December 31, 2012						
Gross value	10,422	27,447	112,935	406,752	2,506	560,061
Accumulated depreciation and impairment losses			(86,943)	(288,710)		(375,652)
Net value at December 31, 2012	**10,422**	**27,447**	**25,992**	**118,042**	**2,506**	**184,409**
At December 31, 2013						
Start of year	10,422	27,447	25,992	118,042	2,506	184,409
Change in scope						
Purchases	44		584	21,287	6,898	28,813
Sales	(541)	(16)	(343)	(6,316)		(7,216)
Translation adjustments			(25)	(101)	(11)	(136)
Depreciation			(3,280)	(31,529)		(34,808)
Impairment losses	(2,488)	(17,540)	(9,300)	(20,559)	(718)	(50,605)
Reclassifications and other[1]			833	3,686	(4,958)	(439)
Net value	**7,437**	**9,891**	**14,461**	**84,509**	**3,717**	**120,016**
At December 31, 2013						
Gross value	9,925	27,431	113,586	408,019	4,435	563,395
Accumulated depreciation and impairment losses	(2,488)	(17,540)	(99,124)	(323,509)	(718)	(443,379)
Net value at December 31, 2013	**7,437**	**9,891**	**14,461**	**84,509**	**3,717**	**120,016**

(1) Reclassifications refer to the start up of construction work in progress during the period and the net balance of reclassifications refers to reclassifications between tangible and intangible assets.

In 2011, the main capex program was the refurbishment of the Sucy furnace for an amount of €20.6 million.

In 2012, capex concentrated on the refurbishment of the Kipfenberg furnace for an amount of €13 million and the two furnaces in Mers-les-Bains (F2 for capacity increase and F4 normal refurbishment) for an amount of €18.5 million.

In December 2013, the refurbishment of the furnace 2 in Mers was launched. The other capex for 2013 focuses on productivity and molds.

Impairment tests

The Group's management has defined two cash-generating units ("CGU"), perfumery business (SGD S.A. Mers-les-Bains plant) and pharmacy business.

Impairment tests performed over the three years periods presented did not lead to any impairment of Pharmacy business fixed assets, except in China (in 2011 for €8 million).

For the Perfumery business of Mers-les-Bains, 2011 and 2012 tests did not conclude to the need of fixed assets impairment.

In 2013, Group's management conducted an impairment test of the Perfumery CGU's fixed assets following signs of impairment resulting from the activity and the losses generated by the perfumery business, and based on the principle described in Note 2.3.11.

Impairment test conducted is based on the estimated value in use of Perfumery CGU, calculated using discounted cash flows methodology. Impairment test is based on the business plan elaborated by the company & reviewed by an independent firm. Business plan covers the three years period of 2014 to 2016, extended to six years based on recent forecasts.

The terminal value is calculated according to the Gordon-Shapiro method, with a perpetual growth rate of 1.5%. The discount rate used amounts to 8% and is the result of an average of comparable discount rates that appeared to be consistent with the Capital Asset Pricing model method.

The 2013 Perfumery impairment test resulted in an additional impairment of SGD S.A. Mers-les-Bains Perfumery fixed assets of €51.9 million, recorded in 2013 profit and loss statement (other operating expenses).

Any deterioration in the environment could potentially result in additional impairment. In this respect, a sensitivity study was carried out to measure the impact of a change in perpetual growth or WACC of the Perfumery business on the value of the business. Any change of 10 points in the perpetual growth could result in an additional risk of €2 million and a change of 10 points in the discount rate could generate a difference of valuation of approximately €15 million.

Note 8. Non derivative financial assets

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Non derivative financial assets	5,365	4,318	8,755
TOTAL NON DERIVATIVE FINANCIAL ASSETS	**5,365**	**4,318**	**8,755**

The balance at December 31, 2013 mainly pertains to the security deposits for factoring in France and to a €1.0 million deposit for a financial lease introduced in SGD S.A. in 2013.

The variation between 2011 and 2012 mainly comes from the release of a security deposit along with the reimbursement of SGD Asia Pacific external debt.

Note 9. Financial instruments

The main derivative financial instruments used by the Group are interest rate caps since 2011 and foreign currency forwards since 2013.

The interest rate caps used by the Group allow it to convert part of the debt contracted at a variable rate to a fixed rate beyond a previously agreed interest rate.

These interest rate caps are classified as cash flow hedges when they are put in place. At December 31, 2013 and 2012, the hedges were no longer effective and the entire change in fair value was recognized in profit or loss.

Fair value of derivatives at the balance sheet date

	31-Dec-13				31-Dec-12				31-Dec-11			
	Current		Non Current		Current		Non Current		Current		Non Current	
(en milliers d'euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Foreign exchange derivative instruments												
Foreign currency forward	159											
Interest rate derivative instruments												
EUR Caps									479			
USD Caps												
TOTAL	**159**		**0**		**0**		**0**		**479**		**0**	**0**

Note 10. Inventories

(in thousands of euros)	**31-Dec-12**	**Opening corrections**	**Variations**	**Reclassifications**	**Translation adjustments**	**31-Dec-13**
Raw materials	5,916	(482)	579		(13)	6,000
Industrial supplies	5,791		(77)		(8)	5,706
Work in progress	101					101
Finished goods	74,527		2,948		(59)	77,415
Gross value of inventories	**86,334**	**(482)**	**3,450**		**(80)**	**89,222**
Raw materials	(396)		(32)	(148)	1	(575)
Industrial supplies	(3,112)		425	148	5	(2,534)
Work in progress	(3)		(8)			(11)
Finished goods	(9,932)		355		7	(9,570)
Provisions for depreciation of inventories	**(13,444)**		**740**		**13**	**(12,690)**
NET VALUE OF INVENTORIES	**72,890**	**(482)**	**4,191**		**(67)**	**76,532**

Net inventory increased by €3.6 million compared with 2012. This increase is made of €1.1 million in Sucy, €1.1 million in China due to increase of the local business and €0.9 million in Mers Perfumery (increase of activity).

(in thousands of euros)	31-Dec-11	Opening corrections	Variations	Reclassifications	Translation adjustments	31-Dec-12
Raw materials	5,394		527		(6)	5,916
Industrial supplies	4,876		918		(4)	5,791
Work in progress	42		59			101
Finished goods	67,193		7,366		(33)	74,527
Gross value of inventories	**77,506**		**8,871**		**(43)**	**86,334**
Raw materials	(89)		(16)	(292)	1	(396)
Industrial supplies	(2,693)		(714)	292	3	(3,112)
Work in progress	(42)		39			(3)
Finished goods	(10,457)		508		16	(9,932)
Provisions for depreciation of inventories	**(13,280)**		**(183)**		**19**	**(13,444)**
NET VALUE OF INVENTORIES	**64,226**		**8,688**		**(23)**	**72,890**

Net inventory increased by €8.7 million compared with 2011, of which €6.3 million is coming from Mers Perfumery (plan to secure the customer and increase quality levels), €0.8 million from China (activity) and €1.2 million in France Pharmacy (increase of capacity in Ax).

(in thousands of euros)	31-Dec-2010	Opening corrections	Variations	Reclassifications	Translation adjustments	31-Dec-11
Raw materials	5,453		(111)		52	5,394
Industrial supplies	4,793	(203)	247		40	4,876
Work in progress	42					42
Finished goods	75,968		(8,937)		162	67,193
Gross value of inventories	**86,256**	**(203)**	**(8,801)**		**254**	**77,506**
Raw materials	(84)		1		(6)	(89)
Industrial supplies	(2,573)	79	(165)		(34)	(2,693)
Work in progress	(42)					(42)
Finished goods	(13,059)		2,617		(14)	(10,457)
Provisions for depreciation of inventories	**(15,758)**	**79**	**2,453**		**(54)**	**(13,280)**
NET VALUE OF INVENTORIES	**70,499**	**(124)**	**(6,348)**		**199**	**64,226**

The decrease in inventories in 2011 reflects the desire for better operational efficiency in order to reduce working capital requirement. The decrease is mainly in the Perfumery businesses in France.

Note 11. Trade and similar receivables

1/ Net value

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Trade receivables—Gross value	61,297	56,974	57,268
Provision for depreciation	(1,410)	(2,840)	(2,704)
NET VALUE	**59,887**	**54,134**	**54,564**

Net trade receivables increased by €5.7 million from 2012 to 2013, of which €3.8 million is coming from SGD S.A. Perfumery (higher activity at year end).

It should be noted that, at December 31, 2013, €37.0 million in receivables were transferred under a factoring agreement at December 31, 2013.

€30.6 million at December 31, 2012 and €28.7 million at December 31, 2011 in receivables were transferred under this agreement.

2/ Change in provision for receivables

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Start of year	(2,840)	(2,704)	(2,584)
Provisions for trade receivables	1,438	(145)	(28)
Translation adjustments	(8)	9	(91)
Provisions for impairment of trade receivables	**(1,410)**	**(2,840)**	**(2,704)**

In 2013, SGD Asia Pacific won a litigation case against one of its customers and reversed a provision for bad debt for €1.2 million.

Note 12. Other current assets

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Other trade receivables—Gross value	4,588	4,377	6,807
Advances paid to suppliers	2,441	1,986	2,383
Social security receivables—personnel and social welfare bodies	43	44	(56)
Tax receivables (excluding corporation tax)	11,742	9,985	10,187
Commissions receivable			
Royalties receivable	5,432	2,692	2,490
Miscellaneous non-trade receivables—Gross value	1,490	2,516	21
Pre-paid expenses	2,028	1,790	1,157
Other trade receivables—Provisions	(1,414)	(915)	(812)
NET VALUE	**26,352**	**22,475**	**22,177**

The only significant variation is between 2013 and 2012 and is related to the increase of the royalties receivables (management fees invoiced to Brazil).

Note 13. Cash and cash equivalents

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Cash equivalents	37,520	11,524	23,266
Cash on hand	6,801	20,414	10,712
CASH AND CASH EQUIVALENTS	**44,321**	**31,938**	**33,978**
Advances from banks			102
NET CASH	**44,321**	**31,938**	**33,876**

Cash equivalents are securities (« SICAV ») held by SGD S.A. and are valuated at their market value.

Note 14. Issued capital and reserves

Share capital

By a decision on August 26, 2011, the sole shareholder noted that SGD Group S.A.S. equity, which totaled €279,174,909 for capital of €606,154,605, had, at December 31, 2010, fallen to less than one half of share capital. In the same decision, the sole shareholder decided not to dissolve the Company and stated that the situation should be corrected at the end of a period expiring at the close of the second fiscal year after the year in which the losses were recorded, i.e. by no later than December 31, 2013.

On November 16, 2011, the sole shareholder decided to rebuild the Company's equity by absorbing a portion of the losses shown on the balance sheet, up to an amount of €181,846,381.50. Capital was therefore reduced to €424,308,223.50 and the retained earnings account was increased by the same amount.

This transaction was carried out by decreasing the share par value from €1 to €0.70. The number of shares remained unchanged at 606,154,605.

At December 31, 2011, share capital was therefore €424,308,223.50 divided into 554,154,605 ordinary shares and 52,000,000 preferred shares, each with a par value of €0.70.

In 2012 and 2013, share capital was unchanged and was at December 31, 2013 €424,308,223.50 divided into 554,154,605 ordinary shares and 52,000,000 preferred shares, each with a par value of €0.70.

Bond issue

A bond issue in the amount of €39,800,000, divided into 39,800,000 bonds, each with a face value of €1, was carried out on February 4, 2010 in favor of SGD Luxembourg Holdings SCA (formerly OCM Luxembourg Glasnost Holdings SCA) and subscribed by the latter.

At December 31, 2012, the agreement signed with the Sole Bondholder was amended to change the term of the bond loan to an indefinite term. Repayment of the principal (€39.8 million) and the interest from 2010 to 2012 (€15.9 million) will not occur until the Company is liquidated, or earlier by discretionary decision if the company's situation so allows.

This change in the terms of the agreement resulted in the bond loan being converted to an equity instrument. As a result, the bond loan was reclassified as equity in the amount of €55.7 million as well as related interest as shown in the statement of changes of combined equity.

2013 interest due are accounted for €6.8 million within borrowings.

Note 15. Provisions

(in thousands of euros)	31-Dec-12	Reclassification	Provision	Reversal of provision	Translation adjustments	31-Dec-13
Provisions for lawsuits						
Provision for other risks and charges	4,000					4,000
Non-current provisions	**4,000**					**4,000**
Provisions for quality dispute guarantees	552		581	(284)		849
Provisions for restructuring	309			(286)		23
Provisions for lawsuits			150			150
Provision for other risks and charges	903		3,037	(40)		3,900
Current provisions	**1,764**		**3,768**	**(610)**		**4,922**
TOTAL PROVISIONS	**5,764**		**3,768**	**(610)**		**8,922**

(in thousands of euros)	31-Dec-11	Reclassification	Provision	Reversal of provision	Translation adjustments	31-Dec-12
Provisions for lawsuits	39			(39)		
Provision for other risks and charges	4,000					4,000
Non-current provisions	**4,039**			**(39)**		**4,000**
Provisions for quality dispute guarantees	661		1,079	(1,188)		552
Provisions for restructuring	1,263	(302)	307	(959)		309
Provisions for lawsuits						
Provision for other risks and charges	2,592	302	153	(2,144)		903
Current provisions	**4,516**		**1,539**	**(4,291)**		**1,764**
TOTAL PROVISIONS	**8,555**		**1,539**	**(4,330)**		**5,764**

(in thousands of euros)	31-Dec-10	Reclassification	Provision	Reversal of provision	Translation adjustments	31-Dec-11
Provisions for lawsuits	77			(38)		39
Provision for other risks and charges	4,451			(451)		4,000
Non-current provisions	**4,528**			**(489)**		**4,039**
Provisions for quality dispute guarantees	1,720	(1)	1,275	(2,333)		661
Provisions for restructuring	4,648		1,082	(4,467)		1,263
Provisions for lawsuits						
Provision for other risks and charges	3,743	169	1,777	(3,097)		2,592
Current provisions	**10,111**	**168**	**4,134**	**(9,897)**		**4,516**
TOTAL PROVISIONS	**14,639**	**168**	**4,134**	**(10,386)**		**8,555**

Non-current provisions for €4 million are related to a provision on future losses on SGD Inversiones disposal.

Provisions for quality disputes correspond to quality disputes reported/known at the time of preparing the financial statements and related to sales for 2011, 2012 and 2013.

Provisions for restructuring mainly relate to 2011 and concern the Employment Protection Plan (PSE) at SGD S.A.

The provisions for other risks and charges refer to current general operating risks and potential tax risks.

At December 31, 2011, the variation of provisions for other risks and charges mainly relates to tax litigation provisions for €(0.6) million and litigations with employees for €(0.8) million.

At December 31, 2012, provisions for other risks and charges are booked as a result of tax litigation and litigations with employees.

At December 31, 2013, a provision for €2 million has been recorded for dismantling costs of the Pharmacy furnace in Mers and a provision for €1.3 million has been booked as a result of a disputed tax audit.

Note 16. Pensions and related benefits

16.1 Summary of provisions

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Start of year	15,494	11,772	12,037
Net expense for the year	761	1,144	1,139
Remeasurements included in OCI	1,332	3,398	(464)
Benefits and contributions paid	(625)	(821)	(939)
Change in scope			
Translation adjustments			
Total provisions for pensions and similar benefits	**16,961**	**15,494**	**11,772**
Other long-term benefits[(1)]	3,074	3,653	3,207
Total provisions for pensions and employee benefits	**20,035**	**19,146**	**14,979**

(1) Including French long service awards, German Jubilee and German pre retirement

16.2 Defined benefit plans

a) Assumptions used for valuation of liabilities

The assumptions regarding mortality, staff turnover and salary increases reflect the economic conditions specific to each country or Group company. Discount rates are determined by reference to the yield of investment-grade corporate bonds of companies with a AA credit rating and whose maturity is equal to the duration of the plans assessed according to the iBoxx benchmark.

The rates used are :

	2011	
(as a percentage)	**France**	**Germany**
Discount rate	4.50%	
Salary increase rate	2.00%	3.00%

Discount rate did not change significantly between January 1st, 2011 and December 31st, 2011.

	2012	
(as a percentage)	**France**	**Germany**
Discount rate	3.00%	
Salary increase rate	2.00%	3.50%

	2013	
(as a percentage)	**France**	**Germany**
Discount rate	3.00%	
Salary increase rate	2.00%	1.00%

A 50 basis point increase in the discount rate would reduce the obligation at December 31, 2013 by approximately €1 million.

Since medical costs are fixed, no sensitivity related to their change was calculated.

b) Income statement items

(in thousands of euros)	**31-Dec-13**	**31-Dec-12**	**31-Dec-11**
Cost of services rendered	289	614	624
Financial cost	472	530	514
Total expense related to pensions and similar benefits	**761**	**1,144**	**1,139**

c) Change in net defined benefit liability (asset)

(in thousands of euros)	**31-Dec-13**	**31-Dec-12**	**31-Dec-11**
Current value of the obligation at start of year	**16,148**	**12,610**	**13,305**
Cost of services rendered	289	614	624
Financial cost	490	569	563
Reduction of future and past rights		–	–
Remeasurements of net liability	1,332	3,283	(476)
Benefits paid	(738)	(928)	(1,406)
Reduction of future rights			
Settlement	–	–	–
Translation adjustments	–	–	
Current value of the obligation at end of year	**17,521**	**16,148**	**12,610**
Fully or partially funded obligation	*2,378*	*3,623*	*3,112*
Unfunded obligation	*15,143*	*12,525*	*9,498*

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Fair value at start of year	**655**	**838**	**1,268**
Interest cost	18	39	49
Actuarial losses / gains		(115)	(12)
Employer contributions	625	821	939
Transfer of commitment	–	–	–
Change in scope	–	–	–
Benefits paid	(738)	(928)	(1,406)
Fair value at end of year	**560**	**655**	**838**
Net amount not recognized			
Funding	**16,961**	**15,493**	**11,772**
Actuarial (losses) / gains not recognized	NA	NA	NA
Past service cost not recognized	NA	NA	NA
Provisions for pensions	**16,961**	**15,494**	**11,772**
Amount of provision in liabilities	*16,961*	*15,494*	*11,772*
Amount recognized in assets			

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Breakdown of remeasurements on the obligation			
Change in demographic assumptions	*326*		
Change in financial assumptions			
Losses/gains on experience adjustments	*1,006*	*3,283*	*476*
Losses/gains on return on plan assets		*115*	*(12)*
Changes in OCI			
Opening OCI	*2,934*	*(464)*	
OCI generated during the year	*1,332*	*3,398*	*(464)*
Closing OCI	*4,266*	*2,934*	*(464)*

Plan assets

At December 31, 2013, assets were distributed as shown in the following table:

(as %)	31-Dec-13	31-Dec-12	31-Dec-11
Shares	7%	7%	8%
Bonds	83%	84%	84%
Real estate	10%	10%	8%
Total	**100%**	**100%**	**100%**

d) Estimated future contributions and payments

The estimated contributions and direct benefits payments for 2014 are expected to be €0.4 million.

The estimated contributions and direct benefits payments for next ten years are expected to be €5.9 million.

Note 17. Financial debt

a) Net financial debt

For the SGD Group, net financial debt consists of gross financial debt less cash on hand and cash equivalents.

	31-Dec-13		31-Dec-12		31-Dec-11	
(in thousands of euros)	Fair value	Book value	Fair value	Book value	Fair value	Book value
Cash equivalents	37,520	37,520	11,524	11,524	23,266	23,266
Cash on hand	6,801	6,801	20,414	20,414	10,712	10,712
Financial debt	(390,664)	(362,015)	(361,662)	(350,534)	(374,995)	(373,868)
Net Value	**(346,343)**	**(317,694)**	**(329,724)**	**(318,596)**	**(341,017)**	**(339,890)**

b) Loans and financial debt

(in thousands of euros)	31-Dec-13 Fair value	31-Dec-13 Book value	31-Dec-12 Fair value	31-Dec-12 Book value	31-Dec-11 Fair value	31-Dec-11 Book value
Convertible bonds						
Bond loans					31,327	44,642
Syndicated loans	287,687	308,513	272,248	300,440	229,179	259,830
Other loans including finance leases	5,946	5,946	3,643	3,643	1,758	1,758
Capitalizable interest	62,694	13,219	45,477	6,157	55,229	10,136
Non-current borrowings	**356,327**	**327,678**	**321,368**	**310,240**	**317,493**	**316,366**
Interest payable in less than one year	155	155	139	139	336	336
Advances from banks					102	102
Loans payable in less than one year	8	8	5,063	5,063	26,649	26,649
Other loans including factoring	34,174	34,174	35,092	35,092	30,415	30,415
Loans payable in less than one year and interest payable	**34,337**	**34,337**	**40,294**	**40,294**	**57,502**	**57,502**
TOTAL BORROWINGS	**390,664**	**362,015**	**361,662**	**350,534**	**374,995**	**373,868**

Detail of capitalizable interest and interest payable

(in thousands of euros)	31-Dec-13 Fair value	31-Dec-13 Book value	31-Dec-12 Fair value	31-Dec-12 Book value	31-Dec-11 Fair value	31-Dec-11 Book value
Interest on convertible bonds						
Interest on bond loans	25,019	6,803			31,080	4,911
Interest on syndicated loans	37,675	6,416	45,477	6,157	24,149	5,225
TOTAL CAPITALIZABLE INTEREST	**62,694**	**13,219**	**45,477**	**6,157**	**55,229**	**10,136**
Interest on bond loans						
Interest on syndicated loans	155	155	139	139	228	228
Interest payable on other non-current loans						
Interest payable on other loans including factoring					108	108
TOTAL INTEREST PAYABLE	**155**	**155**	**139**	**139**	**336**	**336**

c) Long-term debt repayment schedule

The debt related to syndicated loans and capitalizable interests on syndicated loans is due in 3 years, at December 31, 2016 (see d) below). Most long-term debt is due in 1 to 5 years (see note 29).

In 2012, the bond loan has been subject to a reclassification as equity given the changes to the terms of the agreement (cf. Major changes for FY12 in note 1.5 and note 14)

d) Loan characteristics

- Syndicated loan

Capitalizable interest

As indicated in the bank documentation, the capitalizable interest ("PIK interest") on the *"Senior Facility A"*, "*Senior Facility B*" and "*Operational Facility A*" lines is capitalized on each February 4 for the respective principal amounts.

The bond loan interest was capitalized in 2011 and 2012 on each February 4.

The capitalizable interest of the "*Operational Facility B*" line is capitalized on the anniversary date of each drawdown.

2011, 2012 and 2013 financing

- Syndicated debt

In 2011 and 2012, €45 million were drawn on the operating line of credit "Operating Facility B":

- €10 million on Operational Facility B1 on December 7, 2011
- €10 million on Operational Facility B1 on January 31, 2012
- €7 million on Operational Facility B1 on May 5, 2012
- €7 million on Operational Facility B1 on June 29, 2012
- €7 million on Operational Facility B1 on October 1, 2012
- €3 million on Operational Facility B1 on December 17, 2012
- €1 million on Operational Facility B2 on December 17, 2012

No new draw was made on the operating line of credit "Operating Facility B" in 2013.

(in thousands of euros)	31-Dec-13	31-déc.-12	31-déc.-11
Syndicated loan tranche B1 "Restructured A" of 26,9 millions euros for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	28,550	28,121	27,512
Syndicated loan tranche B2 "Restructured A" of 32,7 millions euros for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	34,676	34,154	33,414
Syndicated loan tranche B3 "Restructured A" of 5,3 millions USD for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	4,066	4,186	4,176
Syndicated loan tranche B4 "Restructured A" of 5,8 millions USD for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	4,430	4,560	4,550
Syndicated loan tranche C1 "Restructured A" of 26,8 millions euros for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	28,457	28,030	27,422
Syndicated loan tranche C2 "Restructured A" of 32,7 millions euros for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	34,676	34,155	33,414
Syndicated loan tranche C3 "Restructured A" of 5,3 millions USD for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	4,066	4,186	4,176
Syndicated loan tranche C4 "Restructured A" of 5,8 millions USD for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	4,430	4,560	4,550
Capex syndicated loan "Restructured A" of 6,7 millions euros for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	7,139	7,032	6,879
Revolving syndicated loan "Restructured A" of 8,8 millions euros for a 7-year term due on December 31, 2016. Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	9,404	9,348	9,184
Syndicated loan Tranche B1 "Restructured B" of 28,2 millions euros for a 7-year term due on December 31, 2016. "PIK" interest calculated annually on a fixed basis	32,670	31,090	29,582

(in thousands of euros)	31-Dec-13	31-déc.-12	31-déc.-11
Syndicated loan Tranche B2 "Restructured B" of 0,9 millions euros for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	1,080	1,028	978
Syndicated loan tranche B3 "Restructured B" of 2,6 millions USD for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	2,221	2,211	2,145
Syndicated loan tranche B4 "Restructured B" of 2,9 millions USD for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	2,420	2,408	2,337
Syndicated loan Tranche C1 "Restructured B" of 28,1 millions euros for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	32,620	31,042	29,536
Syndicated loan Tranche C2 "Restructured B" of 0,9 millions euros for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	1,080	1,028	978
Syndicated loan tranche C3 "Restructured B" of 2,6 millions USD for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	2,222	2,211	2,145
Syndicated loan tranche C4 "Restructured B" of 2,9 millions USD for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	2,421	2,408	2,337
Capex syndicated loan "Restructured B" of 3,7 millions euros for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	4,245	4,040	3,844
Revolving syndicated loan "Restructured B" of 5,5 millions euros for a 7-year term due on December 31, 2016.			
"PIK" interest calculated annually on a fixed basis	6,416	6,151	5,871
Syndicated loan Operational Facility A1 tranche of 15 millions euros unavailable since February 4, 2011, according to the SFA.			
Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis			
Syndicated loan Operational Facility A2 tranche of 6 millions euros for a 7-year term due on December 31, 2016.			
Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	7,219	6,870	6,428
Syndicated loan Operational Facility B1 tranche of 44 millions euros usable until February 4, 2014 and due on December 31, 2016.			
Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	49,025	44,915	10,000
Syndicated loan Operational Facility B2 tranche of 25 millions euros usable until February 4, 2014 and due on December 31, 2016.			
Cash interest calculated annually based on the Euribor and "PIK" interest calculated annually on a fixed basis	1,091	1,000	
Total syndicated loans	**304,626**	**294,734**	**251,457**
Combined financial statement adjustment	**3,887**	**5,706**	**8,373**
Combined financial statement syndicated loan (book value)	**308,513**	**300,440**	**259,830**

At December 31, 2013, the SGD Group had €24 million of syndicated debt not yet drawn down available until February 2015.

The discrepancy between the detail of syndicated debt and the syndicated debt in balance sheet is due to the PIK interests from January to April 2014 of the U.S. and the Spanish syndicated debts that have been booked in the 2011 opening balance of the combined accounts for their value as of April 2014 (see Basis of preparation).

Financial covenants

Under the lines of credit granted, the SGD Group must meet a number of requirements which are customary in these types of agreements. The loan agreements include early repayment clauses in case of non-compliance with certain financial ratios. Through the cross-default clauses, early repayment on one line of credit may entail an obligation to repay the other lines of credit immediately.

Financial ratios are calculated based on SGD Group consolidated financial statements.

At December 31, 2013, the SGD Group was in compliance with the four applicable financial covenants.

• Other borrowings

Factoring

Since 2011, the factoring line of credit for €40 million made available to the Group by GE Factor has been used by SGD S.A. and VG Emballage.

At December 31, 2013, these two lines have provided the Group with €28.6 million in financing.

The Group's companies retain nearly all of the risks and rewards inherent to ownership of the asset.

Inventory financing

In August 2012, SGD S.A. has pledged a part of its inventories (€4 million) for a financing of €2 million for a period of one year.

This funding was renewed for one year in 2013.

Tax credits financing

SGD Group S.A.S. received financing in 2013 for two tax credits :

• Tax credit to enhance competitiveness and employment ("CICE") financed on April 12, 2013 for €2 million
• Research tax credit ("CIR") financed on October 3, 2013 for €1.5 million.

Note 18. Deferred tax

(in thousand of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Deferred tax asset			
Provisions written back for tax purposes	2,498	5,351	5,491
Additional provisions for employee benefits	4,305	3,909	2,841
Valuation of molds inventories and elimination of internal profit on inventory	19	192	292
Losses to be carried over to offset future taxable income	6,443	15,681	11,706
Financial instruments	192	426	460
Other amortization and provisions	–	992	1,937
Other restatements(1)	12,361	3,903	6,286
Offsetting of deferred tax assets and liabilities within the same tax entity	(25,818)	(30,451)	(29,014)
Total deferred tax assets	**0**	**3**	**0**
Deferred tax liabilities			
Tax-deductible provisions	(164)	(14)	(461)
Additional provision for employee benefits	(7)	(21)	(55)
Tax purpose provisions	(13,936)	(18,331)	(16,738)
Valuation of mold inventories and elimination of internal profit on inventory	(24)	–	–
Hedging instruments	(265)	(265)	(16)
Revaluation of assets	(9,462)	(9,574)	(9,730)
Other amortization and provisions	(2,174)	(2,319)	(2,293)
Other restatements(1)	(1,278)	(1,368)	(887)
Offsetting of deferred tax assets and liabilities within the same tax entity	25,818	30,451	29,014
Total deferred tax liabilities	**(1,493)**	**(1,443)**	**(1,165)**
Net deferred tax position	**(1,493)**	**(1,440)**	**(1,165)**

(1) Other restatements at December 31, 2013 mainly relate to the deferred taxes on impairment on SGD S.A. Perfumery assets.

At December 31, 2012, other restatements mainly consist in deferred taxes on temporary differences between local Gaap and IFRS on fixed assets depreciation for SGD S.A.

A deferred tax asset is recorded only if it is probable that the Group will have future taxable profits to which the corresponding timing difference can be charged. Deferred tax assets are reviewed on each balance sheet date and written down if there is a risk of non-recovery.

In 2011, 2012 and 2013, the Group chose to limit the amount of recognized deferred tax assets to the amount of deferred tax liabilities for France and China.

On this basis, deferred tax assets on timing differences in China in the amount of €2 million were not recognized at December 31, 2011 and are still not recognized at December 31, 2013. The limitation of deferred tax assets for losses carried forward is described below.

Capitalization of losses carried forward

Losses carried forward at December 31, 2011 totalled €316.3 million, most of which concerned France for a base total of €303.9 million, €46.7 million of which was created for 2011; corresponding French deferred tax assets were not recognized because of risks of non-recovery.

Losses carried forward at December 31, 2012 totalled €335.5 million, most of which concerned France for a base total of €323.2 million, €19.2 million of which was created for 2012; €3 million out of corresponding DTA were not recognized because of risks of non-recovery.

Losses carried forward at December 31, 2013 totalled €375.6 million, most of which concerned France for a base total of €369.6 million, €46.4 million of which was created for 2013; corresponding French deferred tax assets were not recognized because of risks of non-recovery.

Tax losses carried forward and recognized concern only France and totalled €11.7 million at December 31, 2011, €15.7 million at December 31, 2012 and €6.4 million at December 31, 2013.

Note 19. Trade and similar payables

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Trade accounts payable	56,818	53,416	51,715
TOTAL TRADE AND SIMILAR PAYABLES	**56,818**	**53,416**	**51,715**

Note 20. Other current liabilities

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Debts payable to fixed asset suppliers	2,087	2,772	6,228
Subsidies received			7
Advances received from customers	2,165	2,134	2,417
Other trade payables	7,626	7,823	5,516
Social security payables—Personnel and social welfare	26,085	23,323	23,799
Tax debt (excluding income tax)	4,067	4,038	5,689
Accrued expenses, accrued income and other non-trade payables	9,259	7,859	4,785
TOTAL OTHER CURRENT LIABILITIES	**51,289**	**47,949**	**48,442**

Other current liabilities decrease by €0.5 million from 2011 to 2012. The decrease in this account is linked to the decrease in payables to fixed asset suppliers resulting from the completion of the investments in the furnaces.

The €3.3 million increase from 2012 to 2013 is mainly driven by €2.8 million in social debts to personnel & social taxes.

Note 21. Personnel costs

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Salaries	(83,655)	(82,023)	(79,092)
Social contributions	(32,985)	(33,352)	(34,820)
Employee profit-sharing	(102)	(118)	(97)
Optional profit-sharing	(929)	(545)	(779)
Employer's contribution	(262)		(188)
Other personnel costs	(3,354)	(2,729)	(6,512)
TOTAL PERSONNEL COSTS	**(121,287)**	**(118,767)**	**(121,487)**

Note 22. Other operating income and expense

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Provisions and reversals of provisions for restructuring(1)	(88)	29	(1,009)
Addition and reversal of impairment	(52,051)	(2,258)	(4,355)
Depreciation of assets held for sale			
Capital gains or losses on sales of assets	(1,901)	904	3,369
Profit/loss on activities sold			
Other income/expense	(3,912)	9,364	3,006
TOTAL OTHER OPERATING INCOME/EXPENSE	**(57,952)**	**8,039**	**1,012**

(1) Additions to and reversals of restructuring provisions are net of costs incurred.

At December 31, 2012, the main impact is related to a reversal for €9.0 million of a provision on loans granted to Perfumery entities by SGD S.A.

Main 2013 impacts relate to the impairment booked regarding Perfumery assets. Other impacts are related to €1.3 million of tax accrual and €2.0 million of pharmaceutical furnace dismantling costs.

Note 23. Cost of financial debt

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Interest on bond loan(1)		(6,133)	(5,374)
Interest on syndicated loans	(11,515)	(9,950)	(7,981)
Interest on other short-term loans	(1,130)	(1,245)	(1,349)
Interest on financial lease	(185)	(129)	(34)
Interest on hedging instruments	(204)	(683)	(1,545)
TOTAL COST OF DEBT	**(13,034)**	**(18,140)**	**(16,283)**

(1) In 2013, interest on bond loans are recorded through equity. (see Major Events of 2012 in note 1.3 and note 14 Share capital)

Note 24. Other financial income and expense

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Net financial expense related to employee benefits	(658)	(574)	(673)
Exchange (losses) and gains	(1,654)	(591)	823
Other financial expense	(615)	(835)	(1,809)
Other financial income	1,004	5,216	4,060
TOTAL OTHER FINANCIAL INCOME/EXPENSE	**(1,923)**	**3,216**	**2,401**

Note 25. Tax charges/income

(in thousand of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Net/profit loss of the consolidated companies	(53,532)	6,054	(15,502)
Income tax	(6,489)	(5,107)	(6,415)
Pre-tax income of the consolidated companies	**(47,043)**	**11,161**	**(9,087)**
Theoretical tax expense(1)	17,119	(3,597)	3,358
Non-deductible expenses and non-taxable income(2)	(499)	1,028	5,048
Effect of change in tax rate	(65)	(51)	112
Impact of changes in recognition of deferred tax assets on losses carried forward(3)	(23,548)	(2,981)	(15,298)
Non-deductible tax expense and tax credit	331	471	398
Other	173	24	(33)
Tax (expense)/income recognized	**(6,489)**	**(5,107)**	**(6,415)**
Effective tax rate	**–**	**45.76%**	**–**

(1) Theoretical tax income is calculated by applying to each entity's profit the tax rate prevailing in the country and not the theoretical tax rate applicable in France, i.e. 34.99%.

(2) The impacts in 2011 mainly concern the CVAE (levy on the added value of businesses) for €(1.2) million and the reversal on non taxable provisions on shares in SGD S.A. for €7.5 million.

The impacts in 2012 mainly concern the CVAE (levy on the added value of businesses) for €(1.4) million, the non-deductibility of interest on debt for €(1) million and various non taxable income for €3.4 million.

The impacts in 2013 mainly concern the CVAE (levy on the added value of businesses) for €(1.5) million, the non-deductibility of interest on debt for €(0.8) million and the reclassification of bond interest from Profit and Loss to equity for €2.3 million.

(3) The €15.3 million impact in 2011 is due primarily to the generation of losses over the period without recognition of deferred taxes for France in the amount of €12.8 million and for China in the amount of €2.5 million.

The €3 million impact in 2012 is due primarily to the generation of losses of the period without recognition of deferred taxes for France in the amount of €2.4 million and for China in the amount of €0.6 million.

The €23.5 million impact in 2013 is due primarily to the generation of losses over the period without recognition of deferred taxes for France in the amount of €23.9 million and to the use of losses carried over in China for €0.4 million.

The tax expense in the income statement at December 31, 2011 is €6.4 million and is broken down into €6.6 million in current tax and €(0.2) million in deferred tax.

The tax expense in the income statement at December 31, 2012 is €5.1 million and is broken down into 3.9 million in current tax and €1.2 million in deferred tax.

The tax expense in the income statement at December 31, 2013 is €6.5 million and is broken down into €6.0 million in current tax and €0.5 million in deferred tax.

Research tax credit

The Group filed applications for a research tax credit in the amount of €1.6 million for expenses incurred in 2012 and 2013, recognized as a reduction of technical overheads over the two fiscal years.

Note 26. Commitments and contingent liabilities

Some group companies are involved in various disputes, mainly labor-related, commercial or concerning the conformity of the products sold, for which provisions for risks have been set up in accordance with customary practices at the company.

An action for damages was brought by a customer and its insurance company against SGD S.A. during fiscal-year 2007, for harm suffered valued at €60 million by the third parties. Considering that the criteria for recognition of a liability were not met, the Group did not recorded any provision at December 31, 2011, 2012 and 2013. In 2013, the final decision of the Court was in favour of SGD, and legal action was closed.

Note 27. Information on related parties

Percentage of ownership:

SGD Luxembourg Holdings SCA (formerly OCM Luxembourg Glasnost Holdings SCA) holds a 100% stake in the Company.

At December 31, 2013, 2012 and 2011, the Company owns, directly or indirectly, 100% of all the companies comprising the Group.

Executive compensation:

The expenses recorded during the year for compensation and benefits (excluding post-employment benefits) paid to the members of the Board of Directors and to the members of the Group's Executive Committee totaled €4.8 million at December 31, 2013, €4.2 million at December 31, 2012 and €4.5 million at December 31, 2011

This compensation covers short-term benefits (gross salary including variable portion and benefits in kind, directors' fees and social contributions paid by the company) as well as severance pay. The members of the Board of Directors and the members of the Group's Executive Committee did not receive any share-based compensation.

Transactions with related parties:

- Relations with Perfumery entities

Income and expenses

(In thousands of Euros)	31-Dec-13	31-Dec-12	31-Dec-11
Sales	13,194	7,516	8,315
Management fees	11,023	10,547	5,202
Financial income on loans	822	1,827	2,590
Income	**25,039**	**19,890**	**16,107**
Purchases	(50,134)	(50,323)	(47,302)
Financial expenses on loans	(51)	(67)	(112)
Expenses	**(50,185)**	**(50,390)**	**(47,414)**

Balances

(In thousands of Euros)	31-Dec-13	31-Dec-12	31-Dec-11
Trade receivables	1,578	1,099	1,882
Other operating receivables	1,780	1,380	4,960
Other non-operating receivables	1,472	2,315	0
Management fees to be received	5,432	2,692	2,490
Loans	81	56	75,197
Cash pool	4	1,303	6,472
Assets	**10,347**	**8,845**	**91,000**
Trade payables	6,270	6,876	5,769
Other operating debt	1,569	1,380	312
Other non-operating debt	0	12	0
Borrowings	320	631	28
Cash pool	0	14,611	29,915
Liabilities	**8,159**	**23,510**	**36,024**

The Group engages in transactions with other SGD Group entities operating in the Perfumery business. These transactions consist of:

- buying and selling bare and decorated glass bottles from SGD plants in France, Spain and North America. These transactions follow SGD's corporate transfer pricing policies ;
- Invoicing of "management fees" from SGD S.A. to other Perfumery entities for development costs, management fees, IT fees, trademark. SGD S.A. and indirectly SGD Group S.A.S., provide services to the SGD Group's entities through central functions such as cash management, tax, technical support and R&D,

marketing and IT through internal departments and outside consultants and subcontractors. These services are recharged to the SGD Group entities through management fees, IT fees, technical support and patent agreements which define the terms of use and the rules of payment based on market conditions.

- Facility loan agreements
- Cash pool arrangements.

Variation in loans between 2011 and 2012 is mainly due to the equity restoration of SGD Inversiones which resulted in transfer of loan granted to SGD Inversiones from SGD Group to SGD Germany and capital increase of SGD Inversiones by SGD Germany. The intercompany loan between SGD Group and SGD Germany is eliminated in the combined financial statements. The investments in SGD Inversiones are eliminated through equity as disclosed in the statement of changes in combined equity.

- Relations with other related parties

SGD Luxembourg Holdings SCA is a member of the pool of lenders that granted the syndicated loan.

By a decision on March 26, 2010, the Company's Board of Directors approved an agreement between SGD Luxembourg Holdings SCA and the Company regarding the billing of expenses related to the debt restructuring and in accordance with the Conciliation Protocol dated December 7, 2009. As a result, rebilling costs amount 71 108 euros in 2012 and 473 649 euros in 2013.

Apart from this agreement, there are no significant operations carried out directly with the directors of the Company or with SGD Luxembourg Holdings SCA which are not current operations.

An equity loan agreement between SGD Group and SGD Inversiones Vidrieras Spain SL, amounting to €35 million over five years at a rate of 1% plus a variable rate tied to the company's performance was approved by the Company's Board of Directors on June 10, 2010.

Several intra-group service agreements have been implemented since 2008 and remain in effect.

a) Cash Pooling

The cash pooling agreements set up in 2008 were amended following the February 4, 2010 restructuring. There are now two cash pooling agreements.

The objective of cash pooling is to centralize the liquidity of the subsidiaries in order to minimize bank charges, optimize the use of liquidity and minimize the financial interest paid by the Group.

A first euro cash pool covers the SGD Group's operating subsidiaries (SGD S.A., VG Emballage, SGD La Granja and SGD Kipfenberg) and the holding companies (SGD Group S.A.S. and SGD Germany).

A second euro cash pool covers SGD S.A. and SSV.

The subsidiary in China is currently excluded from this system, due to local financial, legal and fiscal constraints.

b) Other intra-group service agreements

SGD Group S.A.S and SGD S.A. provide services to the Group's entities through central functions such as cash management, taxation, technical support and R&D, marketing and IT through internal departments and outside consultants and subcontractors.

These services are billed to the Group's entities receiving these services through general, IT, technical support and brand agreements which define the terms of use and the rules of payment based on market conditions.

There are no significant transactions with related parties not entered into under normal market conditions.

Note 28. Workforce

(Average workforce)	31-déc.-13	31-déc.-12	31-déc.-11
Fully consolidated companies			
Managers (executive)	245	253	247
White-collar workers	543	536	532
Blue-collar workers	1,582	1,685	1,703
TOTAL	**2,370**	**2,474**	**2,482**

Note 29. Financial risk management

- Liquidity risk

The Group must have sufficient medium and long-term financing at all times in order to meet its financial commitments. The cash management department ensures that the Group has liquidity at all times while also taking into account general market conditions.

If future cash flows are insufficient, the Group may be forced to:

- reduce or delay its investments;
- sell assets;
- obtain financing by borrowing, through finance leases or by issuing additional equity;

The Group's liquidity is ensured, in particular, by the existence of a syndicated loan tranche, "Operational Facility", €24 million of which was not drawn down at December 31, 2013 unchanged since December 31, 2012.

In addition, as part of the Group's financing, €28.6 million of the two factoring lines were used, leaving €21.4 million available, and a €2 million inventory-backed credit line was fully used.

- Repayment schedule

	31-Dec-13				31-Dec-12				31-Dec-11			
	Book Value	< 1 year	1 to 5 years	> 5 Years	Book Value	< 1 year	1 to 5 years	> 5 years	Book Value	< 1 year	1 to 5 years	> 5 years
Convertible Bond loans									50			98
Syndicated loans	315	4	354		307	4	360		265	5	326	
Other loans (including financial lease)	12	6	6		5	2	3		2	2		
Trade accounts payable	57	57			53	53			52	52		
Current bank loans & Factoring	34	34			40	40			58	58		
Other current liabilities	51	51			48	48			48	48		
Risk exposure of liquidity	**469**	**152**	**360**		**454**	**148**	**363**		**474**	**165**	**326**	**98**

- Interest rate risk

Through variable-rate debt resulting from raising capital and from drawdowns on the lines of credit, the Group is exposed to changing interest rates on the cash flows related to its debt. The use of interest rate derivatives is merely intended to reduce this exposure.

The Group uses fixed-rate payer and variable-rate receiver interest rate caps to fix the debt.

Trading in derivatives is strictly for hedging purposes.

(in millions of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Variable-rate debt	(223)	(213)	(172)
Total before hedging	**(223)**	**(213)**	**(172)**
Swaps		–	
Caps	126	126	126
Total hedging	**126**	**126**	**126**
NET EXPOSURE	**(97)**	**(87)**	**(46)**

According to the bank documentation, which states that the Group must hedge at least two-thirds of its variable-rate debt, the Group entered into interest-rate hedging agreements (CAP) during 2010.

The Group's sensitivity to interest rate risk

A variation in interest rates of plus or minus 100 basis points at the balance sheet date would have resulted in an increase (decrease) in equity and profit as shown below. For the purposes of this analysis, all other variables, especially the exchange rate, are assumed to remain constant.

	31-Dec-13				31-Dec-12				31-Dec-11			
	Profit/loss		Equity		Profit/loss		Equity		Profit/loss		Equity	
Impact in thousands of euros	Increase of 100 bp	Decrease of 100 bp*	Increase of 100 bp	Decrease of 100 bp	Increase of 100 bp	Decrease of 100 bp*	Increase of 100 bp	Decrease of 100 bp	Increase of 100 bp	Decrease of 100 bp*	Increase of 100 bp	Decrease of 100 bp
Variable-rate debt	(2,215)	469			(2,118)	250			(-1,717)	1,580		
Interest rate caps												
Cash flow sensitivity (net)	(2,215)	469	0	0	(2,118)	250	0	0	(-1,717)	1,580	0	0

- Foreign exchange risk

The Group is exposed to foreign exchange risk on its sales, purchases and borrowings denominated in a currency other than the functional currencies of the Group's entities, for the most part the dollar.

At December 31, 2011, 2012 and 2013 the Group did not use financial hedging instruments to reduce its exposure towards USD.

At December 31, 2011, 2012 and 2013, the Group's main exposure to foreign exchange risk (USD) was as follows:

(in thousands of dollars)	31-Dec-13	31-Dec-12	31-Dec-11
	USD	USD	USD
Trade receivables	8,180	7,649	7,036
Trade accounts payable	(1,754)	(876)	(1,048)
Other liabilities			
Estimated projected sales	40,000	39,000	35,230
Provisional budget	**40,000**	**39,000**	**35,230**
GROSS EXPOSURE BEFORE HEDGING	**46,426**	**45,773**	**41,218**
Forward currency sales			
NET EXPOSURE AFTER HEDGING	**46,426**	**45,773**	**41,218**

The Group's sensitivity to foreign exchange risk

A 10% increase in the euro against the dollar at December 31, 2011, 2012 and 2013 would have resulted in an increase (decrease) in equity and profit as shown below. For the purposes of this analysis, all other variables, especially interest rates, are assumed to remain constant.

Impact in thousands of euros

	Equity	Gains or losses in profit or loss
December 31, 2013		
USD	**0**	**(424)**

Impact in thousands of euros

	Equity	Gains or losses in profit or loss
December 31, 2012		
USD	**0**	**(467)**

Impact in thousands of euros

	Equity	Gains or losses in profit or loss
December 31, 2011		
USD	**0**	**(421)**

A 10% decrease in the euro against the dollar at December 31, 2013 would have had the same effect, but in reverse as those presented above, assuming that all other variables remain constant direction.

The extent of sensitivity is limited to assets and liabilities in USD housed at entities whose functional currency is the euro.

- Counterparty and credit risk

a) Counterparty risk

Counterparty risk represents the risk of financial loss for the Group in the event that a counterparty to a financial instrument defaults on its contractual obligations. This risk mainly concerns cash and cash equivalents.

The Group controls its counterparty risk by rigorously selecting top-tier stakeholders.

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Financial assets	5,365	4,318	8,755
Non-current derivative instruments—assets			
Current derivative instruments—assets	159		479
Cash and cash equivalents	44,321	31,938	33,978
Total	**49,845**	**36,256**	**43,212**

b) Credit risk

Credit risk represents the risk of financial loss for the Group in the event that a customer defaults on its contractual obligations. This risk relates to trade receivables.

The book value of the financial assets represents the maximum exposure of the Group to credit risk.

The Group controls its credit risk through an appropriate Credit Management policy.

At December 31, 2013, 2012 and 2011 maximum exposure to credit risk was as follows:

(in thousands of euros)	31-Dec-13	31-Dec-12	31-Dec-11
Trade receivables—Gross value	61,297	56,974	57,268
Provision for depreciation	(1,410)	(2,840)	(2,704)
Net value	**59,887**	**54,134**	**54,564**
Trade receivables—overdue in < 1 month	2,749	3,675	2,057
Trade receivables—overdue in 1 to 3 months	806	144	315
Trade receivables—overdue in > 3 months	142	(75)	50
Total non-provisioned trade receivables overdue	**3,697**	**3,744**	**2,422**
% of total non-provisioned trade receivables overdue	**6.17%**	**6.92%**	**4.44%**

Trade receivables not yet due are generally for a period of less than three months.

Note 30. List of combined entities at December 31, 2013

	Registered office	Consolidation method	% interest at 12/31/2013	% of interest at 12/31/2012	% of interest at 12/31/2011
SGD Group S.A.S.	Puteaux (92)	Full consolidation	Parent company	Parent company	Parent company
FRANCE					
SGD S.A.	Puteaux (92)	Full consolidation	100.00	100.00	100.00
Société de Services Verriers SARL	St Remy Boscrocourt (76)	Full consolidation	100.00	100.00	100.00
VG Emballage S.A.S.	Paris (75)	Full consolidation	100.00	100.00	100.00
CHINA					
SGD Asia Pacific Ltd	Zhanjiang	Full consolidation	100.00	100.00	100.00
GERMANY					
SGD Germany GmbH	Kipfenberg	Full consolidation	100.00	100.00	100.00
SGD Kipfenberg GmbH	Kipfenberg	Full consolidation	100.00	100.00	100.00

Cf. Basis of preparation for further information on scope of the combined accounts

Non-consolidated equity interests

At year end, non-consolidated equity interests mainly represented shares held in SGD SA Glass India Private Limited, 100% controlled. The non-consolidation of these entities has no material impact on the Group's financial statements.

Note 31. Environmental note

The Group's companies are subject to specific environmental laws and regulations in the respective countries in which they operate. These standards require increasingly stringent environmental protection, covering air emissions, water, raw materials and energy consumption, sewage disposal, the emission, use and disposal of toxic substances, waste disposal methods and site rehabilitation and decontamination.

All the company's sites have the current environmental permits required to operate. Regular reports are provided to various government departments to justify the activity and compliance with pollution limits imposed. Any accidental event is reported to the competent authorities. The Group also regularly monitors the regulatory changes that are applicable to it.

The company's organization is such that environmental issues are taken into account at each level: at the sites and centrally within the Group.

In particular, the industrial site located in the town of Mers-les-Bains (Somme) is classified "Seveso 2 low threshold". These standards expose the Group to a risk of its liability being invoked and potentially significant costs (bringing into and maintaining compliance and liability for current or past activities or related to assets sold, for example).

The Group is committed to using all means to prevent and limit emissions in the air, water and soil. These means are regularly monitored and adapted, at a minimum during the Group annual environmental audits. Furthermore, all waste at the sites is identified and monitored. Finding the best channels for waste recycling and disposal is a priority for the Group and programs are in place to reduce waste production. Managing the use of various energies is one of the Group's key areas of focus. Training and information are provided to employees regarding environmental protection and adequate resources are devoted to the prevention of environmental risks and pollution.

If a violation of local regulations is observed, the Group takes the necessary action to return to compliance with local laws. In this respect, a water environment audit has been performed in 2012 in our plant of Zhanjiang in China. Since, a conformity plan has been put in place and a regular follow up is in place to measure enhancements.

The second CO2 quota allocation period covers the years 2008-2012. Four European sites are affected. The comparison between the actual use of CO2 quotas and the allocated volumes of CO2 quotas shows no significant difference at the end of this period.

The third CO2 quota allocation period covers the years 2013-2020.

Asbestos has never been used in the composition of the products manufactured and sold by the Group's companies. The use of asbestos in the production process and in heat-resistant clothing was permanently discontinued in 1994.

In France, a small number of employees or former employees initiated proceedings against Group companies in the past, some of which are still pending. We believe that the risks associated with asbestos are not likely to significantly affect the company's financial position or earnings.

Note 32. Off-balance sheet commitments

Liens

The Société Générale and BNP Paribas bank accounts are covered by a lien in favor of a banking syndicate led by Royal Bank of Scotland with which the Company and some of its subsidiaries have contracted loans.

The shares of SGD S.A., SGD Germany GmbH held by the Company are subject to a lien in favour of a banking syndicate led by Royal Bank of Scotland with which the Company and some of its subsidiaries, including SGD S.A., have contracted loans.

SGD S.A. has pledged its inventories for €4 million. (see note 17).

Note 33. Events subsequent to the balance sheet date

There are no major events to report for 2014, except those indicated above in Basis of preparation (impact of reorganization whose effect has been taken into consideration).

Glossary

Term	Definition
amber glass	a tinted glass made by using different mixtures of sulfur and iron oxide;
annealing	process of slowly cooling glass to relieve internal stresses after being formed;
aqueous	a solution of or containing water;
Asolvex©	a form of type I glass invented and copyrighted by us, used in the packaging of pharmaceutical products;
borax	a mineral, boron compound and salt of boric acid
borosilicate glass	a low-melting glass made from a mixture of silica and boric oxide;
clean room	an environment, typically used in manufacturing or scientific research, with a low level of environmental pollutants such as dust, airborne microbes, aerosol particles, and chemical vapors;
feldspar	minerals consisting of framework tectosilicates
flint glass	an optical glass with a lead content, pressed and/or blown, having a high dispersion and reflective index;
glass	refers to molded glass, unless a contrary indication appears;
glass neutrality	refers to the process of minimizing the chemical interaction between our glass packaging and our customers' pharmaceutical products;
infusion	products derived by extracting chemical compounds in solvents;
ion exchange	the exchange of ions of the same charge between an insoluble solid and a solution in contact with it, used in water-softening and other purification and separation processes;
hydrolytic resistance	the resistance of a compound to chemical breakdown due to reacting with water;
lehr	a furnace used for the annealing of glass;
lyophilization	the freeze-drying of a chemical compound;
oxide	a chemical compound that contains at least one oxygen atom and one other element;
perfusion	to imbue or suffuse with a liquid, colour, or other property;
polypropylene	a synthetic resin which is a polymer of propylene, used primarily for films, fibres, or molding materials;
soda ash	commercially manufactured anhydrous sodium carbonate;
soda-lime glass	glass made from silica, soda and lime;

Term	Definition
type I glass	glass made from borosilicate glass;
type II glass	glass made from commercial soda-lime glass that has been de-alkalized; and
type III glass	glass made from untreated commercial soda-lime glass.

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