

Listing Particulars

12 April 2005

Ardagh Glass Group plc

€126,250,000 10.75% Senior PIK Notes due 2015

The Issuer

- The Issuer is a public limited company incorporated under the laws of Ireland. The Issuer has offered and sold €126,250,000 principal amount of its 10.75% Senior Pay-in-Kind ("PIK") Notes due 2015 (the "Notes").
- The Issuer made an offer to acquire all of the preferred ordinary shares in issue in the capital of Ardagh Glass Limited (the "Offer"). The Issuer used a portion of the net proceeds of the offering of the Notes to finance the Offer. The Offer was declared unconditional on 4 March 2005. The Issuer now holds 100% of the preferred ordinary shares of Ardagh Glass Limited.
- The Issuer is a holding company and does not currently have any material assets or operations other than ownership of issued share capital of Ardagh Glass Limited and the net proceeds of the offering of the Notes remaining after financing the Offer.

Ardagh Glass Group

- Ardagh is a supplier of glass containers in the United Kingdom (where it is the leading supplier), Germany, Italy and Poland. Ardagh is also a leading global provider of technology and manufacturing equipment to the glass container manufacturing industry.

Maturity

- The Notes will mature on 1 March 2015.

Interest

- Interest is payable, at the Issuer's election, in the form of additional Notes or cash. Interest on the Notes is payable on 1 March and 1 September of each year, commencing on 1 September 2005.

Disbursement of Funds; Escrow Account

- The Issuer received the proceeds from the offering of the Notes on 4 March 2005.

Optional Redemption and Special Redemption

- The Issuer may redeem all or part of the Notes on or after 1 March 2007, at the redemption prices set forth in these Listing Particulars.

Ranking

- The Notes are the general unsecured obligations of the Issuer and rank senior in right of payment to any and all of its existing and future unsecured debt that is subordinated in right of payment to the Notes. The Notes also rank equally in right of payment with all of the Issuer's existing and future unsecured debt that is not subordinated in right of payment to the Notes. The Notes are effectively subordinated in right of payment to certain future secured debt of the Issuer to the extent of the assets securing such debt.
- Because the Issuer is a holding company, any right of the Issuer and its creditors, including holders of the Notes, to participate in the assets of Ardagh Glass Limited or any of its other subsidiaries upon any liquidation or administration of Ardagh Glass Limited or any such subsidiary will be subject to the prior claims of the creditors of such subsidiary.

Listing

- Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange.

Risk Factors

- Any person proposing to purchase the Notes should carefully consider the risk factors beginning on page 11 before investing in the Notes.

Transfer Restrictions

- The Issuer did not register the offer or sale of the Notes under U.S. federal securities laws or the securities laws of any other jurisdiction and is not undertaking to register the Notes in the United States or any other jurisdiction in the future. The Issuer only offered the Notes to buyers who purchase the Notes outside the United States pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"). You should read the section entitled "Transfer Restrictions" for information on restrictions that apply to the purchase and resale of the Notes.

Settlement

- The Notes have been issued in the form of a global note in registered form. On 4 March 2005, the global note was deposited and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg.

Price: 99%

The initial purchasers delivered the Notes to purchasers on or about 4 March 2005.

This document comprises listing particulars (the "**Listing Particulars**") and is provided only for the purpose of obtaining approval for the listing of the Notes on the Irish Stock Exchange and shall not be used or distributed for any other purposes. These Listing Particulars do not constitute an offer to sell, or a solicitation of an offer to buy, any of the Notes.

A copy of these listing particulars has been delivered for registration to the Registrar of Companies in Ireland in accordance with Regulation 13 (1) of the European Communications (Stock Exchange) Regulations 1984.

Information contained on the Issuer's website referred to herein does not form part of these Listing Particulars.

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IN CONNECTION WITH THE OFFERING, CITIGROUP OR ANY PERSON ACTING FOR CITIGROUP MAY HAVE OVER-ALLOTTED OR EFFECTED TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICES OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE MAY BE NO OBLIGATION ON CITIGROUP OR ANY AGENT ACTING FOR CITIGROUP TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the issuer, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information contained under the headings "Summary", "Exchange Rates", "Operating and Financial Review and Prospects" and "Business" includes extracts from information and data, including industry and market data, released by publicly available sources in several European countries. While we accept responsibility for the accurate extraction and summarisation of such information and data, we accept no further responsibility in respect of such information or data.

The information contained in sections of these Listing Particulars describing clearing arrangements has been obtained from publicly available sources which the Issuer believes are reliable. None of the Issuer or any of the initial purchasers has independently verified such information or takes any responsibility for the accuracy of those sections; however, the Issuer has taken reasonable care to ensure that the information from these sources has been reproduced correctly. The Issuer accepts responsibility accordingly. In addition, that information is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg. The Issuer advises investors who wish to use the facilities of any of those clearing systems to confirm the rules, regulations and procedures of the relevant clearing system. The Issuer will have no responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through any clearing system. Finally, the Issuer will have no responsibility or liability for maintaining, supervising or reviewing any records relating to those book-entry interests.

These Listing Particulars do not constitute an offer to sell or the solicitation of an offer to buy any of the Notes or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstance. The information contained in these Listing Particulars is given only as of the date of these Listing Particulars. The business, financial condition, results of operations and prospects of the Issuer and Ardagh may have changed since the date of these Listing Particulars. These Listing Particulars have been prepared by the Issuer solely for use in connection with the listing on the Official List of the Irish Stock Exchange of the Notes. You must not use these Listing Particulars for any other purpose, make copies of any part of these Listing Particulars or give a copy of it to any other person, or disclose any information in these Listing Particulars to any other person.

The offering of the Notes was and the distribution of these Listing Particulars may be restricted by law in certain jurisdictions. Persons into whose possession these Listing Particulars come are required by the initial purchasers and the Issuer to inform themselves about and to observe any such restrictions. No action has been, is, or will be taken to permit a public offering of the Notes or the distribution of these Listing Particulars in any jurisdiction where action would be required for such purposes. In addition, you must also obtain any consents or approvals that are needed in order to purchase the Notes. Neither we nor the initial purchasers are responsible for compliance with these legal requirements. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of these Listing Particulars, see "Transfer Restrictions".

The Notes have not been and will not be registered under the Securities Act and will not be offered or sold in the United States. The Notes are not transferable except in accordance with the restrictions described in these Listing Particulars. Please see "Transfer Restrictions" for a discussion of the restrictions on transfers and resales to which the Notes are subject. Purchasers of Notes may be required to bear the financial risks of investing in the Notes for an indefinite period of time. In addition, you will be deemed to have agreed to all of the provisions contained in that section of these Listing Particulars by purchasing any Notes.

NOTES ON DEFINED TERMS USED IN THESE LISTING PARTICULARS

The following terms used in these Listing Particulars have the meanings assigned to them below:

"Ardagh" or "Group"	Ardagh Glass Limited and its subsidiaries.
"Ardagh Glass Limited"	A company incorporated under the laws of Guernsey under registration number 40338
"Ardagh Ordinary Shares"	The preferred ordinary shares of no par value in issue in the capital of Ardagh Glass Limited.
"Ardagh Shareholders"	Holders of Ardagh Ordinary Shares.
"euro" or "€"	Euro, the currency of the European Union member states participating in the European Monetary Union.
"Indenture"	Refers to the indenture governing the Notes dated 4 March 2005.
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"Issuer"	Ardagh Glass Group plc (formerly known as Caona plc) is a public limited company incorporated under the laws of Ireland.
"Issuer Transactions"	Refers to the Offer and related transactions which are more fully described under "The Offer" and "Use of Proceeds".
"Offer"	The offer by the Issuer for all of the Ardagh Ordinary Shares more fully described under "The Offer".
"Offering Circular"	The Offering Circular dated 25 February 2005 issued in connection with the offering of the Notes.
"pounds" or "£"	Pounds sterling, the currency of the United Kingdom.
"U.K. GAAP"	Accounting principles generally accepted in the United Kingdom.
"we", "us" and "our"	The terms "we", "us" and "our" refer to the Issuer.
"Yeoman"	Yeoman International Holdings S.A.

Issuer

The Issuer was incorporated on 17 December 2004 and had not engaged in any activities prior to the offering of the Notes. Following completion of the Offer, the Issuer acts as a holding company for Ardagh and does not, currently, have any other independent external operations. Separate audited financial statements of the Issuer on a stand alone basis are included in these Listing Particulars but only for the period from the Issuer's incorporation on 17 December 2004 to 17 February 2005.

Ardagh Glass Limited

Ardagh Glass Limited was formed on 17 December 2002, as a holding company for the glass container manufacturing business that was demerged from South Wharf plc (formerly Ardagh plc) and transferred to Ardagh Glass Limited effective as of 28 February 2003. Prior to such date, Ardagh Glass Limited did not engage in any activities other than those related to its formation and was a subsidiary of South Wharf plc (formerly Ardagh plc).

FORWARD LOOKING STATEMENTS

Certain of the statements contained in these Listing Particulars that are not historical facts, including, without limitation, certain statements made in "Summary", "Risk Factors", "Operating and Financial Review and Prospects" and "Business", are statements of future expectations and other forward looking statements. Forward looking statements can be identified by the use of forward looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks", "intends", "plans", "estimates" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. These statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated by such statements. Factors that could cause such differences in actual results include:

- foreign currency fluctuations relative to the pound and euro;
- changes in capital availability or cost, including interest rate fluctuations;
- general political, economic and competitive conditions in markets and countries where Ardagh has operations, including disruptions in the supply chain, supply and demand for glass manufacturing capacity, competitive pricing pressures, inflation or deflation and changes in tax rates and laws;
- consumer preferences for alternative forms of packaging;
- fluctuations in raw material and labour costs;
- availability of raw materials;
- costs and availability of energy;
- transportation costs;
- consolidation among competitors and customers;
- unanticipated expenditures with respect to environmental, safety and health laws; and
- performance by customers of their obligations under purchase agreements.

We undertake no obligations to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of these Listing Particulars or to reflect the occurrence of unanticipated events, other than as required by law.

SUMMARY

The following summary highlights selected information from these Listing Particulars and does not contain all of the information that any person proposing to purchase the Notes should consider.. These Listing Particulars contains specific terms of the Notes, as well as information about Ardagh's business and detailed financial data. Any person proposing to purchase the Notes should read these Listing Particulars in its entirety. The Issuer was incorporated on 17 December 2004 and had not engaged in any activities prior to the offering of the Notes The Issuer acts as a holding company for Ardagh and does not currently have any other independent external operations. Separate audited financial statements of the Issuer on a stand alone basis are included elsewhere in these Listing Particulars for the period from the Issuer's incorporation on 17 December 2004 to 17 February 2005. In these Listing Particulars, we refer to and present financial information for Ardagh. Ardagh Glass Limited is not an obligor on the Notes and on the issue date none of its subsidiaries guaranteed the Notes.

The Issuer Transactions

The Issuer made an offer (the "Offer") to acquire all of the Ardagh Ordinary Shares for €4 per Ardagh Ordinary Share. The Issuer dispatched a document to Ardagh Shareholders setting out the terms and conditions of the Offer on 25 February 2005. The Issuer used a portion of the net proceeds of the offering of the Notes to fund the Offer. Ardagh Shareholders who accepted the Offer have subscribed for 15% of the Issuer's shares. See "The Offer" and "Use of Proceeds".

The Issuer

The Issuer had no assets, liabilities or operations and had not engaged in any activities prior to the offering of the Notes.

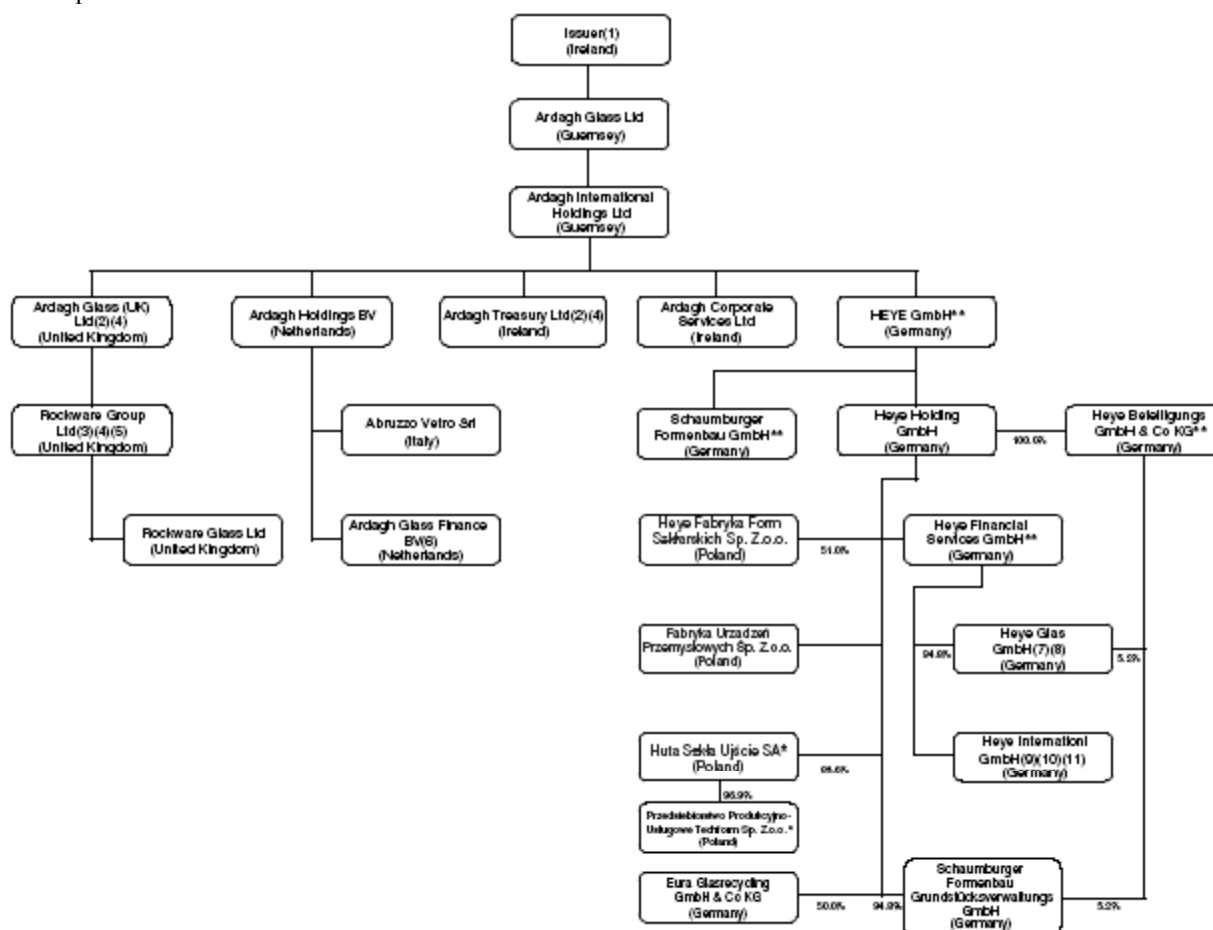
Following completion of the Offer and the redemption of those Ardagh Ordinary Shares, in respect of which the Offer was not accepted, pursuant to the terms of a special resolution approved at an extraordinary general meeting of Ardagh Glass Limited held on 4 April 2005, the Issuer is the holder of 100% of the issued Ardagh Ordinary Shares.

The Issuer has an issued share capital of €20,000,000 which is held in the following manner:

Yeoman	45%
Paul Coulson	25%
Edward Kilty	5%
Other Management	12%
Others	13%

CORPORATE AND FINANCING STRUCTURE

The following diagram shows the corporate and financing structure of the Issuer and its subsidiaries (excluding dormant companies) following the offering of the Notes and the application of the net proceeds thereof pursuant to the Issuer Transactions, as described under "Use of Proceeds", and the completion of the Issuer Transactions. The principal operating subsidiaries and relevant applicable holding subsidiaries set out below are wholly-owned, unless otherwise indicated below. For a summary of the material financing arrangements identified in this diagram, see "Description of Other Indebtedness" and "Description of the Notes".



(1) €126.25 million Senior PIK Notes have been sold by the Issuer. The Issuer received the proceeds from the sale of the Notes on 4 March 2005.

- (2) £65 million New Anglo Irish Senior Secured Credit Facility
- (3) £20 million Barclays Bank Invoice Discounting Facility Agreement
- (4) £4 million Barclays Bank Revolving Credit Facility Agreement
- (5) £2 million Barclays Bank Multi Option Facility Agreement
- (6) €175 million 8 ⁷/₈% Senior Notes due 2013
- (7) €20 million Heye Glas Receivables Discounting Facility
- (8) €10 million Anglo Irish Heye Glas Term Loan
- (9) €10 million Vereins Term Loan
- (10) €5 million Vereins Working Capital Credit Line

(11) €5 million Vereins Performance Guarantee Credit Line

* Recently acquired company

** Formed as part of internal reorganisation of Ardagh

THE NOTES

The following summary contains basic information about the Notes. It may not contain all the information that is important to any person proposing to purchase the Notes. For a more complete understanding of the Notes, please refer to the section of these Listing Particulars entitled "Description of the Notes" and particularly to those sub-sections to which we have referred.

Issuer..... Ardagh Glass Group plc (formerly known as Caona plc), a public limited company incorporated under the laws of Ireland. The Issuer is a holding company and does not currently have any material assets or operations other than its ownership of share capital in Ardagh Glass Limited and the balance of the net proceeds of the offering of the Notes remaining after financing the Offer. The Issuer's operations are conducted through its subsidiaries.

Notes Offered & Sold..... €126.25 million aggregate principal amount of 10.75% Senior PIK Notes due 2015.

Purpose of the Notes Offer & Sale The purpose of the offering of the Notes was to finance the Offer, to fund a proposed cash injection into Ardagh Glass Limited and to fund certain related transactions. See "Use of Proceeds". The Issuer received the proceeds from the offering of the Notes on 4 March 2005. See "Description of the Notes—Disbursement of Funds."

Maturity Date 1 March 2015.

Issue Price 99%.

Interest..... Interest is payable, at the Issuer's election, in the form of additional Notes or cash. Interest on the Notes accrues from their delivery and is payable on 1 March and 1 September of each year, commencing on 1 September 2005.

Guarantees None.

Ranking The Notes are general unsecured obligations of the Issuer and:

- rank senior in right of payment to any and all of the Issuer's existing and future debt that is subordinated in right of payment to the Notes;
- rank equally in right of payment with all of the Issuer's existing and future unsecured debt that is not subordinated in right of payment to the Notes;
- are effectively subordinated in right of payment to certain future secured debt of the Issuer to the extent of the assets securing such debt; and
- are effectively subordinated to all debt and other obligations (including trade payables) of the Issuer's subsidiaries.

Optional Redemption..... At any time on or after 1 March 2007, the Issuer may redeem all or part of the Notes at the redemption prices described in the Section "Description of the Notes—Optional Redemption—Optional Redemption on or after 1 March 2007".

The Issuer may also redeem all, but not less than all, of the Notes at any time upon giving proper notice if changes in tax laws impose certain withholding taxes on amounts payable on such Notes. If the Issuer decides to do this, it must pay you a price equal to the principal amount of the Notes being redeemed plus accrued and unpaid interest and certain other amounts described in "Description of the Notes—Optional Redemption—Redemption Upon Changes in Withholding Taxes".

Change of Control	If the Issuer experiences specific kinds of changes in control, the Issuer must make an offer to each holder of Notes to purchase such holder's Notes in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of the purchase. See "Description of the Notes—Purchase of Notes Upon a Change of Control".
Restrictive Covenants	<p>The Indenture governing the Notes contains covenants that restrict the ability of the Issuer to:</p> <ul style="list-style-type: none"> ● incur more debt; ● pay dividends and make distributions of certain other payments; ● create liens; ● enter into sale and leaseback transactions; ● enter into transactions with affiliates; and ● transfer or sell assets. <p>For a more detailed description of these covenants, see "Description of the Notes—Certain Covenants".</p>
Transfer Restrictions	We have not registered the Notes under the Securities Act. You may only offer or sell Notes in a transaction exempt from or not subject to the registration requirements of the Securities Act. The Issuer only offered the Notes to buyers who purchase the Notes outside the United States pursuant to Regulation S under the Securities Act. See "Transfer Restrictions".
Denominations	Each note has a minimum denomination of €1 and increments thereof. Notes may only be transferred in principal amounts of €1,000 or greater. Euroclear and Clearstream will not be responsible for monitoring such minimum transfer amount.
Trustee and Principal Paying Agent	The Bank of New York
Irish Paying Agent	J&E Davy.
Listing	Application has been made to list the Notes on the Irish Stock Exchange.
Governing Law	New York law.
Risk Factors	You should carefully consider the information under the caption "Risk Factors" and the other information included in the Offering Circular and these Listing Particulars before deciding whether to invest in the Notes.

RISK FACTORS

An investment in the Notes involves a high degree of risk. Any person proposing to purchase Notes should carefully consider the following risks, together with other information provided in these Listing Particulars. The occurrence of any of the events discussed below could materially adversely affect Ardagh's business, results of operations or financial condition. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay all or part of the amounts due on the Notes, and may lose all or part of the investment. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect the investment.

These Listing Particulars contains "forward looking" statements that involve risks and uncertainties. Ardagh's actual results may differ significantly from the results discussed in the forward looking statements. Factors that might cause such differences include those discussed below and elsewhere in these Listing Particulars. See "Forward Looking Statements".

Risks Relating to Ardagh's Debt and to the Notes

We must rely on payments from Ardagh to fund payments on the Notes. Such funds may not be available in certain circumstances.

We are a holding company and conduct no business operations of our own and have not engaged in any activities other than in connection with the offering of the Notes and the Issuer Transactions.

We will conduct our operations through Ardagh. Therefore, we will depend on the cash flow of, and the financial and operating performance of, Ardagh to meet our obligations under the Notes.

The ability of Ardagh to distribute to us by way of dividends, distributions, interest, return on investments, or other payments (including loans) is subject to various restrictions, including restrictions imposed by Ardagh's existing debt agreements, and future debt may also limit or prohibit such payments. A holder of Notes will not have any direct claim on the cash flows of our operating subsidiaries and such subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to us. In addition, the ability of our subsidiaries to make such payments may be limited by relevant provisions of applicable law.

To repay the Notes we will require a significant amount of cash, which we or Ardagh may not be able to raise or generate.

Upon maturity on 1 March 2015, the total amounts payable by us under the Notes could be up to €359.9 million. Our ability to meet our obligations under the Notes and to refinance the Notes in order to repay them at maturity will depend on Ardagh's financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond Ardagh's control.

Cash flows from operating activities may not be sufficient to permit our operating companies to service or repay their existing or future debt, and any failure to satisfy their debt or other obligations could materially adversely affect the value of the Notes.

If Ardagh is unable to generate, or is prevented from making available to us, sufficient cash to enable us to repay the Notes at maturity or upon another repayment event, we might adopt one or more alternatives, such as a refinancing, selling assets or obtaining additional equity capital. These strategies may not be implemented on satisfactory terms or without substantial additional expense, if at all. A failure to raise such additional funds could result in a default on the Notes.

We are the sole obligor of the Notes and our subsidiaries, including Ardagh, will not guarantee our obligations under the Notes; the Notes are structurally subordinated to the debt and liabilities of our subsidiaries.

Ardagh Glass Limited and its subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payments.

The Notes are structurally subordinated to all debt and liabilities of our subsidiaries. In the event of a bankruptcy, liquidation, reorganisation or similar proceeding relating to our subsidiaries, a holder of Notes will participate with all other holders of our indebtedness in the assets remaining after our subsidiaries have paid all of their debt and liabilities. Our only asset is our holding of Ardagh Ordinary Shares. Our subsidiaries will be permitted to incur additional debt and liabilities in the future under the terms of the Indenture. As of 31 December 2004, Ardagh had consolidated outstanding debt of €285.0 million, all of which was secured.

Our and Ardagh's substantial debt could adversely affect our financial health and prevent us from fulfilling our obligations under the Notes.

We and our subsidiaries have a substantial amount of debt and significant debt service obligations. As of 31 December 2004, as adjusted to give effect to the Issuer Transactions and the offering of the Notes and the application of the net proceeds therefrom, as described under "Use of Proceeds", we would have had total debt of €119.0 million (net of debt issuance costs of € 6.0 million), all of which would have been debt incurred in the offering of the Notes and which would represent 85.6% of our total capitalisation. Ardagh has €285.0 million of total debt, all of which will mature prior to the maturity of the Notes and all of which debt is secured debt. In addition, as of 31 December 2004, Ardagh had available an additional €65.0 million under their existing credit facilities.

This substantial debt could have important negative consequences for us and to a holder of the Notes. For example, our and Ardagh's substantial debt could:

- require us to dedicate a large portion of our cash flow from operations to fund payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- limit our ability to raise additional debt or equity capital in the future;
- restrict us from making strategic acquisitions or exploiting business opportunities;
- make it more difficult for us to satisfy our obligations with respect to the Notes and our other debt; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

In addition, a portion of Ardagh's debt bears interest at variable rates that are linked to changing market interest rates. Although we understand that Ardagh has attempted to hedge a portion of its exposure to variable interest rates by entering into interest rate swaps, we cannot assure a holder of the Notes that it will continue to do so in the future. As a result, an increase in market interest rates would increase the interest expense of Ardagh and its debt service obligations, which would exacerbate the risks associated with our leveraged capital structure.

Ardagh's credit facilities contain financial covenants which Ardagh could fail to meet.

Certain of the existing credit facilities of Ardagh do, and its future credit facilities may, require Ardagh and its subsidiaries to satisfy specified financial tests and maintain specified financial ratios and covenants regarding a minimum level of EBIT to total net senior debt interest payable, a minimum level of EBIT to total net cash interest payable, a minimum tangible net worth and a maximum amount of capital expenditures. See "Description of Other Indebtedness".

The ability of Ardagh to comply with these ratios and to meet these tests may be affected by events beyond their control and we cannot assure you that Ardagh will continue to meet these tests. The failure of Ardagh to comply with these obligations could lead to a default under these credit facilities unless Ardagh is able to obtain waivers or consents in respect of any breaches of these obligations under these credit facilities. We cannot assure a holder of the Notes that these waivers or consents will be granted. A breach of any of these covenants or the inability to comply with the required financial ratios could result in a default under these credit facilities. In the event of any default under these credit facilities, the lenders under that facility will not be required to lend any additional amounts to our operating companies and could elect to declare all outstanding borrowings, together with accrued interest, fees and other amounts due thereunder, to be immediately due and payable. In the event of a default, the relevant lenders could require Ardagh to apply all available cash to repay the borrowings thereunder. Such an event of default would also prevent Ardagh from making debt service payments on Ardagh's 8 ⁷/₈% Senior Notes, either of which would be an event of default under the Notes. If the debt under Ardagh's credit facilities, Ardagh's 8 ⁷/₈% Senior Notes or the Notes offered hereunder were to be accelerated, we cannot assure a holder of the Notes that our assets or the assets of Ardagh would be sufficient to repay such debts in full.

We and our subsidiaries may be able to incur substantially more debt.

Subject to the restrictions in Ardagh's senior secured credit facilities, the indenture for Ardagh's 8 ⁷/₈% Senior Notes, the Indenture and other outstanding debt, we and Ardagh may be able to incur substantial additional debt in the future, which could also be secured. For example, the Indenture allows Ardagh and its Restricted Subsidiaries to grant liens on any of their property or assets to secure any debt which may be incurred under the "Limitation on Debt" covenant in the Indenture described in "Description of the Notes—Certain Covenants—Limitation on Debt".

As of 31 December 2004, Ardagh's main credit facilities permitted additional borrowings of up to €65.0 million, and all of these borrowings would effectively rank senior to the Notes. Although the terms of these credit facilities and the Indenture contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial.

To the extent new debt is added to our and Ardagh's currently anticipated debt levels, the substantial leverage related risks described above would increase. See also —“Risks Relating to Ardagh's Business”—Ardagh's expansion strategy may adversely affect its business, financial condition and results of operations".

Ardagh's and our ability to generate cash depends on many factors beyond our or its control, and Ardagh and we may not be able to generate cash required to service its or our debt.

Ardagh's and our ability to meet debt service obligations or to allow us to refinance the Notes depends on Ardagh's future operating and financial performance and ability to generate cash. This will be affected by our ability to implement successfully our business strategy, as well as general economic, financial, competitive, regulatory, technical and other factors beyond our control.

If our subsidiaries cannot generate sufficient cash to meet their debt service obligations or fund their other business needs, they may, among other things, need to refinance all or a portion of their debt, obtain additional financing, delay planned acquisitions or capital expenditures or sell assets. We cannot assure a holder of the Notes that our subsidiaries and we will be able to generate sufficient cash through any of the foregoing. If we and our subsidiaries 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 obligations with respect to our debt, including the Notes.

At maturity, the aggregate amounts due under the Notes could be up to € 359.9 million and we expect that at maturity we may have to refinance such amounts with new debt. We may, however, be unable to refinance such principal amount on terms satisfactory to us or at all and, as noted above, our ability to refinance such debt will be solely dependent on the financial condition and operating performance of our subsidiaries at such time.

Restrictions imposed by the Indenture, Ardagh's 8 ⁷/₈% Senior Notes and certain of Ardagh's credit facilities limit Ardagh's ability to take certain actions.

The Indenture, Ardagh's 8 ⁷/₈% Senior Notes and certain of Ardagh's credit facilities limit our flexibility in operating our business. For example, these agreements restrict the ability of Ardagh and certain of its subsidiaries to, among other things:

- borrow money;
- pay dividends or make other distributions;
- create certain liens;
- make certain asset dispositions;
- make certain loans or investments;
- issue or sell share capital of our subsidiaries;
- enter into transactions with affiliates; or
- merge, consolidate, sell, lease or transfer all or substantially all of our assets.

We cannot assure a holder of the Notes that the operating and financial restrictions and covenants in the Indenture, Ardagh's 8 ⁷/₈% Senior Notes and certain of Ardagh's credit facilities will not adversely affect Ardagh's ability to finance its

future operations or capital needs or engage in other business activities that may be in our interest. In addition, management believes that the future expansion of Ardagh's glass container packaging business is likely to require participation in the consolidation of the glass industry in Europe by the acquisition of existing businesses. We cannot guarantee that Ardagh will be able to participate in such consolidation or that the operation and financial restrictions and covenants in the Indenture, Ardagh's 8⁷/₈% Senior Notes and certain of Ardagh's credit facilities will permit Ardagh or us to do so.

In addition to limiting our flexibility in operating our business, a breach of the covenants in the Indenture could cause a default under the terms of our and Ardagh's other financing agreements, including Ardagh's existing credit facilities and Ardagh's 8⁷/₈% Senior Notes, causing all the debt under those agreements to be accelerated. If this were to occur we can make no assurances that we would have sufficient assets to repay our debt.

We may be unable to repurchase the Notes as required upon a change of control.

If we experience a change of control, we would be required to make an offer to repurchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. However, we may be unable to do so because we might not have enough available funds, particularly since a change of control could in certain circumstances cause part or all of our and Ardagh's other debt to become due and payable.

See "Description of the Notes—Purchase of Notes Upon a Change of Control".

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

The Notes are denominated and payable in euro. If you measure your investment returns by reference to a currency other than euro, an investment in the Notes entails foreign exchange related risks due to, among other things, possible significant changes in the value of the euro relative to the currency by reference to which you measure your investment returns because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes. See "Taxation".

An active trading market may not develop for the Notes.

The Notes are new securities for which there is currently no existing market. Although application has been made to list the Notes on the Irish Stock Exchange, we cannot assure you that the Notes will remain listed. We cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which the holders of the Notes may be able to sell them. The liquidity for any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations by securities analysts. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial price volatility. We cannot assure you that if a market for the Notes were to develop, such a market would not be subject to similar disruptions. We have been informed by the initial purchasers that they intend to make a market for the Notes after the offering is completed. However, the initial purchasers are not obligated to do so and may cease their market making activity at any time without notice. In addition, such market making activity will be subject to limitations imposed by the Securities Act and other applicable laws and regulations. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained.

The Notes are subject to restrictions on transfer.

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. A holder of the Notes may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. We have not undertaken to register the Notes or to effect any exchange offer for the Notes in the future. Furthermore, we have not registered the Notes under any other country's securities laws. It is a holder of the Notes obligation to ensure that its offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Transfer Restrictions".

Certain considerations relating to book-entry interests.

Unless and until Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. The common depositary for

Euroclear and Clearstream Banking (or its nominee) is the sole holder of the global Notes representing the Notes. After payment to the common depository, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream Banking, as applicable, and if you are not a participant in Euroclear or Clearstream Banking, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture governing the Notes. See "Book-Entry; Delivery and Form".

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream Banking. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions 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 you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream Banking. We cannot assure a holder of the Notes that the procedures to be implemented through Euroclear or Clearstream Banking will be adequate to ensure the timely exercise of rights under the Notes. See "Book-Entry; Delivery and Form".

In the Independent Auditor's Reports prepared by Ardagh's independent auditors, the independent accountants have sought to limit the persons that may rely on their audit reports on the Issuers and Ardagh's financial statements.

The extent to which auditors have responsibility or liability to third parties (other than Ardagh and its shareholders) is unclear under the laws of many jurisdictions, including Ireland. However, the fact that Ardagh's independent auditors have attempted to limit their responsibility in their audit reports may limit any responsibility they may have to any potential investors.

Risks Relating to Ardagh's Business

Ardagh faces intense competition from other glass container producers, as well as from makers of alternative forms of packaging.

Ardagh is subject to intense competition from other glass container producers against whom it competes on the basis of price, quality, customer service, reliability of delivery and marketing. Advantages or disadvantages in any of these competitive factors may be sufficient to cause customers to consider changing suppliers or to use an alternative form of packaging. Ardagh's principal competitors in the United Kingdom are Owens-Illinois (United Glass), Rexam, Beatson Clark and Allied Glass. Ardagh's principal competitors in Germany are Saint-Gobain, Owens-Illinois (BSN Glasspack), Rexam and Wiegand Glas. Ardagh's principal competitors in Poland are Owens-Illinois (Huta Jaroslaw and Huta Antoniniek), Rexam (Huta Wyszkwow and Huta Gostyn) and Warta Glass Group.

In addition to competing directly with other large, well-established manufacturers in the glass container industry, Ardagh competes indirectly with manufacturers of other forms of rigid packaging, principally metal cans and plastic containers, on the basis of quality, price, service and consumer preference. Ardagh also competes indirectly with manufacturers of non-rigid packaging alternatives, including flexible pouches and aseptic cartons, in serving the packaging needs of juice customers. We believe that the use of glass containers for alcoholic and non-alcoholic beverages is subject to consumer taste. In addition, the association of glass containers with premium items exposes glass containers to economic variations. Therefore, if economic conditions are poor, we believe that consumers may be less likely to prefer glass containers over other forms of packaging. We cannot assure you that Ardagh's products will continue to be preferred by its customers' end-users and that consumer preference will not shift from glass containers to non-glass containers. A material shift in consumer preference away from glass containers, or competitive pressures from Ardagh's direct and indirect competitors, could result in a decline in sales volume or pricing pressure that would have a material adverse effect on Ardagh's business, results of operations and financial condition.

An increase in the supply of glass manufacturing capacity without a corresponding increase in demand for glass manufacturing capacity could cause prices to decline, which could materially and adversely affect Ardagh's business, financial condition and results of operations.

The profitability of glass manufacturing companies is heavily influenced by the supply of and demand for glass manufacturing capacity. In the United Kingdom, where Ardagh's key subsidiary has significant operations, the glass container market has historically been characterised by a steady growth of manufacturing capacity with only modest growth in demand for manufacturing capacity. U.K. manufacturer Quinn Glass has commenced construction on a new glass plant in England. This new plant, which is the subject of a planning enquiry, may be operational by the second half of 2005, will be capable of producing the equivalent of approximately 20% of the current U.K. market demand, resulting in a sharp increase in

manufacturing capacity. Under these market conditions, we believe that manufacturing capacity in the United Kingdom in the near to medium term will significantly exceed demand. In the near term, this increase in capacity will result in increasing competitive pricing pressure amongst glass manufacturers. We believe the planned introduction of this new plant has already begun to adversely affect the level of price increases obtained by U.K. producers and we expect negative pricing pressure to continue in the medium term. We cannot assure you that the supply of manufacturing capacity will not increase further in the future nor can we assure you that demand for manufacturing capacity will meet or exceed supply. If the supply of glass manufacturing capacity increases and there is no corresponding increase in demand, the prices Ardagh receives for its products could materially decline and its business, financial condition and results of operations could be materially and adversely affected.

Higher energy costs and interrupted energy supplies may have a material adverse effect on Ardagh's business, financial condition and its results of operations.

Ardagh uses natural gas and electrical power to manufacture its products. These power sources are vital to Ardagh's operations, and Ardagh relies on a continuous power supply to conduct its business. In recent periods, Ardagh has experienced increases in certain components of its cost of sales, including energy costs. We have no way of predicting to what extent energy prices will rise in the future. If energy costs increase further in the future, Ardagh could experience a significant increase in operating costs, which would have a material adverse effect on its business, financial condition and results of operations.

In addition, certain locations in which Ardagh has operations, such as Italy and Poland, have experienced power shortages. Frequent power interruptions may have a material adverse effect on its operations.

As Ardagh's customers are concentrated, its business could be adversely affected if Ardagh was unable to maintain relationships with its largest customers.

Ardagh's ten largest customers accounted for approximately 43% of its glass container revenues for the year ended 31 December 2004. We believe Ardagh's relationships with these customers are good, but we cannot assure you that Ardagh will be able to maintain these relationships. Ardagh typically sells most of its glass containers directly to customers under one to three-year arrangements. Although these arrangements have provided, and we expect they will continue to provide, the basis for a long-term partnership between Ardagh and its customers, they may not be binding and there can be no assurance that Ardagh's customers will not cease purchasing its products. If Ardagh's customers unexpectedly reduce the amount of glass containers they purchase from Ardagh, or cease purchasing Ardagh's glass containers altogether, Ardagh's revenues could decrease and its inventory levels could increase, either of which could have an adverse effect on its financial condition and operating results. In addition, while we believe that the arrangements that Ardagh has with its customers will be renewed, there can be no assurance that such arrangements will be renewed upon their expiration or that the terms of any renewal will be as favourable to Ardagh as the terms of the current arrangements. There is also the risk that Ardagh's U.K. customers may shift their filling operations from the United Kingdom to locations in continental Europe or elsewhere. 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 Ardagh's relationship with these customers could have a material adverse effect on Ardagh's business, financial condition and results of operations.

The continuing consolidation of Ardagh's customer base may intensify pricing pressures or result in the loss of customers, either of which could have a material adverse effect on Ardagh's business, financial condition and results of operations.

Many of Ardagh's largest customers have acquired companies with similar or complementary product lines. This consolidation has increased the concentration of Ardagh's net sales with its largest customers. In many cases, such consolidation may be accompanied by pressure from customers for lower prices. Increased pricing pressures from Ardagh's customers may have a material adverse effect on its business, financial condition and results of operations. In addition, this consolidation may lead manufacturers to rely on a reduced number of glass container suppliers. If, following the consolidation of one of Ardagh's customers with another company, a competitor were to be the main supplier of glass containers to the consolidated company this could have a material adverse effect on Ardagh's business, financial condition or results of operations.

Ardagh's expansion strategy may adversely affect its business, financial condition and results of operations.

Ardagh aims over the longer term to capitalise on strategic opportunities to expand its glass container activities. Ardagh believes that such future expansion is likely to require the acquisition of existing businesses. Because Ardagh believes that such businesses may be acquired with modest equity and relatively high levels of financial leverage given the cash generating capabilities of glass container businesses, Ardagh may need to contemplate further increases in its leverage in the future in connection with any acquisitions of these businesses. This could have an adverse effect on Ardagh's business, financial condition and results of operations. In addition, any future expansion is subject to various risks and uncertainties, including the inability to integrate effectively the operations, personnel or products of acquired companies and the potential disruption of

existing businesses and diversion of management's attention from Ardagh's existing businesses. Furthermore, we cannot assure a holder of the Notes that any future expansions will achieve positive results.

Ardagh currently faces these integration risks as it continues the process of integrating the recently acquired business of HSU. If Ardagh is unable to successfully complete the integration of this business, Ardagh may not realise the expected benefits of this acquisition, and its overall business could suffer as a result of the diversion of management attention and other resources from its existing operations.

Ardagh's profitability could be affected by varied seasonal demands.

Demand for Ardagh's products is typically strongest during the summer months and during the lead up to holidays in December because of the seasonal nature of its customers in the beer, spirits and non-alcoholic beverage sectors. Unseasonably cool weather during the summer months can reduce demand for certain beverages packaged in Ardagh's containers, which would have an adverse effect on Ardagh's results of operations for that year. In addition, Ardagh generally schedules shutdowns of its furnaces for rebuilding and repairs of machinery in the first quarter. If demand for glass containers should unexpectedly rise during such a shutdown, Ardagh would not have the ability to fulfill such demand and may lose potential revenue. These shutdowns and seasonal sales patterns could adversely affect profitability during the first quarter.

Ardagh's profitability could be affected by the availability and cost of raw materials.

The raw materials that Ardagh uses have historically been available in adequate supply from multiple sources. For certain raw materials, however, there may be temporary shortages due to weather, transportation, production delays or other factors. In such an event, no assurance can be given that Ardagh would be able to secure its raw materials from sources other than its current suppliers on terms as favourable as its current terms, or at all. Any such shortages could have a material adverse effect on its business, financial condition and results of operations.

During the year ended 31 December 2004, prices of certain raw materials that Ardagh uses increased at rates higher than the rate of inflation due to increases in the price of oil and oil-related products. The price of soda ash has increased sharply, as the historical oversupply situation in the soda ash market has stabilised. Any further increases in the cost of raw materials could have a material adverse effect on Ardagh's business, financial condition and results of operations.

Ardagh is subject to various environmental and legal requirements and may be subject to new legal requirements in the future that could impose substantial costs upon it.

Ardagh's operations and properties in the United Kingdom, Italy, Germany and Poland are subject to extensive laws, ordinances, regulations and other legal requirements relating to environmental protection, including legal requirements governing investigation and clean-up of contaminated properties as well as water discharges, air emissions, waste management, noise pollution and workplace health and safety. Such legal requirements frequently change and are different in each jurisdiction. Ardagh's operations and properties in the United Kingdom, Italy, Germany and Poland must comply with these legal requirements. In addition, Ardagh is required to obtain and maintain permits in connection with its glass-making operations. These requirements may have a material adverse effect on Ardagh's business, financial condition and results of operations.

Ardagh has incurred, and expects to incur, costs for its operations to comply with such legal requirements, and these costs could increase in the future. Many such legal requirements provide for substantial fines, orders (including orders to cease operations) and criminal sanctions for violations. Certain environmental laws provide for strict, joint and several liability for investigation and remediation of spills and other releases of hazardous substances. Such laws may impose liability on owners and operators of contaminated facilities and companies that arranged for disposal of waste. These legal requirements may apply to conditions at properties that Ardagh presently owns or operates or that Ardagh formerly owned or operated, as well as at other properties for which Ardagh may be responsible, including those at which waste attributable to it was disposed. A significant order or judgment against Ardagh, the loss of a significant permit or license or the imposition of a significant fine may have a material adverse effect on its business, financial condition and results of operations.

A number of governmental authorities in the United Kingdom, Italy, Germany and Poland have enacted, or are considering, legal requirements that would mandate certain rates of recycling and the use of recycled materials. Increased competition for the supply of recycled glass may have a material adverse effect on Ardagh's business, financial condition and results of operations.

In addition, the European Union introduced a European Union Emissions Trading Scheme (EU ETS) from 1 January 2005. The first phase runs from 2005-2007 and the second phase will run from 2008-2012 to coincide with the first Kyoto Commitment Period. The scheme will work on a "cap and trade" basis. EU Member State governments are required to

set an emission cap for all installations covered by the scheme. Each installation will then be allocated allowances for the particular commitment period in question. Installations that emit less than their emission cap can sell "credits" on an open market which is to be established and installations that exceed their emission cap will be required to buy credits. While this scheme has commenced, the details of its operation are still uncertain, since emissions caps have not been established for each installation. It could have a material adverse effect on Ardagh's business, financial condition and results of operations.

The German mandatory deposit on one-trip containers may have a material impact on Ardagh's German glass container operations.

Under the German packaging law (Verpackungsordnung), a mandatory deposit (Zwangspfand) was introduced on 1 January 2003 to be charged on beer, carbonated soft drinks and mineral water sold in one-trip packaging. Following a ruling from the Court of Justice of the European Communities on 14 December 2004, a revised packaging law is now in force. This mandatory deposit has resulted in customers using less one-trip containers, which has lowered volume shipments from Ardagh's German glass container operations. Ardagh's German glass container operations have experienced negative impacts during 2003 and 2004, however the full impact on annual volumes in the medium-term is not yet clear. If the German packaging law is further amended or extended, Ardagh's German glass container operations could be materially and adversely affected.

Organised strikes or work stoppages by unionised employees may have a material adverse effect on Ardagh's business, financial condition and results of operations.

Some of Ardagh's operating companies are party to collective bargaining agreements with trade unions. In the United Kingdom, such agreements cover approximately 90% of Ardagh's union affiliated employees, excluding all of Ardagh's employees at the Worktop site who are not covered by a collective bargaining agreement. In Italy, such agreements cover approximately 55% of Ardagh's union affiliated employees. In Germany, such agreements cover approximately 73% of Ardagh's employees, while in Poland approximately 50% of the workforce are members of trade unions. Upon the expiration of any collective bargaining agreement, such as in Germany, Ardagh's operating companies' inability to negotiate acceptable contracts with trade unions could result in strikes by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members. If the unionised workers were to engage in a strike or other work stoppage, Ardagh could experience a significant disruption of operations and/or higher ongoing labour costs, which may have a material adverse effect on its business, financial condition and results of operations.

Currency, interest rate fluctuations and commodity prices may have a material impact on Ardagh's business, financial condition and results of operations.

Ardagh's reporting currency is the euro. However, a substantial portion of Ardagh's assets, liabilities, turnover and expenses is denominated in pounds. Fluctuations in the value of the pound with respect to the euro have had, and may continue to have, a significant impact on Ardagh's financial condition and results of operations as reported in euro. In 2004, the appreciation of the pound against the euro increased Ardagh's U.K. turnover when translated into euro by approximately 2.1%. Currency fluctuations can also have a significant impact on Ardagh's balance sheet, particularly shareholders' equity, when Ardagh translates the financial statements of its U.K. subsidiaries into euro.

In addition to currency translation risk, Ardagh is subject to currency transaction risk. In order to provide a "natural" hedge, Ardagh currently has its borrowings that relate to its U.K. operations in pounds. Interest payments in pounds help to offset its exposure to fluctuations in pre-tax profits, as measured in euro, due to currency fluctuation, while pound denominated debt is matched by pound denominated assets. Ardagh's policy is, where practical, to match net investments in foreign currencies with borrowings in the same currency. In relation to operational exposures, Ardagh's policy is to place all excess foreign currency cash flow on currency deposit until such time as these cash flows are required to make payments to foreign currency creditors.

We currently estimate Ardagh will have approximately €90.0 million aggregate principal amount of borrowings which are mismatched by pound assets. Ardagh intends to actively manage this exposure through the deployment of assets and liabilities throughout the group and, when necessary and economically justified, by entering into currency hedging arrangements, to manage its exposure to foreign currency fluctuations by hedging against rate changes with respect to the euro. However, Ardagh may not be successful in limiting such exposure, which could adversely affect its business, financial condition and results of operations.

Ardagh is also exposed to interest rate risk. Fluctuations in interest rates may affect Ardagh's interest expense on existing debt and the cost of new financing. Ardagh sometimes uses swaps to manage this risk, but its financial condition and results of operations may nevertheless be materially adversely affected by sustained increases in interest rates.

In addition, Ardagh is exposed to movements in the price of natural gas. Ardagh purchases its natural gas requirements in the United Kingdom under a contract pursuant to which the pricing is derived from the International Petroleum Exchange ("IPE"). The contract allows Ardagh to choose how the pricing will be set. Pricing can be set based on the IPE closing spot price for the day, the day ahead price, balance of month or any future price quoted for entire months. Ardagh tries to ensure that natural gas prices are fixed for future periods but does not always do so because the future prices can be far in excess of the spot price. Ardagh does not use commodity futures contracts to limit the fluctuations in prices paid and the potential volatility in earnings and cash flows from future market price movements. If the spot price of natural gas rises unexpectedly, and Ardagh has not fixed the price of natural gas in advance of its usage requirements, its earnings and cash flows could be adversely effected.

For a further discussion of these matters and the measures Ardagh has taken to seek to protect its business against these risks.

It is difficult to compare Ardagh's results of operations from period to period.

It is difficult to make period-to-period comparisons of Ardagh's results of operations. In July 2002, Ardagh acquired Abruzzo Vetro; in March 2003 Ardagh acquired Heye Holding; and in September 2004, Ardagh acquired HSU. These acquisitions have had a positive effect on Ardagh's results of operations in subsequent periods. Furthermore, Ardagh's net operating income is typically higher in the second half of the calendar year due to the seasonality effects described above. Thus, for all of these reasons, a period-to-period comparison of Ardagh's results of operations may not be meaningful.

Ardagh is involved in a continuous manufacturing process with a high degree of fixed costs. Any interruption in the operations of Ardagh's manufacturing facilities may adversely affect its financial condition.

Ardagh conducts regular maintenance on all of its operating equipment. However, due to the extreme operating conditions inherent in some of Ardagh's manufacturing processes, we cannot assure a holder of the Notes that Ardagh will not incur unplanned business interruptions or that such interruptions will not have an adverse impact on its operating results. To the extent that Ardagh experiences any furnace breakdowns or similar manufacturing problems, Ardagh will be required to make capital expenditures even though it may not have available resources at such time, and Ardagh may not be able to meet customer demand, which would result in a loss of revenues. As a result, Ardagh's liquidity may be impaired as result of such expenditures and loss of revenues.

Ardagh's business may suffer if it does not retain its senior management.

Ardagh depends on its senior management. Although Ardagh does not anticipate that it will have to replace any of its senior management team in the near future, the loss of services of any of the members of its senior management could adversely affect its 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 a holder of the Notes that Ardagh would be able to locate or employ such qualified personnel on terms acceptable to Ardagh or at all.

Interests of controlling shareholders

The interests of some controlling shareholders may not be entirely consistent with the Issuer's interests or those of the Issuer's other shareholders. Currently, Yeoman beneficially owns approximately 45% of the Issuer's issued capital. Paul Coulson (who beneficially owns approximately 33% of Yeoman's share capital) is currently Chairman of the board of directors of Ardagh Glass Limited and a member of the board of directors of Yeoman. Paul Coulson beneficially owns 25% of the Issuer's issued shares. Wolfgang Baertz is currently a member of the board of directors of Ardagh Glass Limited and Yeoman, and Brendan Dowling is currently a member of the board of directors of the Issuer and of Ardagh Glass Limited and Yeoman International Group Limited, a wholly-owned subsidiary of Yeoman. As a result of its ownership interest, Yeoman is able to significantly influence all matters requiring shareholder approval, including the election of directors. See "Management" and "Major Shareholders and Related Party Transactions".

THE OFFER

The Issuer has engaged, to the extent described in these Listing Particulars, in the following series of transactions (the "Issuer Transactions").

The Offer. The Issuer made an offer (the "Offer") to all holders of Ardagh Ordinary Shares to acquire from them all of the Ardagh Ordinary Shares held by them for a cash consideration of €4 per Ardagh Ordinary Share. The terms and conditions of the Offer were contained in the Offer Document sent to Ardagh Shareholders on 25 February 2005. The Offer was declared unconditional on 4 March 2005. The Offer, remained open for acceptance until 5.30 p.m. (Irish time) on 21 March 2005.

Subscription of Additional Shares. The Issuer proposes to use the cash remaining from the proceeds of the offering of the Notes and the share subscriptions described in this section under "— Ownership Structure of the Issuer" below to contribute such cash to Ardagh in such manner as is deemed appropriate by the Issuer for the development of Ardagh's business. The Issuer proposes that such contribution would be used by Ardagh Glass Limited as described under "Use of Proceeds".

Redemption Scheme. Certain Ardagh Shareholders required the board of Ardagh Glass Limited to convene an Extraordinary General Meeting at which a special resolution of Ardagh Glass Limited would be proposed providing for the redemption in cash, at a price of €4 per share, of all Ardagh Ordinary Shares that are held by persons who did not accept the Offer (other than any Ardagh Ordinary Shares acquired by the Issuer in the Offer). An extraordinary general meeting of Ardagh Glass Limited was held on 4 April 2005 to consider such a special resolution and such special resolution was approved at that meeting. All such Ardagh Ordinary Shares were redeemed on 7 April 2005. Following such redemptions, the Issuer became the holder of 100% of the Ardagh Ordinary Shares.

Ultimate Group Structure. The Issuer's ownership of Ardagh Ordinary Shares is 100%. One deferred share of Ardagh Glass Limited continues to be held by Carey Holdings Limited for statutory compliance purposes under Guernsey law. The deferred share is not redeemable, does not confer on its holder any voting rights and does not give its holder any right to participate in any dividend or distribution of the profits or assets of Ardagh Glass Limited other than its par value on a winding up.

USE OF PROCEEDS

The net proceeds from the issuance and sale of the Notes were approximately €119.0 million, after deducting the initial purchasers' fees and commissions and the estimated offering expenses payable by us of this at least €81.0 million will be available to Ardagh for development of its business with the remainder having been used to finance the Offer and certain related transactions.

CAPITALISATION

The following table shows the unaudited total cash and capitalisation for the Issuer on a stand alone basis at its formation on 17 December 2004 (prepared in accordance with Irish GAAP), (1) on a historical basis, (2) as adjusted to give effect to the offering and the application of the net proceeds therefrom, as described under "Use of Proceeds" and (3) as adjusted to give effect to the Issuer Transactions as described under "The Offer". The information set out below should be read in conjunction with the financial statements, together with the Notes thereto, included elsewhere in these Listing Particulars.

THE ISSUER (STAND ALONE)

	<u>At 17 December 2004</u>			
	<u>Historical</u>	<u>Offering Adjustments</u> (€ millions)	<u>Issuer Transactions Adjustments</u>	<u>As Adjusted</u>
Cash	—	119.0	(119.0)	—
Long-term debt				
PIK Notes due 2015	—	125.0	—	125.0
Unamortised issue costs of borrowings(2)	—	(6.0)	—	(6.0)
Total long-term debt	—	119.0	—	119.0
Net debt	—	—	119.0	119.0
Called up share capital	—	—	20.0	20.0
Total shareholders' funds	—	—	20.0	20.0
Total capitalisation	—	119.0	20.0	139.0

(1) There has been no significant change in the financial position of Ardagh since 31 December 2004, except as disclosed in the "Adjustments" columns above and as discussed under "Operating and Financial Review and Prospects".

(2) Under U.K. GAAP, unamortised issue costs of borrowings are deducted from the related debt amounts for the purposes of balance sheet presentation and are amortised over the life of the debt. As a result, the Notes are shown at the amount of the cash received.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Ardagh Glass Limited and its Subsidiaries

The following discussion and analysis relates solely to Ardagh's financial condition and results of operations and covers periods prior to the Issuer Transactions. Accordingly, unless otherwise noted, the discussion and analysis of historical periods do not reflect the impact that the Issuer Transactions will have on both Ardagh and the Issuer. Except for the historical information contained herein, the discussions in this section contain forward looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed below. See "Forward Looking Statements" and "Risk Factors".

Although Ardagh did not exercise its option from Yeoman to acquire the assets of Heye Holding until 3 March 2003, the financial information presented in these Listing Particulars include the results of operations of Heye Holding and its subsidiaries since 1 January 2003 because Ardagh's senior executive officers managed all aspects of the business and operations of Heye Holding and its subsidiaries since that date.

Overview

Ardagh is the leading supplier of glass containers in the United Kingdom with a 36% share of U.K. glass container production by volume for the year ended 31 December 2004. Ardagh has operated a glass container manufacturing business in Italy since its acquisition in July 2002 of Consumers Glass, renamed Abruzzo Vetro. Ardagh is also a leading provider of technology and manufacturing equipment to the glass manufacturing industry through Heye International, a wholly-owned subsidiary of Heye Holding, which Ardagh acquired in March 2003. Ardagh also has glass container operations in Germany through Heye Glas, which is a wholly-owned subsidiary of Heye Holding. In September 2004, Ardagh acquired 83.6% of HSU, a leading producer of glass containers in Poland.

In the United Kingdom, Ardagh is the leading glass container manufacturer, producing approximately 684,000 tonnes, or 2.5 billion glass containers, annually. Substantially all of its U.K. glass container business' sales are to customers in the United Kingdom. Unit sales prices vary by product and are dependent on the type of container (standard or specialised), the specifications of the container (size, shape, weight and color) and competitive pressures.

Ardagh Glass Limited was formed on 17 December 2002, as a holding company for the glass container manufacturing business that was demerged from South Wharf plc (formerly Ardagh plc) effective as of 28 February 2003. Since its formation, Ardagh has pursued an acquisition strategy of careful evaluation, selection and pursuit of strategic opportunities. During the periods under review, Ardagh has completed a number of acquisitions which affect results from period to period.

Ardagh generates its turnover principally from its glass container manufacturing business and its glass technology and manufacturing equipment business. Turnover is principally dependant on sales volumes and sales prices.

Sales volumes are affected by a number of factors including factors impacting customer demand, seasonality and the capacity of Ardagh's plants. Demand for glass containers may be influenced by trends in consumption of beverages, industry trends in packaging, including marketing decisions, and the impact of environmental regulations. The beverage industry is seasonal in nature, with demand being stronger during the summer and during periods of warm weather, as well as during the build up to holidays in December. Accordingly, Ardagh's shipment volume of glass containers is typically lower in the first quarter. Ardagh builds inventory in the first quarter in anticipation of these seasonal demands. In addition, Ardagh generally schedules shutdowns of Ardagh's plants for rebuilding and repairs of machinery in the first quarter. These planned shutdowns and seasonal sales patterns adversely affect profitability in Ardagh's glass manufacturing operations during the first quarter of the year. Plant shutdowns may also affect the comparability of results from period to period. Ardagh's working capital requirements are greatest at the end of the first quarter and during the second quarter of the year.

The prices Ardagh receives for its goods are directly affected by the supply and demand for glass manufacturing capacity. In the United Kingdom, the location of Ardagh's key subsidiary, the glass container market has historically been characterised by a steady growth of manufacturing capacity with only modest growth in demand for manufacturing capacity. U.K. manufacturer Quinn Glass has commenced construction of a new glass plant in England. This new plant, expected to start production in the second half of 2005, will eventually be capable of producing the equivalent of approximately 20% of the current U.K. market demand, resulting in a sharp increase in manufacturing capacity. We believe the imminent introduction of this new plant has already begun to adversely affect the level of price increases obtained by U.K. producers. We expect this increase in manufacturing capacity to result in negative pricing pressure in the near to medium term. Ultimately, we expect that

the market will stabilise through further consolidation of the supply base, as has happened in the past when significant overcapacity existed.

In recent periods, Ardagh has experienced increases in certain components of its cost of sales. The elements of Ardagh's cost of sales of its glass container manufacturing business include (1) variable costs, such as natural gas and electricity, raw materials (including the cost of cullet), packaging materials, decoration, freight and other distribution costs, and (2) fixed costs, such as labour and other plant-related costs including depreciation, maintenance, sales, marketing and administration costs. Ardagh's variable costs have typically constituted approximately 40% and fixed costs approximately 60% of its total cost of sales for its glass container manufacturing business. Because a high percentage of Ardagh's cost of sales are fixed, its results of operations are significantly dependent upon sales volumes.

During 2004, Ardagh experienced cost increases which were higher than the general level of inflation in specific raw materials and energy. Energy, packaging and transportation prices have increased at rates higher than the rate of inflation due to increases in the price of oil and oil-related products. The price of soda ash has increased sharply, as the historical oversupply situation in the soda ash market has stabilised. During the same period, glass container prices remained relatively stable, with overall prices increasing less than the general level of inflation. Ardagh was unable to pass its raw materials and energy cost increases on to its customers. Although this pricing disparity has not had any significant impact on Ardagh's business to date, continued increases in variable costs, together with downward pricing pressure resulting from impending increases in manufacturing capacity, is likely to adversely impact Ardagh's results of operations.

We expect that the above-described trends will remain in effect in the near to medium term. In the medium term, we expect that increase in manufacturing capacity in the U.K. market will lead to further industry consolidation, as smaller glass manufacturers may find it difficult to favourably compete with larger companies. We believe that attractive acquisition opportunities exist for larger manufacturers, and that Ardagh is well-positioned to take advantage of such acquisition opportunities to consolidate its position as a market leader in the U.K. glass manufacturing market. Ardagh intends to continue to participate in the consolidation process through the careful evaluation, selection and pursuit of strategic opportunities throughout Europe.

Debt Repayment Schedule

The following table outlines the minimum debt repayments Ardagh will be obliged to make in 2005 and 2006. This table assumes that the minimum net principal repayment will be made as provided for under each credit facility. It further assumes that the revolving credit lines will be renewed or replaced with similar facilities as they mature.

<u>Facility</u>	<u>Currency</u>	<u>Maximum amount drawable</u> <u>Local currency</u> (millions)	<u>Final maturity date</u>	<u>Facility type</u>	<u>Minimum net repayment</u>	
					<u>2005</u> <u>€</u> (millions)	<u>2006</u> <u>€</u> (millions)
8 ⁷ / ₈ % Senior Notes due 2013	EUR	175.0	1 Jul 2013	Bullet payment	—	—
New Anglo Irish Senior Secured Credit Facility.....	GBP	65.0	31 Dec 2008	Amortising	7.5	7.5
Barclays Invoice Discounting Agreement	GBP	20.0	21 Nov 2006	Revolving	—	—
Barclays Revolving Loan and Ancillary Facility	GBP	6.0	21 Nov 2006	Revolving	—	—
Vereins Term Loan	EUR	10.0	15 May 2008	Amortising	1.8	1.8
Vereins Working Capital and Performance Guarantee Credit Lines	EUR	10.0	31 Jan 2006	Revolving	—	—
Heye Glas Receivables Discounting Facility	EUR	20.0	02 Jan 2005	Revolving	—	—
Anglo Irish Heye Glas Term Loan	EUR	10.0	31 Dec 2012	Amortising	1.2	1.2
Bank Handlowy Overdraft	PLZ	10.0	31 Mar 2005	Revolving	—	—
BZ WBK Investment Loan	PLZ	26.3	28 Mar 2005	Amortising	0.3	—
Voivodship Environmental Protection Loan	PLZ	2.1	20 Dec 2007	Amortising	0.2	0.2
Finance lease arrangements ..	EUR/PLZ			Amortising	0.4	0.4
Minimum net repayment					11.4	11.1

Off-Balance Sheet Items

Ardagh does not engage in off-balance sheet financing activities, and does not have any off-balance sheet debt obligations.

Capital Expenditures

During 2004, €45.7 million was invested in fixed asset additions compared to €34.8 million in 2003. €36.8 million was invested in Rockware Glass during 2004 compared to €27.7 million during 2003. €0.6 million was invested in Abruzzo Vetro during 2004 and the same amount was invested in 2003. During 2004 capital spending in Heye Glas amounted to €7.7 million, €0.4 million in Heye International and €0.2 million in the minor trading companies.

Based on existing operations and current conditions, Ardagh expects to incur capital expenditures during the twelve-month period ended 31 December 2005 of approximately €45 million. Ardagh expects to focus its capital expenditures on capital replacement, equipment upgrades and efficiency improvement projects. However, actual capital expenditures incurred during the twelve-month period ended 31 December 2005 will depend on a number of factors, including plant maintenance and furnace rebuilds, general economic conditions and growth prospects. Ardagh expects it will fund such expenditures from operating cash flow after providing for interest and tax payments.

BUSINESS

History And Development of Ardagh

History. Ardagh has been long established as a major participant in the U.K. glass container manufacturing industry with its operations dating back to 1848. Prior to 1999, the U.K. operations were owned and managed by a number of global glass container manufacturers, including BTR plc and Owens-Illinois. During the 1990s, significant capital was invested by these prior owners to upgrade the glass container manufacturing facilities that Ardagh currently operates. In 1999, South Wharf plc (formerly Ardagh plc), an Irish publicly-listed company with a glass manufacturing site in Ireland, acquired Rockware from Owens-Illinois. Ardagh's U.K. operations have become the leading supplier of glass containers in the United Kingdom.

Acquisition of Abruzzo Vetro. In July 2002, Ardagh acquired Consumers Glass S.r.l., an Italian glass container manufacturer (subsequently renamed Abruzzo Vetro S.r.l.), for cash consideration of approximately € 2.8 million plus assumed net debt of €13.4 million. Abruzzo Vetro produces a range of glass beer bottles which it sells to its customers, SABMiller (Peroni) and Heineken.

The Demerger. Prior to the demerger, South Wharf plc (formerly Ardagh plc) managed two separate businesses: (1) glass container manufacturing operations outside of Ireland comprising its U.K. and Italian glass container operations; and (2) glass container manufacturing and ancillary operations in Ireland. In July 2002, South Wharf plc's (formerly Ardagh plc's) glass container manufacturing facility in Ireland was closed and the business in Ireland became primarily a property holding company. The board of directors of South Wharf plc (formerly Ardagh plc) believed that these two distinct businesses were undervalued on the Irish Stock Exchange and, following a strategic review, concluded that a demerger of the U.K. and Italian glass container business to an unlisted company was the most effective way of realising the underlying value of the assets. As a result, the glass manufacturing operations in the United Kingdom and Italy were demerged from South Wharf plc (formerly Ardagh plc) and transferred to Ardagh Glass Limited effective as of 28 February 2003. See "Major Shareholders and Related Party Transactions—Related Party Transactions—The Demerger".

Acquisition of Heye Holding. In December 2002, Yeoman, currently a 40% shareholder of Ardagh Glass Limited, agreed to acquire the glass container and technology and manufacturing businesses and assets of Hermann Heye KG, which was then in bankruptcy in Germany. Heye Holding, then a wholly-owned subsidiary of Yeoman, acquired the Heye assets at the request of South Wharf plc (formerly Ardagh plc), as the bankruptcy administrator had required that the sale be completed by early January 2003 and South Wharf plc (formerly Ardagh plc), as a public company, could not have met this timetable. On 6 January 2003, Ardagh acquired from Yeoman an option to purchase all of the shares in Heye Holding, the newly-formed holding company for these businesses. On 3 March 2003, Ardagh exercised this option and acquired Heye Holding for a nominal amount and thereby assumed all of the debt of Heye Holding. See "Operating and Financial Review and Prospects" and "Major Shareholders and Related Party Transactions—Related Party Transactions—Heye Holding Option Agreement".

Share Buyback. On 18 May 2004, the shareholders of Ardagh Glass Limited approved a share buyback at €4 per share. One third of the Ardagh Ordinary Shares were redeemed on a pro rata basis at a cost of € 26.7 million. In addition, one third of share options were cancelled at a cost of €2.3 million. Following the buyback, there are 13,346,539 Ardagh Ordinary Shares in issue.

Acquisition of Huta Szkła Ujście. On 22 September 2004, Ardagh acquired 82.4% of Huta Szkła Ujście ("HSU"), a Polish glass container manufacturer, for €8.0 million plus assumed net debt of € 3.0 million following approval from the Polish competition authorities. HSU operates one glass plant with three furnaces at Ujście, near Poznań in Western Poland and has approximately 13% market share of Polish glass container production. It employs a total of 480 people in its glass and ancillary businesses. On 22 December 2004, Ardagh acquired a further 1.2% of HSU from existing and former HSU employees on similar terms. Ardagh expects to acquire the remaining 16.4% of HSU's equity on similar terms during the course of 2005.

Business Overview

Ardagh is the leading supplier of glass containers in the United Kingdom through Rockware, with an approximate 36% share of U.K. glass container production by volume in the year ended 31 December 2004. Ardagh has glass container operations in Germany through Heye Glas, which Ardagh acquired in March 2003. Ardagh has operated a glass container manufacturing business in Italy since its acquisition in July 2002 through Abruzzo Vetro. Ardagh has operated a glass container manufacturing business in Poland through HSU, since acquiring a majority holding in the company in September 2004. Ardagh is also a leading provider of technology and manufacturing equipment to the glass manufacturing industry through Heye International, which Ardagh acquired in March 2003. Turnover and EBITDA for Ardagh for the twelve months ended 31 December 2004 were €470.3 million and € 85.9 million, respectively.

In the United Kingdom, Ardagh produces and markets an extensive range of glass containers in a variety of shapes, sizes, colours and weights for the U.K. food, beer, spirits, premium packaged spirits, soft drinks, wine, dairy and cider sectors. Ardagh accounted for 54%, 34% and 27% of glass containers produced in the United Kingdom in 2004 in the food, beer and spirits sectors, respectively. Ardagh supplies a broad range of glass containers to some of the leading European and global food and beverage manufacturers such as Anheuser-Busch, Coca-Cola Schweppes Beverages, Diageo, Nestlé and InBev.

Ardagh glass container manufacturing sites are modern and technologically advanced, and we believe Ardagh has a leading position in the United Kingdom in terms of efficiency measured against manufacturing performance indicators in the glass container industry. Ardagh operates a total of four manufacturing sites with nine glass furnaces and 23 production lines in the United Kingdom. We believe that Ardagh's manufacturing site at Wheatley is the largest food container manufacturing site in the United Kingdom.

In Germany, Ardagh operates two manufacturing sites with four glass furnaces and 13 production lines. Ardagh produces a broad range of glass containers in the beer, wine, spirits, dairy and food sectors. Ardagh supplies leading global beverage customers such as MEK, Heineken and InBev.

In Italy, Abruzzo Vetro operates one manufacturing site with a single glass furnace and two production lines. It produces a range of glass beer bottles which it sells to SABMiller (Peroni) and Heineken.

In Poland, HSU operates one manufacturing site with three glass furnaces and seven production lines. It primarily produces glass containers for the beer and wine sectors in Poland. Key customers include Carlsberg and Heineken.

In 2004, the aggregate production of Ardagh's four glass container businesses amounted to approximately 1.4 million tonnes of glass.

Through Heye International, Ardagh designs and supplies glass packaging machinery, supplies spare parts for existing glass packaging machinery, provides technical assistance to users of its equipment and licensees of its technology, and engineers, assembles, supplies and project manages the construction of turnkey glass container plants. Ardagh offers solutions for all aspects of glass container manufacturing and glass container plant engineering. Heye International is one of only a few companies worldwide providing comprehensive turnkey glass container operations and technology services to the global glass container manufacturing industry. In the last five years, Heye International has provided equipment and technology assistance to leading companies worldwide, such as Anheuser-Busch and Heineken, and has undertaken the design and supply of six major glass manufacturing facilities.

MANAGEMENT

Issuer

The Issuer is a public limited company, incorporated under the laws of Ireland. The following table sets forth certain information with respect to members of the board of directors of the Issuer as of the date hereof.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Paul Coulson	52	Director
Edward Kilty	56	Director
Brendan Dowling	58	Director
Houghton Fry	59	Director

Each of the Issuer's existing directors are also members of the board of directors of Ardagh Glass Limited. The Issuer expects that the other existing members of the Ardagh Glass Limited's board of directors will be co-opted to the Issuer's board of directors.

Ardagh Glass Limited

Board of Directors

The following table sets forth certain information with respect to members of the board of directors of Ardagh Glass Limited as of the date hereof.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Paul Coulson	52	Chairman
Edward Kilty	56	Chief Executive
John Riordan	46	Finance Director
Brendan Dowling	58	Corporate Development Director
Houghton Fry	59	Director
Wolfgang Baertz	64	Non-Executive Director
Sir Frank Davies	73	Non-Executive Director
Dan O'Donohoe	60	Non-Executive Director

Biographies

Paul Coulson became Chairman of South Wharf plc (formerly Ardagh plc) in March 1998 and Chairman of Ardagh Glass Limited on its foundation in December 2002. He qualified as a Chartered Accountant with Price Waterhouse in 1978 and founded Yeoman in 1980. Together with his wife, he beneficially owned 33% of Yeoman's share capital as of 31 December 2004. Mr. Coulson is a director of Yeoman, which owned approximately 40% of the issued and outstanding share capital of Ardagh Glass Limited as of 31 December 2004. He is a director of a number of private companies.

Edward Kilty has been Chief Executive of, and has served as a director of, South Wharf plc (formerly Ardagh plc) since 1992. He became Chief Executive of Ardagh Glass Limited on its foundation in December 2002. He joined Ardagh in 1972 as Management Accountant and progressed through the roles of Finance Director, Finance and Production Director and Managing Director—Glass. Prior to joining Ardagh, he held finance positions with Distillers (now part of Diageo) and United Glass. He is a past President of the European Glass Container Federation ("FEVE") and EGM (European glass industry association) and is currently President of British Glass.

John Riordan has been Finance Director of South Wharf plc (formerly Ardagh plc) since 1999 and became Finance Director of Ardagh Glass Limited on its foundation in December 2002. He qualified as a Chartered Accountant with Price Waterhouse in 1985 and joined Waterford Wedgwood plc in 1994 as financial controller of Waterford Crystal. He subsequently worked in the pharmaceutical and medical appliance industries before joining Ardagh.

Brendan Dowling has been a director of South Wharf plc (formerly Ardagh plc) since 1998 and became a Director of Ardagh Glass Limited on its foundation in December 2002. He is a director of Yeoman International Group Limited, a wholly-owned subsidiary of Yeoman, and other private companies. He was previously a partner in Davy Stockbrokers having joined the firm as its senior economist in 1979.

Houghton Fry joined the board of directors of Ardagh Glass Limited in May 2004. He was formerly the Chairman and Senior Partner of William Fry, Solicitors, Dublin. He is also a director of a number of private companies.

Wolfgang Baertz was President of the Executive Committee of Dresdner Bank Luxembourg from 1997 until his retirement in 2004, having been Managing Director from 1982 to 1997. He is a director of Yeoman, SES Global S.A. and a number of private companies, and became a Director of Ardagh Glass Limited in December 2002.

Sir Frank Davies has been a director of South Wharf plc (formerly Ardagh plc) since 1985 and joined the board of directors of Ardagh Glass Limited on its foundation in December 2002. He is a former Chief Executive of Rockware and is a former President of the European Glass Industry Body. He is a director of a number of U.K. private companies.

Dan O'Donohoe joined the board of directors of Ardagh Glass Limited in February 2003. Over the last 30 years he has held a number of senior executive positions in the food, aviation and investment industries. He has served on the board of directors of a number of public and private companies and, together with his family, is a long time shareholder in South Wharf plc (formerly Ardagh plc).

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements.. For the terms and conditions of the Notes, see "Description of the Notes".

8 ⁷/₈% Senior Notes due 2013

In July 2003, Ardagh Glass Finance B.V. issued the 8 ⁷/₈% Senior Notes, in an offering that was not subject to the registration requirements of the Securities Act. The 8 ⁷/₈% Senior Notes are governed by an indenture entered into by Ardagh Glass Finance B.V., as issuer, The Bank of New York, as trustee for the holders, Ardagh Glass Limited, as parent guarantor, and Ardagh International Holdings Limited, Ardagh Treasury Limited, Ardagh Glass (UK) Limited, Rockware Group Limited, Rockware, Heye Holding GmbH, Heye International GmbH, Ardagh Holdings B.V. and Abruzzo Vetro S.r.l., as, collectively, subsidiary guarantors.

The 8 ⁷/₈% Senior Notes are general unsecured obligations of Ardagh Glass Finance B.V. and rank senior in right of payment to all unsecured debt of Ardagh Glass Finance B.V. that is subordinated in right of payment to the 8 ⁷/₈% Senior Notes; rank equally in right of payment to all unsecured debt of Ardagh Glass Finance B.V. that is not subordinated in right of payment to the 8 ⁷/₈% Senior Notes; and are subordinated in right of payment to all secured debt of Ardagh Glass Finance B.V., to the extent of the assets securing such debt.

At any time prior to 1 July 2008, Ardagh Glass Finance B.V. may redeem any or all of the 8 ⁷/₈% Senior Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus a redemption premium. On or after 1 July 2008, Ardagh Glass Finance B.V. may redeem any or all of the 8 ⁷/₈% Senior Notes initially at 104.4375% of their principal amount plus accrued and unpaid interest, if any, with the premium declining after that date.

If an event treated as a change of control of Ardagh Glass Finance B.V. occurs, then Ardagh Glass Finance B.V. or Ardagh Glass Limited must make an offer to repurchase the 8 ⁷/₈% Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The 8 ⁷/₈% Senior Notes are guaranteed on a senior basis by Ardagh Glass Limited and on a senior subordinated basis by nine wholly-owned subsidiaries of Ardagh Glass Limited.

Anglo Irish Senior Secured Credit Facility

Ardagh Glass (UK) Limited and Ardagh Treasury Limited have entered into a facility agreement dated 26 June 2003, and amended in November 2003 with Anglo Irish Bank Corporation Plc, as the original lender, arranger, agent and security agent, providing for borrowings in an aggregate principal amount of up to £65,000,000, all of which was borrowed on the closing of the offering of the 8 ⁷/₈% Senior Notes. The facility agreement provides for a term loan in an aggregate principal amount of up to £28,000,000 pursuant to two separate tranches, which we refer to respectively as Tranche A and Tranche B. In addition, the facility provides for a Tranche C facility in an aggregate principal amount of up to £37,000,000.

Tranche A is an amortising term loan facility in an aggregate principal amount of up to £28,000,000 and was available to Ardagh Treasury Limited for a single drawdown on the closing date of the issuance of the 8 ⁷/₈% Senior Notes. Payments of principal in respect of Tranche A borrowings are repayable quarterly, in equal payments of approximately £2,545,500, beginning on 30 September 2003 and with the final payment becoming due on 31 March 2006. Interest on Tranche A borrowings will be payable on a one, three or six-monthly basis at the option of Ardagh Treasury Limited, subject to the right of the agent to require interest periods to coincide with payments under hedging arrangements.

Additional borrowings are available to Ardagh Glass (UK) Limited from time to time under Tranche B to the extent that borrowings under Tranche A have been repaid in accordance with the terms of this facility. Advances made pursuant to Tranche B are repayable in full on 31 December 2008. Ardagh Glass (UK) Limited is obliged to make mandatory prepayments under Tranche B on April 20 of each year, beginning on 20 April 2006, to the extent of the net residual cash flow (as defined therein for each twelve-month period, commencing with the period ending 31 March 2006) available in respect of Ardagh Glass (UK) Limited, Ardagh Treasury Limited and their respective subsidiaries, which include Rockware Group Limited and Rockware (collectively, the "Anglo Irish Credit Facility Group"). Such mandatory prepayments are subject to a maximum prepayment of £5,000,000 in respect of each twelve-month period. Borrowings under Tranche B which are repaid or prepaid may not be redrawn.

Borrowings under Tranche C were available to Ardagh Glass (UK) Limited for a single drawdown on the closing date of the issuance of the 8 ⁷/₈% Senior Notes. Principal in respect of £20,000,000 aggregate principal amount of Tranche C borrowings are repayable quarterly, in equal payments of £1,250,000, beginning on 31 March 2005 and with the final payment becoming due on 31 December 2008. €26.8 million of borrowings under Tranche C was replaced with certain equipment lease arrangements on 20 November 2003. The balance of borrowings under Tranche C not repaid and replaced with equipment lease arrangements have continued as term loan borrowings under Tranche C and are due and payable on 31 December 2008. Interest on Tranche A, Tranche B and Tranche C advances are payable at a rate per annum equal to LIBOR plus a margin of 1.65% and any applicable Additional Cost Rate (as defined therein).

Subject to certain conditions, including the giving of at least 10 business day's notice, the facility provides for the voluntary prepayment of borrowings under the facility. Prepayment amounts are applied first, to borrowings made under Tranche B. Upon repayment in full of Tranche B, prepayments are applied first to the non-amortising portion of Tranche C borrowings, and then to the amortising portion of Tranche C borrowings and, if existing, to the equipment lease arrangements. Finally, upon prepayment of all amounts due under Tranche C and under any of the equipment lease arrangements, voluntary prepayments are applied in prepayment of amounts borrowed under Tranche A. In the event that Ardagh International Holdings Limited ceases to hold at least 50.1% of the entire issued share capital of Ardagh Treasury Limited or Ardagh Glass (UK) Limited or in the event that more than 50% of the issued equity share capital of Ardagh Treasury Limited or Ardagh Glass (UK) Limited is held by persons other than Ardagh Glass Limited and those of its subsidiaries that are not members of the Anglo Irish Credit Facility Group, then mandatory prepayment is required under each Tranche together with other amounts payable under the Senior Finance Documents (as defined below).

The facility is secured by a guarantee and debenture granted by each member of the Anglo Irish Credit Facility Group in favor of the security agent creating fixed and floating charges over the property and assets of the applicable member of the Anglo Irish Credit Facility Group. Property or assets situated in Scotland or governed by Scottish law are charged pursuant to Scottish law standard security documents.

The facility agreement contains customary representations and warranties. It also contains financial covenants usual to this type of agreement, including covenants to maintain, in respect of the Anglo Irish Credit Facility Group, a minimum level of consolidated EBIT to consolidated total net senior debt interest payable, a minimum level of consolidated EBIT to consolidated total net cash interest payable, minimum tangible net worth and a maximum capital expenditure (as such ratios are defined therein). In addition, certain negative covenants restrict the ability of each member of the Anglo Irish Credit Facility Group, without the prior consent of the agent and subject to specified exceptions, to:

- create, agree to create or permit to subsist any encumbrance on its present or future assets or any part of them;
- incur or permit to subsist borrowings;
- sell or dispose of its undertaking, business or assets;
- provide loans, credit, financial guarantees, bonds or indemnities or assume any liability or give any assurance in respect of any person;
- acquire or subscribe for any business (or a substantial part thereof) or shares;
- make any material change to the nature of its business or discontinue any material part of the Anglo Irish Credit Facility Group's business as a whole; and
- reduce its share capital or declare or pay any dividends or make payments or distributions of capital or income.

The agreement also contains certain events of default, including, among other things:

- non-payment by any member of the Anglo Irish Credit Facility Group of principal, interest, fees or other amounts due under (1) this agreement, (2) the Security Documents (as defined therein), (3) the fees letter relating to fees payable under this agreement, (4) the Hedging Agreements (as defined therein), (5) the Intercreditor Agreement (as described therein), and (6) any Transfer Certificate (as defined therein) (each a "Senior Finance Document");
- breach of any representation, warranty or statement made by or in relation to any member of the Anglo Irish Credit Facility Group in any Senior Finance Document unless the relevant underlying circumstances are remedied within 21 days;

- breach by any member of the Anglo Irish Credit Facility Group of certain negative or financial covenants;
- failure by any member of the Anglo Irish Credit Facility Group to comply with any other provision of any Senior Finance Document and such default remains unremedied for 21 days;
- non-payment by any member of the Anglo Irish Credit Facility Group of certain borrowings due and payable or due and payable before their stated maturity by reason of an event of default, in each case in excess of a certain amount;
- the exercise of any redemption option in respect of the 8 ⁷/₈% Senior Notes or the 8 ⁷/₈% Senior Notes become due and payable before their stated maturity, whether or not by reason of any event of default, or a demand is made or capable of being made under the guarantees supporting the 8 ⁷/₈% Senior Notes;
- Ardagh Glass Finance B.V. breaches the limitation on debt incurrence covenant contained in the indenture governing the 8 ⁷/₈% Senior Notes;
- the suspension or threatened suspension of operations, execution or appropriation of assets, enforcement proceedings, bankruptcy, insolvency, liquidation, winding up, dissolution, administration or assignment for the benefit of creditors or related matters in respect of any member of the Anglo Irish Credit Facility Group;
- the occurrence of a Material Adverse Change (as defined therein);
- the failure by any member of the Anglo Irish Credit Facility Group to comply with its obligations in or the provisions of the New Intercreditor Agreement;
- Ardagh International Holdings Limited's beneficial interest in the fully paid issued share capital of each of Ardagh Glass (UK) Limited and Ardagh Treasury Limited is less than 50.1% of their respective entire issued share capital; and
- the occurrence of an event of default under the Royal Bank of Scotland Invoice Discounting Agreement or the NatWest Revolving Loan and Overdraft Facility Agreement (each as described below).

If an event of default occurs and is continuing, the agent may cancel any unborrowed amount of the facility, reducing the commitment of each lender thereunder to zero, and/or declare all amounts outstanding under the facility, together with accrued interest, fees and all other amounts payable under the agreement, to be immediately due and payable, without demand or other notice.

Barclays Bank Invoice Discounting Facility Agreement

Rockware entered into a facility agreement dated 20 November 2003 with Barclays Bank pursuant to which Barclays Bank has made available an invoice discounting facility of up to a maximum aggregate principal amount of £20,000,000 for a minimum period of 36 months. As security for this facility, Rockware has granted Barclays Bank an assignment over certain of its receivables. There are no amounts outstanding under this facility at 31 December 2004.

Barclays Bank Revolving Credit Facility Agreement

Rockware, Ardagh Glass (UK) Limited and Ardagh Treasury Limited are parties to a facility agreement dated 20 November 2003 with Barclays Bank pursuant to which Barclays Bank has made available a multicurrency revolving loan facility of up to a maximum aggregate principal amount of £4,000,000. There are no amounts outstanding under this facility at 31 December 2004.

The facility is secured by a guarantee and debenture creating fixed and floating charges over the property and other assets of each member of the Ardagh Glass (UK) Limited sub-group and Ardagh Treasury Limited.

This facility ranks *pari passu* with the Anglo Irish Senior Secured Credit Facility. Many terms of this Barclays facility mirror those of the Anglo Irish agreement, particularly with respect to security, access to cash flow, events of default and negative covenants.

Barclays Bank Multi Option Facility Agreement

Pursuant to a multi option facility agreement dated 20 November 2003, Barclays Bank has made available to Rockware an overdraft and ancillary facility of up to a maximum aggregate principal amount of £2,000,000. There are no amounts outstanding under this facility at 31 December 2004.

This facility is secured by a guarantee and debenture creating fixed and floating charges over the property and other assets of each member of the Ardagh Glass (UK) Limited sub-group and Ardagh Treasury Limited.

This facility ranks *pari passu* with the Anglo Irish Senior Secured Credit Facility. Many terms of this Barclays facility mirror those of the Anglo Irish agreement, particularly with respect to security, access to cash flow, events of default and negative covenants.

Vereins Term Loan

In connection with the acquisition of the Heye International business from Hermann Heye KG in Germany, Heye International GmbH entered into a credit facility with Vereins dated 20 December 2002 and amended on 30 June 2003, pursuant to which Heye International GmbH borrowed an aggregate principal amount of €10,000,000.

The interest rate is fixed on the basis of EURIBOR plus a margin of 3.0% adjusted downwards at specified increments dependent upon Senior Debt to EBITDA (each, as defined in the agreement) ratios, to a minimum margin of 2.5% per annum. Additionally, we are subject to certain financial covenants including obligations to maintain Minimum Equity, and ratios in respect of Senior Debt to EBITDA, Equity to Adjusted Total Assets and Debt Service Coverage (each, as defined in the agreement). Payments of principal and interest under the loan are repayable in equal semi-annual installments and we expect to make the final payment on 15 May 2008. Heye International is obliged to make mandatory prepayments under the loan by using 50% of its excess cash flow, calculated as average cash flow of the preceding twelve-month period after capital expenditures, taxes, working capital uses, scheduled debt service and its operating costs. The full amount of the loan becomes due and payable in the event of a change of control at Heye International.

The facility contains various negative covenants which restrict Heye International's ability to, amongst other things:

- sell, transfer or otherwise dispose of any material asset without the lender's prior consent;
- incur any debt;
- other than in the ordinary course of business, grant any loan or guarantee to any third party;
- enter into any cash pooling arrangement with Heye Holding or any of its subsidiaries;
- distribute dividends to its majority equity holders; and
- make corporate loans to its shareholders.

An event of default under the loan occurs, among other things, upon Heye International's failure to pay in accordance with the facility, its failure to comply with certain financial and negative covenants, when the majority equity holders cease to indirectly hold more than 51% of Heye International's share capital and voting rights and if Ardagh Glass Finance B.V. fails to pay any principal or interest due on the 8⁷/₈% Senior Notes due 2013 and such default continues for 75 days after notice from the Trustee. If an event of default occurs and is continuing, Vereins may cancel the agreement and demand immediate payment of all amounts outstanding under the loan.

The security granted for the credit facility includes:

- a pledge of all Heye International's present and future rights in machinery, facilities and components for the production of glass machinery, located at Ziegeleiweg 3 in Obernkirchen, Germany;
- an assignment over all Heye International's present and future claims resulting from delivery of goods and services to domestic and foreign customers;
- an assignment over all of Heye International's trade receivables; and
- a pledge of all of Heye International's tangible and intangible assets.

As additional security for the credit facility, Heye Holding, the parent of Heye International, has pledged all of its shares in Heye International to Vereins.

Vereins Working Capital and Performance Guarantee Credit Lines

Heye International supports its business activities with two open lines of credit, each in an aggregate principal amount of €5,000,000, from Vereins pursuant to an agreement dated 20 December 2002.

Heye International is entitled to draw one of the lines of credit for the purposes of enhancing its short-term working capital. Heye International may draw short-term credits, not exceeding a three-month term under this credit line. This facility may be drawn through HVB Banque Luxembourg S.A. and expires on 31 January 2006. Interest is payable at an annual rate of 8.25%, subject to increases in certain circumstances.

The second credit line is available for guaranteeing payments relating to Heye International's project business. This credit line terminates on 31 January 2006. The events of default under these credit lines are identical to those set forth in the Vereins credit facility described above.

All of Heye International's current and future security granted to Vereins and granted in respect of the Vereins credit facility described above will also secure these credit lines.

Heye Glas Receivables Discounting Facility

Heye Glas and Euro Sales are parties to a discounting agreement dated 3 January 2003 up to an aggregate principal amount of €20,000,000. Pursuant to this agreement, Heye Glas has agreed to offer to sell to Euro Sales on an ongoing basis all of its future trade receivables in respect of sales. Euro Sales has agreed to make scheduled advanced payments to Heye Glas based on 80% of the value of the applicable trade receivables, subject to certain limits and exceptions. In addition, Heye Glas has agreed to pay to Euro Sales a factoring commission of 0.15% of the total annual turnover of Heye Glas and interest on the amount of the advanced payments. As security for the obligations of Heye Glas under the agreement, Heye Glas has assigned to Euro Sales its present and future claims under specified credit insurance policies with Hermes-Kreditversicherung AG. The agreement may be terminated by either party on three-months notice after an initial two-year period and, thereafter, may be terminated on three-months notice as of the end of each calendar quarter.

Anglo Irish Heye Glas Term Loan

Ardagh Glass Limited and Heye International provided guarantees each in an aggregate principal amount of €500,000, in respect of borrowings by Heye Glas under a secured credit facility entered into on 28 October 2003 between Anglo Irish Bank Corporation Plc and Heye Glas. Pursuant to the facility, Anglo Irish Bank Corporation Plc made available to Heye Glas an amount up to an aggregate maximum of €10,000,000 for the purposes of capital expenditure at its Obernkirchen and Gernersheim plants. The facility contains covenants and conditions usual to this type of agreement. Payments of principal commenced on 31 December 2004 and are payable annually, in payments of about € 1,111,000. The last principal payment will be on 31 December 2012. Interest is payable quarterly at a per annum rate of 2.25% above EURIBOR. The term of the facility is ten years. In addition to the guarantees provided by Ardagh Glass Limited and Heye International, borrowings under the facility are unconditionally guaranteed in an aggregate amount of € 8,000,000 by the German state of Lower Saxony. A guarantee fee is payable quarterly at a per annum rate of 0.75% in respect of amounts drawn under the facility and 0.375% in respect of amounts not drawn down under the facility.

Bank Handlowy Overdraft

Pursuant to an agreement entered into on 28 June 2000, Bank Handlowy made overdraft facilities of up to PLZ 9.7 million available to HSU. This facility is secured by a charge over certain items of the company's plant and machinery, certain receivables and inventory. Interest charges are based on WIBOR plus a margin.

BZ WBK Investment Loan

HSU and BZ WBK entered into a facility agreement pursuant to which the bank would make available a principal amount of PLZ 26.3 million for investments in plant and equipment. This facility is secured by a mortgage over all the company's land and buildings. Interest charges are based on WIBOR plus a margin.

Voivodship Environmental Protection Loan

Pursuant to a facility agreement dated 16 December 2003 HSU received funding of PLZ 2.1 million on preferential terms from a Polish State agency charged with promoting environmental protection. This facility is secured, to a maximum amount of PLZ 2.1 million, by certain specific receivables of HSU. Interest is based on a fraction of WIBOR.

DESCRIPTION OF THE NOTES

The definitions of certain terms used in this description are set forth under the sub-heading "—Certain Definitions". In this "Description of the Notes", the word "Issuer" refers only to Ardagh Glass Group plc (formerly known as Caona plc), a company incorporated under the laws of Ireland, and not to any of its Subsidiaries except for the purpose of financial data determined on a consolidated or combined basis, as the case may be. The word "Notes" refers also to "book-entry interests" in the Notes, as defined herein.

The Issuer issued the notes (the "Notes") under an indenture (the "Indenture") dated 4 March 2005 among the Issuer and The Bank of New York, as trustee. The terms of the Notes include those set forth in the Indenture. The Indenture in turn includes certain provisions of the US Trust Indenture Act of 1939 (the "Trust Indenture Act") that are incorporated by reference in the Indenture. The Indenture is not, however, required to be nor will it be qualified under the Trust Indenture Act.

The following description is a summary of the material terms of the Indenture. It does not, however, restate the Indenture in its entirety and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Notes and the Indenture. A person proposing to purchase the Notes should read the Indenture because it contains additional information and because it and not this description defines such person's rights as a holder of the Notes. A copy of the form of the Indenture may be obtained by requesting it from the Issuer at the address indicated under "General Information" or, if and so long as the Notes are listed on the Irish Stock Exchange Limited (the "Irish Stock Exchange") and the rules of such exchange so require, from the specified office of the paying agent in Ireland.

The Issuer has made an application to list the Notes on the Irish Stock Exchange and to admit the Notes to the Official List of the Irish Stock Exchange for trading. If and so long as the Notes are listed on the Irish Stock Exchange, the Issuer will maintain a paying agent in Ireland. See "—Payments on the Notes; Paying Agent".

Ranking of the Notes

The Notes are:

- (a) are the Issuer's general unsecured obligations;
- (b) rank senior in right of payment to any and all of the Issuer's existing and future indebtedness that is subordinated in right of payment to the Notes;
- (c) rank equally in right of payment with all of the Issuer's existing and future unsecured indebtedness that is not subordinated in right of payment to the Notes;
- (d) are effectively subordinated in right of payment to certain future secured debt of the Issuer to the extent of the assets securing such debt; and
- (e) are effectively subordinated to all indebtedness and other obligations (including trade payables) of the Issuer's Subsidiaries.

The Issuer is a holding company and at present does not have any material assets or operations other than ownership of the share capital of Ardagh Glass Limited and the balance of the net proceeds of the offering of the Notes remaining after financing the Offer. The Issuer's operations will be conducted through its Subsidiaries (including Ardagh Glass Limited). Any right of the Issuer and its creditors, including holders of Notes, to participate in the assets of any of the Issuer's Subsidiaries upon any liquidation or administration of any such Subsidiary will be subject to the prior claims of the creditors of such Subsidiary, including, but not limited to, trade creditors, claims of holders of Preferred Stock, if any, secured claims and claims under the Senior Credit Facilities, the Existing Ardagh Bonds. The claims of creditors of the Issuer, including the claims of holders of Notes, will be structurally subordinated to all existing and future third-party indebtedness and liabilities, including trade payables, of the Issuer's Subsidiaries. At 31 December 2004, after giving *pro forma* effect to the sale of the notes and the Issuer Transactions, Ardagh would have had total indebtedness and other liabilities in the aggregate of € 410.0 million and €161.6 million, respectively, on a consolidated *pro forma* basis. The only indebtedness and liabilities of the Issuer will be the Notes and expenses of the offering relating thereto. The expenses of the offering will be paid with a portion of the proceeds from the offering. Subject to certain significant limitations, the Issuer and its Subsidiaries may incur other indebtedness in the future, including secured indebtedness. Moreover, the Indenture does not impose any limitation on the incurrence by the Issuer and its Restricted Subsidiaries of liabilities that are not considered Debt under the Indenture.

Although the Indenture contains limitations on the amount of additional Debt that the Issuer and the Restricted Subsidiaries may incur, the amount of such additional Debt could be substantial. The Indenture permits all Senior Debt of Ardagh Glass Limited and its Restricted Subsidiaries to be secured.

The Notes are structurally subordinated to all debt and liabilities of the Issuer's Subsidiaries. In the event of a bankruptcy, liquidation or reorganisation or similar proceeding relating to the Issuer's Subsidiaries, a holder of the Notes will participate with all other holders of the Issuer's indebtedness in the assets remaining after the Issuer's Subsidiaries have paid all of their indebtedness and liabilities. In any of these cases, the Issuer and its Subsidiaries may not have sufficient funds to pay all of its or their respective creditors, and a holder of the Notes may receive less, ratably, than the holders of the Issuer's Subsidiaries' indebtedness and other liabilities. The Issuer's Subsidiaries will be permitted to incur additional indebtedness and liabilities in the future under the terms of the Indenture. At 31 December 2004 Ardagh had consolidated outstanding indebtedness of € 285.0 million, all of which was secured.

Principal and Maturity

The Indenture provides for the issuance by the Issuer of Notes, of which €126.25 million were issued in the offering. The Issuer may issue additional Notes (the "Additional Notes") under the Indenture from time to time after the offering. Any offering of Additional Notes is subject to the covenant described below under "—Certain Covenants—Limitation on Debt", which will provide, among other things, that the Issuer may issue an unlimited principal amount of Additional Notes solely to pay interest on the Notes and any Additional Amounts (as defined below) on the Notes that are not payable in cash (including Additional Notes issued from time to time to pay interest and any Additional Amounts on such Additional Notes). The Notes and the Additional Notes issued to pay interest and any Additional Amounts on the Notes, will be treated as a single class for all purposes under the Indenture, including with respect to waivers and amendments, except as otherwise specified. Unless the context otherwise requires, in this "Description of the Notes", references to the "Notes" include any Additional Notes.

The Notes will mature on 1 March 2015. The Notes have denominations of €1 and integral multiples of €1, and may be transferred only in amounts of €1,000 or greater. The Issuer understands that neither Euroclear nor Clearstream nor the Trustee nor any of its agents will be responsible for monitoring this minimum transfer amount.

Interest

The Issuer will pay interest at the rate of 10.75% on the principal amount of the Notes semiannually on 1 March and 1 September of each year (the "Interest Payment Dates"). The first Interest Payment Date will be 1 September 2005. Interest will be computed on the basis of a 360-day year of twelve months of 30 days each. The record date for each Interest Payment Date will be the 15th day of the preceding month.

The Issuer may at its election pay interest (i) in cash or (ii) through the issuance of Additional Notes in a principal amount equal to such interest amount (in increments of €1). If the Issuer elects to pay interest through the issuance of Additional Notes, then the Issuer shall deliver to the Trustee: (i) no later than the record date for the relevant interest payment date, a written notice setting forth the extent to which such interest payment will be made in the form of Additional Notes and (ii) no later than one Business Day prior to the relevant interest payment date, an order to authenticate and deliver the Additional Notes. The Additional Notes will be identical to the originally issued Notes, except that interest will begin to accrue from the date they are issued rather than the Issue Date.

The rights of holders of beneficial interests in the Notes to receive the payments of interest on the Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Note 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.

Disbursement of Funds;

The date of the closing of the offering of the Notes (the "Notes Closing Date") was 4 March 2005,.

Form of Notes

The Notes were issued on the date of the Indenture, 4 March 2005, only in fully registered form without coupons.

The Notes are initially in the form of one or more global Notes (the "Global Notes"). The Global Notes have been deposited with a common depositary for Euroclear and Clearstream Banking, or a nominee of such common depositary.

Ownership of interests in the Global Notes, referred to as "book-entry interests", will be limited to persons that have accounts with Euroclear or Clearstream Banking or their respective participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The terms of the Indenture provide for the issuance of definitive registered Notes in certain circumstances. See "Book-Entry; Delivery and Form".

Transfer and Exchange

The Global Notes may be transferred in accordance with the Indenture, which provides for, among other things, the transfer of the Notes by the Irish Transfer Agent so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require. All transfers of book-entry interests between participants in Euroclear or Clearstream Banking will be effected by Euroclear or Clearstream Banking pursuant to customary procedures and are subject to applicable rules and procedures established by Euroclear or Clearstream Banking and their respective participants. See "Book-Entry; Delivery and Form".

The Notes are subject to certain restrictions on transfer and certification requirements, as described under "Transfer Restrictions".

Payments on the Notes; Paying Agent

The Issuer will make all payments on the Notes, at its office or through an agent in London, England that it will maintain for these purposes. Initially that agent will be the corporate trust office of the trustee. In addition, so long as the Notes are listed on the Irish Stock Exchange there will be a paying agent in Ireland. J&E Davy will initially act as paying agent in Ireland. The Issuer may change the paying agent without prior notice to the holders of the Notes. In addition, the Issuer or any of its Subsidiaries may act as paying agent in connection with the Notes other than for the purposes of effecting a redemption described under "—Optional Redemption" or an offer to purchase the Notes described under "—Purchase of Notes upon a Change of Control" or "—Certain Covenants—Limitation on Sale of Certain Assets". Payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of Euroclear and/or Clearstream will be made (i) if a cash payment, by wire transfer of immediately available funds to the account specified by the holder or holders thereof and (ii) if a payment in the form of Additional Notes, by deposit of such Additional Notes into the account specified by the holder or holders thereof.

No service charge will be made for any registration of transfer, exchange or redemption of the Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with any such registration of transfer or exchange.

Additional Amounts

All payments that the Issuer makes under or with respect to the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature (collectively, "Taxes") imposed or levied by or on behalf of any jurisdiction in which the Issuer is incorporated or resident for tax purposes or from or through which the Issuer makes any payment on the Notes or by or within any department or political subdivision thereof (each, a "Relevant Taxing Jurisdiction"), unless the Issuer, is required to withhold or deduct Taxes by law or by the interpretation or administration of law. If the Issuer is required to withhold or deduct any amount for or on account of Taxes of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes, the Issuer will pay additional amounts ("Additional Amounts") as may be necessary to ensure that the net amount received by each holder of the Notes (including Additional Amounts) after such withholding or deduction will not be less than the amount the holder would have received if such Taxes had not been withheld or deducted.

The Issuer will not, however, pay Additional Amounts to a holder or beneficial owner of Notes in respect or on account of:

- (a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the holder's or beneficial owner's present or former connection with such Relevant Taxing Jurisdiction (other than the mere receipt or holding of Notes or by reason of the receipt of payments thereunder or the exercise or enforcement of rights under any Notes or the Indenture);
- (b) any Taxes that are imposed or levied by reason of the failure of the holder or beneficial owner of Notes, following the Issuer's written request addressed to the holder, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from or reduction in the rate of deduction or withholding of, Taxes imposed by the Relevant Taxing

Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

- (c) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;
- (d) any Tax which is payable otherwise than by deduction or withholding from payments made under or with respect to the Notes;
- (e) any Tax imposed on or with respect to any payment by the Issuer to the holder if such holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Note;
- (f) any Tax that is imposed on or with respect to a payment made to a holder or beneficial owner who would have been able to avoid such withholding or deduction by presenting the relevant Notes to another paying agent in a member state of the European Union; or
- (g) any withholding or deduction in respect of any Taxes where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the Council Directive on the taxation of savings income as adopted by the Council of the European Union on 3 June 2003 in Brussels or any EU Directive otherwise implementing the conclusions of the ECOFIN Council meetings of 19 and 20 June 2000, 26 and 27 November 2000, 13 December 2001 and/or 21 January 2003 or any law implementing or complying with, or introduced in order to conform to, any such Directive.

The Issuer will (i) make such withholding or deduction required by applicable law and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), the Issuer will deliver to the trustee an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the trustee to pay such Additional Amounts to holders on the payment date. The Issuer will promptly publish a notice in accordance with the provisions set forth in "—Notices" stating that such Additional Amounts will be payable and describing the obligation to pay such amounts. Such Additional Amounts may be paid by the Issuer, at its option, in the form of cash or Additional Notes. To the extent that the Issuer is required by law or by the interpretation or administration thereof to make any deduction or withholding from any payment of interest on the Notes or any payment of an Additional Amount which, in either case, is made through the issuance of Additional Notes, the foregoing provisions shall apply with respect to such withholding or deduction requirement, *mutatis mutandis*.

In addition, the Issuer will pay any present or future stamp, issue, registration, court documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by any Relevant Taxing Jurisdiction in which a paying agent is located or in the foregoing in respect of the execution, issue or delivery of the Notes or any other document or instrument referred to thereunder and any such taxes, charges or duties imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes and/or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

Whenever the Indenture or this "Description of the Notes" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Note, such reference includes the payment of Additional Amounts, if applicable.

Currency Indemnity

Euro is the sole currency of account and payment for all sums payable under the Notes and the Indenture. Any amount received or recovered in respect of the Notes in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Subsidiary or otherwise) by a holder of the Notes in respect of any sum expressed to be due to such holder from the Issuer will constitute a discharge of their obligation only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not possible to purchase euro on that date, on the first date on which it is possible to do so). If the euro amount to be recovered is less than the euro amount expressed to be due to the recipient under any Note, the Issuer will indemnify the recipient against the cost of making any further purchase of euro in an amount equal to such difference. For the purposes of this paragraph, it will be sufficient for the holder to certify that it would have suffered a loss had the actual purchase of euro been made with the amount so received in that other currency on the date of

receipt or recovery (or, if a purchase of euro on that date had not been possible, on the first date on which it would have been possible). These indemnities, to the extent permitted by law:

- (a) constitute a separate and independent obligation from the Issuer's other obligations;
- (b) give rise to a separate and independent cause of action;
- (c) apply irrespective of any waiver granted by any holder of a note; and
- (d) 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 Note or any other judgment or order.

Optional Redemption

Optional Redemption on or after 1 March 2007

At any time on or after 1 March 2007 and prior to maturity, upon not less than 30 nor more than 60 days' notice, the Issuer may redeem all or part of the Notes. These redemptions will be in total principal amounts of €1,000 and in minimum denominations of €1 or integral multiples thereof at the following redemption prices (expressed as percentages of the principal amount), plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the twelve-month period commencing on 1 March 2007 of the years set forth below. This redemption is subject to the right of holders of record on the relevant regular record date that is prior to the redemption date to receive interest due on an interest payment date.

<u>Year</u>	<u>Redemption Price</u>
2007.....	102.000%
2008.....	101.000%
2009 and thereafter.....	100.000%

Redemption Upon Changes in Withholding Taxes

If, as a result of:

- (a) any amendment after the date of the Indenture to, or change after the date of the Indenture in, the laws (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction; or
- (b) any change after the date of the Indenture in the official application or official interpretation of the laws, treaties, regulations or rulings (including a holding, judgment or order by a court competent jurisdiction) of any Relevant Taxing Jurisdiction applicable to the Issuer,

the Issuer would be obligated to pay, on the next date for any payment and as a result of that amendment or change, Additional Amounts as described above under "—Additional Amounts" with respect to the Relevant Taxing Jurisdiction, which the Issuer cannot avoid by the use of reasonable measures available to it, then the Issuer may redeem all, but not less than all, of the Notes, at any time thereafter, upon not less than 30 nor more than 60 days' notice, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, thereof at the redemption date. Prior to the giving of any notice of redemption described in this paragraph, the Issuer will deliver to the trustee:

- (a) a certificate signed by an officer of the Issuer stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer's taking reasonable measures available to it; and
- (b) a written opinion of independent legal counsel to the Issuer of recognised standing to the effect that the Issuer has or will become obligated to pay such Additional Amounts as a result of a change, amendment, official interpretation or application described above.

The Issuer will publish a notice of any optional redemption of the Notes described above in accordance with the provisions of the Indenture described under "—Notices". These notice provisions include a requirement to publish any such notice in a newspaper having general circulation in Ireland (which is expected to be the *Irish Times*) if and so long as the Notes are listed on the Irish Stock Exchange and the rules of such exchange so require. The Issuer will inform the Irish Stock Exchange of the principal amount at maturity of the Notes that have not been redeemed in connection with any optional redemption. If fewer than all the Notes are to be redeemed at any time, the trustee will select the Notes by a method that complies with the requirements, as certified to the trustee by the Issuer, of the principal securities exchange, if any, on which the Notes are listed at such time or, if the Notes are not listed on a securities exchange, *pro rata*, by lot or by such other method as

the trustee in its sole discretion shall deem fair and appropriate; provided, however, that no principal amount of Notes of €1,000 or less can be redeemed in part.

Sinking Fund Payments; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions "—Purchase of Notes upon a Change of Control" and "—Certain Covenants—Limitation on Sale of Certain Assets". The Restricted Subsidiaries of the Issuer and the Issuer may at any time and from time to time purchase Notes in the open market or otherwise.

Purchase of Notes upon a Change of Control

If a Change of Control occurs at any time, then the Issuer must make an offer (a "Change of Control Offer") to each holder of Notes to purchase such holder's Notes, in whole or in part, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date") (subject to the rights of holders of record on relevant record dates that are prior to the Change of Control Purchase Date to receive interest due on an interest payment date). Purchases made under a Change of Control Offer will also be subject to other procedures set forth in the Indenture.

Within 30 days following any Change of Control, the Issuer will:

- (a) cause a notice of the Change of Control Offer to be published (i) in a leading newspaper having a general circulation in each of London (which is expected to be the *Financial Times*); (ii) through the newswire service of Bloomberg, or if Bloomberg does not then operate, any similar agency; and (iii) if at the time of such notice the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, in the *Irish Times* (or another leading newspaper of general circulation in Ireland); and
- (b) send notice of the Change of Control Offer by first-class mail, with a copy to the trustee, to each holder of Notes to the address of such holder appearing in the security register, which notice will state:
 - (i) that a Change of Control has occurred, and the date it occurred;
 - (ii) the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to *pro forma* historical income, cash flow and capitalisation after giving effect to the Change of Control);
 - (iii) the Change of Control Purchase Price and the Change of Control Purchase Date, which will be a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act and any applicable securities laws or regulations;
 - (iv) that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Purchase Date unless the Change of Control Purchase Price is not paid;
 - (v) that any Note (or part thereof) not tendered will continue to accrue interest; and
 - (vi) any other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance (which procedures may also be performed at the office of the paying agent in Ireland as long as the Notes are listed on the Irish Stock Exchange).

The trustee will promptly authenticate and deliver a new Note or Notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of Notes in global form or to each holder of certificated Notes; provided that each such new Note or Notes will be in a total principal amount of at least €1,000 and in minimum denominations of €1 or integral multiples thereof. The Issuer will publicly announce the results of a Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that would constitute a Change of Control could constitute a default under the Senior Credit Facilities or the Existing Ardagh Bonds. In addition, certain events that may constitute a change of control under the Senior Credit Facilities and the Existing Ardagh Bonds and cause a default thereunder may not constitute a Change of Control under the Indenture. The Issuer's future indebtedness and the future indebtedness of its Subsidiaries may also require

such indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require a repurchase of the Notes upon a Change of Control could cause a default under such indebtedness, even if the Change of Control itself does not, due to the possible financial effect on the Issuer of such repurchase.

If a Change of Control Offer is made, the Issuer cannot provide any assurance that it will have available funds sufficient to pay the Change of Control Purchase Price for all the Notes that might be delivered by holders of the Notes seeking to accept the Change of Control Offer. If the Issuer fails to make or consummate a Change of Control Offer or pay the Change of Control Purchase Price when due, such failure would result in an Event of Default and would give the trustee and the holders of the Notes the rights described under "—Events of Default".

Even if sufficient funds were otherwise available, the terms of the other indebtedness of the Issuer and its Subsidiaries may prohibit distribution of such funds or the prepayment of the Notes prior to their scheduled maturity. If the Issuer were not able to prepay any indebtedness containing any such restrictions or obtain requisite consents, the Issuer would be unable to fulfill its repurchase obligations to holders of Notes who exercise their right to redeem their Notes following a Change of Control, which would cause a Default under the Indenture. A Default under the Indenture, unless waived by holders, would result in a cross-default under certain of the financing arrangements described under "Description of Other Indebtedness".

The Issuer will not be required to make a Change of Control Offer 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 Notes validly tendered and not withdrawn under such Change of Control Offer. The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the provisions of the Indenture will not give holders the right to require the Issuer to repurchase the Notes in the event of certain highly leveraged transactions, or certain other transactions, including a reorganisation, restructuring, merger or similar transaction and, in certain circumstances, an acquisition by the Issuer's management or its Affiliates, that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control. Any such transaction, however, would have to comply with the applicable provisions of the Indenture, including the "Limitation on Debt" covenant. The existence of a holder of the Notes' right to require the Issuer to repurchase such holder's Notes upon a Change of Control may deter a third party from acquiring the Issuer or its Subsidiaries in a transaction which constitutes a Change of Control.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws and regulations (including those of Ireland) in connection with a Change of Control Offer. 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 their obligations under the Indenture by virtue of such conflict.

"Change of Control" means the occurrence of any of the following events:

- (a) the consummation of any transaction (including a merger or consolidation) the result of which is that (i) any person or group, other than one or more Permitted Holders, is or as a result of such transaction becomes, the beneficial owner, directly or indirectly, of more than 30% of the total voting power of the Voting Stock of the Issuer and (ii) the Permitted Holders, individually or in the aggregate, do not beneficially own a larger percentage of the total voting power of such Voting Stock than such other person or group;
- (b) the sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of the Issuer's Voting Stock) of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, considered as a whole, (i) if following such sale, transfer, conveyance or other disposition, the transferee entity is not listed on a stock exchange or automated quotation system and any person or group, other than one or more Permitted Holders, is or as a result of such sale, transfer, conveyance or other disposition becomes the beneficial owner, directly or indirectly, of a larger percentage of the total voting power of the Voting Stock of the transferee entity than the Permitted Holders, individually or in the aggregate or (ii) if the transferee entity is and is expected to continue to be listed on a stock exchange or automated quotation system following such sale, transfer, conveyance or other disposition (x) any person or group other than one or more Permitted Holders, is or as a result of such transaction becomes the beneficial owner, directly or indirectly, of more than 30% of the total voting power of the Voting Stock of the transferee entity and (y) the Permitted Holders, individually or in the aggregate, do not beneficially own a larger percentage of the total voting power of such Voting Stock than such other person or groups.
- (c) during any consecutive two-year period following the date of the Indenture, individuals who at the beginning of such period constituted the Issuer's board of directors (together with any new members whose election to such board, or whose nomination for election by the Issuer's shareholders, was approved by a vote of at least a majority of the members of the Issuer's board of directors then still in office who were either members at the beginning of such period or whose election or nomination

for election was previously so approved) cease for any reason to constitute a majority of the members of the Issuer's board of directors then in office; or

(d) the Issuer is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "—Certain Covenants—Consolidation, Merger and Sale of Assets".

For the purposes of this definition, (a) "person" and "group" have the meanings they have in Sections 13(d) and 14(d) of the Exchange Act; (b) "beneficial owner" is used as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time; and (c) a person or group will be deemed to beneficially own all Voting Stock of an entity held by a parent entity, if such person or group is or becomes the beneficial owner, directly or indirectly, of more than 30% of the total voting power of the Voting Stock of such parent entity and the Permitted Holders, individually or in the aggregate, do not beneficially own a larger percentage of the total voting power of such Voting Stock than such person or group.

Certain Covenants

The Indenture contains, among others, the following covenants.

Limitation on Debt

(1) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to "incur" or, as appropriate, an "incurrence"), any Debt (including any Acquired Debt); provided that (a) the Issuer will be permitted to incur Debt (including Acquired Debt), and any Restricted Subsidiary of the Issuer will be permitted to incur Acquired Debt (provided that, notwithstanding the foregoing, no Restricted Subsidiary of the Issuer that is a parent entity of Ardagh Glass Limited may incur or have outstanding any Debt under this paragraph 1(a) at any time), in each case following the delivery of the Offer Conditions Certificate if (i) after giving effect to the incurrence of such Debt and the application of the proceeds thereof, on a *pro forma* basis, no Default or Event of Default would occur or be continuing and (ii) at the time of such incurrence and after giving effect to the incurrence of such Debt and the application of the proceeds thereof, on a *pro forma* basis, the Consolidated Fixed Charge Coverage Ratio for the Issuer for the four full fiscal quarters which financial statements are available immediately preceding the incurrence of such Debt (or, with respect to fiscal quarters for periods prior to the existence of the Issuer, *pro forma* financial statements giving effect to the acquisition of Ardagh Glass Limited by the Issuer, as if such acquisition had occurred at the beginning of such four full fiscal quarters), taken as one period, would be greater than 2.0 to 1.0; and (b) notwithstanding any limitations in clause (a) above, Ardagh Glass Limited and any Restricted Subsidiary of Ardagh Glass Limited will be permitted to incur Debt (including Acquired Debt) if (i) after giving effect to the incurrence of such Debt and the application of the proceeds thereof, on a *pro forma* basis, no Default or Event of Default would occur or be continuing and (ii) at the time of such incurrence and after giving effect to the incurrence of such Debt and the application of the proceeds thereof, on a *pro forma* basis, the Consolidated Fixed Charge Coverage Ratio for Ardagh Glass Limited for the four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Debt, taken as one period, would be greater than 2.0 to 1.0.

(2) This covenant does not, however, prohibit the following (collectively, "Permitted Debt"):

(a) the incurrence by Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited of Debt under Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed the greater of € 125 million and the sum of (i) 60% of the total book value of the inventory of the Issuer and its Subsidiaries and (ii) 85% of the book value of the accounts receivable of the Issuer and its Subsidiaries minus, in either case, the amount of any permanent repayments or prepayments of such Debt with the proceeds of Asset Sales by Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited made in accordance with "—Limitation on Sales of Certain Assets" (but only to the extent of any corresponding commitment reduction if such Debt is revolving credit borrowings);

(b) the incurrence by the Issuer of Debt represented by (i) the original Notes issued on the date of the Indenture and (ii) Additional Notes issued from time to time in payment of interest or Additional Amounts on (x) such Notes or (y) such Additional Notes so issued from time to time;

(c) any Debt of the Issuer or any of its Restricted Subsidiaries (other than Debt described in another clause of this paragraph) outstanding on the date of the Indenture;

(d) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Debt between the Issuer and any of its Restricted Subsidiaries or between or among Restricted Subsidiaries; provided that

- (i) if the Issuer is the obligor on any such Debt it is unsecured; and
- (ii) (x) any disposition, pledge or transfer of any such Debt to a Person (other than a disposition, pledge or transfer to the Issuer or a Restricted Subsidiary of the Issuer) and (y) any transaction pursuant to which any Restricted Subsidiary to which Debt is owed from the Issuer or another Restricted Subsidiary of the Issuer ceases to be a Restricted Subsidiary of the Issuer, will, in each case, be deemed to be an incurrence of such Debt not permitted by this clause (d);
- (e) guarantees of the Issuer's Debt or Debt of any of its Restricted Subsidiaries by any Restricted Subsidiary of the Issuer that are permitted by and made in accordance with the provisions of the "Limitation on Guarantees of Debt by Restricted Subsidiaries" covenant described below;
- (f) the incurrence by Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited (other than Ardagh Glass Finance B.V.) of Debt represented by Capitalised Lease Obligations, mortgage financings, purchase money obligations or other Debt incurred or assumed in connection with the acquisition or development of real or personal, movable or immovable, property or assets, in each case, incurred for the purpose of financing or refinancing all or any part of the purchase price, lease expense or cost of construction or improvement of property plant or equipment used in the Issuer's or any of its Restricted Subsidiaries' business (including any reasonable related fees or expenses incurred in connection with such acquisition or development); provided that the principal amount of such Debt so incurred when aggregated with other Debt previously incurred in reliance on this clause (f) and still outstanding shall not in the aggregate exceed €7.5 million, and provided further that the total principal amount of any Debt incurred in connection with an acquisition or development permitted under this clause (f) did not in each case at the time of incurrence exceed (i) the Fair Market Value of the acquired or constructed asset or improvement so financed or (ii) in the case of an uncompleted constructed asset, the amount of the asset to be constructed, as determined on the date the contract for construction of such asset was entered into by the Issuer or the relevant Restricted Subsidiary (including, in each case, any reasonable related fees and expenses incurred in connection with such acquisition, construction or development);
- (g) the incurrence by the Issuer or any of its Restricted Subsidiaries of Debt arising from agreements providing for guarantees, indemnities or obligations in respect of purchase price adjustments in connection with the acquisition or disposition of assets, including, without limitation, shares of Capital Stock, other than guarantees or similar credit support given by the Issuer or any of its Restricted Subsidiaries of Debt incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition, provided that the maximum aggregate liability in respect of all such Debt permitted pursuant to this clause (g) will at no time exceed the net proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received from the sale of such assets;
- (h) the incurrence by the Issuer or any of its Restricted Subsidiaries of Debt under Commodity Hedging Agreements entered into in the ordinary course of business and not for speculative purposes;
- (i) the incurrence by the Issuer or any of its Restricted Subsidiaries of Debt under Currency Agreements entered into in the ordinary course of business and not for speculative purposes;
- (j) the incurrence by the Issuer or any of its Restricted Subsidiaries of Debt under Interest Rate Agreements entered into in the ordinary course of business and not for speculative purposes;
- (k) the incurrence of Debt by the Issuer or any of its Restricted Subsidiaries of Debt in respect of workers' compensation and claims arising under similar legislation, or pursuant to self-insurance obligations and not in connection with the borrowing of money or the obtaining of advances or credit;
- (l) the incurrence of Debt by the Issuer or any of its Restricted Subsidiaries arising from (i) the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that such Debt is extinguished within five business days of incurrence, (ii) bankers' acceptances, performance, surety, judgment, appeal or similar bonds, instruments or obligations, (iii) completion guarantees provided or letters of credit obtained by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business; and (iv) the financing of insurance premiums in the ordinary course of business;
- (m) any Debt of Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited incurred pursuant to the Barclays Invoice Discounting Facility or any other Permitted Receivables Financing in an aggregate principal amount at any one time outstanding not to exceed the sum of the maximum principal amount available on the date of the Indenture for borrowing under the Barclays Invoice Discounting Facility and €10 million;

(n) the incurrence by a Person of Permitted Refinancing Debt in exchange for or the net proceeds of which are used to refund, replace or refinance Debt incurred by it pursuant to, or described in, (i) paragraphs (1), 2(b) and (c) of this covenant or (ii) the Existing Ardagh Bonds, as the case may be; and

(o) the incurrence of Debt by the Issuer or any of its Restricted Subsidiaries (other than and in addition to Debt permitted under clauses (a) through (n) above) in an aggregate principal amount at any one time outstanding not to exceed €15 million.

(3) For purposes of determining compliance with any restriction on the incurrence of Debt in euros where Debt is denominated in a different currency, the amount of such Debt will be the Euro Equivalent determined on the date of such determination, provided that if any such Debt denominated in a different currency is subject to a Currency Agreement (with respect to euros) covering principal amounts payable on such Debt, the amount of such Debt expressed in euros will be adjusted to take into account the effect of such agreement. The principal amount of any Permitted Refinancing Debt incurred in the same currency as the Debt being refinanced will be the Euro Equivalent of the Debt refinanced determined on the date such Debt being refinanced was initially incurred. Notwithstanding any other provision of this covenant, for purposes of determining compliance with this "Limitation on Debt" covenant, increases in Debt solely due to fluctuations in the exchange rates of currencies will not be deemed to exceed the maximum amount that the Issuer may incur under the "Limitation on Debt" covenant.

(4) For purposes of determining any particular amount of Debt under the "Limitation on Debt" covenant:

(a) obligations with respect to letters of credit, guarantees or Liens, in each case supporting Debt otherwise included in the determination of such particular amount will not be included;

(b) any Liens granted pursuant to the equal and ratable provisions referred to in the "Limitation on Liens" covenant will not be treated as Debt; and

(c) accrual of interest (including Specified Non-Cash Interest), accrual of dividends, the accretion of accreted value, the obligation to pay commitment fees and the payment of interest in the form of additional Debt (including Specified Non-Cash Interest) will not be treated as Debt.

(5) In the event that an item of Debt meets the criteria of more than one of the types of Debt described in the "Limitation on Debt" covenant, the Issuer, in its sole discretion, will classify items of Debt and will only be required to include the amount and type of such Debt in one of such clauses and the Issuer will be entitled to divide and classify an item of Debt in more than one of the types of Debt described in the "Limitation on Debt" covenant, and may change the classification of an item of Debt (or any portion thereof) to any other type of Debt described in the "Limitation on Debt" covenant at any time.

Limitation on Restricted Payments

(1) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each of which is a "Restricted Payment" and which are collectively referred to as "Restricted Payments"):

(a) declare or pay any dividend on or make any distribution (whether made in cash, securities or other property) with respect to any of the Issuer's or any of its Restricted Subsidiaries' Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) (other than (i) to the Issuer or any Wholly Owned Restricted Subsidiary of the Issuer or (ii) to all holders of Capital Stock of such Restricted Subsidiary on a *pro rata* basis or on a basis that results in the receipt by the Issuer or a Restricted Subsidiary of the Issuer of dividends or distributions of greater value than the Issuer or such Restricted Subsidiary would receive on a *pro rata* basis, provided that any amount so paid or distributed to holders of Capital Stock of a Restricted Subsidiary of the Issuer other than the Issuer or a Restricted Subsidiary of the Issuer shall be included in the calculation of the aggregate amount of all Restricted Payments declared or made after the date of the Indenture for the purposes of paragraph (2) of this "Limitation on Restricted Payments" covenant) except for dividends or distributions payable solely in shares of the Issuer's Qualified Capital Stock or in options, warrants or other rights to acquire such shares of Qualified Capital Stock;

(b) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation), directly or indirectly, any shares of the Issuer's Capital Stock or any Capital Stock of any Affiliate of the Issuer held by persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than Capital Stock of any Restricted Subsidiary of the Issuer or any entity that becomes a Restricted Subsidiary of the Issuer as a result thereof) or any options, warrants or other rights to acquire such shares of Capital Stock;

(c) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Debt; or

(d) make any Restricted Investment in any Person.

If any Restricted Payment described above is not made in cash, the amount of the proposed Restricted Payment will be the Fair Market Value of the asset to be transferred as of the date of transfer.

(2) Notwithstanding paragraph (1) above, the Issuer or any of its Restricted Subsidiaries may make a Restricted Investment (other than an Investment in any parent company of the Issuer) if, at the time of and after giving *pro forma* effect to such proposed Restricted Investment:

(a) no Default or Event of Default has occurred and is continuing and such Restricted Investment will not be an event that is or, after notice of lapse of time or both, would be, an "event of default" under the terms of any Debt of the Issuer or of any of its Restricted Subsidiaries;

(b) (i) with respect to a Restricted Investment by the Issuer or any Restricted Subsidiary of the Issuer other than Ardagh Glass Limited and any Restricted Subsidiary of Ardagh Glass Limited, the Issuer could incur at least €1.00 of additional Debt (other than Permitted Debt) pursuant to clause (a) of paragraph (1) of the "Limitation on Debt" covenant or (ii) with respect to a Restricted Investment by Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited, Ardagh Glass Limited could incur at least €1.00 of additional Debt pursuant to clause (b) of paragraph (1) of the "Limitation on Debt" covenant; and

(c) the aggregate amount of all Restricted Investments declared or made after the date of the Indenture does not exceed the sum of:

(i) 50% of aggregate Consolidated Adjusted Net Income of the Issuer on a cumulative basis during the period beginning on 11 July 2003, and ending on the last day of the Issuer's last fiscal quarter ending prior to the date of such proposed Restricted Investment (or, if such aggregate cumulative Consolidated Adjusted Net Income of the Issuer shall be a negative number, minus 100% of such negative amount); *plus*

(ii) the aggregate Net Cash Proceeds received by the Issuer after 11 July 2003 as capital contributions or from the issuance or sale (other than to any Subsidiary) of shares of the Issuer's Qualified Capital Stock (including upon the exercise of options, warrants or rights) or warrants, options or rights to purchase shares of the Issuer's Qualified Capital Stock (except, in each case to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Debt as set forth in clause (b) or (c) of paragraph (3) below) (excluding the Net Cash Proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid), *plus*

(iii) (x) the amount by which the Issuer's Debt or Debt of any Restricted Subsidiary of the Issuer is reduced on the Issuer's consolidated balance sheet after 11 July 2003 upon the conversion or exchange (other than by the Issuer or its Subsidiary) of such Debt into the Issuer's Qualified Capital Stock, and (y) the aggregate Net Cash Proceeds received after the date of the Indenture by the Issuer from the issuance or sale (other than to any Subsidiary) of Redeemable Capital Stock that has been converted into or exchanged for the Issuer's Qualified Capital Stock, to the extent such Redeemable Capital Stock was originally sold for cash or Cash Equivalents, together with, in the case of both clauses (x) and (y), the aggregate Net Cash Proceeds received by the Issuer at the time of such conversion or exchange (excluding the Net Cash Proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Subsidiary until and to the extent such borrowing is repaid), *plus*

(iv) (x) in the case of the disposition or repayment of any Investment constituting a Restricted Investment made after 11 July 2003, an amount (to the extent not included in Consolidated Adjusted Net Income of the Issuer) equal to the lesser of the return of capital with respect to such Investment and the initial amount of such Investment, in either case, less the cost of the disposition of such Investment and net of taxes, and (y) in the case of the designation of an Unrestricted Subsidiary of the Issuer as a Restricted Subsidiary of the Issuer (as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Investment), the Fair Market Value of the Issuer's interest in such Subsidiary provided that such amount will not in any case exceed the amount of the Restricted Investment deemed made at the time that the Subsidiary was designated as an Unrestricted Subsidiary.

(3) Notwithstanding paragraphs (1) and (2) above, the Issuer and any Restricted Subsidiary of the Issuer may take the following actions so long as (with respect to clauses (b) through (f) and clauses (h) and (i) below) no Default or Event of Default has occurred and is continuing:

(a) the payment of any dividend within 60 days after the date of its declaration if at such date of its declaration such payment would have been permitted by the provisions of this covenant;

- (b) the repurchase, redemption or other acquisition or retirement for value of any shares of the Issuer's Capital Stock or options, warrants or other rights to acquire such Capital Stock in exchange for (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 or scrip), or out of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary) of, shares of the Issuer's Qualified Capital Stock or options, warrants or other rights to acquire such Capital Stock;
- (c) the repurchase, redemption, defeasance or other acquisition or retirement for value or payment of principal of any Subordinated Debt in exchange for, or out of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary) of, shares of the Issuer's Qualified Capital Stock;
- (d) the purchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Debt (other than Redeemable Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent incurrence (other than to a Subsidiary) of, Permitted Refinancing Debt;
- (e) the repurchase of Capital Stock deemed to occur upon the exercise of stock options with respect to which payment of the cash exercise price has been forgiven if the cumulative aggregate value of such deemed repurchases does not exceed the cumulative aggregate amount of the exercise price of such options received;
- (f) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or in contemplation of a merger, consolidation or transfer of assets that complies with the provisions of the Indenture relating to mergers, consolidations or transfers of substantially all of the Issuer's assets;
- (g) cash payments in lieu of issuing fractional shares pursuant to the exchange or conversion of any exchangeable or convertible securities;
- (h) any payments made pursuant to, or in connection with, the issuance of the Notes and the Issuer Transactions (including for expenses);
- (i) any other Restricted Payment, provided that the total aggregate amount of Restricted Payments made under this clause (i) does not exceed €20 million; and
- (j) any Restricted Payment permitted under the Existing Ardagh Bonds or, following the satisfaction and discharge of the Existing Ardagh Bonds, that would have been permitted thereunder prior to such satisfaction and discharge.

The actions described in clauses (a), (f) and (g) of this paragraph (3) are Restricted Payments that will be permitted to be made in accordance with this paragraph (3) but that reduce the amount that would otherwise be available for Restricted Investments under clause (c) of paragraph (2) above.

Limitation on Issuances and Sales of Capital Stock of Restricted Subsidiaries

The Issuer will not sell, pledge or otherwise dispose of, and will not permit any Restricted Subsidiary of the Issuer (other than as permitted under the "Limitation on Liens" covenant), directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary of the Issuer (including options, warrants or other rights to purchase shares of such Capital Stock). The foregoing sentence, however, will not apply to:

- (a) any issuance or sale of shares of Capital Stock of a Restricted Subsidiary of the Issuer to the Issuer or a Wholly Owned Restricted Subsidiary of the Issuer;
- (b) any issuance or sale to directors of directors' qualifying shares or issuances or sales of shares of Capital Stock of Restricted Subsidiaries of the Issuer to be held by third parties, in each case to the extent required by applicable law;
- (c) any issuance or sale of shares of Capital Stock of a Restricted Subsidiary of the Issuer if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale;
- (d) any issuance of shares of Capital Stock of a Restricted Subsidiary of the Issuer, if after giving effect to such issuance, the Issuer directly or indirectly maintains its percentage ownership of such Restricted Subsidiary; and
- (e) Capital Stock issued by a Person prior to the time:

- (i) such Person becomes a Restricted Subsidiary of the Issuer,
- (ii) such Person consolidates or merges with or into a Restricted Subsidiary of the Issuer, or
- (iii) a Restricted Subsidiary of the Issuer consolidates or merges with or into such Person;

but only if such Capital Stock was not issued or incurred by such Person in anticipation of it becoming a Restricted Subsidiary of the Issuer.

Limitation on Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets or property or the rendering of any service), with, or for the benefit of, any Affiliate of the Issuer or any Affiliate of its Restricted Subsidiaries unless such transaction or series of transactions is entered into in good faith (and, in the case of such a transaction or series of transactions having a value greater than €1 million, in writing) and:

- (a) such transaction or series of transactions is on terms that, taken as a whole, are not materially less favourable to the Issuer or such Restricted Subsidiary of the Issuer, as the case may be, than those that could have been obtained in a comparable arm's-length transactions with third parties that are not Affiliates;
- (b) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or provision of services, in each case having a value greater than €5 million, the Issuer will deliver an Officer's Certificate to the trustee certifying that such transaction or series of transactions complies with clause (a) above;
- (c) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or provision of services, in each case having a value greater than €10 million, the Issuer will deliver a resolution of its board of directors (set out in an Officer's Certificate to the trustee) resolving that such transaction complies with clause (a) above and that the fairness of such transaction has been approved by a majority of the Disinterested Directors (or in the event there is only one Disinterested Director, by such Disinterested Director) of the Issuer's board of directors; and
- (d) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or the provision of services, in each case having a value greater than €15 million, the Issuer will deliver to the trustee a written opinion of an accounting, appraisal, investment banking or advisory firm of international standing stating that the transaction or series of transactions is fair to the Issuer or such Restricted Subsidiary of the Issuer from a financial point of view.

Notwithstanding the foregoing, the restrictions set forth in this description do not apply to:

- (i) customary directors' fees, indemnification and similar arrangements (including the payment of directors' and officers' insurance premiums), consulting fees, employee salaries, bonuses, employment agreements and arrangements, compensation or employee benefit arrangements, including stock options or legal fees, so long as the Issuer's board of directors has approved the terms thereof and deemed the services theretofore or thereafter to be performed for such compensation or payments to be fair consideration therefor, provided that the restrictions set forth in this description will apply to any fees paid in respect of engineering or other similar services to any Unrestricted Subsidiary of the Issuer or any employee thereof;
- (ii) any Restricted Investment of the Issuer or any of its Restricted Subsidiaries or any Restricted Payment not prohibited by the "Limitation on Restricted Payments" covenant or the making of an Investment that is a Permitted Investment;
- (iii) agreements and arrangements existing on the date of the Indenture and any amendment, modification or supplement thereto, provided that any such amendment, modification or supplement to the terms thereof is not more disadvantageous to the holders of the Notes and to the Issuer and the Restricted Subsidiaries of the Issuer, as applicable, in any material respect than the original agreement or arrangement as in effect on the date of the Indenture and provided, further, that such amendment or modification is (x) on a basis substantially similar to that which would be conducted in an arm's-length transaction with third parties who are not Affiliates and (y) in the case of any transaction having a Fair Market Value of greater than €5 million, approved by the Issuer's board of directors (including a majority of the Disinterested Directors);
- (iv) any payments or other transactions pursuant to a tax sharing agreement between the Issuer and any other Person with which the Issuer files a consolidated tax return or with which the Issuer is part of a consolidated group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation;

- (v) the issuance of securities pursuant to, or for the purpose of the funding of, employment arrangements, stock options, and stock ownership plans, as long as the terms thereof are or have been previously approved by the Issuer's board of directors;
- (vi) the granting and performance of registration rights for the Issuer's securities;
- (vii) the Issuer Transactions and any transactions related thereto; and
- (viii) transactions between or among the Issuer and the Restricted Subsidiaries of the Issuer or between or among Restricted Subsidiaries of the Issuer.

Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind (except for Permitted Liens) or assign or otherwise convey any right to receive any income, profits or proceeds on or with respect to any of the Issuer's or any of its Restricted Subsidiaries' property or assets, including any shares or stock or Debt of any Restricted Subsidiary of the Issuer, whether owned at or acquired after the date of the Indenture, or any income, profits or proceeds therefrom unless:

- (a) in the case of any Lien securing Subordinated Debt, the Issuer's obligations in respect of the Notes and all other amounts due under the Indenture are directly secured by a Lien on such property, assets or proceeds that is senior in priority to the Lien securing the Subordinated Debt until such time as the Subordinated Debt is no longer secured by a Lien; and
- (b) in the case of any other Lien, the Issuer's obligations in respect of the Notes and all other amounts due under the Indenture are equally and ratably secured with the obligation or liability secured by such Lien.

Limitation on Sale of Certain Assets

(1) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate any Asset Sale unless:

- (a) the consideration the Issuer or such Restricted Subsidiary of the Issuer receives for such Asset Sale is not less than the Fair Market Value of the assets sold (as determined in good faith by the Issuer's board of directors or, in the case of any Asset Sale having a Fair Market Value greater than € 5 million, as determined by the Issuer's board of directors and evidenced by a resolution of the Issuer's board of directors);
- (b) at least 75% of the consideration the Issuer or such Restricted Subsidiary of the Issuer receives in respect of such Asset Sale consists of (i) cash (including any Net Cash Proceeds received from the conversion within 60 days of such Asset Sale of securities, notes or other obligations received in consideration of such Asset Sale); (ii) Cash Equivalents; (iii) the assumption by the purchaser of (x) the Issuer's Debt or Debt of any Restricted Subsidiary of the Issuer (other than Subordinated Debt) as a result of which neither the Issuer nor any of the Restricted Subsidiaries of the Issuer remains obligated in respect of such Debt or (y) Debt of a Restricted Subsidiary of the Issuer that is no longer a Restricted Subsidiary as a result of such Asset Sale, if the Issuer and each other Restricted Subsidiary of the Issuer is released from any guarantee of such Debt as a result of such Asset Sale; (iv) Replacement Assets; or (v) a combination of the consideration specified in clauses (i) to (iv); and
- (c) the Issuer delivers an Officer's Certificate to the trustee certifying that such Asset Sale complies with the provisions described in the foregoing clauses (a) and (b).

(2) If the Issuer or any of its Restricted Subsidiaries consummates an Asset Sale, the Net Cash Proceeds of such Asset Sale, within 360 days after the consummation of such Asset Sale, may be used by the Issuer or any such Restricted Subsidiary of the Issuer to (a) permanently repay or prepay any then outstanding Debt of the Issuer ranking equally in right of payment with the Notes or any Debt of any Restricted Subsidiary of the Issuer (and to effect a corresponding commitment reduction if such Debt is revolving credit borrowings) owing to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, or (b) invest in any Replacement Assets, or (c) any combination of the foregoing.

(3) The indenture for the Existing Ardagh Bonds provides that when the aggregate amount of Net Cash Proceeds from an Asset Sale by Ardagh Glass Limited or any of its Restricted Subsidiaries not used for specific purposes set forth in such indenture within 360 days after the consummation of such Asset Sale exceeds €15 million, Ardagh Glass Limited or the issuer of the Existing Ardagh Bonds will, within 20 Business Days, make an offer to purchase (an "Existing Ardagh Bonds Excess Proceeds Offer") from all holders of Existing Ardagh Bonds and from the holders of any other Debt ranking equally in right of payment to the Existing Ardagh Bonds or the subsidiary guarantees granted therefor, to the extent required by the terms thereof,

on a *pro rata* basis, in accordance with the procedures set forth in the indenture for the Existing Ardagh Bonds or the agreements governing any such other Debt, the maximum principal amount (expressed as a multiple of €1,000) of the Existing Ardagh Bonds and any such other Debt that may be purchased with the amount of such excess Net Cash Proceeds. The offer price as to each Existing Ardagh Bond and any such other Debt will be payable in cash in an amount equal to (solely in the case of the Existing Ardagh Bonds) 100% of the principal amount of such Existing Ardagh Bond and (solely in the case of such other Debt) no greater than 100% of the principal amount (or accreted value, as applicable) of such other Debt, plus in each case accrued and unpaid interest, if any, to the date of purchase.

(4) The amount of such Net Cash Proceeds not so used as set forth in paragraph (2) or (3) above 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.

(5) When the aggregate amount of Excess Proceeds exceeds €15 million, the Issuer will, within 20 Business Days, make an offer to purchase (an "Excess Proceeds Offer") from all holders of Notes and from the holders of any Pari Passu Debt, to the extent required by the terms thereof, on a *pro rata* basis, in accordance with the procedures set forth in the Indenture or the agreements governing any such Pari Passu Debt, the maximum principal amount of the Notes and any such Pari Passu Debt that may be purchased with the amount of the Excess Proceeds. The offer price as to each Note and any such Pari Passu Debt will be payable in cash in an amount equal to (solely in the case of the Notes) 100% of the principal amount of such Note and (solely in the case of Pari Passu Debt) no greater than 100% of the principal amount (or accreted value, as applicable) of such Pari Passu Debt, plus in each case accrued and unpaid interest, if any, to the date of purchase.

To the extent that the principal amount of Notes and any such Pari Passu Debt tendered pursuant to an Excess Proceeds Offer is less than the aggregate amount of Excess Proceeds, the Issuer may use the amount of such Excess Proceeds not used to purchase Notes and Pari Passu Debt for general corporate purposes that are not otherwise prohibited by the Indenture. If the principal amount of Notes and any such Pari Passu Debt validly tendered and not withdrawn by holders thereof exceeds the aggregate amount of Excess Proceeds, the Notes and any such Pari Passu Debt to be purchased will be selected by the trustee on a *pro rata* basis (based upon the principal amount of Notes and the principal amount or accreted value of such Pari Passu Debt tendered by each holder). Upon completion of each such Excess Proceeds Offer, the amount of Excess Proceeds will be reset to zero.

(6) If the Issuer is obligated to make an Excess Proceeds Offer, the Issuer will purchase the Notes and Pari Passu Debt, at the option of the holders thereof, in whole or in part on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Excess Proceeds Offer is given to such holders, or such later date as may be required under the Exchange Act.

If the Issuer is required to make an Excess Proceeds Offer, the Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws and regulations, including any securities laws of Ireland and Guernsey and the requirements of any applicable securities exchange on which Notes are then listed. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this covenant, we will comply with such securities laws and regulations and will not be deemed to have breached our obligations described in this covenant by virtue thereof.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction with respect to any property or assets (whether now owned or hereafter acquired), unless:

(a) the sale or transfer of such property or assets to be leased is (i) property or assets of Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited and (ii) is treated as an Asset Sale and Ardagh Glass Limited and its Restricted Subsidiaries comply with the "Limitation on Sale of Certain Assets" covenant, including the provisions concerning the application of Net Cash Proceeds (treating all of the consideration received in such sale and leaseback transaction as Net Cash Proceeds for the purposes of such covenant);

(b) Ardagh Glass Limited or such Restricted Subsidiary would be permitted to incur Debt pursuant to clause (b) of paragraph (1) of the Limitation on Debt" covenant in the amount of the Attributable Debt incurred in respect of such sale and leaseback transaction;

(c) Ardagh Glass Limited or such Restricted Subsidiary, would be permitted to grant a Lien to secure Debt under the "Limitation on Liens" covenant in the amount of the Attributable Debt in respect of such sale and leaseback transaction; and

(d) in the case of any sale and leaseback transaction having a Fair Market Value greater than €5 million, the gross cash proceeds of that sale and leaseback transaction are at least equal to the Fair Market Value, as set out in an Officer's Certificate delivered to the trustee, of the property that is the subject of such sale and leaseback transaction.

Notwithstanding the foregoing, nothing shall prevent the Issuer or any of its Restricted Subsidiaries from engaging in a sale and leaseback transaction solely between the Issuer and any Restricted Subsidiary of the Issuer or solely between or among Restricted Subsidiaries of the Issuer.

Limitation on Guarantees of Debt by Restricted Subsidiaries

(1) The Issuer will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of any Debt of the Issuer (other than the Notes) unless:

(a) (i) such Restricted Subsidiary of the Issuer simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Restricted Subsidiary on the same terms as the guarantee of such Debt; and (ii) with respect to any guarantee of Subordinated Debt by such Restricted Subsidiary of the Issuer, any such guarantee shall be subordinated to such Restricted Subsidiary's Guarantee with respect to the Notes at least to the same extent as such Subordinated Debt is subordinated to the Notes; and

(b) such Restricted Subsidiary of the Issuer waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary of the Issuer as a result of any payment by such Restricted Subsidiary of the Issuer under its Guarantee.

This paragraph (1) is not applicable to any guarantees of any Restricted Subsidiary of the Issuer:

(i) guaranteeing Debt under Credit Facilities permitted to be incurred pursuant to paragraphs (1) and (2)(a) of "Certain Covenants—Limitation on Debt" or existing on the date of the Indenture;

(ii) that existed at the time such Person became a Restricted Subsidiary of the Issuer if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary of the Issuer; or

(iii) given to a bank or trust company incorporated in any member state of the European Union as of the date of the Indenture or any commercial banking institution that is a member of the US Federal Reserve System, (or any branch, Subsidiary or Affiliate thereof) in each case having combined capital and surplus and undivided profits of not less than €500 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Issuer's benefit or that of any Restricted Subsidiary of the Issuer.

(2) Notwithstanding the foregoing, any Guarantee of the Notes created pursuant to the provisions described in paragraph (1) above may provide by its terms that it will be automatically and unconditionally released and discharged upon:

(a) any sale, exchange or transfer, to any Person who is not the Issuer's Affiliate, of all of the Capital Stock owned by the Issuer and its other Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary of the Issuer (which sale, exchange or transfer is not prohibited by the Indenture); or

(b) (with respect to any Guarantee created after the date of the Indenture) the release by the holders of the Issuer's Debt described in paragraph (1) above, of their guarantee by such Restricted Subsidiary of the Issuer (including any deemed release upon payment in full of all obligations under such Debt other than as a result of payment under such guarantee), at a time when:

(i) no other Debt of the Issuer has been guaranteed by such Restricted Subsidiary of the Issuer; or

(ii) the holders of all such other Debt that is guaranteed by such Restricted Subsidiary of the Issuer also release their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Debt other than as a result of payment under such guarantee).

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary of the Issuer to:

- (a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock or any other interest or participation in, or measured by, its profits;
- (b) pay any Debt owed to the Issuer or any other Restricted Subsidiary of the Issuer;
- (c) make loans or advances to the Issuer or any other Restricted Subsidiary of the Issuer; or
- (d) transfer any of its properties or assets to the Issuer or any other Restricted Subsidiary of the Issuer.

(2) The provisions of the covenant described in paragraph (1) above do not apply to:

- (a) encumbrances and restrictions imposed by the Notes, the Indenture, the Senior Credit Facilities, the Existing Ardagh Bonds and the security documents related thereto or by other indentures governing other Debt we incur ranking equally with the Notes provided that the encumbrances or restrictions imposed by such other indentures are not materially more restrictive, taken as a whole, than the encumbrances or restrictions imposed by the Indenture;
- (b) any customary encumbrances or restrictions created under any agreements with respect to Debt of the Issuer or any Restricted Subsidiary of the Issuer permitted to be incurred subsequent to the date of the Indenture pursuant to the provisions of "—Limitation on Debt", including encumbrances or restrictions imposed by Debt permitted to be incurred under Credit Facilities or any guarantees thereof in accordance with such covenant, provided that such agreements do not prohibit the payment of interest with respect to the Notes absent a default or event of default under such agreement;
- (c) encumbrances or restrictions contained in any agreement in effect on the date of the Indenture (other than an agreement described in another clause of this paragraph (2));
- (d) with respect to restrictions or encumbrances referred to in clause (1)(d) above, encumbrances and restrictions: (i) that restrict in a customary manner the subletting, assignment or transfer of any properties or assets that are subject to a lease, license, conveyance or other similar agreement to which the Issuer or any Restricted Subsidiary of the Issuer is a party; and (ii) contained in operating leases for real property and restricting only the transfer of such real property upon the occurrence and during the continuance of a default in the payment of rent;
- (e) encumbrances or restrictions contained in any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary of the Issuer in effect at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;
- (f) encumbrances or restrictions contained in contracts for sales of Capital Stock or assets permitted by the "Limitation on Sale of Certain Assets" covenant with respect to the assets or Capital Stock to be sold pursuant to such contract or in customary merger or acquisition agreements (or any option to enter into such contract) for the purchase or acquisition of Capital Stock or assets or any of the Issuer's Subsidiaries by another Person;
- (g) with respect to restrictions or encumbrances referred to in clause (1)(d) above, any customary encumbrances or restrictions pertaining to any asset or property subject to a Lien to the extent set forth in the security document governing such Lien;
- (h) encumbrances or restrictions imposed by applicable law or regulation or by governmental licenses, concessions, franchises or permits;
- (i) any encumbrances or restrictions existing under any agreement that extends, renews, amends, modifies, restates, supplements, refunds, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (2)(a), (b), and (c); provided that the terms and conditions of any such encumbrances or restrictions are not materially less favourable, taken as a whole, to the holders of the Notes than those under or pursuant to the agreement so extended, renewed, amended, modified, restated, supplemented, refunded, refinanced or replaced;
- (j) encumbrances or restrictions on cash or other deposits or net worth imposed by customers under contracts entered into the ordinary course of business;
- (k) customary limitations on the distribution or disposition of assets or property in joint venture agreements entered into the ordinary course of business and in good faith by any Restricted Subsidiary of the Issuer; provided that such encumbrance or restriction is applicable only to such Restricted Subsidiary and provided that:

- (i) the encumbrance or restriction is not materially more disadvantageous to the holders of the Notes than is customary in comparable agreements (as determined by the Issuer); and
- (ii) the Issuer determines that any such encumbrance or restriction will not materially affect the ability of the Issuer to make any anticipated principal or interest payments on the Notes;
- (l) in the case of clause 1(d) above, customary encumbrances or restrictions in connection with purchase money obligations, mortgage financings and Capitalised Lease Obligations for property acquired in the ordinary course of business;
- (m) any encumbrance or restriction arising by reason of customary non-assignment provisions in agreements; or
- (n) encumbrances or restrictions with respect to any Permitted Receivables Financing; provided that such encumbrances or restrictions are customarily required by the institutional sponsor or arranger of such Permitted Receivables Financing in similar types of documents relating to the purchase of similar receivables in connection with the financing thereof.

Designation of Unrestricted and Restricted Subsidiaries

The Issuer's board of directors may designate any Subsidiary of the Issuer (including newly acquired or newly established Subsidiaries) to be an "Unrestricted Subsidiary" of the Issuer only if:

- (a) no Default has occurred and is continuing at the time of or after giving effect to such designation;
- (b) the Issuer would be permitted to make a Restricted Investment at the time of designation (assuming the effectiveness of such designation) pursuant to the first paragraph of the "Limitation on Restricted Payments" covenant in an amount equal to the greater of (i) the net book value of the Issuer's interest in such Subsidiary calculated in accordance with GAAP or (ii) the Fair Market Value of the Issuer's interest in such Subsidiary;
- (c) the Issuer would be permitted under the Indenture to incur € 1.00 of additional Debt (other than Permitted Debt) pursuant to the "Limitation on Debt" covenant at the time of such designation (assuming the effectiveness of such designation);
- (d) neither the Issuer nor any Restricted Subsidiary of the Issuer has a contract, agreement, arrangement, understanding or obligation of any kind, whether written or oral, with such Subsidiary unless the terms of such contract, arrangement, understanding or obligation are no less favourable to the Issuer or such Restricted Subsidiary of the Issuer than those that might be obtained at the time from Persons who are not Affiliates of the Issuer or of any Restricted Subsidiary of the Issuer;
- (e) such Subsidiary does not own any Capital Stock, Redeemable Capital Stock or Debt of, or own or hold any Lien on any property or assets of, or have any Investment in, the Issuer or any other Restricted Subsidiary of the Issuer;
- (f) such Subsidiary is not liable, directly or indirectly, with respect to any Debt, Lien or other obligation that, if in default, would result (with the passage of time or notice or otherwise) in a default on any of the Issuer's Debt or Debt of any Restricted Subsidiary of the Issuer;
- (g) such Subsidiary, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly, all or substantially all of the business of the Issuer and its Subsidiaries; and
- (h) such Subsidiary is a Person with respect to which neither the Issuer nor any of its Restricted Subsidiaries has any direct or indirect obligation to:
 - (i) subscribe for additional Capital Stock of such Person; or
 - (ii) maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

In the event of any such designation, the Issuer will be deemed to have made an Investment constituting a Restricted Investment pursuant to the "Limitation on Restricted Payments" covenant for all purposes of the Indenture in an amount equal to the greater of (i) the net book value of the Issuer's interest in such Subsidiary calculated in accordance with GAAP or (ii) the Fair Market Value of the Issuer's interest in such Subsidiary.

The Indenture will further provide that neither the Issuer nor any Restricted Subsidiary of the Issuer will at any time:

(a) provide a guarantee of, or similar credit support to, any Debt of any Unrestricted Subsidiary of the Issuer (including of any undertaking, agreement or instrument evidencing such Debt); provided that the Issuer may pledge Capital Stock or Debt of any Unrestricted Subsidiary of the Issuer on a nonrecourse basis as long as the pledgee has no claim whatsoever against the Issuer other than to obtain such pledged property, except to the extent permitted under the "Limitation on Restricted Payments" and "Limitation on Transactions with Affiliates" covenants;

(b) be directly or indirectly liable for any Debt of any Unrestricted Subsidiary of the Issuer, except to the extent permitted under the "Limitation on Restricted Payments" and "Limitation on Transactions with Affiliates" covenants; or

(c) be directly or indirectly liable for any other Debt that provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon (or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity) upon the occurrence of a default with respect to any other Debt that is Debt of an Unrestricted Subsidiary of the Issuer (including any corresponding right to take enforcement action against such Unrestricted Subsidiary).

The Issuer's board of directors may designate any Unrestricted Subsidiary of the Issuer as a Restricted Subsidiary of the Issuer if:

(a) no Default or Event of Default has occurred and is continuing at the time of or will occur and be continuing after giving effect to such designation; and

(b) unless such redesignated Subsidiary of the Issuer shall not have any Debt outstanding (other than Debt that would be Permitted Debt), immediately before and after giving effect to such proposed designation, and after giving *pro forma* effect to the incurrence of any such Debt of such redesignated Subsidiary as if such Debt was incurred on the date of the redesignation, the Issuer could incur €1.00 of additional Debt (other than Permitted Debt) pursuant to the "Limitation on Debt" covenant.

Any such designation as an Unrestricted Subsidiary or Restricted Subsidiary by the Issuer's board of directors will be evidenced to the trustee by filing a resolution of the Issuer's board of directors with the trustee giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions, and giving the effective date of such designation. Any such filing with the trustee must occur within 45 days after the end of the Issuer's fiscal quarter in which such designation is made (or, in the case of a designation made during the last fiscal quarter of the Issuer's fiscal year, within 90 days after the end of such fiscal year).

Reports to Holders

So long as any Notes are outstanding, the Issuer will furnish to the trustee (who, at the Issuer's expense, will furnish by mail to holders of the Notes):

(a) within 120 days following the end of each of the Issuer's fiscal years, an annual report containing substantially the same information as would be required to be contained in an annual report filed with the Commission on Form 20-F (as in effect on the date of the Indenture) other than (i) the information required: under Item 3.A. of Form 20-F entitled "Selected Financial Data"; Item 8 of Form 20-F entitled "Financial Information"; Item 9.A.4 of Form 20-F entitled "Offer and Listing Details" regarding the price history of the Issuer's securities; Item 10 of Form 20-F entitled "Additional Information" regarding the Issuer's share capital, constitutional documents and any material contracts to which the Issuer or its Restricted Subsidiaries are party other than contracts entered into in ordinary course of business; Item 15 of Form 20-F entitled "Controls and Procedures" regarding internal disclosure controls and procedures; and Items 17 and 18 entitled "Financial Statements"; but including (ii) annual audited balance sheets, statements of income, statements of shareholders equity, and statements of cash flows (with notes thereto) for (x) the Issuer and its Subsidiaries on a consolidated basis and (y) the Issuer and its Restricted Subsidiaries on a consolidated basis, in each case for the year then ended and the prior fiscal year and prepared in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the Commission;

(b) within 60 days following the end of the first three fiscal quarters in each of the Issuer's fiscal years, quarterly reports containing unaudited balance sheets, statements of income, statements of shareholders equity and statements of cash flows for (i) the Issuer and its Subsidiaries on a consolidated basis and (ii) the Issuer and its Restricted Subsidiaries on a consolidated basis, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with GAAP, which need not, however, contain any reconciliation to U.S. GAAP or otherwise comply with Regulation S-X of the Commission, together with an operating and financial review for such quarterly period and condensed footnote disclosure; and

(c) promptly from time to time after the occurrence of an event required to be reported therein, such other reports containing substantially the same information required to be contained in Form 6-K (or any successor form) of the Commission.

The Issuer shall be deemed to satisfy the foregoing obligation so long as Ardagh Glass Finance B.V. or Ardagh Glass Limited furnishes (i) the foregoing information with respect to Ardagh Glass Limited in compliance with the obligation in the indenture for the Existing Ardagh Bonds and (ii)(x) within 120 days following the end of each of the Issuer's fiscal years, an annual audited balance sheet of the Issuer and its Restricted Subsidiaries on a consolidated basis for the year then ended and the prior fiscal year, each prepared in accordance with GAAP, and (y) within 60 days following the end of the first three fiscal quarters in each of the Issuer's fiscal years, an unaudited balance sheet of the Issuer and its Restricted Subsidiaries on a consolidated basis for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year, each prepared in accordance with GAAP.

The Issuer will also make available copies of all reports furnished to the trustee (a) on its website; (b) through the newswire service of Bloomberg, or, if Bloomberg does not then operate, any similar agency; and (c) if and so long as the Notes are listed on the Irish Stock Exchange and the rules 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 paying agent in Ireland.

Consolidation, Merger and Sale of Assets

The Issuer will not, in a single transaction or through a series of transactions, consolidate or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of, or take any action pursuant to any resolution passed by the Issuer's board of directors or shareholders with respect to a demerger or division pursuant to which the Issuer would dispose of, all or substantially all of the Issuer's properties and assets to any other Person or Persons and the Issuer will not permit any Restricted Subsidiary of the Issuer to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries on a consolidated basis to any other Person or Persons. The previous sentence does not apply if:

- (a) at the time of, and immediately after giving effect to, any such transaction or series of transactions, either (i) the Issuer will be the continuing corporation or (ii) the Person (if other than the Issuer) formed by or surviving any such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or disposition of all or substantially all the properties and assets of the Issuer and its Restricted Subsidiaries on a consolidated basis has been made (the "Surviving Entity");
- (x) will be a corporation duly incorporated and validly existing under the laws of any member state of the European Union as of the date of the Indenture, the United States of America, any state thereof, or the District of Columbia, or Jersey, Guernsey or Bermuda and
- (y) will expressly assume, by a supplemental indenture in form satisfactory to the trustee, the Issuer's obligations under the Notes and the Indenture, and the Notes and the Indenture will remain in full force and effect as so supplemented;
- (b) immediately after giving effect to such transaction or series of transactions on a *pro forma* basis (and treating any obligation of the Issuer or any Restricted Subsidiary of the Issuer incurred in connection with or as a result of such transaction or series of transactions as having been incurred by the Issuer or such Restricted Subsidiary at the time of such transaction) no Default or Event of Default will have occurred and be continuing;
- (c) immediately before and immediately after giving effect to such transaction or series of transactions on a *pro forma* basis (on the assumption that the transaction or series of transactions occurred on the first day of the four-quarter fiscal period immediately prior to the consummation of such transaction or series of transactions with the appropriate adjustments with respect to the transaction or series of transactions being included in such *pro forma* calculation), the Issuer (or the Surviving Entity if the Issuer is not the continuing obligor under the Indenture) could incur at least €1.00 of additional Debt pursuant to clause (a) of paragraph (1) of the "Limitation on Debt" covenant;
- (d) any Guarantor, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed that its Guarantee will apply to such Person's obligations under the Indenture and the Notes;
- (e) any of the Issuer's or any Restricted Subsidiary of the Issuer's property or assets would thereupon become subject to any Lien, the provisions of the "Limitation on Liens" covenant are complied with; and
- (f) the Issuer or the Surviving Entity will have delivered to the trustee, in form and substance satisfactory to the trustee, an Officers' Certificate (attaching the computations to demonstrate compliance with clause (c) above) and an opinion of independent counsel, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the requirements of the Indenture and that all conditions precedent in the Indenture relating to such transaction have

been satisfied and that the Indenture and the Notes constitute legal, valid and binding obligations of the continuing person, enforceable in accordance with their terms.

The Surviving Entity 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 of the Issuer's assets, the Issuer will not be released from the obligation to pay the principal of and premium, if any on the Notes.

Nothing in the Indenture prevents any Restricted Subsidiary of the Issuer from consolidating with, merging into or transferring all or substantially all of its properties and assets to the Issuer or any other Restricted Subsidiary of the Issuer.

Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The Issuer will publish a notice of any consolidation, merger or sale of assets described above in accordance with the provisions of the Indenture described under "—Notices" and, so long as the rules of the Irish Stock Exchange so require, notify such exchange of any such consolidation, merger or sale.

Events of Default

(1) Each of the following will be an "Event of Default" under the Indenture:

- (a) default for 30 days in the payment when due of any interest or any Additional Amounts on any Note;
- (b) default in the payment of the principal of or premium, if any, on any Note at its Maturity (upon acceleration, optional or mandatory redemption, if any, required repurchase or otherwise);
- (c) failure to comply with the provisions of "—Certain Covenants—Consolidation, Merger and Sales of Assets";
- (d) failure to make or consummate an Excess Proceeds Offer in accordance with the provisions of "—Certain Covenants—Limitation on Sale of Certain Assets";
- (e) failure to make or consummate a Change of Control Offer in accordance with the provisions of "—Purchase of Notes upon a Change of Control";
- (f) failure to comply with any covenant or agreement of the Issuer or of any Restricted Subsidiary of the Issuer that is contained in the Indenture or any Guarantees (other than specified in clause (a), (b), (c), (d) or (e) above) and such failure continues for a period of 30 days or more after the written notice specified in clause (2) below;
- (g) default under the terms of any instrument evidencing or securing the Debt of the Issuer or any Restricted Subsidiary of the Issuer having an outstanding principal amount in excess of €10 million individually or in the aggregate, if that default:
 - (x) results in the acceleration of the payment of such Debt or (y) is caused by the failure to pay such Debt at final maturity thereof after giving effect to the expiration of any applicable grace periods and other than by regularly scheduled required prepayment) and such failure to make any payment has not been waived or the maturity of such Debt has not been extended, and in either case the total amount of such Debt unpaid or accelerated exceeds €10 million or its equivalent at the time;
- (h) either the Escrow Agreement becomes, or the Issuer asserts that or acknowledges in writing that the Escrow Agreement is, invalid or unenforceable, otherwise than in accordance with its terms;
- (i) one or more final judgments, orders or decrees (not subject to appeal and not covered by insurance) shall be rendered against the Issuer or any Restricted Subsidiary of the Issuer, either individually or in an aggregate amount, in excess of €10 million, and either a creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or there shall have been a period of 30 consecutive days or more during which a stay of enforcement of such judgment, order or decree was not (by reason of pending appeal or otherwise) in effect; and
- (j) the occurrence of certain events of bankruptcy, insolvency, receivership or reorganisation with respect to the Issuer or any Restricted Subsidiary of the Issuer.

(2) If an Event of Default (other than as specified in clause (1)(j) above) occurs and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the trustee if such notice is given by the holders) may, and the trustee, upon the written request of such holders, shall, declare

the principal of, premium, if any, and any Additional Amounts and accrued interest on all of the outstanding Notes immediately due and payable, and upon any such declaration all such amounts payable in respect of the Notes will become immediately due and payable.

(3) If an Event of Default specified in clause (1)(j) above occurs and is continuing, then the principal of, premium, if any, and Additional Amounts and accrued and unpaid interest on all of the outstanding Notes shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of Notes.

(4) At any time after a declaration of acceleration under the Indenture, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in aggregate principal amount of the outstanding Notes, by written notice to the Issuer and the trustee, may rescind such declaration and its consequences if:

- (a) the Issuer has paid or deposited with the trustee a sum sufficient to pay:
- (i) all overdue interest and Additional Amounts on all Notes then outstanding;
- (ii) all unpaid principal of and premium, if any, on any outstanding Notes that has become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes;
- (iii) to the extent that payment of such interest is lawful, interest upon overdue interest and overdue principal at the rate borne by for the Notes; and
- (iv) all sums paid or advanced by the trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel;
- (b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and
- (c) all Events of Default, other than the non-payment of amounts of principal of, premium, if any, and any Additional Amounts and interest on the Notes that has become due solely by such declaration of acceleration, have been cured or waived.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

(5) The holders of not less than a majority in aggregate principal amount of the outstanding Notes may, on behalf of the holders of all the Notes, waive any past defaults under the Indenture, except a default:

- (a) in the payment of the principal of, premium, if any, and Additional Amounts or interest on any Notes; or
- (b) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Note outstanding.

(6) No holder of any of the Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless the holders of at least 25% in aggregate principal amount of the outstanding Notes have made a written request, and offered reasonable indemnity, to the trustee to institute such proceeding as trustee under the Notes and the Indenture, the trustee has failed to institute such proceeding within 30 days after receipt of such notice and the trustee within such 30-day period has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not, however, apply to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, and Additional Amounts on such Note on or after the respective due dates expressed in such Note.

(7) If a Default or an Event of Default occurs and is continuing and is known to the trustee, the trustee will mail to each holder of the Notes notice of the Default or Event of Default within 15 Business Days after its occurrence. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, and Additional Amounts or interest on any Notes, the trustee may withhold the notice to the holders of such Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders of the Notes.

(8) The Issuer is required to furnish to the trustee annual statements as to the performance of the Issuer and its Restricted Subsidiaries under the Indenture and as to any default in such performance. The Issuer is also required to notify the trustee within 15 Business Days of the occurrence of any Default.

Legal Defeasance or Covenant Defeasance of Indenture

The Indenture provides that the Issuer may, at its option and at any time prior to the Stated Maturity of the Notes, elect to have the obligations of the Issuer discharged with respect to the outstanding Notes ("Legal Defeasance"). Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire Debt represented by the outstanding Notes except as to:

- (a) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due;
- (b) the Issuer's obligations to issue temporary Notes, register, transfer or exchange any Notes, replace mutilated, destroyed, lost or stolen Notes, maintain an office or agency for payments in respect of the Notes and segregate and hold such payments in trust;
- (c) the rights, powers, trusts, duties and immunities of the trustee and the obligations of the Issuer in connection therewith; and
- (d) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer released with respect to certain covenants set forth in the Indenture ("Covenant Defeasance"), and thereafter any omission to comply with such covenants will not constitute a Default or an Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events described under "Events of Default" will no longer constitute an Event of Default with respect to the Notes. These events do not include events relating to non-payment, bankruptcy, insolvency, receivership and reorganisation. The Issuer may exercise its Legal Defeasance option regardless of whether it previously exercised Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (a) the Issuer must irrevocably deposit or cause to be deposited in trust with the trustee, for the benefit of the holders of the Notes, cash in euro, European Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognised firm of independent public accountants, to pay and discharge the principal of, premium, if any, and interest, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must (i) specify whether the Notes are being defeased to maturity or to a particular redemption date; and (ii) if applicable, have delivered to the trustee an irrevocable notice to redeem all of the outstanding Notes of such principal, or premium, if any, or interest;
- (b) in the case of Legal Defeasance, the Issuer must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee stating that (x) the Issuer has received from, or there has been published by, the US Internal Revenue Service a ruling, or (y) since the date of the Indenture, there has been a change in applicable US federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the holders of the outstanding Notes will not recognise income, gain or loss for US federal income tax purposes as a result of such Legal Defeasance and will be subject to US federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (c) in the case of Legal Defeasance, the Issuer must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee to the effect that the holders of the outstanding Notes will not recognise income, gain or loss for tax purposes in the United Kingdom as a result of such Legal Defeasance and will be subject to tax in the United Kingdom on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;
- (d) in the case of Covenant Defeasance, the Issuer must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee to the effect that the holders of the outstanding Notes will not recognise income, gain or loss for US federal income tax purposes as a result of such Covenant Defeasance and will be subject to US federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (e) in the case of Covenant Defeasance, the Issuer must have delivered to the trustee an opinion of counsel reasonably acceptable to the trustee to the effect that the holders of the outstanding Notes will not recognise income, gain or loss for tax purposes in the United Kingdom as a result of such Covenant Defeasance and will be subject to tax in the United Kingdom on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

- (f) no Default or Event of Default will have occurred and be continuing (i) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or (ii) insofar as bankruptcy or insolvency events described in clause (1)(j) of "—Events of Default" above is concerned, at any time during the period ending on the 123rd day after the date of such deposit;
- (g) such Legal Defeasance or Covenant Defeasance shall not cause the trustee for the Notes to have a conflicting interest as defined in the Indenture and for purposes of the Trust Indenture Act with respect to any of the Issuer's securities;
- (h) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit), the Indenture or any material agreement or instrument to which the Issuer or any Restricted Subsidiary of the Issuer is a party or by which the Issuer or any Restricted Subsidiary of the Issuer is bound;
- (i) such defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the US Investment Company Act of 1940 unless such trust shall be registered under such Act or exempt from registration thereunder;
- (j) the Issuer must have delivered to the trustee an opinion of independent counsel in the country of the Issuer's incorporation to the effect that after the 123rd day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganisation or similar laws affecting creditors' rights generally and an opinion of independent counsel reasonably acceptable to the trustee that the trustee shall have a perfected security interest in such trust funds for the ratable benefit of the holders of the Notes;
- (k) the Issuer must have delivered to the trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of the Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others, or removing assets beyond the reach of the relevant creditors or increasing debts of the Issuer to the detriment of the relevant creditors;
- (l) no event or condition shall exist that would prevent the Issuer from making payments of the principal of, premium, if any, and interest on the Notes on the date of such deposit or at any time ending on the 123rd day after the date of such deposit; and
- (m) the Issuer must have delivered to the trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

If the funds deposited with the trustee to effect Covenant Defeasance are insufficient to pay the principal of, premium, if any, and interest on the Notes when due because of any acceleration occurring after an Event of Default, then the Issuer will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes as expressly provided for in the Indenture) when:

- (a) the Issuer has irrevocably deposited or caused to be deposited with the trustee as funds in trust for such purpose an amount in euro or European Government Obligations sufficient to pay and discharge the entire Debt on such Notes that have not, prior to such time, been delivered to the trustee for cancellation, for principal of, premium, if any, and any Additional Amounts and accrued and unpaid interest on the Notes to the date of such deposit (in the case of Notes which have become due and payable) or to the Stated Maturity or redemption date, as the case may be and the Issuer has delivered irrevocable instructions to the trustee under the Indenture to apply the deposited money toward the payment of Notes at Maturity or on the redemption date, as the case may be and either:
 - (i) all the Notes that have been authenticated and delivered (other than destroyed, lost or stolen Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the trustee for cancellation; or
 - (ii) all Notes that have not been delivered to the trustee for cancellation (x) have become due and payable (by reason of the mailing of a notice of redemption or otherwise), (y) will become due and payable at Stated Maturity within one year or (z) are to

be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the Issuer's name, and at the Issuer's expense; and

- (b) the Issuer has paid or caused to be paid all sums payable by the Issuer under the Indenture;
- (c) the Issuer has delivered to the trustee an Officer's Certificate and an opinion of counsel, each stating that:
 - (i) all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied; and
 - (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Issuer or any Subsidiary is a party or by which the Issuer or any Subsidiary is bound.

Amendments and Waivers

The Indenture contains provisions permitting the Issuer and the trustee to enter into a supplemental indenture without the consent of the holders of the Notes for certain limited purposes, including, among other things, curing ambiguities, defects or inconsistencies, or making any change that does not adversely affect the rights of any holder of the Notes in any material respect. With the consent of the holders of not less than a majority in aggregate principal amount of the Notes then outstanding, the Issuer and the trustee are permitted to amend or supplement the Indenture; provided that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby:

- (a) change the Stated Maturity of the principal of, or any installment of or Additional Amounts or interest on, any Note;
- (b) reduce the principal amount of any Note (or Additional Amounts or premium, if any) or the rate of or change the time for payment of interest on any Note;
- (c) change the coin or currency in which the principal of any note or any premium or any Additional Amounts or the interest thereon is payable;
- (d) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);
- (e) amend, change or modify the obligation to make and consummate an Excess Proceeds Offer with respect to any Asset Sale in accordance with the "Limitation on Sale of Assets" covenant or the obligation to make and consummate a Change of Control offer in the event of a Change of Control in accordance with the "Purchase of Notes upon a Change of Control" covenant, including, in each case, amending, changing or modifying any definition relating thereto;
- (f) reduce the principal amount of Notes whose holders must consent to any amendment, supplement or waiver of provisions of the Indenture;
- (g) modify any of the provisions relating to supplemental indentures requiring the consent of holders of the Notes or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of outstanding Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Note affected thereby;
- (h) except as otherwise permitted under "—Certain Covenants—Consolidation, Merger and Sale of Assets", consent to the assignment or transfer by the Issuer of any of the Issuer's rights or obligations under the Indenture;
- (i) release any Guarantee except in compliance with the terms of the Indenture;
- (j) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any holder of the Notes or amend the terms of the Notes or the Indenture 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 agree to pay Additional Amounts (if any) in respect thereof in the supplemental indenture; or
- (k) modify any provision of the Escrow Agreement in a manner adverse to any holder.

Notwithstanding the foregoing, without the consent of any holder of the Notes, the Issuer and the trustee may modify, amend or supplement the Indenture:

- (i) to evidence the succession of another Person to the Issuer and the assumption by any such successor of the covenants in the Indenture and in the Notes in accordance with "—Certain Covenants—Consolidation, Merger and Sale of Assets";
- (ii) to add to the Issuer's covenants or any other obligor upon the Notes for the benefit of the holders of the Notes or to surrender any right or power conferred upon the Issuer or any other obligor upon the Notes, as applicable, in the Indenture or in the Notes;
- (iii) to cure any ambiguity, or to correct or supplement any provision in the Indenture or the Notes that may be defective or inconsistent with any other provision in the Indenture or the Notes or make any other provisions with respect to matters or questions arising under the Indenture or the Notes; provided that, in each case, such provisions shall not adversely affect the interests of the holders of the Notes;
- (iv) to release any Guarantor in accordance with and if permitted by the terms of and limitations set forth in the Indenture to add a Guarantor or other guarantor under the Indenture;
- (v) to evidence and provide the acceptance of the appointment of a successor trustee under the Indenture;
- (vi) to mortgage, pledge, hypothecate or grant a security interest in favor of the trustee for the benefit of the holders of the Notes as additional security for the payment and performance of the Issuer's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the trustee pursuant to the Indenture or otherwise;
- (vii) to provide for the issuance of Additional Notes in accordance with and if permitted by the terms of and limitations set forth in the Indenture.

The Issuer will inform the Irish Stock Exchange of any material amendment to the Indenture or any supplement thereto. The Issuer will also publish a notice of any such material amendment in accordance with the provisions of the Indenture described immediately below under "—Notices".

Notices

Notices regarding the Notes will be:

- (a) published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and (ii) through the newswire service of Bloomberg or, if Bloomberg does not then operate, any similar agency, and (iii) if and so long as the Notes are listed on the Irish Stock Exchange and the rules and regulations of the Irish Stock Exchange so require, a newspaper having a general circulation in Ireland (which is expected to be the *Irish Times*); and
- (b) in the case of certificated Notes, mailed to holders of such Notes by first-class mail at their respective addresses as they appear on the registration books of the registrar.

Notices given by first-class mail will be deemed given five calendar days after mailing and notices given by publication will be deemed given on the first date on which publication is made.

If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange.

The Trustee

The Indenture and provisions of the Trust Indenture Act included or expressly incorporated therein, directly or by reference, contain limitations on the rights of the trustee under the Indenture in the event the trustee becomes a creditor of the Issuer. These include limitations on the trustee's rights to obtain payment of claims in certain cases or to realise on certain property received by it in respect of any such claims, as security or otherwise.

The Indenture contains provisions for the indemnification of the trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

Governing Law

The Indenture and the Notes are governed by and construed in accordance with the laws of the State of New York, and provide for the submission of the parties to the jurisdiction of the courts in the State of New York.

Certain Definitions

"Acquired Debt" means Debt of a Person:

- (a) existing at the time such Person becomes a Restricted Subsidiary or is merged into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer or
- (b) assumed in connection with the acquisition of assets from any such Person,

in each case provided that such Debt was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be.

Acquired Debt will be deemed to be incurred on the date the acquired Person becomes a Restricted Subsidiary or the date of the related acquisition of assets from any Person.

"Affiliate" means, with respect to any specified Person:

- (a) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person,
- (b) any other Person that owns, directly or indirectly, 5% or more of such specified Person's Capital Stock or any officer or director of any such specified Person or other Person or, with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin or
- (c) any other Person 5% or more of the Voting Stock of which is beneficially owned or held, directly or indirectly by such specified Person.

For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct or cause the direction of 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", "controlled" have meanings correlative to the foregoing.

"Anglo Irish Credit Facility" means the £65,000,000 Senior Secured Credit Facility dated 26 June 2003 among Ardagh Glass (UK) Limited, Ardagh Treasury Limited, Rockware Group Limited, Rockware Glass Limited and Anglo Irish Bank Corporation Plc, as Agent, Arranger and Security Agent thereunder.

"Asset Sale" means, with respect to any Person, any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or sale and leaseback transaction) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of:

- (a) any Capital Stock of any Restricted Subsidiary of such Person (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer);
- (b) all or substantially all of the properties and assets of any division or line of business of such Person or any Restricted Subsidiary of such Person; or
- (c) any other of such Person's or any Restricted Subsidiary of such Person's properties or assets.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (i) any transfer or disposition of assets that is governed by the provisions of the Indenture described under "—Certain Covenants—Consolidation, Merger and Sale of Assets" and "—Certain Covenants—Purchase of Notes upon a Change of Control";

- (ii) any transfer or disposition of assets by any Restricted Subsidiary to the Issuer or to any other Restricted Subsidiary of the Issuer in accordance with the terms of the Indenture;
- (iii) any transfer or disposition of obsolete or permanently retired equipment or facilities that are no longer useful in the conduct of the Issuer's and any Restricted Subsidiary of the Issuer's business and that are disposed of in the ordinary course of business;
- (iv) any disposition of accounts receivable and related assets in a Permitted Receivables Financing;
- (v) any single transaction or series of related transactions that involves assets or Capital Stock having a Fair Market Value of less than €1 million;
- (vi) for the purposes of "—Certain Covenants—Limitation on Sale of Certain Assets" only, the making of a Permitted Investment or a disposition permitted under "—Certain Covenants—Limitation on Restricted Payments";
- (vii) the sale, lease or other disposition of equipment, inventory or other assets in the ordinary course of business;
- (viii) the lease, assignment or sublease of any real or personal property in the ordinary course of business;
- (ix) an issuance of Capital Stock by a Restricted Subsidiary of such Person or to another Restricted Subsidiary of such Person; or
- (x) sales of assets received by such Person or any Restricted Subsidiary of such Person upon the foreclosure on a Lien granted in favor of such Person or any Restricted Subsidiary of such Person.

"Attributable Debt" means, with respect to any sale and leaseback transaction at the time of determination, the present value (discounted at the interest rate implicit in the lease determined in accordance with GAAP or, if not known, at the Issuer's incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges.

"Average Life" means, as of the date of determination with respect to any Debt, the quotient obtained by dividing:

- (a) the sum of the products of:
 - (i) the numbers of years from the date of determination to the date or dates of each successive scheduled principal payment of such Debt multiplied by
 - (ii) the amount of each such principal payment;
 by
- (b) the sum of all such principal payments.

"Banks" means the lenders at any given time under the Senior Credit Facilities.

"Barclays Invoice Discounting Facility" means the £20,000,000 facility agreement dated 20 November 2003 between Rockware Glass Limited and Barclays Bank relating to an invoice discounting facility.

"Barclays Revolving Credit Facility" means the £4,000,000 revolving credit facility agreement dated 20 November 2003 among Rockware Glass Limited, Ardagh Glass (UK) Limited, Ardagh Treasury Limited and Barclays Bank.

"Barclays Multi Option Facility" means the £2,000,000 multi option facility agreement dated 20 November 2003 between Rockware Glass Limited and Barclays Bank.

"Business Day" means a day other than a Saturday, Sunday or other day on which banking institutions in Dublin, Guernsey, London or a place of payment under the Indenture are authorised or required by law to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, partnership interests (whether general or limited), participations, rights in or other equivalents (however designated) of such Person's equity, any other interest or participation that confers the right to receive a share of the profits and losses, or distributions of assets of, such Person and any rights (other than debt securities convertible into or exchangeable for Capital Stock), warrants or options exchangeable for or convertible into such Capital Stock, whether now outstanding or issued after the date of the Indenture.

"Capitalised Lease Obligation" means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be classified and accounted for as a capital lease obligation under GAAP, and, for purposes of the Indenture, the amount of such obligation at any date will be the capitalised amount thereof at such date, determined in accordance with GAAP 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 any of the following:

- (a) any evidence of Debt denominated in euro, Sterling or dollars with a maturity of 180 days or less from the date of acquisition issued or directly and fully guaranteed or insured by a member state (an "EU Member State") of the European Union whose sole lawful currency on the date of the Indenture is the euro, the government of the United Kingdom of Great Britain and Northern Ireland, the United States of America, any state thereof or the District of Columbia, or any agency or instrumentality thereof (each, an "Approved Jurisdiction");
- (b) time deposit accounts, certificates of deposit, money market deposits or bankers' acceptances denominated in euro, Sterling or dollars with a maturity of 180 days or less from the date of acquisition issued by a bank or trust company organised in an EU Member State, the United Kingdom of Great Britain and Northern Ireland or any commercial banking institution that is a member of the US Federal Reserve System, in each case having combined capital and surplus and undivided profits of not less than € 500 million, whose debt has a rating, at the time any investment is made therein, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's;
- (c) commercial paper with a maturity of 180 days or less from the date of acquisition issued by a corporation that is not the Issuer's or any Restricted Subsidiary of the Issuer's Affiliate and is incorporated under the laws of an EU Member State, England and Wales, the United States of America or any state thereof and, at the time of acquisition, rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's;
- (d) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clause (a) above entered into with a financial institution meeting the qualifications described in clause (b) above; and
- (e) Investments in money market mutual funds at least 95% of the assets of which constitute Cash Equivalents of the kind described in clauses (a) through (d) above.

"Change of Control" has the meaning given to such term under " —Purchase of Notes upon a Change of Control".

"Commission" means the US Securities and Exchange Commission.

"Commodity Hedging Agreements" means any type of commodity hedging agreement designed to protect against or manage exposure to fluctuations in commodity prices and entered into in good faith in the ordinary course of business for such purposes.

"Consolidated Adjusted Net Income" of any Person means, for any period, such Person's and its Restricted Subsidiaries' consolidated net income (or loss) for such period as determined in accordance with GAAP, adjusted by excluding (to the extent included in such consolidated net income or loss), without duplication:

- (a) any net after-tax extraordinary gains or losses;
- (b) any net after-tax gains or losses attributable to sales of assets of such Person or any Restricted Subsidiary of such Person that are not sold in the ordinary course of business;
- (c) the portion of net income (but not the loss) of any other Person (other than such Person or a Restricted Subsidiary of such Person), including Unrestricted Subsidiaries, in which such Person or any Restricted Subsidiary of such Person has an equity ownership interest, except that such Person's or a Restricted Subsidiary of such Person's equity in the net income of such other Person for such period shall be included in such Consolidated Adjusted Net Income to the extent of the aggregate amount

of dividends or other distributions actually paid to such Person or any Restricted Subsidiary of such Person in cash dividends or other distributions during such period;

(d) the net income (but not the loss) of any Restricted Subsidiary of such Person to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary is not at the date of determination permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its shareholders (other than restrictions contained in the Credit Facilities and related agreements permitted by clause 2(a) of "—Certain Covenants—Limitation on Debt");

(e) net after-tax gains attributable to the termination of any employee pension benefit plan;

(f) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income accrued at any time following the date of the Indenture;

(g) any net gain arising from the acquisition of any securities or extinguishment, under GAAP, of any Debt of such Person;

(h) the net income attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued);

(i) any gains (but not losses) from currency exchange transactions not in the ordinary course of business; and

(j) the cumulative effect of a change in accounting principles after the date of the Indenture;

provided that for the purposes of clauses (a) and (g) any portion of the profit or gain released on redemption of the Owens-Illinois Notes that is realised by any of such Person's Restricted Subsidiaries will be included in Consolidated Adjusted Net Income.

"Consolidated Fixed Charge Coverage Ratio" of any Person means, for any period, the ratio of:

(a) the sum of Consolidated Adjusted Net Income, plus in each case to the extent deducted in computing Consolidated Adjusted Net Income for such period:

(i) Consolidated Interest Expense of such Person;

(ii) Consolidated Tax Expense of such Person; and

(iii) Consolidated Non-cash Charges of such Person, less all non-cash items increasing Consolidated Adjusted Net Income of such Person for such period and less all cash payments during such period relating to non-cash charges that were added back to Consolidated Adjusted Net Income of such Person in determining the Consolidated Fixed Charge Coverage Ratio of such Person in any prior period; and

(iv) if such Person is the Issuer, Specified Non-Cash Interest;

(b) to the sum of:

(i) Consolidated Interest Expense of such Person; and

(ii) cash and non-cash dividends due (whether or not declared) on such Person's and any of its Restricted Subsidiaries' Preferred Stock (to any Person other than such Person and any Wholly Owned Restricted Subsidiary of such Person), in each case for such period;

provided that:

(w) if such Person or any Restricted Subsidiary of such Person has incurred any Debt since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio of such Person is an incurrence of Debt or both, Consolidated Adjusted Net Income of such Person and Consolidated Interest Expense of such Person for such period shall be calculated after giving effect on a pro forma basis to such Debt as if such Debt had been incurred on the first day of such period and the discharge of any other Debt repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Debt as if such discharge had occurred on the first day of such period;

(x) if, since the beginning of such period, such Person or any Restricted Subsidiary of such Person shall have made any Asset Sale, Consolidated Adjusted Net Income of such Person for such period shall be reduced by an amount equal to the Consolidated Adjusted Net Income of such Person (if positive) directly attributable to the assets which are the subject of such Asset Sale for such period, or increased by an amount equal to the Consolidated Adjusted Net Income of such Person (if negative) directly attributable thereto, for such period and the Consolidated Interest Expense of such Person for such period shall be reduced by an amount equal to the Consolidated Interest Expense of such Person directly attributable to any Debt of such Person or of any Restricted Subsidiary thereof repaid, repurchased, defeased or otherwise discharged with respect to such Person and the continuing Restricted Subsidiaries thereof in connection with such Asset Sale for such period (or, if the Capital Stock of any Restricted Subsidiary of such Person is sold, the Consolidated Interest Expense of such Person for such period directly attributable to the Debt of such Restricted Subsidiary to the extent such Person and the continuing Restricted Subsidiaries thereof are no longer liable for such Debt after such sale);

(y) if since the beginning of such period such Person or any Restricted Subsidiary thereof (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary of such Person (or any Person which becomes a Restricted Subsidiary of such Person) or an acquisition of assets, including any acquisition of an asset occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, Consolidated Adjusted Net Income of such Person and Consolidated Interest Expense of such Person for such period shall be calculated after giving pro forma effect thereto (including the incurrence of any Debt) as if such Investment or acquisition occurred on the first day of such period; and

(z) if since the beginning of such period any other Person (that subsequently became a Restricted Subsidiary of such Person or was merged with or into such Person or any Restricted Subsidiary thereof since the beginning of such period) shall have made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (x) or (y) if made by such Person or a Restricted Subsidiary thereof during such period, Consolidated Adjusted Net Income of such Person and Consolidated Interest Expense of such Person for such period shall be calculated after giving pro forma effect thereto as if such Asset Sale or Investment or acquisition occurred on the first day of such period.

If any Debt bears a floating rate of interest and is being given pro forma effect, the interest expense on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Debt for a period equal to the remaining term of such Interest Rate Agreement).

"Consolidated Interest Expense" of any Person means, for any period, without duplication and in each case determined on a consolidated basis in accordance with GAAP, the sum of:

(a) such Person's and its Restricted Subsidiaries' total interest expense for such period (other than, with respect to Consolidated Interest Expense of the Issuer, Specified Non-Cash Interest), including, without limitation

(i) amortisation of debt discount;

(ii) the net costs of Commodity Hedging Agreements, Interest Rate Agreements and Currency Agreements (including amortisation of fees and discounts);

(iii) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and similar transactions;

(iv) the interest portion of any deferred payment obligation and amortisation of debt issuance costs; plus

(b) the interest component of such Person's and its Restricted Subsidiaries' Capitalised Lease Obligations accrued and/or scheduled to be paid or accrued during such period other than the interest component of Capitalised Lease Obligations between or among such Person and any Restricted Subsidiary thereof or between or among Restricted Subsidiaries of such Person; plus

(c) such Person's and its Restricted Subsidiaries non-cash interest expenses and interest that was capitalised during such period (other than, with respect to Consolidated Interest Expense of the Issuer, Specified Non-Cash Interest); plus

(d) the interest expense on Debt of another Person to the extent such Debt is guaranteed by such Person or any Restricted Subsidiary thereof or secured by a Lien on such Person's or any Restricted Subsidiary thereof's assets, but only to the extent that such interest is actually paid by such Person or such Restricted Subsidiary.

"Consolidated Non-cash Charges" of any Person means, for any period, the aggregate depreciation, amortisation and other non-cash expenses of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in

accordance with GAAP (excluding any such non-cash charge that requires an accrual of or reserve for cash charges for any future period).

"Consolidated Tax Expense" of any Person means, for any period with respect to any Relevant Taxing Jurisdiction, the provision for all national, local and foreign federal, state or other income taxes of such Person and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP.

"Credit Facility" or "Credit Facilities" means, one or more debt facilities or indentures, as the case may be, (including the Senior Credit Facilities) or commercial paper facilities with banks, insurance companies or other institutional lenders providing for revolving credit loans, term loans, notes, letters of credit or other forms of guarantees and assurances or other credit facilities or extensions of credit, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time and, for the avoidance of doubt, includes any agreement extending the maturity of, refinancing or restructuring all or any portion of the indebtedness under such agreements or any successor agreements.

"Currency Agreements" means in respect of a Person any spot or forward foreign exchange agreements and currency swap, currency option or other similar financial agreements or arrangements designed to protect such Person against or manage exposure to fluctuations in foreign currency exchange rates.

"Debt" means, with respect to any Person, without duplication:

- (a) all liabilities of such Person for borrowed money (including overdrafts) or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business;
- (b) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;
- (c) all obligations, contingent or otherwise, of such Person in connection with any letters of credit, bankers' acceptances, receivables facilities or other similar facilities;
- (d) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;
- (e) all Capitalised Lease Obligations of such Person;
- (f) all obligations of such Person under or in respect of Commodity Hedging Agreements, Interest Rate Agreements and Currency Agreements;
- (g) all Debt referred to in (but not excluded from) the preceding clauses (a) through (f) of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt (the amount of such obligation being deemed to be the lesser of the fair market value of such property or asset and the amount of the obligation so secured);
- (h) all guarantees by such Person of Debt referred to in this definition of any other Person;
- (i) all Redeemable Capital Stock of such Person valued at the greater of its voluntary maximum fixed repurchase price and involuntary maximum fixed repurchase price plus accrued and unpaid dividends; and
- (j) Preferred Stock of any Restricted Subsidiary of such Person;

provided that the term "Debt" shall not include (i) non-interest bearing installment obligations and accrued liabilities incurred in the ordinary course of business that are not more than 90 days past due; (ii) Debt in respect of the incurrence by the Issuer or any Restricted Subsidiary of Debt in respect of standby letters of credit, performance bonds or surety bonds provided by the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than the fifth business day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond; (iii) anything accounted for as an operating lease in accordance with GAAP as at the date of the Indenture; (iv) any pension obligations of the Issuer or a Restricted Subsidiary; and (v) Debt incurred by the Issuer or one of its Restricted

Subsidiaries in connection with a transaction where (x) such Debt is borrowed from a bank or trust company incorporated in any member state of the European Union as of the date of the Indenture, or any commercial banking institution that is a member of the US Federal Reserve System, in each case having a combined capital and surplus and undivided profits of not less than €500 million, whose debt has a rating immediately prior to the time such transaction is entered into, of at least A or the equivalent thereof by S&P and A2 or the equivalent thereof by Moody's and (y) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such Debt, or a Subsidiary or affiliate thereof, in amount equal to such Debt.

For purposes of this definition, the "maximum fixed repurchase price" of any Redeemable Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Debt will 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 Redeemable Capital Stock, such fair market value will be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock; provided, that if such Redeemable Capital Stock is not then permitted to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Redeemable Capital Stock as reflected in the most recent financial statements of such Person.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disinterested Director" means, with respect to any transaction or series of related transactions, a member of the Issuer's board of directors who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions or is not an Affiliate, or an officer, director or employee of any Person (other than the Issuer) who has any direct or indirect financial interest in or with respect to such transaction or series of related transactions.

"dollars" means the lawful currency of the United States of America.

"euro" or "€" means the lawful currency of the member states of the European Union who have agreed to share a common currency in accordance with the provisions of the Maastricht Treaty dealing with European monetary union.

"Euro Equivalent" means with respect to any monetary amount in a currency other than euro, at any time for the determination thereof, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published under "Currency Rates" in the section of the *Financial Times* entitled "Currencies, Bonds & Interest Rates" on the date two Business Days prior to such determination.

"European Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union as of the date of the Indenture (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged.

"Exchange Act" means the US Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Existing Ardagh Bonds" means the €175,000,000 8⁷/₈% senior notes due 2013 issued by Ardagh Glass Finance B.V. and guaranteed on a senior basis by Ardagh Glass Limited.

"Fair Market Value" means, with respect to any asset or property, the sale value that would be obtained in an arm's-length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Issuer's board of directors.

"Generally Accepted Accounting Principles" or "GAAP" means generally accepted accounting principles in Ireland, consistently applied, which are in effect from time to time, (including International Financial Reporting Standards ("IFRS") as in effect from time to time for periods for which Ardagh Glass Limited or the Issuer are required by applicable laws or regulation to prepare their financial statements in accordance with IFRS, which will be the case for the first time for the fiscal year ending 31 December 2005, provided that financial statements for such fiscal year shall contain comparative information for the prior year also prepared in accordance with IFRS and provided further, for the avoidance of doubt, that compliance with covenants that refer to GAAP shall always be determined on the basis of IFRS).

"guarantees" means, as applied to any obligation,

(a) a guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation and

(b) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of all or any part of such obligation, including, without limiting the foregoing, by the pledge of assets and the payment of amounts drawn down under letters of credit.

"Guarantee" means any guarantee of the Issuer's obligations under the Indenture and the Notes by any Person in accordance with the provisions of the Indenture. When used as a verb, "Guarantee" shall have a corresponding meaning.

"Guarantor" means any Restricted Subsidiary of the Issuer that incurs a Guarantee.

"Interest Rate Agreements" means in respect of a Person any interest rate protection agreements and other types of interest rate hedging agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) designed to protect such Person against or manage exposure to fluctuations in interest rates.

"Investment" means, with respect to any Person, any direct or indirect advance, loan or other extension of credit (including guarantees) 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 any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Debt issued or owned by, any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance with GAAP. In addition, the portion (proportionate to such Person's equity interest in such Restricted Subsidiary) of the fair market value of the net assets of any Restricted Subsidiary of such Person at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary will be deemed to be an "Investment" that the Issuer made in such Unrestricted Subsidiary at such time. The portion (proportionate to the Issuer's equity interest in such Restricted Subsidiary) of the fair market value of the net assets of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary will be considered a reduction in outstanding Investments. "Investments" excludes extensions of trade credit on commercially reasonable terms in accordance with normal trade practices.

"Lien" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation, assignment for security, claim, or preference or priority or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which such Person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Maturity" means, with respect to any indebtedness, the date on which any principal of such indebtedness becomes due and payable as therein or herein provided, whether at the Stated Maturity with respect to such principal or by declaration of acceleration, call for redemption or purchase or otherwise.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means:

(a) with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary of the Issuer), net of:

(i) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel, accountants, investment banks and other consultants) related to such Asset Sale;

(ii) provisions for all taxes paid or payable, or required to be accrued as a liability under GAAP as a result of such Asset Sale;

(iii) all payments made on any Debt that is secured by any Property subject to such Asset Sale, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such Property, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law, be repaid out of the proceeds from such Asset Sale;

(iv) all distributions and other payments required to be made to any Person (other than the Issuer or any Restricted Subsidiary of the Issuer) owning a beneficial interest in the assets subject to such Asset Sale; and

(v) appropriate amounts required to be provided by the Issuer or any Restricted Subsidiary of the Issuer, as the case may be, as a reserve in accordance with GAAP against any liabilities associated with such Asset Sale and retained by the Issuer or

any Restricted Subsidiary of the Issuer, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers' Certificate delivered to the trustee; and

(b) with respect to any capital contributions, issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under "—Certain Covenants—Limitation on Restricted Payments", the proceeds of such issuance or sale in the form of cash or Cash Equivalents, payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary of the Issuer), net of attorney's fees, accountant's fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result of thereof.

"Officer's Certificate" means a certificate signed by an officer of the Issuer or a Surviving Entity, as the case may be, and delivered to the trustee.

"Owens-Illinois Notes" means (a) the Subordinated Note dated 31 March 1999 in the original principal amount of £70,000,000 as adjusted and amended by the letter agreement dated 3 September 2002, issued by Ardagh Glass (UK) Limited in favor of United Glass Limited and (b) the Subordinated Note dated 31 March 1999 in the original principal amount of £25,000,000 issued by Ardagh Glass (UK) Limited in favor of United Glass Limited.

"Pari Passu Debt" means any Debt of the Issuer that ranks equally in right of payment with the Notes.

"Permitted Debt" has the meaning given to such term under "—Certain Covenants—Limitation on Debt".

"Permitted Holders" means (i) Yeoman International Holdings S.A., (ii) Paul Coulson, (iii) any trust created for the benefit of Paul Coulson or one or more of his natural person Affiliates, or the estate, executor, administrator, committee or beneficiaries of any thereof, and (iv) any of their respective Affiliates.

"Permitted Investments" means any of the following:

- (a) Investments in cash or Cash Equivalents;
- (b) intercompany Debt to the extent permitted under clause (d) of the definition of "Permitted Debt";
- (c) Investments in (i) the form of loans or advances to the Issuer, (ii) a Restricted Subsidiary of the Issuer or (iii) another Person (other than a parent company of the Issuer) if as a result of such Investment such other Person becomes a Restricted Subsidiary of the Issuer or such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to, the Issuer or a Restricted Subsidiary of the Issuer;
- (d) Investments made by the Issuer or any Restricted Subsidiary of the Issuer as a result of or retained in connection with an Asset Sale permitted under or made in compliance with "—Certain Covenants—Limitation on Sale of Certain Assets" to the extent such Investments are non-cash proceeds permitted thereunder;
- (e) expenses or advances to cover payroll, travel entertainment, moving, other relocation and similar matters that are expected at the time of such advances to be treated as expenses in accordance with GAAP;
- (f) Investments in the Notes;
- (g) Investments existing at the date of the Indenture;
- (h) Investments in Commodity Hedging Agreements, Interest Rate Agreements and Currency Agreements permitted under clauses (h), (i) and (j) of "—Certain Covenants—Limitation on Debt";
- (i) Investments made in the ordinary course of business, the Fair Market Value of which in the aggregate does not exceed €50,000 in any transaction or series of related transactions;
- (j) loans and advances (or guarantees to third party loans) to directors, officers or employees of the Issuer or any Restricted Subsidiary of the Issuer made in the ordinary course of business and consistent with the Issuer's past practices or past practices of its Restricted Subsidiaries, as the case may be, in an amount outstanding not to exceed at any one time € 1 million;

- (k) Investments in a Person to the extent that the consideration therefor consists of the net proceeds of the substantially concurrent issue and sale (other than to any Subsidiary) of shares of the Issuer's Qualified Capital Stock; provided that the net proceeds of such sale have been excluded from, and shall not have been included in, the calculation of the amount determined under clause (2)(c)(ii) of "—Certain Covenants—Limitation on Restricted Payments";
- (l) any payments or other transactions pursuant to a tax sharing agreement between the Issuer and any other Person with whom the Issuer files or filed a consolidated tax return or with which the Issuer is or was part of a consolidated group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation;
- (m) Investments of the Issuer or its Restricted Subsidiaries described under item (v) to the proviso to the definition of "Debt";
- (n) Investments of the Issuer or its Restricted Subsidiaries in Unrestricted Subsidiaries, the amount of which, measured by reference to the Fair Market Value of each such Investment on the date it was made, not to exceed €10 million in the aggregate outstanding at any one time;
- (o) Investments by the Issuer or any Restricted Subsidiary of the Issuer in connection with a Permitted Receivables Financing; and
- (p) (i) stock, obligations or securities received in satisfaction of judgments, foreclosure of liens or settlement of debts, and (ii) any Investments received in compromise of obligations of such persons incurred in the ordinary course of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer.

"Permitted Liens" means the following types of Liens:

- (a) Liens (other than Liens securing Debt under the Senior Credit Facilities) existing as of the date of the issuance of the Notes;
- (b) Liens on the capital stock of Ardagh Glass Limited and on any property or assets of Ardagh Glass Limited or a Restricted Subsidiary of Ardagh Glass Limited to secure in each case Debt of Ardagh Glass Limited and any Restricted Subsidiary of Ardagh Glass Limited permitted to be incurred pursuant to paragraph (1)(b) of "—Certain Covenants—Limitation on Debt".
- (c) Liens on the capital stock of Ardagh Glass Limited and on any property or assets of Ardagh Glass Limited or a Restricted Subsidiary of Ardagh Glass Limited securing in each case Debt of Ardagh Glass Limited and any Restricted Subsidiary of Ardagh Glass Limited under Credit Facilities and any other Senior Debt of Ardagh Glass Limited and any Restricted Subsidiary of Ardagh Glass Limited permitted to be incurred pursuant to "—Certain Covenants—Limitation on Debt" and Liens on assets given, disposed of or otherwise transferred in connection with a Permitted Receivables Financing permitted to be incurred pursuant to clause (m) of paragraph (2) of "—Certain Covenants—Limitation on Debt";
- (d) Liens on any property or assets of a Restricted Subsidiary of Ardagh Glass Limited granted in favor of the Ardagh Glass Limited or any Wholly Owned Restricted Subsidiary of Ardagh Glass Limited;
- (e) Liens on any of Ardagh Glass Limited's or any Restricted Subsidiary of Ardagh Glass Limited's property or assets securing the Existing Ardagh Bonds or any guarantees thereof;
- (f) any interest or title of a lessor under any Capitalised Lease Obligation and Liens to secure Debt (including Capitalised Lease Obligations) permitted under "—Certain Covenants—Limitation on Debt" covering only the assets acquired with such Debt;
- (g) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business in accordance with the Issuer's or such Restricted Subsidiary's past practices prior to the date of the Indenture;
- (h) statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of the Issuer's or any Restricted Subsidiary's business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made or Liens arising solely by virtue of any statutory or common law provisions relating to attorney's liens or bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution;

- (i) Liens for taxes, assessments, government charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (j) Liens incurred or deposits made to secure the performance of tenders, bids or trade or government contracts, or to secure leases, statutory or regulatory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business (other than obligations for the payment of money);
- (k) zoning restrictions, easements, licenses, reservations, title defects, rights of others for rights-of-way, utilities, sewers, electrical lines, telephone lines, telegraph wires, restrictions, encroachments and other similar charges, encumbrances or title defects and incurred in the ordinary course of business that do not in the aggregate materially interfere with in any material respect the ordinary conduct of the business of the Issuer and its Restricted Subsidiaries on the properties subject thereto, taken as a whole;
- (l) Liens arising by reason of any judgment, decree or order of any court so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;
- (m) Liens on property of, or on shares of Capital Stock or Debt of, any Person existing at the time such Person is acquired by, merged with or into or consolidated with, or any Restricted Subsidiary of the Issuer; provided that such Liens (i) do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary of the Issuer other than the property or assets acquired or than those of the Person merged into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer and (ii) were created prior to, and not in connection with or in contemplation of such acquisition, merger or consolidation;
- (n) Liens securing the Issuer's or any Restricted Subsidiary's obligations under Commodity Hedging Agreements, Interest Rate Agreements or Currency Agreements permitted under clauses (h), (i) and (j) of paragraph (2) under "—Certain Covenants—Limitation on Debt" or any collateral for the Debt to which such Commodity Hedging Agreements, Interest Rate Agreements or Currency Agreements relate;
- (o) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or other insurance (including unemployment insurance);
- (p) Liens incurred in connection with a cash management program established in the ordinary course of business for the Issuer's benefit or that of any Restricted Subsidiary in favor of a bank or trust company of the type described in paragraph (1) of "—Certain Covenants—Limitation on Guarantees of Debt by Restricted Subsidiaries";
- (q) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Issuer or any Restricted Subsidiary of the Issuer, including rights of offset and set-off;
- (r) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (q); provided that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets;
- (s) Liens securing Debt incurred to refinance Debt that has been secured by a Lien permitted by the Indenture, provided that (i) any such Lien shall not extend to or cover any assets not securing the Debt so refinanced and (ii) the Debt so refinanced shall have been permitted to be incurred pursuant to clause (n) of paragraph (2) of the "Limitation on Debt" covenant;
- (t) purchase money Liens to finance property or assets of the Issuer or any Restricted Subsidiary of the Issuer acquired in the ordinary course of business; provided that (i) the related purchase money Debt shall not exceed the cost of such property or assets and shall not be secured by any property or assets of the Issuer or any Restricted Subsidiary of the Issuer other than the property and assets so acquired and (ii) the Lien securing such Debt shall be created within 90 days of such acquisitions; and
- (u) Liens incurred in the ordinary course of business of Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited with respect to obligations that do not exceed €10 million at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of Ardagh Glass Limited's, or such Restricted Subsidiary's business.

"Permitted Receivables Financing" means any financing pursuant to which Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited may sell, convey or otherwise transfer to any other Person or grant a security interest in, any

accounts receivable (and related assets) in an aggregate principal amount equivalent to the Fair Market Value of such accounts receivable (and related assets) of Ardagh Glass Limited or any Restricted Subsidiary thereof; provided that (a) the covenants, events of default and other provisions applicable to such financing shall be customary for such transactions and shall be on market terms (as determined in good faith by Ardagh Glass Limited's board of directors) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by the Issuer's board of directors) at the time such financing is entered into and (c) such financing shall be non-recourse to Ardagh Glass Limited or any Restricted Subsidiary of Ardagh Glass Limited except to a limited extent customary for such transactions.

"Permitted Refinancing Debt" means any renewals, extensions, substitutions, refinancings or replacements (each, for purposes of this definition and paragraph (2)(n) of "—Certain Covenants—Limitation on Debt", a "refinancing") of any Debt of the Issuer or a Restricted Subsidiary or pursuant to this definition, including any successive refinancings, so long as:

- (a) such Debt is in an aggregate principal amount (or if incurred with original issue discount, an aggregate issue price) not in excess of the sum of (i) the aggregate principal amount (or if incurred with original issue discount, the aggregate accreted value) then outstanding of the Debt being refinanced and (ii) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing;
- (b) the Average Life of such Debt is equal to or greater than the Average Life of the Debt being refinanced;
- (c) the Stated Maturity of such Debt is no earlier than the Stated Maturity of the Debt being refinanced; and
- (d) the new Debt is not senior in right of payment to the Debt that is being refinanced;

provided that Permitted Refinancing Debt will not include Debt of any Restricted Subsidiary of the Issuer that refinances Debt of an Unrestricted Subsidiary.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation or government or any agency or political subdivision thereof.

"Preferred Stock" means, with respect to any Person, Capital Stock of any class or classes (however designated) of such Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class of such Person whether now outstanding, or issued after the date of the Indenture, and including, without limitation, all classes and series of preferred or preference stock of such Person; provided that Preferred Stock shall not include the preferred ordinary shares of Ardagh Glass Limited.

"pro forma" means, with respect to any calculation made or required to be made pursuant to the terms of the Notes, a calculation in accordance with Article 11 of the Regulation S-X promulgated under the Securities Act (to the extent applicable), as interpreted in good faith by the Issuer's board of directors after consultation with the Issuer's external auditor, or otherwise a calculation made in good faith by the Issuer's board of directors after consultation with the Issuer's external auditor, as the case may be.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock, and other securities of, any other Person. For purposes of any calculation required pursuant to the Indenture, the value of any Property shall be its Fair Market Value.

"Public Equity Offering" means an underwritten public offer and sale of capital stock (which is Qualified Capital Stock) of the Issuer or any direct or indirect parent holding company of the Issuer with gross proceeds to the Issuer of at least €20 million (including any sale of Common Shares purchased upon the exercise of any over-allotment option granted in connection therewith).

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"Redeemable Capital Stock" means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control of the Issuer in circumstances in which the holders of the Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity; provided that any Capital Stock that would constitute Qualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital

Stock upon the occurrence of any "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes will not constitute Redeemable Capital Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favourable to the holders of such Capital Stock than the provisions contained in "—Certain Covenants—Limitation on Sales of Certain Assets" and "—Purchase of Notes upon a Change of Control" covenants described herein and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of such Notes as are required to be repurchased pursuant to "—Certain Covenants—Limitation on Sales of Certain Assets" and "—Purchase of Notes upon a Change of Control".

"Replacement Assets" means properties and assets that replace the properties and assets that were the subject of an Asset Sale or properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries of the Issuer or any and all businesses that in the good faith judgment of the board of directors of the Issuer are reasonably related.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of such Person other than an Unrestricted Subsidiary.

"S&P" means Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. and its successors.

"Securities Act" means the US Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Senior Credit Facilities" means any Credit Facility of the Restricted Subsidiaries of the Issuer including the Anglo Irish Credit Facility, the Barclay's Invoice Discounting Facility, the Barclays Revolving Credit Facility and the Barclays Multi Option Facility.

"Senior Debt" means:

- (a) all Debt of Ardagh Glass Limited and any Restricted Subsidiary of Ardagh Glass Limited under any Credit Facility permitted to be incurred under the provisions of the "Limitation on Debt" covenant and all Commodity Hedging Agreements, Currency Agreements and Interest Rate Agreements and other obligations with respect thereto;
- (b) any other Debt permitted to be incurred by Ardagh Glass Finance Limited, or any Restricted Subsidiary of Ardagh Glass Finance Limited that provides a guarantee of the Existing Ardagh Bonds under the terms of the indenture for the Existing Ardagh Bonds unless, with respect to such Restricted Subsidiary, the instrument under which such Debt is incurred expressly provides that it is on a par with or subordinated in right of payment to its guarantee of the Existing Ardagh Bonds, as the case may be; and
- (c) all obligations with respect to the items listed in the preceding clauses (a) and (b).

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

- (i) any liability for taxes owed or owing by Ardagh Glass Finance Limited or any guarantors of the Existing Ardagh Bonds;
- (ii) any Debt that is incurred in violation of the indenture for the Existing Ardagh Bonds or the terms of the Existing Ardagh Bonds, as the case may be; or
- (iii) any trade payables.

"Specified Non-Cash Interest" means any non-cash interest payable (and then paid in non-cash) and amortisation of any original issue discount, if any, in each case solely (i) on the Notes issued on the date of the Indenture and (ii) on Additional Notes issued from time to time in payment of interest or Additional Amounts on (x) such Notes and (y) any such Additional Notes so issued from time to time.

"Stated Maturity" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest, respectively, is due and payable, and, when used with respect to any other indebtedness, means the date specified in the instrument governing such indebtedness as the fixed date on which the principal of such indebtedness, or any installment of interest thereon, is due and payable.

"Sterling" or "£" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

"Subordinated Debt" means Debt of the Issuer that is subordinated in right of payment to the Notes.

"Subsidiary" means, with respect to any Person:

- (a) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof; and
- (b) any other Person (other than a corporation), including, without limitation, a partnership, limited liability company, business trust or joint venture, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, has at least majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Person performing similar functions).

"Tangible Assets" means all of the assets of the Issuer and its Restricted Subsidiaries, excluding all Intangible Assets. For the purposes of the foregoing, "Intangible Assets" means goodwill, patents, trade names, trade marks, copy rights, franchises, organisation, expenses and any other assets properly classified as intangible assets in accordance with GAAP.

"Total Receivables" means, as of any date, (a) the amount of accounts receivable of the Issuer and its Restricted Subsidiaries as of such date plus (b) the amount of accounts receivable of the Issuer and its Restricted Subsidiaries that has been sold, conveyed or otherwise transferred in Permitted Receivables Financings and is outstanding as of such date.

"Trust Indenture Act" means the US Trust Indenture Act of 1939, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"Unrestricted Subsidiary" of a Person means:

- (a) any Subsidiary of such Person that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer's board of directors pursuant to the "Designation of Unrestricted and Restricted Subsidiaries" covenant); and
- (b) any Subsidiary of an Unrestricted Subsidiary.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees (or Persons performing similar functions) of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Wholly Owned Restricted Subsidiary" of a Person means any Restricted Subsidiary of such Person, all of the outstanding Capital Stock (other than directors' qualifying shares or shares of Restricted Subsidiaries required to be owned by third parties pursuant to applicable law) of which are owned by such Person or by one or more other Wholly Owned Restricted Subsidiaries of such Person or by such Person and one or more other Wholly Owned Restricted Subsidiaries.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes are issued in denominations of €1 each and represented by a global note in registered form without interest coupons attached (the "Global Note"). The Global Note has been deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream Banking.

Ownership of interests in the Global Note (the "Book-Entry Interests") are limited to persons that have accounts with Euroclear and/or Clearstream Banking, or persons that hold interests through such participants. Euroclear and Clearstream Banking hold interests in the Global Note 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, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream Banking and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream Banking, as applicable (or their respective nominees), will be considered the sole holders of the Global Note for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and/or Clearstream Banking, and indirect participants must rely on the procedures of Euroclear, Clearstream Banking and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Note

In the event the Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream Banking, 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 redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream Banking, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream Banking, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream Banking will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of €1,000 total principal amount of notes or less may be redeemed in part.

Payments on the Global Note

The Issuer will make payments of any amounts owing in respect of the Global Note (including principal, premium, if any, and interest) to the common depositary or its nominee for Euroclear and Clearstream Banking, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Note 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.

Currency of Payment for the Global Note

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Note will be paid in euro, except that interest may be paid through the issuance of Additional Notes.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream Banking 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 Note 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 Banking will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. However, if there is an event of default under the Indenture, each of Euroclear and Clearstream Banking reserves the right to exchange the Global Note for definitive registered Notes in certificated form ("Definitive Registered Notes"), and to distribute Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream Banking will be effected in accordance with Euroclear and Clearstream Banking rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell notes to persons in jurisdictions which require physical delivery of securities or to pledge such securities, such holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream Banking and in accordance with the procedures set forth in the Indenture governing the Notes.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream Banking notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days;
- if Euroclear or Clearstream Banking so requests following an event of default under the Indenture; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream Banking following an event of default under the Indenture.

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 or a Transfer Agent. 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 will be issued in a total principal amount of notes of less than €1,000. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (a) the record date for any payment of interest on the notes, (b) any date fixed for redemption of the notes or (c) the date fixed for selection of the notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer 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 to protect ourselves, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case 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 pursuant to the provisions of the Indenture, the Issuer, in its 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 only after the transferor first delivers to the Trustee 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".

Information Concerning Euroclear and Clearstream Banking

We understand as follows with respect to Euroclear and Clearstream Banking. Euroclear and Clearstream Banking hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream Banking provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream Banking interface with domestic securities markets. Euroclear and Clearstream Banking participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear or Clearstream Banking is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream Banking participant, either directly or indirectly.

TAXATION

Prospective purchasers of the notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the notes or any interest therein.

References in this discussion to notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the Book-Entry Interests held by purchasers in the notes in global form deposited with, and registered in the name of a common depositary for Euroclear and/or Clearstream Banking.

Ireland Taxation

The following general summary describes the material Irish tax consequences of ownership of the notes and is based on the Irish tax law and practice as in effect on the date of the Offering Circular and is subject to any change that may come into effect after such date. Holders of the notes are advised to consult their own tax advisors regarding the taxation implications of acquiring, owning and disposing of the notes.

Withholding Tax on Interest

In general, withholding tax at the rate of 20% must be deducted from Irish source yearly interest payments made by an Irish company. However no withholding for or on account of Irish income tax will be required to be made on interest arising on the notes under section 64 ("Section 64") of the Irish Taxes Consolidation Act 1997 (as amended) (the "TCA 1997") where the interest is paid in respect of notes that are "quoted Eurobonds". A quoted Eurobond is defined in Section 64 as a security which:

- (i) is issued by a company;
- (ii) is quoted on a recognised stock exchange;
- (iii) is in bearer form; and
- (iv) carries a right to interest.

There is no obligation to withhold tax from interest paid on quoted Eurobonds where:

- (A) the person by or through whom the payments are made is not in Ireland; or
- (B) the relevant notes are held in a recognised clearing system so designated by the Irish tax authorities (Euroclear and Clearstream have been so designated); or
- (C) the person who is the beneficial owner of the relevant notes and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to a relevant person in a form specified by the Irish tax authorities.

With respect to point (iii) above, the Irish tax authorities have confirmed in the past that notes will be regarded as in bearer form for the purpose of this withholding tax exemption, notwithstanding that they are represented by a single global note held by Euroclear and/or Clearstream Luxembourg. The Irish Revenue Commissioners have also confirmed in the past that definitive bearer notes issued in exchange for interests in global notes will continue to be regarded as held within a recognised clearing system for the purpose of point (B) above.

In circumstances where the above exemption from Irish withholding tax does not apply, the interest on the notes will not be subject to Irish withholding tax in any of the following circumstances:

Firstly, there is no requirement for a company to deduct Irish withholding tax on interest payments made in the ordinary course of its trade or business to a company resident under the laws of that jurisdiction in the EU or in a country with which Ireland has a double taxation agreement, provided the interest is not received in the course of a trade carried on by that person through a branch or agency in Ireland.

Secondly, Irish withholding tax on interest in respect of the notes may be eliminated or reduced in accordance with the terms of an appropriate double taxation agreement.

Thirdly, Irish withholding tax on interest in respect of the notes does not apply if the interest is paid in Ireland to a person who subscribed for the notes and is carrying on a bona fide banking business in Ireland.

Fourthly, Irish withholding tax on interest in respect of the notes does not apply where the interest is paid in Ireland to a qualifying company within the meaning of Section 110 TCA 1997.

Fifthly, Irish withholding tax on interest in respect of the notes does not apply where interest is paid to a company:

- (i) which advances money in the ordinary course of a trade which includes the lending of money; and
- (ii) in whose hands any interest payable in respect of monies so advanced is taken into account in computing the trading income of such company; and
- (iii) which has made the appropriate notifications under Section 246(5)(a) of the Irish Taxes Act to the Irish tax authorities and the Issuer.

No Irish withholding tax is payable in respect of a repayment of any principal amount of the notes. In addition, any discounts arising on the notes will not be subject to Irish withholding taxes.

Charge to Irish tax

Persons resident in Ireland are generally liable to Irish income or corporation tax on their worldwide income, including any income from the notes. The standard rate of tax applying to the trading profits of companies is 12.5%. The rate of corporation tax applying to non-trading income is 25%.

Persons who are not resident in Ireland are generally liable to Irish tax only in respect of Irish source income, and in respect of income of a trade carried on in Ireland through a branch or agency. Accordingly, non-Irish resident persons whose connection with Ireland is limited to holding the notes, will be liable to Irish income tax on income (including interest and discounts realised) from the notes (as it is Irish source) unless such income is exempt from Irish tax under the terms of a double taxation agreement or under a specific provision of Irish tax law.

There is no liability to Irish income tax in respect of certain interest payments made to a person resident in another EU Member State or in a country with which Ireland has a double tax treaty, provided the interest is not received in the course of a trade carried on by that person through a branch or agency in Ireland. The interest payments to which this exemption applies include interest paid on quoted Eurobonds, as defined in the section above on withholding tax.

Where interest is paid to or income gains or discounts realised by a person resident outside the EU and outside a country with which Ireland has a double taxation agreement, under long standing practice no action will be taken by the Irish tax authorities to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland, provided the interest is not received in the course of a trade carried on by that person through a branch or agency in Ireland.

There is a statutory obligation to account for Irish tax, where it applies, on a self-assessment basis and there is no requirement for the Irish tax authorities to issue or raise an assessment.

Encashment Tax

If the Paying Agent is not in Ireland then there is no obligation to deduct encashment tax. If a person in Ireland were to pay the interest, receive the interest on behalf of a third party, sell the interest coupons on behalf of a third party or buy the coupons (other than from a bank or other coupon dealer) then Irish encashment tax (at the standard rate—currently 20%) would apply to amounts belonging to Irish resident holders of the notes, or non Irish residents who hold notes and who had not completed the requisite non-resident declaration forms.

Deposit Interest Retention Tax ("DIRT")

The interest on the notes will not be liable to DIRT on the basis that the Issuer is not a deposit taker as defined in Irish tax law.

Capital Gains Tax

In the case of a person who is either resident or ordinarily resident in Ireland, the disposal or redemption of the notes may be liable to Irish capital gains tax at a rate of 20%. If the person is neither resident nor ordinarily resident in Ireland, he will not be liable to Irish capital gains tax on the disposal or redemption unless the notes are situated in Ireland and have been used in or for the purposes of a trade carried on by such person in Ireland through a branch or agency, or which were used or held or acquired for use by or for the purposes of the branch or agency. Bearer instruments will be deemed to be situated in Ireland if they are physically located in Ireland at the time of the disposal or redemption.

Capital Acquisitions Tax

Gift or inheritance tax may arise where the donor or beneficiary is resident or ordinarily resident in Ireland or the Instruments are located in Ireland at the date of disposition or inheritance.

Value Added Tax ("VAT")

There is no Irish VAT payable in respect of payments in consideration for the issue of the notes or for the transfer of a note.

Stamp Duty

Issuance of Instruments

No stamp duty arises on the issuance of the notes.

Transfer of Notes

In the event of a written transfer of the notes no stamp duty is chargeable on the basis that the notes (which is the case):

1. do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;
2. do not carry rights of the same kind as shares in the capital of the company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
3. are redeemable within 30 years of the date of issue and not thereafter;
4. are issued for a price which is not less than 90% of the nominal value; and
5. do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to such loan capital.

Accounting for Stamp Duty

Stamp duty, if chargeable, is payable by the transferee within 30 days after the date of execution of the transfer. Late or inadequate payment of stamp duty may result in a liability for interest and penalties.

EU Savings Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive on the taxation of savings income under which member states will be required, from a date not earlier than 1 July 2005, to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

This directive has now been enacted into Irish legislation. Information relating to the identity and tax residence of new customers must be collected since 1 January 2004 where such customers are individuals or "residual entities". "Residual entity" includes certain persons or undertakings to which an interest payment is made or for which an interest payment is secured for the benefit of an individual. Procedures relating to the reporting of details of payments of interest (or similar income) paid by a

person within Ireland to individuals or residual entities resident in another member state or in a jurisdiction with which Ireland has or will have double taxation arrangements will apply from a date, not earlier than 1 July 2005, to be specified by the Minister for Finance.

United Kingdom Taxation

The following general summary describes the material U.K. tax consequences of ownership of the notes and is based upon the tax laws of the United Kingdom and United Kingdom Inland Revenue published practice as in effect on the date of the Offering Circular and is subject to any change that may come into effect after such date. You are advised to consult your own tax advisor as to the tax consequences under the tax laws of the United Kingdom of a purchase or holding of notes.

Except where expressly stated, the summary relates only to the position of those persons who are the absolute beneficial owners of the notes and who hold those notes as investments. It may not apply to persons in special situations, such as dealers or traders in securities, financial institutions, investment funds and trustees. Similarly, it does not apply to any person who is or becomes connected with the Issuer other than through their purchase or holding of notes. Persons considering the purchase, ownership or disposition of the notes should consult their own tax advisors concerning U.K. tax consequences in light of their particular situations as well as any consequences arising under the law of any other relevant tax jurisdiction. No representations with respect to the tax consequences to any particular holder of notes are made below.

Payments of Interest on the Notes

Interest payments made on the notes, whether in global or definitive form, will be made without withholding or deduction for or on account of U.K. tax.

Holders of the notes will be treated as if they receive interest for the purposes of U.K. tax in an amount equal to the cash interest received or principal amount of the additional notes received in lieu of cash plus the amount, if any, of any tax withheld on account of Irish tax in respect of the interest payment. Holders of the notes will be subject to U.K. tax on such amount at the applicable rate and will receive credit against such liability for U.K. tax for any tax withheld on account of Irish tax from the interest payment.

U.K. Corporation Tax Payers

In general, holders of notes that are within the charge to U.K. corporation tax will be subject to tax on returns on and fluctuations in the value of the notes as income broadly in accordance with generally accepted accounting practice. Such holders will also generally be charged to tax in each accounting period by reference to interest accrued in that period and any profit or loss which, in accordance with generally accepted accounting practice, is recognised in determining such holders' profit or loss for that period.

Other U.K. Tax Payers

Capital Gains

The notes will not be qualifying corporate bonds ("QCBs") within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the notes, including their redemption, by a person subject to U.K. capital gains tax, may give rise to a chargeable gain or an allowable loss for the purposes of U.K. capital gains tax by reference to the price paid for the notes converted into pounds when the notes were acquired and the price received for them converted into pounds when they are disposed of.

The notes will, however, be QCBs if the U.K. Inland Revenue view them as "relevant discounted securities" as defined in Schedule 13 of the Finance Act 1996 by virtue of the provisions described under "Description of the Notes—Optional Redemption" or "Description of the Notes—Purchase of the Notes upon a Change of Control". If the notes are treated as relevant discounted securities, individual holders will be charged to income tax in respect of profits on the notes.

Accrued Income Scheme

Under rules known as the Accrued Income Scheme, which will not apply to relevant discounted securities, a disposal by a non-corporate holder who is resident or ordinarily resident in the United Kingdom or an individual who is not so resident but who trades in the United Kingdom through a branch or agency to which the notes are attributable, may result in any interest which has accrued since the later of the last payment date or the issue of the notes being chargeable to tax as income. The amount payable by noteholders on acquisition of the notes in respect of accrued interest will represent a relievable amount, for non-corporate holders as described above, available to set against note interest received or accrued.

Stamp Duty and SDRT

No U.K. stamp duty or stamp duty reserve tax is payable on the issue or transfer of the global note provided that at all times such note is not held on a register within the U.K. U.K. stamp duty or stamp duty reserve tax should not be payable on transfers of Book-Entry Interests and interests therein provided that such Book-Entry Interests are not held on a register within the United Kingdom.

TRANSFER RESTRICTIONS

Each purchaser of notes from the initial purchasers, by its acceptance thereof, was deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

1. It understood and acknowledged that the notes have not been registered under the Securities Act or any other applicable securities law and that the Notes were being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.
2. It is an institution that, at the time the offer to purchase the Notes was made, and at the time the buy order for the Notes was originated, was outside the United States within the meaning of Regulation S.
3. It acknowledged that neither we, the initial purchasers nor any person representing us or the initial purchasers has made any representation to it with respect to us or the offering, other than the information contained in the Offering Circular, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from us and the initial purchasers.
4. It purchased the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Regulation S or any exemption from registration available under the Securities Act. Each purchaser acknowledges that each note will contain a legend substantially to the following effect unless such Notes have been transferred pursuant to a registration statement that has been declared effective under the Securities Act:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

5. It acknowledged that until 40 days after the commencement of the offering of the Notes, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.
6. It acknowledged that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agreed that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquired any Notes as a fiduciary or agent for one or more investor accounts, it represented that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

GENERAL INFORMATION

1. The issue of the Notes by the Issuer was authorised pursuant to a resolution of its board of directors on 23 February 2005.
2. Except as disclosed herein, there has been no material adverse change in the financial position of the Issuer that is material in the context of the issue and offering of the Notes since the date of its last audited combined financial statements. Except as disclosed herein, there has been no material adverse change in the financial position of the Issuer since the date of its incorporation. The Issuer was incorporated on 17 December 2004 and its only stand-alone financial data are financial statements including a profit and loss account and a balance sheet for the two-month period ended 17 February 2005 which reflect the fact that the Issuer has not traded,
3. Except as disclosed herein, the Issuer is not involved in and has not been since incorporation, and has no knowledge of a threat of, any litigation, administrative proceedings or arbitration which is or may be material in the context of the issue and offering of the Notes.
4. The Issuer has appointed J & E Davy trading as Davy as its Paying Agent in Ireland. The Issuer reserves the right to vary that appointment. So long as the Notes are listed on the Irish Stock Exchange, the Issuer will maintain a paying agent in Ireland.
5. The Issuer is a public limited company and was incorporated in Ireland as a private limited liability company under the Companies Acts 1963 to 2003, on 17 December 2004 under the name Caona Limited and was re-registered as a public limited company on 17 February 2005. The registered office of the Issuer is First Floor, Fitzwilton House, Wilton Place, Dublin 2, Ireland. The Issuer is registered in Ireland and its company number is 395490. The Issuer changed its name to Ardagh Glass Group plc with effect from 5 April 2005. The Issuer is governed by the laws of Ireland.
6. The nominal share capital of the Issuer is €30,000,000, divided into 30,000,000 ordinary shares of €1.00 each, of which 20,000,000 shares have been issued and fully paid up.
7. The directors of the Issuer, each of whose address is First Floor, Fitzwilton House, Wilton Place, Dublin 2, Ireland are Paul Coulson, Edward Kilty, Brendan Dowling and Houghton Fry.
8. The objects of the Issuer, as set out more fully in its memorandum and articles of association are as follows:
 - a. To carry on the business of an investment company and/or of a holding company and for such purpose to acquire and hold, either in the name of the Company or in the name of any nominee or agent, any shares, stocks, bonds, debentures or debenture stock (whether perpetual or not), loan stock, Notes, obligations or other securities or assets of any kind, whether corporeal or incorporeal, (in this Clause referred to as "Securities") issued or guaranteed by any company and similarly to acquire and hold as aforesaid any Securities issued or guaranteed by any government, state, ruler, commissioners, or other public body or authority (and whether sovereign, dependent, national, regional, local or municipal), and to acquire any Securities by original subscription, contract, tender, purchase, exchange, underwriting, participation in syndicates or otherwise and whether or not fully paid up, and to subscribe for the same subject to such terms and conditions (if any) as may be thought fit and to exercise and enforce all rights and powers conferred by or incident to the ownership of any Securities including, without limitation, all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof.
 - b. To undertake the management and control and supervision of the business or operations of any person or company and in particular, without limitation, to plan and effectively carry out the organisation of and to initiate and to carry out schemes for the promotion and expansion of any such business, to engage in research into all problems relating to investment, property, financial, portfolio, industrial and business management, to carry out all or any work of a clerical, secretarial, managerial or other like nature, to provide staff and services, to prepare and deal with accounts, returns, forms and all documents required to be prepared and furnished in relation to any such bodies, to direct and carry out all advertising and publicity for any such business, and generally to do all acts and things (including the receipt and payment of money) necessary to be done for the supervision of the day to day running of any such business and to enter into contracts with any such company for the carrying out of the works or provisions of any of the services which the Company is authorised to perform or provide.
9. Ardagh Glass Limited was incorporated in Guernsey on 17 December 2002 as a limited liability company under the Companies (Guernsey) Law, 1994, as amended (with registered number 40338). Ardagh Glass Limited's registered office is

located at 7 New Street, St. Peter Port, Guernsey GY1 4BZ, Channel Islands, and its telephone number at this location is +44 1481 736 465.

10. Copies of the Indenture may be freely obtained at the specified office of the Listing Agent in Ireland for as long as the Notes are listed on the Irish Stock Exchange.

11. The auditors of the Issuer are PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, of George's Quay, Dublin 2, Ireland.

12. The Notes have been accepted for clearance through Euroclear and Clearstream under the Common Code 021377759. The ISIN for the Notes is XS0213777591.

13. PricewaterhouseCoopers has given and not withdrawn its consent to the inclusion in these Listing Particulars of its reports, references to its report and references to its name in the form and context in which they are included.

14. The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer since incorporation and are or may be material:

a. a purchase agreement, dated 23 February 2005, between the Issuer and the initial purchasers, pursuant to which the Issuer will sell to the initial purchasers the Notes (the "Purchase Agreement");

b. an engagement letter, dated 21 February 2005, between the Issuer and the initial purchasers, governing the terms of the engagement of BNP Paribas and Citigroup Global Markets as joint bookrunners for the offering of the Notes (the "Engagement Letter"); and

c. an indenture, dated 4 March 2005, between the Issuer and Bank of New York, as trustee, governing the terms of the Notes (the "Indenture").

15. The Issuer prepared accounts in respect of the period from incorporation to 17 February 2005.

16. For a period of 14 days from the date of these Listing Particulars, copies of the following documents may be inspected during usual business hours at the offices of the paying agent in Ireland, J&E Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland and at the registered office of the Issuer, Fitzwilton House, Wilton Place, Dublin 2, Ireland

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the audited financial statements, including the auditors reports, which appear in these Listing Particulars;
- (c) the Indenture;
- (d) the Engagement Letter;
- (d) these Listing Particulars; and
- (e) the Purchase Agreement.

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Audited financial statements of Caona plc (to be renamed Ardagh Glass Group plc) for the two-month period ended 17 February 2005

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REPORT OF THE INDEPENDENT AUDITORS

to the Members of Ardagh Glass Limited

We have audited the financial statements which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group reconciliation of movements in equity shareholders' funds, the Group balance sheet, the Group cash flow statement and the related notes to the financial statements which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Guernsey law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 64 of The Companies (Guernsey) Law, 1994 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report to the shareholders and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the report of the directors and the chairman's statement.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board in Ireland. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group at 31 December 2004 and of the profit and cash flows of the group for the year then ended in accordance with United Kingdom accounting standards and have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

21 March 2005

BASIS OF PREPARATION

Ardagh Glass Limited was formed on 17 December 2002 as a holding company for the glass container manufacturing business that was demerged from South Wharf plc (formerly Ardagh plc) and transferred to Ardagh Glass Limited effective as of 28 February 2003. Prior to this date, Ardagh Glass Limited did not engage in any activities other than those related to its formation and was a subsidiary of South Wharf plc (formerly Ardagh plc). The financial statements presented herein are the statutory Group financial statements of Ardagh Glass Limited for the years ended 31 December 2004 and 2003.

The financial information contained in this Annual Report has been prepared in accordance with UK GAAP. Significant differences exist between UK GAAP and US GAAP, which could be material to the financial information herein. For a discussion of the principal differences between UK GAAP and US GAAP, see "Certain Differences Between UK GAAP and US GAAP". You should consult your own professional advisors for an understanding of the differences between UK GAAP and US GAAP and how those differences could affect the financial information contained in this Annual Report.

The financial statements have been prepared in euro. The audit of the financial statements has been conducted in accordance with the Statements of Auditing Standards issued by the Auditing Practices Board applicable in Ireland.

Certain numbers included in this Annual Report have been subject to rounding adjustments. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with accounting standards generally accepted in the United Kingdom ("UK GAAP"). A summary of the more important Group accounting policies is set out below.

Goodwill

On acquisition of a subsidiary, or of an interest in an associate or joint venture, fair values reflecting conditions at the date of acquisition are attributed to the identifiable net assets acquired. When the cost of acquisition exceeds the fair value attributable to the Group's share of such net assets the difference is treated as purchased goodwill. Purchased goodwill is capitalised and amortised over its estimated useful economic life, which will not exceed 20 years. The directors have assessed the useful economic life of the goodwill arising on acquisitions as 20 years. When the fair value attributable to the Group's share of the net assets of the subsidiary undertaking exceeds the cost of acquisition the difference is treated as negative goodwill. Negative goodwill is capitalised and amortised over the periods in which the non-monetary assets acquired are realised.

Turnover

Group turnover, which excludes value added tax and other sales taxes, comprises the value of glass and equipment sales and services provided, net of cash and other discounts.

Sales of glass containers are generally unconditional sales and are recorded as turnover when product is delivered and invoiced to customers.

Sales of equipment are recorded on a percentage-of-completion basis where they relate to turnover earned from long-term construction contracts. Under this methodology, the Group compares the total costs incurred to date to the total estimated costs for the contract and records that proportion of the total contract turnover in the period. Contract costs include materials, labour and other direct costs related to contract performance. Provisions are established for estimated losses, if any, on uncompleted contracts in the period in which such losses are determined. Amounts representing changes to contract orders, claims or other items are included in sales only when customers have approved them.

Other sales of equipment and spare parts are recorded as revenue when product is delivered and invoiced to customers.

Sales relating to technical assistance agreements are generally recognised on an accruals basis over the financial year. Sales relating to service support are generally recorded on a monthly basis based on manpower time.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date.

The balance sheets of foreign subsidiary and associated undertakings are translated into euro using the closing rate method and profit and loss accounts are translated using the average rate for the period. Exchange differences arising from translation of the opening net investment together with the difference between the profit and loss translated at the average rate and the closing rate, net of related foreign currency financing are dealt with as adjustments to reserves.

All other exchange gains and losses are dealt with in the profit and loss account.

Fixed asset investments

Investments in associates and joint ventures are included in the consolidated financial statements using the equity method of accounting. The profit and loss account includes the Group's share of profits or losses of associates and joint ventures.

Tangible fixed assets

Tangible fixed assets are stated at depreciated historical cost. The cost of tangible fixed assets include directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on tangible fixed assets in order to write off the cost over their estimated useful lives, taking into account

any residual values. Depreciation is provided from the date the tangible fixed assets are brought into use, on a straight-line basis. Typical lives assigned to tangible fixed assets are:

ACCOUNTING POLICIES continued

Buildings	5 - 40 years
Plant and machinery	2 - 15 years
Office equipment	1 - 10 years
Motor vehicles	3 - 5 years
Long-life moulds	3 years

No depreciation is provided on land or assets in the course of construction.

Capital grants

Capital grants are capitalised and released to the profit and loss account on a straight-line basis over the estimated useful lives of the related tangible fixed assets.

Moulds

Moulds are classified into long-life moulds, which are included in tangible fixed assets and depreciated over 3 years, and short-life moulds, which are included in stocks and are valued at the lower of cost or net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises all direct and overhead expenditure incurred in bringing goods to their current state and location under normal operating conditions. Net realisable value is the actual or estimated selling price (net of trade but before cash discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Debtors

Debtors are stated at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debts. Provisions are made specifically against debtors where there is evidence of a dispute or inability to pay.

Issue costs of borrowings

Finance costs associated with the issue of borrowings are amortised to the profit and loss account over the repayment term of the related borrowings.

Leases

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Assets held under finance leases are capitalised at their fair value at the inception of the leases and depreciated over the shorter of the period of the lease or the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Deferred taxation

Deferred taxation is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension and post-retirement benefits

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses. The pension schemes' surpluses to the extent that they are considered recoverable, or deficits are recognised in full

and presented on the face of the balance sheet net of the related deferred tax.

GROUP PROFIT AND LOSS ACCOUNT

	Note	2004			2003		
		Continuing operations €'000	Acquisitions €'000	Total €'000	Continuing operations €'000	Acquisitions €'000	Total €'000
Turnover		464,211	7,489	471,700	-	374,008	374,008
Share of turnover of joint venture		(1,413)	-	(1,413)	-	(1,304)	(1,304)
Group turnover	1	462,798	7,489	470,287	-	372,704	372,704
Cost of sales excluding exceptional items		(391,522)	(5,856)	(397,378)	-	(309,989)	(309,989)
Exceptional items	4	-	-	-	-	(1,074)	(1,074)
Cost of sales including exceptional items		(391,522)	(5,856)	(397,378)	-	(311,063)	(311,063)
Gross profit		71,276	1,633	72,909	-	67,641	67,641
Sales, general and administrative expenses excluding goodwill amortisation and exceptional items		(26,332)	(1,079)	(27,411)	-	(20,319)	(20,319)
Goodwill amortisation		(4,607)	-	(4,607)	-	(3,813)	(3,813)
Negative goodwill amortisation		704	295	999	-	11,205	11,205
Exceptional items	4	(3,029)	-	(3,029)	-	(1,962)	(1,962)
Sales, general and administrative expenses including goodwill amortisation and exceptional items		(33,264)	(784)	(34,048)	-	(14,889)	(14,889)
Group operating profit	1, 2	38,012	849	38,861	-	46,752	46,752
Share of operating profit of joint venture		407	-	407	-	318	318
Operating profit		38,419	849	39,268	-	47,070	47,070
Net interest	5			(25,865)			(18,676)
Financing exceptional items	4			-			36,400
Other finance (expense)				(14)			(39)
Profit on ordinary activities before taxation				13,389			64,755
Tax on profit on ordinary activities	6			(10,230)			(7,090)
Profit for the financial year				3,159			57,665
Equity minority interests	21			(594)			-
Retained profit for the financial year				2,565			57,665
Earnings per share		Basic	Fully diluted		Basic	Fully diluted	
Earnings per share	7	16.1 c	14.9 c		382.4 c	367.9 c	
Adjusted earnings per share	7	85.6 c	79.1 c		112.2 c	107.9 c	

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The accompanying notes form an integral part of these financial statements

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2004	2003
	Note	€'000	€'000
Profit for the financial year		2,565	57,665
Foreign currency translation adjustments	20	1,764	3,888
Exchange loss on borrowings hedging overseas net assets	20	(276)	(1,862)
Pension scheme actuarial gain/(loss)	18	1,749	8,564
Deferred taxation on actuarial gain/(loss)		<u>(532)</u>	<u>(2,569)</u>
Total recognised gains and losses for the period		<u>5,270</u>	<u>65,686</u>

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS FUNDS

		2004	2003
	Note	€'000	€'000
At 1 January		87,112	-
Issue of preferred ordinary shares on demerger		-	38,088
Profit retained for the financial year	20	2,565	57,665
Foreign currency translation adjustments	20	1,764	3,888
Exchange loss on borrowings hedging overseas net assets	20	(276)	(1,862)
Redemption of preferred ordinary shares		(27,425)	(16,662)
Pension scheme actuarial gain	18	1,749	8,564
Deferred taxation on actuarial gain	18	<u>(532)</u>	<u>(2,569)</u>
At 31 December		<u>64,957</u>	<u>87,112</u>

The accompanying notes form an integral part of these financial statements

GROUP BALANCE SHEET

	Note	2004 €'000	2003 €'000
Fixed assets			
Intangible assets			
- Goodwill	8	83,020	86,994
- Negative goodwill	8	<u>(6,068)</u>	<u>(6,231)</u>
		76,952	80,763
Tangible assets	9	233,000	219,251
Investment in joint venture	10	<u>1,464</u>	<u>1,728</u>
		<u>311,416</u>	<u>301,742</u>
Current assets			
Stocks	11	84,926	79,567
Debtors	12	82,298	76,828
Cash at bank and in hand		<u>26,832</u>	<u>51,468</u>
		194,056	207,863
Creditors – amounts falling due within one year	13	<u>(115,726)</u>	<u>(117,822)</u>
Net current assets		<u>78,330</u>	<u>90,041</u>
Total assets less current liabilities		389,746	391,783
Creditors – amounts falling due after more than one year	14	(260,975)	(250,689)
Provisions for liabilities and charges	17	<u>(28,292)</u>	<u>(23,712)</u>
Net assets excluding pension liabilities		100,479	117,382
Pension liabilities	18	<u>(31,885)</u>	<u>(30,270)</u>
Net assets including pension liabilities		<u>68,594</u>	<u>87,112</u>
Capital and reserves			
Called up share capital	19	-	-
Share premium account	20	14,681	21,426
Profit and loss account	20	<u>50,276</u>	<u>65,686</u>
Equity shareholders' funds		64,957	87,112
Equity minority interests	21	<u>3,637</u>	<u>-</u>
Capital employed		<u>68,594</u>	<u>87,112</u>

The accompanying notes form an integral part of these financial statements

GROUP CASH FLOW STATEMENT

	Note	2004 €'000	2003 €'000
Net cash flow from operating activities	22	<u>79,995</u>	<u>88,312</u>
Dividends from joint venture		<u>577</u>	<u>-</u>
Returns on investment and servicing of finance			
Net interest paid		(23,639)	(16,192)
Interest element of finance lease payments		(334)	(314)
Issue costs of borrowings		<u>-</u>	<u>(12,740)</u>
		<u>(23,973)</u>	<u>(29,246)</u>
Taxation paid			
Current taxes paid		<u>(3,005)</u>	<u>(4,697)</u>
Capital expenditure and financial investment			
Tangible fixed assets		<u>(45,734)</u>	<u>(29,704)</u>
Acquisitions and disposals			
Acquisition of subsidiary undertakings	25	(8,135)	-
Acquisition costs paid		(219)	(1,554)
Net cash acquired with subsidiary undertakings		191	7,108
Payment received from insolvency administrator	8	<u>1,026</u>	<u>-</u>
		<u>(7,137)</u>	<u>5,554</u>
Net cash inflow before management of liquid resources and financing		<u>723</u>	<u>30,219</u>
Financing			
Repayment of borrowings		(7,536)	(196,016)
Draw down of borrowings		9,986	234,786
Capital element of finance lease payments		(1,009)	(580)
Redemption of preferred ordinary shares	20	<u>(27,425)</u>	<u>(16,664)</u>
		<u>(25,984)</u>	<u>21,526</u>
(Decrease)/increase in cash in the period	24	<u>(25,261)</u>	<u>51,745</u>

The accompanying notes form an integral part of these financial statements

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Segmental analysis

(a) Analysis by business sector

	2004 €'000	2003 €'000
Group turnover		
Glass containers	403,708	335,227
Glass technology and manufacturing equipment	<u>66,579</u>	<u>37,477</u>
	<u>470,287</u>	<u>372,704</u>
Group operating profit		
Glass containers	37,656	38,244
Glass technology and manufacturing equipment	12,470	8,508
Unallocated Group Overhead	<u>(4,628)</u>	<u>(4,356)</u>
	45,498	42,396
Exceptional items	(3,029)	(3,036)
Goodwill amortisation	<u>(3,608)</u>	<u>7,392</u>
	<u>38,861</u>	<u>46,752</u>
Net assets		
Glass containers	270,308	270,270
Glass technology and manufacturing equipment	22,018	13,954
Unallocated liabilities	(300,684)	(277,875)
Goodwill	83,020	86,994
Negative Goodwill	<u>(6,068)</u>	<u>(6,231)</u>
	<u>68,594</u>	<u>87,112</u>

(b) Analysis by geographical segments

	2004 €'000	2003 €'000
Group turnover by origin		
United Kingdom	270,800	218,662
Germany	162,600	123,472
Rest of Europe	<u>36,887</u>	<u>30,570</u>
	<u>470,287</u>	<u>372,704</u>
Group turnover by destination		
United Kingdom	260,526	212,492
Germany	84,361	77,938
Rest of Europe	74,425	53,150
Rest of the World	<u>50,975</u>	<u>29,124</u>
	<u>470,287</u>	<u>372,704</u>

	2004 €'000	2003 €'000
Group operating profit		
United Kingdom	30,990	32,936
Germany	14,907	10,772
Italy	2,991	2,876
Poland	1,238	168
Unallocated Group overhead	(4,628)	(4,356)
	45,498	42,396
Exceptional items	(3,029)	(3,036)
Goodwill amortisation	(3,608)	7,392
	<u>38,861</u>	<u>46,752</u>

Net assets

United Kingdom	215,555	226,891
Germany	46,625	41,431
Italy	12,372	9,735
Poland	16,311	2,918
	290,863	280,975
Unallocated liabilities	(299,221)	(274,626)
Goodwill	83,020	86,994
Negative Goodwill	(6,068)	(6,231)
	<u>68,594</u>	<u>87,112</u>

Turnover derived from inter-segment sales is not material.

2. Group operating profit

Group operating profit is stated after charging/(crediting):

	2004 €'000	2003 €'000
Depreciation of tangible fixed assets	40,672	31,683
Amortisation of capital grants	(249)	(184)
Auditors' remuneration		
- Audit services	358	315
- Non-audit services	374	349
Operating lease rentals		
- Land and buildings	2,254	1,212
- Plant machinery	1,949	1,036
Directors' emoluments	1,864	1,636

3. Employee information

The average number of persons (including executive directors) employed by the Group during the year, by activity, was:

	2004 Number	2003 Number
Production	2,152	1,981
Administration	451	381
	<u>2,603</u>	<u>2,362</u>

The costs incurred in respect of these employees were:

	2004 €'000	2003 €'000
Wages and salaries	86,674	66,203
Social security costs	12,002	9,301
Pension costs	8,274	5,127
Severance payments (excluding exceptional items)	230	408
	<u>107,180</u>	<u>81,039</u>

4. Exceptional items

	2004 €'000	2003 €'000
Production interruption at Rockware Glass	-	(478)
Impact of lost production due to electricity transformer failure at Abruzzo Vetro	-	(596)
Exceptional items in cost of sales	<u>-</u>	<u>(1,074)</u>
Costs of arbitration with Birra Peroni	(79)	(762)
Income attributable to 2003 regarding Peroni settlement	363	-
Costs of legal action relating to the Quinn development in England	(335)	-
Abortive acquisition costs	(328)	(1,200)
Share option cancellation	(2,300)	-
Severance costs	<u>(350)</u>	<u>-</u>
Exceptional items included in arriving at operating profit	<u>(3,029)</u>	<u>(1,962)</u>
Gain on early settlement of subordinated and deferred consideration loan notes	-	35,625
Gain on early settlement of vendor loan notes	-	4,000
Issue costs of repaid borrowings written off	-	(1,225)
Break costs on early repayment of borrowings	<u>-</u>	<u>(2,000)</u>
Financial exceptional items	<u>-</u>	<u>36,400</u>

5. Net interest

	2004 €'000	2003 €'000
Interest payable on:		
- 8½% Senior Notes due 2013	15,531	7,250
- Subordinated loan notes	-	4,698
- Deferred consideration loan notes	-	-
- Bank loans, overdrafts and revolving credit facilities	7,285	5,354
- Invoice discounting facilities	1,343	1,025
- Finance leases	334	314
	<u>24,493</u>	<u>18,641</u>
Amortisation of:		
- Issue costs of borrowings	1,824	797
- Hedging instruments	95	115
	<u>1,919</u>	<u>912</u>
Interest payable and similar charges	26,412	19,553
Interest receivable	(603)	(938)
Share of interest of joint venture	56	61
Net interest	<u>25,865</u>	<u>18,676</u>

6. Tax on profit on ordinary activities

(a) Analysis of charge/(credit) for the financial year

	2004 €'000	2003 €'000
Current tax – overseas tax	6,859	9,518
Deferred tax	3,291	(2,482)
Share of tax of joint venture	80	54
	<u>10,230</u>	<u>7,090</u>

(b) Factors affecting charge for the financial year

As the greater proportion of our tax derives from our overseas operations we have used a weighted average tax rate for the purpose of the reconciliation below. The tax assessed for the period is higher (2003: lower) than the weighted average current tax rate of the Group. The differences are explained below:

	2004 €'000	2003 €'000
Profit on ordinary activities before tax (excluding joint venture)	<u>12,982</u>	<u>64,498</u>
Profit on ordinary activities multiplied by weighted average current tax rate of the Group: 35.1% (2003: 31.1%)	4,557	20,188
Non-taxable/non-deductible items	4,188	(13,753)
Differences between capital allowances and depreciation	(1,072)	3,251
Utilisation and carry forward of tax losses	(423)	(119)
Profits taxable at non-standard rate	<u>(391)</u>	<u>(49)</u>
Current tax charge for the financial year	<u>6,859</u>	<u>9,518</u>

In 2004 non-taxable/non-deductible items consist primarily of operating costs which are not allowable for tax purposes in various jurisdictions. In 2003 non-taxable/non-deductible items include the financing exceptional items (see note 4) which are substantially non-taxable.

7. Earnings per share

	2004 €'000	2003 €'000
Profit for the financial year	<u>2,565</u>	<u>57,665</u>
Weighted average number of shares in issue during the period	15,917,681	15,080,641
Effect of conversion of options	<u>1,318,984</u>	<u>594,771</u>
Fully diluted number of shares	<u>17,236,665</u>	<u>15,675,412</u>
Earnings per share	16.1 c	382.4 c
Fully diluted earnings per share	14.9 c	367.9 c

The directors believe that earnings per share as adjusted for exceptional items and goodwill amortisation more appropriately reflects the ongoing trading performance of the business. This calculation is set out below:

	2004 €'000	2003 €'000
Profit for the financial year	2,565	57,665
Goodwill amortisation	4,607	3,813
Negative goodwill amortisation	(999)	(11,205)
Exceptional items (note 4)	3,029	(33,364)
Deferred tax assets written back due to change in UK legislation	<u>4,425</u>	<u>-</u>
Adjusted earnings	<u>13,627</u>	<u>16,909</u>
Weighted average number of shares in issue during the year	15,917,681	15,080,641
Effect of conversion of options	<u>1,318,984</u>	<u>594,771</u>
Fully diluted number of shares	<u>17,236,665</u>	<u>15,675,412</u>
Adjusted earnings per share	85.6 c	112.2 c
Fully diluted adjusted earnings per share	79.1 c	107.9 c

8. Intangible fixed assets

	2004		2003	
	Goodwill €'000	Negative goodwill €'000	Goodwill €'000	Negative goodwill €'000
Cost				
At 1 January	90,776	(17,436)	-	-
Adjustments	595	169	-	-
Arising on acquisitions (note 25)	-	(1,005)	90,776	(17,436)
At 31 December	<u>91,371</u>	<u>(18,272)</u>	<u>90,776</u>	<u>(17,436)</u>
Amortisation				
At 1 January	(3,782)	11,205	-	-
Charge for the period ended 31 December	<u>(4,569)</u>	<u>999</u>	<u>(3,782)</u>	<u>11,205</u>
At 31 December	<u>(8,351)</u>	<u>12,204</u>	<u>(3,782)</u>	<u>11,205</u>
Net book amount				
At 31 December	<u>83,020</u>	<u>(6,068)</u>	<u>86,994</u>	<u>(6,231)</u>
At 1 January	<u>86,994</u>	<u>(6,231)</u>	<u>-</u>	<u>-</u>

- (i) The adjustment to goodwill represents the transfer to the Group of a pension liability relating to employees of the Group who were formerly employees of South Wharf plc.
- (ii) The adjustments to negative goodwill of €169,000 primarily represents:
 - a. Dividends received by Schaumburger Formenbau Grundstücksverwaltungs GmbH and Fabryka Urządzeń Przemysłowych Sp. z o.o. (€1,026,000) from the insolvency administrator in respect of the acquisition of Heye Holding GmbH
 - b. Recognition of a minority interest in Heye Fabryka Form Szklarskich Sp. z o.o. (€1,215,000)

9. Tangible fixed assets

	Land and buildings €'000	Plant and machinery €'000	Long-life Moulds €'000	Office equipment and vehicles €'000	Total €'000
Cost					
At 1 January 2004	92,883	355,380	18,222	6,751	473,236
Acquisitions	1,711	6,719	-	603	9,033
Additions	1,198	32,854	10,025	1,295	45,372
Disposals	(257)	(5,480)	(6,728)	-	(12,465)
Exchange movement	11	(545)	(131)	24	(641)
At 31 December 2004	<u>95,546</u>	<u>388,928</u>	<u>21,388</u>	<u>8,673</u>	<u>514,535</u>
Depreciation					
At 1 January 2004	(18,320)	(222,687)	(8,410)	(4,568)	(253,985)
Charge for the year	(2,927)	(29,942)	(6,762)	(1,041)	(40,672)
Disposals	225	5,423	6,728	-	12,376
Exchange movement	56	728	(7)	(31)	746
At 31 December 2004	<u>(20,966)</u>	<u>(246,478)</u>	<u>(8,451)</u>	<u>(5,640)</u>	<u>(281,535)</u>
Net book value					
At 31 December 2004	<u>74,580</u>	<u>142,450</u>	<u>12,937</u>	<u>3,033</u>	<u>233,000</u>
At 1 January 2004	<u>74,563</u>	<u>132,693</u>	<u>9,812</u>	<u>2,183</u>	<u>219,251</u>

The net book value of tangible fixed assets includes an amount of €3,545,500 in respect of assets held under finance leases.

10. Investment in joint venture

	2004 €'000	2003 €'000
At 1 January	1,728	-
Share of net assets acquired	-	804
Goodwill arising on acquisition	-	751
Share of retained profit for the financial year	351	204
Dividends received	(577)	-
Amortisation of goodwill	<u>(38)</u>	<u>(31)</u>
At 31 December	<u>1,464</u>	<u>1,728</u>
	2004 €'000	2003 €'000
Share of gross assets	1,880	2,688
Share of gross liabilities	(1,098)	(1,680)
Goodwill	<u>682</u>	<u>720</u>
	<u>1,464</u>	<u>1,728</u>

11. Stocks

	2004 €'000	2003 €'000
Raw materials and consumables	24,241	25,572
Short-life moulds	2,080	2,889
Work in progress	4,942	4,394
Finished goods	53,663	46,712
	<u>84,926</u>	<u>79,567</u>

12. Debtors

	2004 €'000	2003 €'000
Trade debtors	68,370	66,073
Other debtors and prepayments	11,797	9,438
VAT recoverable	1,428	1,317
Deferred tax asset	703	-
	<u>82,298</u>	<u>76,828</u>

Deferred tax asset

	2004 €'000	2003 €'000
At 1 January	-	-
Acquired (note 25)	703	-
At 31 December	<u>703</u>	<u>-</u>

The Group has recognised as a deferred tax asset certain of the tax losses carried forward in Poland, as they are expected to be utilised against future expected profits in the short term. The Group has not recognised as a deferred tax asset certain other tax losses carried forward in other subsidiaries because of uncertainties surrounding the future taxable profits of the affected subsidiaries.

13. Creditors – amounts falling due within one year

	2004 €'000	2003 €'000
Trade creditors	60,591	53,906
Other creditors and accruals	21,161	16,895
Customer deposits	3,048	9,214
Amounts owed to joint venture	121	172
Current taxes payable	10,038	6,433
Other tax and social security payable	5,566	11,889
Deferred income – capital grants (note 16)	249	184
Borrowings (note 15)	14,952	19,129
	<u>115,726</u>	<u>117,822</u>

14. Creditors – amounts falling due after more than one year

	2004 €'000	2003 €'000
Borrowings (note 15)	260,407	249,845
Deferred income – capital grants (note 16)	530	844
Other	38	-
	<u>260,975</u>	<u>250,689</u>

15. Borrowings

	2004			2003		
	Short term €'000	Long term €'000	Total €'000	Short term €'000	Long term €'000	Total €'000
8 ⁷ / ₈ % Senior Notes due 2013	-	175,000	175,000	-	175,000	175,000
Bank loans, overdrafts and revolving credit facilities	12,859	91,394	104,253	16,478	81,579	98,057
Invoice discounting facilities	1,974	-	1,974	3,395	-	3,395
Finance leases	1,204	2,665	3,869	867	3,066	3,933
Unamortised issue costs of borrowings	(1,085)	(8,652)	(9,737)	(1,611)	(9,800)	(11,411)
	<u>14,952</u>	<u>260,407</u>	<u>275,359</u>	<u>19,129</u>	<u>249,845</u>	<u>268,974</u>

The maturity analysis of the Group's bank and other borrowings is as follows:

	2004 €'000	2003 €'000
Within 1 year or on demand	14,952	19,129
Between 1 and 2 years	12,243	22,794
Between 2 and 5 years	21,427	56,012
Greater than 5 years	<u>226,737</u>	<u>171,039</u>
	<u>275,359</u>	<u>268,974</u>

A description of the principal features of these borrowings is set out on page 29 of this Listing Particulars.

16. Deferred income – capital grants

	2004 €'000	2003 €'000
At 1 January	1,028	-
Acquired	-	1,212
Amortisation for the year	<u>(249)</u>	<u>(184)</u>
At 31 December	<u>779</u>	<u>1,028</u>

Classified as:

Creditors – amounts falling due within one year	249	184
Creditors – amounts falling due after more than one year	<u>530</u>	<u>844</u>
	<u>779</u>	<u>1,028</u>

17. Provisions for liabilities and charges

	2004		2003	
	Deferred taxation €'000	Employee- related €'000	Deferred taxation €'000	Employee- related €'000
At 1 January	18,809	4,903	-	-
Acquired	-	449	21,597	4,859
Provided during the year	4,473	559	-	518
Released during the year	-	(103)	-	(71)
Utilised during the year	(255)	(348)	(2,482)	(241)
Exchange movements	(234)	39	(306)	(162)
At 31 December	<u>22,793</u>	<u>5,499</u>	<u>18,809</u>	<u>4,903</u>

Deferred taxation

Deferred taxation provided and unprovided in the group financial statements is as follows:

	2004		2003	
	Amounts provided €'000	Amounts unprovided €'000	Amounts provided €'000	Amounts unprovided €'000
Accelerated capital allowances	22,793	-	18,809	-
Potential capital gain on properties	-	9,880	-	9,912
	<u>22,793</u>	<u>9,880</u>	<u>18,809</u>	<u>9,912</u>

Employee-related provisions include:

- Obligations in the United Kingdom to pay certain employees accrued holiday entitlements when they leave the Group's employment amounting to €1,591,000 (2003: €1,596,000). The holiday pay obligation will crystallise as the service lives of the employees concerned comes to an end.
- Obligations in the United Kingdom to provide death benefits to employees who have previously been made redundant amounting to €145,000 (2003: €323,000). The liability to provide death benefits to employees has been calculated by reference to quotations provided by the Group's insurance advisors to insure the risk. The directors plan to take out annual insurance cover throughout the period the Group is obliged to provide former employees with life assurance.
- Legal obligations in Italy to pay benefits to employees when they cease to be employed by the Group amounting to €891,000 (2003: €791,000).
- Obligations in Germany under an old age part-time work scheme amounting to €1,485,000 (2003: €1,507,000). Under the scheme employees over the age of 55 are entitled to apply for old age part-time work which leads to early retirement at a reduced cost to the Group.
- Obligations in Germany to provide jubilee benefits to employees upon completion of certain lengths of service amounting to €754,000 (2003: €686,000).
- Obligations in Poland to provide jubilee and other benefits to employees upon completion of certain lengths of service amounting to €633,000

18. Pension liabilities

Most group operating companies have pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. Details relating to principal pension plans are set out below.

Ireland and the United Kingdom

The Group operates funded defined benefit plans in Ireland and the United Kingdom, with retirement benefits based on the employees' pensionable salary and length of service. The assets of the plans are held separately from those of the Group, being invested with professional investment managers. Contributions to the plans are based on advice from independent actuaries using actuarial methods, the objective of which is to provide adequate funds to meet future pension liabilities. The date of the last actuarial valuations in Ireland and the United Kingdom were 1 May 2004 and 6 April 2002, respectively. These valuations have been updated at 31 December 2003 and 2004 by a qualified independent actuary.

Germany and Poland

The Group operates unfunded defined benefit plans in Germany and Poland, with retirement benefits based on the employees' pensionable salary and length of service.

The pension assumptions for the principal plans are set out below:

	2004				2003	
	Ireland %	UK %	Germany %	Poland %	UK %	Germany %
Rate of increase in salaries	4.00	3.40	2.00	2.00	2.90	2.00
Rate of increase in pensions	0.00	3.00	1.50	2.00	3.00	1.50
Discount rate	4.50	5.30	5.00	2.00	5.40	5.50
Inflation rate	2.50	2.90	1.50	2.00	2.40	1.50

The expected long-term rates of return of the various categories of asset held by the Group's pension plans are set out below:

	2004		2003
	Ireland %	UK %	UK %
Equities	6.50	8.00	7.00
Government bonds	3.75	-	-
Corporate bonds	4.50	5.30	5.40
Property	5.50	-	-
Cash	2.50	3.50	3.50

	2004			2003		
	Funded pension plans €'000	Unfunded pension plans €'000	Total €'000	Funded pension plans €'000	Unfunded pension plans €'000	Total €'000
Equities	117,756	-	117,756	103,284	-	103,284
Bonds	28,982	-	28,982	23,715	-	23,715
Property	318	-	318	-	-	-
Cash	1,415	-	1,415	40	-	40
Market value of plan assets	148,471	-	148,471	127,039	-	127,039
Present value of plan liabilities	(191,547)	(1,563)	(193,110)	(168,654)	(1,139)	(169,793)
Pension deficit	(43,076)	(1,563)	(44,639)	(41,615)	(1,139)	(42,754)
Related deferred tax asset	12,754	-	12,754	12,484	-	12,484
Net pension liability	(30,322)	(1,563)	(31,885)	(29,131)	(1,139)	(30,270)

The following amounts were recognised in the performance statements:

Amounts charged to operating profit

	2004 €'000	2003 €'000
Current service cost	<u>(6,883)</u>	<u>(4,831)</u>

Amounts charged to other finance expense

	2004 €'000	2003 €'000
Expected return on pension scheme assets	8,980	6,819
Interest on pension scheme liabilities	<u>(9,652)</u>	<u>(6,858)</u>
	<u>(672)</u>	<u>(39)</u>

Analysis of amounts recognised in the statement of total recognised gains and losses

	2004 €'000	2003 €'000
Actual return less expected return on pension scheme assets	5,493	17,640
Experience gains and losses arising on the scheme liabilities	648	(2,150)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(4,392)</u>	<u>(6,926)</u>
	<u>1,749</u>	<u>8,564</u>

Movement in (deficit) during the year

	2004 €'000	2003 €'000
(Deficit) in scheme at beginning of year	(42,754)	-
Acquired deficit	(794)	(51,500)
Current service cost	(6,883)	(4,831)
Contributions	4,508	3,596
Other finance (expense)	(672)	(39)
Actuarial gain/(loss)	1,748	8,564
Exchange movement	<u>206</u>	<u>1,456</u>
(Deficit) in scheme at end of year	<u>(44,640)</u>	<u>(42,754)</u>

	2004	2003
Difference between the expected and actual return on plan assets		
Amount (€'000)	5,493	17,640
% of market value of plan assets	3.7%	13.9%
Experience gains and losses on plan liabilities		
Amount (€'000)	648	(2,150)
% of present value of plan liabilities	(0.3)%	1.3%
Total amount recognised in the statement of recognised gains and losses		
Amount (€'000)	1,748	8,564
% of present value of plan liabilities	(0.9)%	(5.0)%

19. Called up share capital

	2004 €'000	2003 €'000
Authorised		
40,000,000 preferred ordinary shares of €Nil each	-	-
1,000 special redeemable preference shares of €1 each	1	1
1 deferred share of €1	-	-
	<u>1</u>	<u>1</u>
Issued		
1,000 special redeemable preference shares of €1 each	-	-
13,346,539 (2003: 20,315,954) preferred ordinary shares of €Nil each	-	-
1 deferred share of €1	-	-
	<u>-</u>	<u>-</u>

20. Reserves

	Share premium €'000	Profit and loss account €'000
At 1 January 2004	21,426	65,686
Redemption of preferred ordinary shares	(6,745)	(20,681)
Retained profit for the financial year	-	2,565
Foreign currency translation adjustments	-	1,764
Exchange loss on borrowings hedging overseas net assets	-	(276)
Pension scheme actuarial gain	-	1,750
Deferred tax on actuarial gain	-	(532)
At 31 December 2004	<u>14,681</u>	<u>50,276</u>

21. Equity minority interests

	2004 €'000	2003 €'000
At 1 January	-	-
Arising on prior year acquisitions (note 8)	1,215	-
Arising on acquisitions (note 25)	1,828	3
Profit for the financial year	594	
Special redeemable preference shares purchased by the Company	-	(3)
At 31 December	<u>3,637</u>	<u>-</u>

22. Reconciliation of operating profit to net cash inflow from operating activities

	2004 €'000	2003 €'000
Group operating profit	38,861	46,752
Depreciation of tangible fixed assets	40,672	31,683
Amortisation of capital grants	(249)	(184)
Amortisation of goodwill	4,607	3,813
Amortisation of negative goodwill	(999)	(11,205)
(Increase) in stocks	(3,194)	(1,619)
Decrease/(increase) in debtors	2,610	(2,466)
Decrease/(increase) in creditors	(5,313)	19,486
Increase/(decrease) in provisions	<u>3,000</u>	<u>2,052</u>
Net cash flow from operating activities	<u>79,995</u>	<u>88,312</u>

23. Analysis of movement in net debt

	1 January 2004 €'000	Cash flow changes €'000	Acquisitions (excluding cash and overdrafts) €'000	Non- cash changes €'000	Exchange movement €'000	31 December 2004 €'000
Cash at bank	51,468	(25,261)	-	-	625	26,832
Overdrafts and revolving credit facilities	-	-	-	-	-	-
	<u>51,468</u>	<u>(25,261)</u>	<u>-</u>	<u>-</u>	<u>625</u>	<u>26,832</u>
Debt due within one year	(19,129)	(16)	(2,365)	7,108	(550)	(14,952)
Debt due after more than one year	<u>(249,845)</u>	<u>(1,425)</u>	<u>(926)</u>	<u>(8,849)</u>	<u>638</u>	<u>(260,407)</u>
	<u>(268,974)</u>	<u>(1,441)</u>	<u>(3,291)</u>	<u>(1,741)</u>	<u>88</u>	<u>(275,359)</u>
Net debt	<u>(217,506)</u>	<u>(26,702)</u>	<u>(3,291)</u>	<u>(1,741)</u>	<u>713</u>	<u>(248,527)</u>

24. Reconciliation of net cash flow to movement in net debt

	2004 €'000	2003 €'000
(Decrease)/increase in cash in the year	(25,261)	51,745
Cash (outflow) from repayment of borrowings	(1,441)	(245,326)
Debt acquired with subsidiary	(3,291)	(23,022)
Non-cash changes	(1,741)	(1,911)
Exchange movement	<u>713</u>	<u>1,008</u>
Change in net funds	(31,021)	(217,506)
Opening net debt	<u>(217,506)</u>	<u>-</u>
Closing net debt	<u>(248,527)</u>	<u>(217,506)</u>

25. Acquisitions

(a) Acquisition of Huta Szkła Ujście S.A.

On 22 September 2004, Heye Holding GmbH became the parent company of Huta Szkła Ujście S.A. and its subsidiaries. The transaction has been accounted for in accordance with the principles of acquisition accounting.

A summary of the net assets acquired and related goodwill is set out below.

	Book value €'000	Fair value adjustments €'000	Fair value €'000
Tangible fixed assets	9,095	(444)	8,651
Stock	3,424	-	3,424
Debtors	5,798	565	6,363
Cash	191	-	191
Total assets acquired	18,508	121	18,629
Creditors	(3,433)	-	(3,433)
Borrowings	(3,291)	-	(3,291)
Provisions for liabilities and charges	(523)	(74)	(597)
Pension liabilities	(49)	(70)	(119)
Net assets	11,212	(23)	11,189
Equity minority interest			(1,828)
Goodwill arising on acquisition			(1005)
			<u>8,356</u>
Consideration – cash			8,135
Acquisition expenses			<u>221</u>
			<u>8,356</u>

The fair value adjustments consist of:

- An adjustment of €308,000 to recognise the fair value of buildings
- An adjustment of €598,000 to recognise the lease of land as an operating lease
- An adjustment of €154,000 to recognise the fair value of construction in progress
- An adjustment of €74,000 to recognise provisions in respect of employee benefits
- An adjustment of €565,000 to recognise a deferred tax asset
- An adjustment of €70,000 to recognise pension obligations

The summary profit and loss account for HSU for the nine-month period ended 22 September 2004 was as follows:

	€'000
Profit and loss account (extract)	
Turnover	<u>21,535</u>
Operating profit	<u>1,844</u>
Profit on ordinary activities before taxation	1,470
Taxation	<u>(103)</u>
Profit retained for period	<u>1,367</u>

The profit after tax for HSU for the year ended 31 December 2003 amounted to € 782,000

The summary profit and loss account information for the period to the date of acquisition has been extracted from the management accounts of HSU and some accounting policies may differ from the Group accounting policies as stated on page 88 of these financial statements.

26. Capital and other financial commitments

Capital commitments

Capital commitments at the year end were as follows:

	2004 €'000	2003 €'000
Contracted for but not provided for	11,423	1,039
Approved but not contracted for	<u>17,635</u>	<u>380</u>
	<u>29,058</u>	<u>1,419</u>

Operating lease commitments

At 31 December 2004 the Group had annual commitments under non-cancellable operating leases which expire:

	2004 €'000	2003 €'000
Within 1 year	617	44
Within 2-5 years inclusive	2,148	148
After 5 years	<u>1,790</u>	<u>1,018</u>
	<u>4,555</u>	<u>1,210</u>

27. Financial instruments

The treasury activities of the group are subject to controls imposed by the board of directors. The overall objective of the board, in the management of the various treasury related risks faced by the group in the normal course of business, is to protect the underlying value of the business from changes in the value of underlying markets. Treasury risks are managed, on an on-going basis, by the directors on the advice of senior management. The group does not permit the use of treasury instruments for speculative purposes, under any circumstances.

Interest Rate Risk Management

The directors' policy, in the management of interest rate risk, is to strike the right balance between the group's fixed and floating rate balance sheet financial instruments. The balance struck by the directors is dependent on prevailing interest rate markets at any point in time.

Foreign Currency Risk Management

Group policy is, where practical, to match net investments in foreign currencies with borrowings in the same currencies. In relation to operational exposures, group policy is to place all excess foreign currency cashflow on currency deposit until such time as these cashflows are required to make payments to foreign currency creditors.

Commodity Price Risk Management

The group is exposed to movements in the natural gas markets. Group Policy is to purchase all natural gas requirements on spot markets, using, where possible, surplus liquidity to purchase fuel in advance of actual requirements where the prevailing spot price is conducive to doing so.

Credit Risk

Group policy is to extend credit to customers of pre-determined credit standing. Credit risk is managed, on an on-going basis by dedicated credit controllers. Provision is made, where deemed necessary by the directors for bad and doubtful accounts. Group policy is to place excess liquidity on deposit, only with recognised and reputable financial institutions.

Liquidity Risk

Group policy is to maintain, at all times, access to sufficient liquid resources, both on and off balance sheet, to meet foreseeable short term financial requirements.

The Group is availing of the exemption available under FRS 13 to exclude short term debtors and creditors from notes A to C below.

A. Interest Rate Risk Profile of Financial Assets & Liabilities

The Group's financial assets comprise bank balances and cash deposits as detailed below.

	2004 €'000	2003 €'000
Euro	24,700	19,873
Sterling	806	31,248
US Dollar	37	53
Zloty	1,289	294
Total	<u>26,832</u>	<u>51,468</u>

These are placed at market interest rates, for periods not longer than three months.

The interest rate profile of the Group's financial liabilities is as follows:

	Floating rate financial liabilities €'000	Fixed rate financial liabilities €'000	Financial liabilities on which no interest is paid €'000	Total €'000
2004				
Euro	19,946	170,814	-	190,760
Sterling	<u>84,599</u>	<u>-</u>	<u>-</u>	<u>84,599</u>
	<u>104,545</u>	<u>170,814</u>	<u>-</u>	<u>275,359</u>
2003				
Euro	12,986	166,639	-	179,625
Sterling	<u>89,349</u>	<u>-</u>	<u>-</u>	<u>89,349</u>
	<u>102,335</u>	<u>166,639</u>	<u>-</u>	<u>268,974</u>

The Euro bank borrowings bear interest based on EURIBOR and sterling bank loans based on LIBOR. The fixed rate financial liabilities relate to the 8% Senior Notes due 2013.

B. Fair Value of Financial Assets & Liabilities

Set out below is a comparison of book values and fair values of all the Group's financial assets and liabilities as at 31 December 2004.

	2004 Book value €'000	2004 Fair value €'000	2003 Book value €'000	2003 Fair value €'000
Primary financial instruments				
Cash at bank and in hand	26,832	26,832	51,468	51,468
Short term borrowings	(14,952)	(14,952)	(19,129)	(19,129)
Long term borrowings	(260,407)	(268,282)	(249,845)	(271,069)
Derivative financial instruments				
Interest rate collar	-	-	91	(549)

The fair values of primary financial instruments have been calculated using discounted cash flow techniques for unquoted debt and market values for quoted debt. The fair value of derivative financial instruments is calculated by reference to prevailing market values.

C. Gains and Losses on Hedging Contracts

	2004 €'000	2003 €'000
Unrecognised losses at 1 January	(640)	(1,700)
Gains/(losses) arising in the current year that are not recognised	<u>640</u>	<u>1,060</u>
Unrecognised losses at 31 December	<u>-</u>	<u>(640)</u>

D. Currency Exposure

The table below shows the Group's currency exposures i.e. those transactional (or non-structural) exposures that give rise to net currency gains or losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the operating unit involved, other than sterling borrowings which are treated as hedges of net investments in the United Kingdom subsidiaries.

	GBP €'000	Euro €'000	US Dollar €'000	Total €'000
Financial currency of group operation				
2004				
Euro	45	-	-	45
Sterling	-	12,848	(383)	12,465
Zloty	-	772	713	1,485
2003				
Euro	14,249	-	53	14,302
Sterling	-	12,299	(510)	11,789

28. Related party transactions

(a) South Wharf plc (formerly Ardagh plc) and its subsidiaries

On 28 February 2003, Ardagh Glass Limited acquired Ardagh International Holdings Limited through a demerger from South Wharf plc (formerly Ardagh plc). Four of Ardagh Glass Limited's directors, Messrs. PR Coulson, BR Dowling, EJ Kilty and JP Riordan also serve as directors of South Wharf plc (formerly Ardagh plc). During 2004 the Group carried out a number of transactions with South Wharf plc (formerly Ardagh plc) and its subsidiaries as shown below.

	€000
Cost recharges	172
Purchases of raw materials	-
Purchases of tangible fixed assets	91
Sales commissions payable	338
Transfer of defined benefit scheme	595
	<u>1,196</u>

At 31 December 2004, the Group owed €338,000 to South Wharf plc (formerly Ardagh plc) and its subsidiaries.

(b) Yeoman International Holdings SA

As at 31 December 2004 Yeoman International Holdings SA owned 40% of the preferred ordinary shares of the Company. Two of Ardagh Glass Limited's directors, Messrs. PR Coulson and W Baertz, also serve as directors of Yeoman International Holdings SA. Mr BR Dowling also serves as a director of Yeoman International Group Limited, a wholly owned subsidiary of Yeoman International Holdings SA.

29. Subsidiary undertakings and joint venture

The principal subsidiary undertakings are detailed below, all of which are included in the Group financial statements.

Company	Country of incorporation	Activity	Portion of ordinary shares held %
Subsidiary undertakings			
Abruzzo Vetro S.r.l.	Italy	Glass container manufacture	100
Ardagh Corporate Services Limited	Ireland	Management services	100
Ardagh Glass Finance BV	Netherlands	Finance company	100
Ardagh Glass (UK) Limited	United Kingdom	Investment holding	100
Ardagh Holdings BV	Netherlands	Investment holding	100
Ardagh International Holdings Limited	Guernsey	Investment holding	100
Ardagh Treasury Limited	Ireland	Leasing	100
Fabryka Urządzeń Przemysłowych Sp. z o.o.	Poland	Glass technology and manufacturing equipment	100
HEYE GmbH	Germany	Investment holding	100
Heye Beteiligungs GmbH & Co KG	Germany	Investment holding	100
Heye Fabryka Form Szklarskich Sp. z o.o.	Poland	Glass technology and manufacturing equipment	51
Heye Financial Services GmbH	Germany	Shared services	100
Heye-Glas GmbH	Germany	Glass container manufacture	100
Heye Holding GmbH	Germany	Investment holding	100
Heye International GmbH	Germany	Glass technology and manufacturing equipment	100
Huta Szkła Ujście SA	Poland	Glass manufacture	83.6
Przedsiębiorstwo Produkcjno-Uslugowe Techform Sp. Z.o.o.	Poland	Glass technology and manufacturing equipment	81
Rockware Glass Limited	United Kingdom	Glass container manufacture	100
Rockware Group Limited	United Kingdom	Investment holding	100
Schaumburger Formenbau GmbH	Germany	Glass technology and manufacturing equipment	100
Schaumburger Formenbau Grundstücksverwaltungs GmbH	Germany	Property holding	100
Joint venture			
Eura Glasrecycling GmbH & Co. KG	Germany	Glass recycling	50

30. Subsequent events

Caona plc

On 25 February 2005, Caona plc made an offer to the shareholders of Ardagh Glass Limited to acquire all of the Preferred Ordinary Shares in issue as at that date for €4.0 each. As at 21 March 2005, Caona plc has acquired 99.1% of the Preferred Ordinary Shares of Ardagh Glass Limited.

Caona is an Irish registered company which was formed by Yeoman International Holdings S.A. and all of its directors are also directors of Ardagh Glass Limited.

An extraordinary general meeting of the shareholders of Ardagh Glass Limited has been scheduled for 4 April 2005 to consider a special resolution which proposes the redemption of the remaining 0.9% of the Preferred Ordinary Shares whose holders did not accept the Caona Offer. If this resolution is approved by the Ardagh Glass Limited shareholders, Ardagh Glass Limited will become a 100% subsidiary of Caona plc.

Cancellation of share options

On 10 March 2005, all outstanding share options were cancelled at a cost of €4.5 million.

INDEPENDENT AUDITOR'S REPORT

To the members of Caona plc

We have audited the financial statement on 117 to 120.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page F-44 in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts 1963 to 2003. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 17 February 2005 and of its result for the period then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2003.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

The net assets of the company, as stated in the balance sheet on page F-47, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 17 February 2005 a financial situation which under Section 40(1) of the Companies (Amendment) Act 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
17 February 2005

Statement of Directors Responsibilities

Irish company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts 1963 to 2003. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting Policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with accounting standards generally accepted in Ireland (Irish GAAP) and Irish statute comprising the Companies Acts 1963 to 2003. Accounting standards generally accepted in Ireland in preparing financial statement giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Historical cost convention

The financial statements are prepared under the historical cost convention.

PROFIT AND LOSS ACCOUNT
Two-month period ended 17 February 2005

The Company was dormant during the period.

The Company has no recognised gains and losses, and therefore, no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
As at 17 February 2005

	<u>Notes</u>	<u>€</u>
Current assets		
Cash at bank and in hand		<u>40,000</u>
Net assets		<u>40,000</u>
Capital and reserves		
Called up share capital	2	<u>40,000</u>
Equity shareholders' funds		<u>40,000</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Called up share capital

17 February 2005

Authorised	€
100,000 ordinary shares of €1 each	<u>100,000</u>
Issued	
40,000 ordinary shares of €1 each	<u>40,000</u>

The parent company and controlling party of Caona plc is Yeoman International Holdings SA, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of their consolidated financial statements can be obtained from:

The Company Secretary
Yeoman International Holdings SA
5 Rue Adolphe
Fischer L-1520
Luxembourg

Transactions with other companies in the Yeoman International Holdings SA group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".

2. Reconciliation of movement in shareholders' funds

	€
Shareholders funds at the beginning of the period	—
Issuance of shares during the period	<u>40,000</u>
Shareholders' funds at the end of the period	<u>40,000</u>

3. Approval of financial statements

The directors approved the financial statements on 17 February 2005.

ISSUER

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