

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

The preliminary offering memorandum has been prepared in connection with the offer and sale of the Notes described therein. The preliminary offering memorandum and its contents are confidential and may not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

THE ATTACHED PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE PRELIMINARY OFFERING MEMORANDUM MAY ONLY BE DISTRIBUTED TO NON-U.S. PERSONS IN CONNECTION WITH AN “OFFSHORE TRANSACTION” AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PRELIMINARY OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Confirmation of your Representation: In order to be eligible to view the attached preliminary offering memorandum or make an investment decision with respect to the Notes, investors must be (i) non-U.S. persons outside the United States (within the meaning of Regulation S under the Securities Act) or (ii) a QIB. By accepting this e-mail and accessing the preliminary offering memorandum, you shall be deemed to have represented to us that you are a non-U.S. person that is outside the United States or that you are a QIB; and that you consent to the delivery of such preliminary offering memorandum by electronic transmission. You are reminded that the preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession the preliminary offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the preliminary offering memorandum to any other person or make copies of the preliminary offering memorandum.

Under no circumstances shall the preliminary offering memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful. If a jurisdiction requires that the offering and sale of the Notes be made by a licensed broker or dealer and the Initial Purchasers (as defined in the attached preliminary offering memorandum) or any affiliate of theirs is a licensed broker or dealer in that jurisdiction, the offering and sale of the Notes shall be deemed to be made by them or such affiliate on behalf of the Issuers (as defined in the attached preliminary offering memorandum) in such jurisdiction.

The preliminary offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any

Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

The preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Initial Purchasers nor any person who controls them nor any director, officer, employee nor agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

The information in the preliminary offering memorandum is not complete and may be changed. This document does not constitute or form part of any offer or invitation to sell these securities or any solicitation of any offer to purchase these securities in any jurisdiction where such offer or sale is not permitted.



PRELIMINARY OFFERING MEMORANDUM

CONFIDENTIAL
NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES

Ardagh Packaging Finance plc and Ardagh Holdings USA Inc.

\$1,000,000,000 % Senior Notes due 2025
guaranteed on a senior basis by Ardagh Packaging Holdings Limited
and on a senior subordinated basis by certain of its wholly owned subsidiaries

The \$1,000,000,000 aggregate principal amount of % Senior Notes due 2025 (the “Notes”) will be issued by Ardagh Packaging Finance plc (“Ardagh Packaging Finance”) and Ardagh Holdings USA Inc. (“Ardagh Holdings USA”) and, together with Ardagh Packaging Finance, the “Issuers”) jointly and severally as co-issuers. Interest on the Notes will accrue from the Issue Date.

The Notes will bear interest at the rate of % per annum. Interest will be paid on the Notes semi-annually in arrears on and of each year, beginning on , 2017. The Notes will mature on , 2025.

The Issuers may redeem the Notes in whole or in part on or after , 2020 at the redemption prices specified herein. Prior to , 2020, we may also redeem the Notes by paying a “make whole” premium. In addition, prior to , 2020, we may redeem up to 40% of the aggregate principal amount of the Notes with the net proceeds from certain public equity offerings. The redemption prices are discussed under “Description of the Notes—Optional Redemption.” In the event of a Change of Control (as defined herein), we must make an offer to purchase the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

On the Issue Date, the Notes will be guaranteed on a senior basis (the “Parent Guarantee”) by Ardagh Packaging Holdings Limited (the “Parent Guarantor”). Subject to the Agreed Security Principles, on the dates specified in the Indenture (as defined herein), the Parent Guarantor shall be required to ensure that the Notes are guaranteed on a senior subordinated basis (the “Subsidiary Guarantees” and, together with the Parent Guarantee, the “Guarantees”) by all subsidiaries of the Parent Guarantor (other than the Issuers) that guarantee the Existing Notes (collectively, together, the “Subsidiary Guarantors” and, together with the Parent Guarantor, the “Guarantors”).

Currently, there is no public market for the Notes. Application will be made for listing particulars to be approved by the Irish Stock Exchange and for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market. There is no assurance that the Notes will be listed and admitted to trading on the Global Exchange Market of the Irish Stock Exchange.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 19.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, the Notes are being offered and sold only to qualified institutional buyers (“QIBs”) in accordance with Rule 144A under the U.S. Securities Act (“Rule 144A”) and outside the United States to non-U.S. persons in accordance with Regulation S under the U.S. Securities Act (“Regulation S”). Prospective purchasers that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144A.

The Notes will be issued in the form of global notes in registered form. See “Book-Entry; Delivery and Form.”

Price of the Notes: %

The Initial Purchasers expect to deliver the Notes to purchasers on or about , 2017 (the “Issue Date”).

Joint Book-Running Managers

Citigroup

BofA Merrill Lynch

Deutsche Bank Securities

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IMPORTANT INFORMATION

You should rely only on the information contained in this offering memorandum (the “Offering Memorandum”). None of the Issuers, the Guarantors or Citigroup Global Markets Limited, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (together, the “Initial Purchasers”) has authorized anyone to provide you with any information or represent anything about the Issuers or the Guarantors, their financial results or this offering that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuers, the Guarantors or the Initial Purchasers. None of the Issuers, the Guarantors or the Initial Purchasers are making an offer of the Notes in any jurisdiction where this offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

This Offering Memorandum is confidential and has been prepared by the Issuers solely for use in connection with the proposed offering of the Notes described in this Offering Memorandum. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. You are authorized to use this Offering Memorandum solely for the purpose of considering the purchase of the Notes. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of the Notes is unauthorized, and any disclosure of any of the contents of this Offering Memorandum, without the Issuers’ prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

None of the Initial Purchasers, the Trustee, the Principal Paying Agent, the U.S. Paying Agent, the Registrar or the Transfer Agent (each as defined herein) makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or future.

The Issuers and the Parent Guarantor accept responsibility for the information contained in this Offering Memorandum. To the best of the Issuers’ and the Parent Guarantor’s knowledge and belief, the information contained in this Offering Memorandum with regard to the Issuers, the Parent Guarantor and their subsidiaries and the Notes is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set forth under the headings “Exchange Rates,” “Summary,” “Operating and Financial Review and Prospects” and “Our Business” includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof.

Unless the context indicates otherwise, when we refer to “Ardagh,” the “Group,” “we,” “us,” and “our,” for the purposes of this Offering Memorandum, we are referring to Ardagh Packaging Holdings and its subsidiaries on a consolidated basis (including any of their predecessors).

The information set forth in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled “Book-Entry; Delivery and Form,” is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream Banking currently in effect. While the Issuers and the Parent Guarantor accept responsibility for accurately summarizing the information concerning DTC, Euroclear and Clearstream Banking, they accept no further responsibility in respect of such information. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to

the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or any Initial Purchaser.

By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from the Issuers for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set out in this Offering Memorandum since the date of this Offering Memorandum.

The Issuers and the Initial Purchasers reserve the right to reject all or a part of any offer to purchase the Notes, for any reason. The Issuers and the Initial Purchasers also reserve the right to sell less than all of the Notes offered by this Offering Memorandum or to sell to any purchaser less than the amount of the Notes it has offered to purchase.

We are offering the Notes, and the Guarantors are issuing the Guarantees, in reliance on (i) an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering and (ii) a transaction pursuant to Regulation S under the U.S. Securities Act that is not subject to the registration requirements of the U.S. Securities Act. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under “Notice to Investors.” The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. Neither we nor the Initial Purchasers are making any representation to you that the Notes are a legal investment for you.

None of the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission or any other regulatory authority has approved or disapproved of the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary could be a criminal offense in certain countries.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the U.S. Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled “Plan of Distribution” and “Notice to Investors.”

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. See “Notice to Investors,” “Notice to Investors in the European Economic Area” and “Notice to Investors in the United Kingdom.”

In making an investment decision, prospective investors must rely on their own examination of the Issuers, the Guarantors and the terms of this offering, including the merits and risks involved. In addition, none of the Issuers, the Guarantors or the Initial Purchasers or any of our or their respective representatives is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this Offering Memorandum as legal, business or tax

advice. You should consult your own advisers as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; none of the Issuers, the Guarantors or the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Notes, in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering to occur in any jurisdiction.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including in the sections entitled “Description of the Notes” and “Book-Entry; Delivery and Form,” is subject to a change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream Banking currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, Euroclear and Clearstream Banking, we accept no further responsibility in respect of such information.

The Notes will be issued in the form of global notes. See “Book-Entry; Delivery and Form.”

Trademarks, service marks or trade names appearing in this Offering Memorandum are property of their respective owners.

We intend to list the Notes on the Irish Stock Exchange and have the Notes admitted for trading on the Global Exchange Market thereof, and will submit this Offering Memorandum to the competent authority in connection with such listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this Offering Memorandum. We may also be required to update the information in this Offering Memorandum to reflect changes in our business, prospects, financial condition or results of operations. We cannot guarantee that the application we will make to the Irish Stock Exchange for the Notes to be listed and admitted for trading on the Global Exchange Market thereof will be approved as of the Issue Date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining such admission to trading.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Offering Memorandum has been prepared on the basis that any offer of the Notes in any member state of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive (as defined below) from the requirement to publish a prospectus for offers of the Notes. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the relevant member state, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

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

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers nominated by the Issuers for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, *provided* that no such offer of Notes shall require the Issuers, the Guarantors or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Ireland

No action may be taken with respect to the Notes in Ireland otherwise than in conformity with the provisions of (a) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), including, without limitation, Regulations 7 and 152 thereof and any applicable codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998; (b) the Companies Act 2014 (the “Irish Companies Act”), the Central Bank Acts 1942 to 2015 and any code of conduct rules made under Section 117(1) of the Central Bank Act 1989; (c) the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Irish Prospectus Regulations”) and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 or, as applicable, Section 1363 of the Irish Companies Act, by the Central Bank of Ireland; and (d) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse and the European Union (Market Abuse) Regulations 2016 and any rules issued by the Central Bank of Ireland under Section 1370 of the Irish Companies Act. This Offering Memorandum has been prepared on the basis that, to the extent any offer is made in Ireland, any offer of the Notes will be made pursuant to one or more of the exemptions in Regulation 9(1) of the Irish Prospectus Regulations from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in Ireland of the Notes which are the subject of the offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuers, the Guarantors or the Initial Purchasers to publish a prospectus pursuant to Regulation 12 of the Irish Prospectus Regulations or supplement a prospectus pursuant to Regulation 51 of the Irish Prospectus Regulations, in each case, in relation to such offer. None of the Issuers, the Guarantors or the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuers, the Guarantors or the Initial Purchasers to publish or supplement a prospectus for such offer.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

Each Initial Purchaser represents and warrants that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services Markets Act 2000 (the “FSMA”)) received by it in connection with the issuance or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuers and the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets

Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issuance or sale of the Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Recipients of this Offering Memorandum are not permitted to transmit it to any other person. The Notes are not being offered to the public in the United Kingdom.

NOTICE REGARDING SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

MOST OF THE DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUERS AND THE GUARANTORS ARE NON-RESIDENTS OF THE UNITED STATES. ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF SUCH NON RESIDENT PERSONS AND OF THE ISSUERS AND THE GUARANTORS ARE LOCATED OUTSIDE THE UNITED STATES. AS A RESULT, IT MAY NOT BE POSSIBLE FOR INVESTORS TO EFFECT SERVICE OF PROCESS WITHIN THE UNITED STATES UPON SUCH PERSONS OR ARDAGH PACKAGING FINANCE AND CERTAIN OF THE GUARANTORS, OR TO ENFORCE AGAINST THEM IN U.S. COURTS JUDGMENTS OBTAINED IN SUCH COURTS PREDICATED UPON THE CIVIL LIABILITY PROVISIONS OF THE FEDERAL SECURITIES LAWS OF THE UNITED STATES. ARDAGH PACKAGING FINANCE AND THE GUARANTORS HAVE BEEN ADVISED BY COUNSEL THAT THERE IS DOUBT AS TO THE ENFORCEABILITY IN IRELAND IN ORIGINAL ACTIONS, OR IN ACTIONS FOR ENFORCEMENT OF JUDGMENTS OF U.S. COURTS, OF LIABILITIES PREDICATED SOLELY UPON THE SECURITIES LAWS OF THE UNITED STATES.

STABILIZATION

In connection with the offering of the Notes, Citigroup Global Markets Limited (or persons acting on behalf of Citigroup Global Markets Limited) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that Citigroup Global Markets Limited (or persons acting on behalf of Citigroup Global Markets Limited) will undertake any stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Issuers received the proceeds of the issue, or no later than 60 days after the date of the allotment of the Notes, whichever is the earlier. Any stabilization action or over-allotment must be conducted by the stabilizing manager (or persons acting on its behalf) in accordance with all applicable laws and rules. For a description of these activities, see “Plan of Distribution.”

NOTES ON DEFINED TERMS USED IN THIS OFFERING MEMORANDUM

The following terms used in this Offering Memorandum have the meanings assigned to them below:

“Agreed Security Principles”	Has the meaning ascribed to it in the Indenture. See “Description of the Notes.”
“Anchor Glass”	Anchor Glass Container Corporation (formerly Ardagh Glass Inc.), a Delaware corporation.
“Ardagh Finance Holdings”	Ardagh Finance Holdings S.A., a public limited liability company (<i>société anonyme</i>) incorporated and existing under the laws of Luxembourg, having its registered office at 56, rue Charles Martel, L-2134 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 160804.
“Ardagh Group S.A.”	The ultimate holding company of the Group, a public limited liability company (<i>société anonyme</i>) incorporated and existing under the laws of Luxembourg, having its registered office at 56, rue Charles Martel, L-2134 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 53248.
“Ardagh Holdings USA”	Ardagh Holdings USA Inc. (formerly Ardagh MP Holdings USA Inc.), a Delaware corporation, the co-issuer of the Existing Notes and the Notes offered hereby and a co-borrower under the Incremental Facility.
“Ardagh Packaging Finance”	Ardagh Packaging Finance plc, a public limited company incorporated under the laws of Ireland, the co-issuer of the Existing Notes and the Notes offered hereby.
“Ardagh Packaging Holdings” or the “Parent Guarantor”	Ardagh Packaging Holdings Limited, a private limited company incorporated under the laws of Ireland.
“Ball Carve-Out Business”	The beverage can operations of Ball Corporation that we acquired in the Beverage Can Acquisition.
“Bank of America Facility”	The \$200,000,000 loan and security agreement entered into on April 11, 2014, which matures on April 11, 2018.
“Beverage Can Acquisition”	The acquisition by us of the Beverage Can Business on June 30, 2016.
“Beverage Can Business”	The Ball Carve-Out Business and the Rexam Carve-Out Business.
“Change of Control”	Has the meaning ascribed to it in the Indenture. See “Description of the Notes—Purchase of Notes upon a Change of Control.”
“Clearstream Banking”	Clearstream Banking, <i>société anonyme</i> .

“Credit Agreement”	The credit agreement in respect of the Incremental Facility dated as of December 17, 2013.
“DTC”	The Depository Trust Company.
“EU”	European Union.
“EU ETS”	European Union Emissions Trading Scheme.
“euro,” “EUR” or “€”	The euro, the lawful currency of the EU Member States participating in the European Monetary Union.
“Euroclear”	Euroclear Bank SA/NV.
“Existing Indentures”	The indentures governing the Existing Notes.
“Existing Notes”	The Existing Secured Notes and the Existing Senior Notes.
“Existing Secured Notes”	Each of the following jointly issued by Ardagh Packaging Finance and Ardagh Holdings USA: <ul style="list-style-type: none"> • the existing €1,155,000,000 aggregate principal amount of 4.250% First Priority Senior Secured Notes due 2022 that were issued on July 3, 2014 (the “July 2014 Fixed Rate Secured Notes”); • the existing \$1,110,000,000 aggregate principal amount of First Priority Senior Secured Notes due 2019 that were issued on July 3, 2014 (the “July 2014 Floating Rate Secured Notes” and, together with the July 2014 Fixed Rate Secured Notes, the “July 2014 Secured Notes”); • the existing \$1,000,000,000 aggregate principal amount of 4.625% Senior Secured Notes due 2023 that were issued on May 16, 2016 (the “May 2016 Fixed Rate Dollar Secured Notes”); • the existing €440,000,000 aggregate principal amount of 4.125% Senior Secured Notes due 2023 that were issued on May 16, 2016 (the “May 2016 Fixed Rate Euro Secured Notes”); and • the existing \$500,000,000 aggregate principal amount of Senior Secured Floating Rate Notes due 2021 that were issued on May 16, 2016 (the “May 2016 Floating Rate Secured Notes” and, together with the May 2016 Fixed Rate Dollar Secured Notes and the May 2016 Fixed Rate Euro Secured Notes, the “May 2016 Secured Notes”).
“Existing Senior Notes”	Each of the following jointly issued by Ardagh Packaging Finance and Ardagh Holdings USA: <ul style="list-style-type: none"> • the existing \$415,000,000 aggregate principal amount of 6.250% Senior Notes due 2019 that were issued on February 5, 2014 (“2019 Senior Notes”);

- the existing \$415,000,000 aggregate principal amount of 6.750% Senior Notes due 2021 that were issued on February 5, 2014 (“2021 Senior Notes,” and together with the “February 2014 Senior Notes”);
- the existing \$440,000,000 aggregate principal amount of 6.000% Senior Notes due 2021 that were issued on July 3, 2014 (the “July 2014 Senior Notes”);
- the existing €750,000,000 aggregate principal amount of 6.750% Senior Notes due 2024 that were issued on May 16, 2016 (the “May 2016 Euro Senior Notes”); and
- the existing \$1,650,000,000 aggregate principal amount of 7.250% Senior Notes due 2024 that were issued on May 16, 2016 (the “May 2016 Dollar Senior Notes,” and together with the May 2016 Euro Senior Notes, the “May 2016 Senior Notes”).

“FSMA”	Financial Services Markets Act 2000.
“Glass Engineering”	A business unit within Glass Packaging comprising the technology business of Heye International GmbH and Glass Packaging’s mold manufacturing and repair operations.
“Glass Packaging”	The glass container manufacturing businesses of Ardagh as of the date of this Offering Memorandum including Glass Engineering.
“Guarantees”	The Parent Guarantee and the Subsidiary Guarantees.
“Guarantors”	The Parent Guarantor and the Subsidiary Guarantors.
“HSBC Securitization Program”	The trade receivables securitization program entered into by Ardagh Receivables Finance Designated Activity Company (“ARF”), which is a wholly owned subsidiary of Ardagh Packaging International Services Limited, on March 1, 2012 and amended from time to time, under which ARF may (<i>provided</i> that ARF then has at least the required borrowing base) borrow up to €150,000,000 from Regency Assets Designated Activity Company, an issuer of asset-backed commercial paper that is sponsored by HSBC Bank plc, secured on certain trade receivables acquired by ARF from certain European operating subsidiaries of Ardagh Packaging Holdings. The lending commitment from Regency Assets Designated Activity Company matures in December 2019, when all outstanding loans would need to be repaid if the facility is not extended on or before that date.
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union, including interpretations of the International Financial Reporting Interpretations Committee.

“Incremental Facility”	The incremental facilities under the Credit Agreement under which Ardagh Holdings USA and Ardagh Packaging Finance S.A. have borrowed U.S. dollar term loans. See “Description of Other Indebtedness—Incremental Facility.”
“Indenture”	The indenture governing the Notes offered hereby.
“Initial Purchasers”	Citigroup Global Markets Limited, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.
“Intercreditor Agreement”	The intercreditor agreement entered into on December 7, 2010, as amended on February 28, 2011 and as amended and restated on December 17, 2013 and from time to time, among, <i>inter alia</i> , Ardagh Packaging Finance, Ardagh Packaging Holdings and Citibank, N.A., London Branch in its capacity as security agent thereunder and trustee for the Existing Secured Notes. See “Description of Other Indebtedness—Intercreditor Agreement.”
“Issuers”	Ardagh Packaging Finance and Ardagh Holdings USA.
“LIBOR”	The London Interbank Offered Rate.
“Metal Packaging”	The metal packaging business of Ardagh as of the date of this Offering Memorandum.
“OI”	Owens-Illinois, Inc.
“Parent Guarantee”	The guarantee of the Notes on a senior basis by the Parent Guarantor on the Issue Date.
“pounds,” “sterling,” “GBP” or “£” . .	Pounds sterling, the lawful currency of the United Kingdom.
“Principal Paying Agent”	Citibank, N.A., London Branch.
“QIB”	Qualified institutional buyer, as defined in Rule 144A.
“REACH”	Regulations passed by the European Union concerning the Registration, Evaluation, Authorization and Restriction of Chemicals.
“Regulation S”	Regulation S under the U.S. Securities Act.
“Restricted Subsidiary”	See “Description of the Notes—Certain Definitions—Restricted Subsidiary.”
“Rexam Carve-Out Business”	The beverage can operations of Rexam PLC that we acquired in the Beverage Can Acquisition.
“Rule 144A”	Rule 144A under the U.S. Securities Act.
“SEC”	United States Securities and Exchange Commission.
“Subsidiary Guarantees”	The guarantees of the Notes on a senior subordinated basis by the Subsidiary Guarantors on the dates specified in the Indenture.

“Subsidiary Guarantors”	Subject to the Agreed Security Principles, no later than 90 days following the Issue Date, all subsidiaries of the Parent Guarantor (other than the Issuers) that guarantee the Existing Notes.
“Toggle Notes”	The \$770,000,000 aggregate principal amount of 7.125%/7.875% Senior Secured Toggle Notes due 2023 and the €845,000,000 aggregate principal amount of 6.625%/7.375% Senior Secured Toggle Notes due 2023 that were issued by ARD Finance S.A. on September 16, 2016.
“Trustee”	Citibank, N.A., London Branch, in its capacity as trustee for the Notes.
“Unicredit Working Capital and Performance Guarantee Credit Lines”	Two open lines of credit granted to Heye International GmbH from UniCredit Bank AG (formerly known as Bayerische Hypo- und Vereinsbank AG). See “Description of Other Indebtedness—Unicredit Working Capital and Performance Guarantee Credit Lines.”
“United Kingdom” or “UK”	The United Kingdom of Great Britain and Northern Ireland.
“United States” or “U.S.”	The United States of America.
“U.S. dollars,” “USD” or “\$”	The lawful currency of the United States.
“U.S. GAAP”	Generally accepted accounting principles in the United States.
“U.S. GAAS”	Generally accepted auditing standards in the United States.
“U.S. Paying Agent”	Citibank, N.A., New York.
“U.S. Securities Act”	U.S. Securities Act of 1933, as amended.
“VNA Acquisition”	The acquisition by us of Verallia North America on April 11, 2014.
“Yeoman”	Yeoman Capital S.A.

PRESENTATION OF FINANCIAL AND OTHER DATA

Issuers

Ardagh Packaging Finance, the co-issuer of the Notes, is a direct, wholly owned subsidiary of Ardagh Packaging Holdings, the Parent Guarantor. Ardagh Packaging Finance was incorporated and registered in Ireland as a public limited company on September 17, 2010. Ardagh Packaging Finance is a finance company. It is the co-issuer of the Existing Notes and the Notes offered hereby.

Ardagh Holdings USA, the co-issuer of the Notes, is an indirect, wholly owned subsidiary of the Parent Guarantor. Ardagh Holdings USA was incorporated in Delaware on February 20, 2009. It is the co-issuer of the Existing Notes and the Notes offered hereby.

Ardagh Packaging Holdings

Ardagh Packaging Holdings was incorporated and registered in Ireland as a limited liability company on August 5, 2005. Ardagh Packaging Holdings will be the Parent Guarantor of the Notes. In this Offering Memorandum, we present consolidated financial information for Ardagh Packaging Holdings.

Financial Information

This Offering Memorandum includes:

- the audited non-statutory consolidated financial statements of Ardagh Packaging Holdings and its subsidiaries for the financial years ended and as of December 31, 2015, 2014 and 2013 prepared in accordance with IFRS;
- the unaudited consolidated interim financial information of Ardagh Packaging Holdings and its subsidiaries for the nine months ended and as of September 30, 2016 prepared in accordance with IFRS;
- the audited combined financial statements of certain metal beverage packaging operations of Ball Corporation as of December 31, 2015 and 2014 and for each of the three financial years in the period ended December 31, 2015 prepared in accordance with U.S. GAAP (the “Ball Audited Annual Combined Financial Statements”);
- the unaudited combined interim financial statements of certain metal beverage packaging operations of Ball Corporation for the six months ended and as of June 30, 2016 and June 30, 2015 prepared in accordance with U.S. GAAP (the “Ball Interim Combined Financial Statements” and, together with the Ball Audited Annual Combined Financial Statements, the “Ball Combined Financial Statements”);
- the audited combined carve-out financial statements of certain beverage can operations of Rexam PLC for the financial years ended and as of December 31, 2015, 2014 and 2013 prepared in accordance with International Financial Reporting Standards as issued by the IASB (“IASB IFRS”) (the “Rexam Audited Annual Combined Carve-Out Financial Statements”);
- the unaudited combined carve-out financial statements of certain beverage can operations of Rexam PLC for the six months ended and as of June 30, 2016 and June 30, 2015 prepared in accordance with IASB IFRS (the “Rexam Interim Combined Carve-Out Financial Statements” and, together with the Rexam Audited Annual Combined Carve-Out Financial Statements, the “Rexam Combined Carve-Out Financial Statements”); and
- (i) the unaudited condensed combined pro forma income statement information as of and for the year ended December 31, 2015 and for the nine months ended September 30, 2016 for Ardagh Packaging Holdings that gives effect to (a) the Beverage Can Acquisition, the issuance

of the May 2016 Senior Notes and the May 2016 Secured Notes and the use of proceeds therefrom to fund the consideration payable for the Beverage Can Acquisition, to pay fees and expenses related to the foregoing and to redeem all of our then outstanding €475,000,000 9.250% Senior Notes due 2020 and \$920,000,000 9.125% Senior Notes due 2020 (together, the “Beverage Can Transactions”) (b) redemption in full of the principal amount outstanding of the 7.000% Senior Notes due 2020 (\$135 million) (the “2020 Senior Notes Redemption”) and (c) the issuance of the Notes offered hereby and the use of proceeds therefrom to fund the full redemption of the 2019 Senior Notes, the partial redemption of the July 2014 Floating Rate Secured Notes and prepayment penalties (the “Offering Transactions” and, together with the Beverage Can Transactions and the 2020 Senior Notes Redemption, the “Transactions”) (see “Use of Proceeds”) as if they had occurred on January 1, 2015 and (ii) the unaudited pro forma balance sheet as of September 30, 2016 that gives effect to this offering and the 2020 Senior Notes Redemption as if they had occurred on the balance sheet date (collectively, the “Pro Forma Financial Information”).

The financial statements of Ardagh and the Rexam Combined Carve-Out Financial Statements included in this Offering Memorandum have been prepared in accordance with IFRS and IASB IFRS, respectively, in effect as of December 31, 2015, and the Ball Combined Financial Statements have been prepared in accordance with U.S. GAAP in effect as of December 31, 2015. In making an investment decision, you must rely upon your own examination of Ardagh, the terms of the offering of the Notes and the financial information contained in this Offering Memorandum. You should consult your own professional advisers for an understanding of the differences between IFRS, IASB IFRS and U.S. GAAP and how those differences could affect the financial information contained in this Offering Memorandum.

The preparation of financial statements in conformity with IFRS, IASB IFRS and U.S. GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the financial statements.

The consolidated financial statements for Ardagh Packaging Holdings have been prepared based on a calendar year and are presented in euro rounded to the nearest million. The Ball Combined Financial Statements have been prepared based on a calendar year and are presented in U.S. dollars rounded to the nearest million. The Rexam Combined Carve-Out Financial Statements have been prepared based on a calendar year and are presented in pounds sterling rounded to the nearest million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

Unless stated otherwise, debt balances are presented before deducting deferred financing costs.

Ball Combined Financial Statements

The Ball Combined Financial Statements reflect the financial position, results of operations and cash flows of certain metal beverage packaging operations of Ball Corporation in conformity with U.S. GAAP. All significant intercompany transactions and accounts among the carve-out operations have been eliminated. The Ball Combined Financial Statements may not be indicative of the future performance of those operations and may not reflect what the combined results of operations, financial position and cash flows would have been had those operations operated as an independent company during all of the periods presented in part because the metal beverage packaging operations of Ball Corporation reflected in the Ball Combined Financial Statements include certain assets and certain liabilities (namely, certain pension liabilities) that were retained by Ball Corporation and therefore do not comprise part of the Ball Carve-Out Business acquired by us in the Beverage Can Acquisition. The

perimeter of the Ball Combined Financial Statements combines the reporting divisions of Ball Europe and Ball Brazil. Ball Europe represents the total results for the Ball Metal Beverage Packaging, Europe segment, including certain plants and operations not purchased by Ardagh principally the plants in Bierne, France, Belgrade, Serbia and Lublin, Poland. For Ball Brazil, the Ball Combined Financial Statements reflect the plants acquired and the financial information has been included on an “attributed basis” with specific identification of assets/liabilities/revenues and expenses. The Brazilian operations consist of two can plants in Jacarei and Alagoinhas and the regional headquarters in Sao Paulo.

The Ball Combined Financial Statements include: (a) Selling, General & Administrative expenses which were reported within the perimeter of Ball Europe and Ball Brazil; and (b) allocated general corporate expenses. As described in Note 1 to the Ball Audited Annual Combined Financial Statements, Ball headquarters provided certain corporate functions to the business and those costs associated with these functions were allocated to the businesses acquired by Ardagh based on the most relevant allocation, primarily based on relative percentage of revenue, direct time or headcount. The allocation of corporate headquarter costs including the corporate communications, regulatory compliance, treasury, investor relations, corporate controllership, internal audit, Sarbanes-Oxley compliance, information technology, corporate and legal compliance, and insurance functions were allocated based on an assessment of historical level of effort. Significant costs were allocated based on revenue or headcount. Stock-based incentive compensation was allocated/charged on the basis of the specific employees associated with each operation. Additionally, royalty charges for use of trade name and technology were allocated/charged based on net revenue.

For a further description of the accounting principles followed in preparing the Ball Audited Annual Combined Financial Statements, see Note 1 “Description of Business and Basis of Presentation” and Note 2 “Critical and Significant Accounting Policies” to the Ball Audited Annual Combined Financial Statements included elsewhere in this Offering Memorandum.

Rexam Combined Carve-Out Financial Statements

The Rexam Combined Carve-Out Financial Statements reflect certain wholly-owned beverage can operations of Rexam PLC that have not in the past formed a separate accounting group. These businesses do not constitute a separate legal group. The Rexam Audited Annual Combined Carve-Out Financial Statements have been prepared specifically for the purpose of facilitating the divestment of the Rexam Carve-Out Business and on a basis that combines the results and Rexam PLC assets and liabilities of each of the manufacturing plants, warehouses and operations constituting the Rexam Carve-Out Business by applying the principles underlying the consolidation procedures of IFRS 10 ‘*Consolidated Financial Statements*’. The Rexam Combined Carve-Out Financial Statements have been prepared on a carve-out basis in accordance with IASB IFRS from the consolidated financial statements of Rexam PLC and include the assets, liabilities, revenues and expenses that management of Rexam PLC has determined are attributable to the Rexam Carve-Out Business.

The Rexam Combined Carve-Out Financial Statements comprise the specific plants and operations acquired from Rexam PLC. Europe includes two can plants located in Valdemorillo, Spain and Enzesfeld, Austria with eight U.S. facilities acquired comprising: Bishopville, SC; Chicago, IL; Fairfield, CA; Fremont, OH; Olive Branch, MS; Valparaiso, IN; Whitehouse, OH; and Winston-Salem, NC. The Rexam Carve-Out Business also comprises the assets and liabilities of the regional headquarters office in Chicago, IL. Within the plants acquired by Ardagh, certain specific lines and operations remain with the vendor and were not acquired by Ardagh. The carve out approach focused primarily on reporting the net sales, cost of sales, operating expenses and related balance sheet accounts of the individual plants which were acquired by Ardagh.

The Rexam Combined Carve-Out Financial Statements include: (a) Selling, General & Administrative expenses recorded and incurred at a plant level; and (b) various other costs allocated to the plants and operations within the perimeter based on various drivers. Costs have been allocated based on one of three bases, unless specifically attributed being: revenue, headcount, or number of e-mail users. For example, for the Rexam US operations the majority of cost of goods sold, including production costs and distribution costs are recorded on a plant basis. However, selling costs for the Rexam US operations do not relate to specific plants and were allocated to plants using total net sales by plant, total hourly FTEs by plant, and total salary FTEs by plant, depending on the nature of the cost. Other examples include in Rexam Europe where metal costs, other material costs and freight costs were generally attributed to plants based on a detailed bottom up analysis of sales invoices and Rexam Group Head Office operating expenses including investor relations, corporate development, procurement and rental expense which were allocated using revenue.

For a further description of the accounting principles followed in preparing the Rexam Combined Carve-Out Financial Statements, please see Note 1 “Nature of operations and basis of presentation” and Note 3 “Principal accounting policies” to the Rexam Audited Annual Combined Carve-Out Financial Statements included elsewhere in this Offering Memorandum. This basis of preparation sets out the method used in identifying the financial position, performance and cash flows in relation to each of the plants that has been included in Rexam Combined Carve-Out Financial Statements. These notes explain that the businesses included in the Rexam Combined Carve-Out Financial Statements have not operated as a single entity. The Rexam Combined Carve-Out Financial Statements are, therefore, not necessarily indicative of results that would have occurred if the Rexam Carve-Out Business had operated as a single business during the periods presented or of future results of the Rexam Carve-Out Business.

Pro Forma Financial Information

Under IFRS 3, Revised “Business Combinations,” all business combinations should be accounted for by applying the purchase method of accounting. This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities assumed. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The unaudited pro forma combined financial information in respect of the acquisition of the Beverage Can Business is preliminary and will differ from the final acquisition accounting for a number of reasons, including the fact that the estimates of fair values of assets and liabilities acquired are preliminary and subject to change when the formal valuations and other studies are finalized. The differences that will occur between the preliminary estimates and the final acquisition accounting could have a material impact on the unaudited pro forma combined financial information, including the impact on pro forma amortization of intangible assets and depreciation of property, plant and equipment. The differences that will occur between the preliminary estimates and the final acquisition accounting could have a material impact on pro forma combined financial information.

The unaudited pro forma income statement information for the nine months ended September 30, 2016 and for the year ended December 31, 2015 gives effect to the Transactions as if they had occurred on January 1, 2015.

This unaudited pro forma financial information is based on available information and various assumptions that management believe to be reasonable. The actual results may differ significantly from those reflected in the unaudited pro forma financial information for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma combined financial information and actual amounts. The unaudited pro forma financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated

results of operations would have been had the Transactions occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or financial position.

The historical income statement of Ardagh Packaging Holdings and its subsidiaries for the nine months ended September 30, 2016 includes the result of both the Ball Carve-Out Business and the Rexam Carve-Out Business for the post acquisition period from July 1, 2016 to September 30, 2016. The pro forma income statement for the nine months ended September 30, 2016 has been adjusted to include the results of both the Ball Carve-Out Business and the Rexam Carve-Out Business for the six months ended June 30, 2016.

The unaudited pro forma financial information reflects a number of adjustments made to the financial information of the Ball Carve-Out Business and the Rexam Carve-Out Business. The compilation of the unaudited pro forma financial information and the adjustments reflected therein are explained as follows:

- Adjustments have been made to the Ball Combined Financial Statements to eliminate the results of operations and assets and liabilities associated with certain assets (namely, three plants in Europe and certain other ancillary assets) and certain liabilities (namely, certain pension liabilities) that were retained by Ball Corporation and therefore do not comprise part of the Ball Carve-Out Business acquired by us in the Beverage Can Acquisition. The income statement data has been adjusted generally (i) in the case of revenue on the basis of actual sales of the various plants and (ii) in the case of cost items on the basis of allocations, including, for example, on relative sales volumes.
- Adjustments have been made to convert the underlying U.S. GAAP financial information set forth in the Ball Combined Financial Statements to IFRS and in alignment with the IFRS accounting policies of Ardagh. These adjustments are based on management's analysis of the major GAAP and accounting policy differences between Ardagh and the Ball Combined Financial Statements. There can be no assurance that a full IFRS conversion of the financial information set forth in the Ball Combined Financial Statements to IFRS would not result in different numbers, and such differences may be material.
- The underlying financial information of both the Ball Carve-Out Business and the Rexam Carve-Out Business has been adjusted to align the presentation of certain income statement items with the presentation of such financial information in the financial statements of Ardagh. However, the underlying financial information of the Ball Carve-Out Business and the Rexam Carve-Out Business has not been adjusted to fully align the classification of certain income statement items with their treatment in the financial information of Ardagh. Further, an exercise will need to be performed to align the accounting policies of the Ball Carve-Out Business and the Rexam Carve-Out Business with those of Ardagh under IFRS. Adjustments arising from this exercise could also be material.

The basis for the adjustments reflected in the unaudited pro forma financial information and the key assumptions made are explained in the notes to the information accompanying the tables.

The financial information of the Ball Carve-Out Business has been translated by Ardagh from U.S. dollars into euros, and the financial information of the Rexam Carve-Out Business has been translated from pounds sterling into euros. For all income statement items an average rate for the period presented has been used. Based on its review of the historical financial information and understanding of the differences between IFRS, IASB IFRS and U.S. GAAP, Ardagh is not aware of any further material adjustment that it would need to make to the Ball Carve-Out Business's historical financial information or the Rexam Carve-Out Business's historical financial information relating to foreign currency translation.

The summary pro forma financial information set forth below may not be fully compliant with the requirements of Regulation S-X under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) or U.S. GAAP. Neither the adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with International Standards on Auditing (United Kingdom and Ireland) or U.S. GAAS. The summary unaudited pro forma combined financial and other data set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of Ardagh and the Ball Combined Financial Statements and the Rexam Combined Carve-Out Financial Statements, included elsewhere in this Offering Memorandum and “Operating and Financial Review and Prospects.”

Non-IFRS Financial Measures

We present in this Offering Memorandum Adjusted EBITDA and Adjusted EBITDA margin and related ratios, which are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, IFRS and, in relation to the Ball Carve-Out Business, U.S. GAAP. In relation to Ardagh, we define “Adjusted EBITDA” as operating profit before depreciation, amortization, non-exceptional impairment and exceptional operating items, and “Adjusted EBITDA margin” as Adjusted EBITDA divided by revenue. In relation to the Ball Carve-Out Business, we define “Adjusted EBITDA” as earnings before interest and taxes before depreciation and amortization, and “Adjusted EBITDA margin” as Adjusted EBITDA divided by net sales. In relation to the Rexam Carve-Out Business, we define “Adjusted EBITDA” as profit before tax before depreciation, amortization and exceptional items, and “Adjusted EBITDA margin” as Adjusted EBITDA divided by sales. In this Offering Memorandum, we present Adjusted EBITDA, Adjusted EBITDA margin and related ratios for Ardagh Packaging Holdings and its consolidated subsidiaries, the Ball Carve-Out Business and the Rexam Carve-Out Business.

Adjusted EBITDA, Adjusted EBITDA margin and related ratios should not be considered in isolation and are not measures of our financial performance or liquidity under IFRS and should not be considered as an alternative to profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities as a measure of our liquidity as derived in accordance with IFRS. These non-GAAP financial measures do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of our results of operations. In addition, such measures as we define them may not be comparable to other similarly titled measures used by other companies.

Industry and Market Data

Metal Packaging

Given the specialized nature of the metal packaging markets in which Metal Packaging operates, there does not exist a relevant and reliable third-party source of much of the relevant market information presented in this Offering Memorandum. Therefore, estimates provided by Metal Packaging regarding these markets as set forth in this Offering Memorandum, as well as estimated market shares of Metal Packaging or its competitors, are largely based on Metal Packaging’s knowledge of these markets, developed primarily from analysis of public information, third-party reports to the extent available, competitors’ public announcements and regulatory filings and information gathered in the course of acquisitions. The data relating to market sizes, market share and market position are based on the most recent data available. This information has not been confirmed by an independent organization, nor can there be assurance that third parties would arrive at the same results were they to employ different methods for gathering, analyzing and calculating such data. Breakdowns of market shares were established on the basis of Metal Packaging’s consolidated revenues and these data. Market positions and percentage shares are those that Metal Packaging believes it holds in terms of revenues. They are based on industry market sectors on which Metal Packaging’s group business is arranged.

Certain additional information regarding the global packaging industry, generally, and the metal can packaging sector, specifically, has been sourced from Smithers Pira.

Any third-party information described above and included in this Offering Memorandum has been accurately reproduced and as far as we are aware and are able to ascertain from the information published by such third parties, the reproduced information is accurate and no facts have been omitted which would render such information inaccurate or misleading. Market share data is subject to change, however, and such third-party information has been prepared for statistical and other informational purposes, which is limited by the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market share.

Glass Packaging

Throughout this Offering Memorandum, we have used industry and market data obtained from independent industry publications, market research, internal surveys and other publicly available information. In particular, we have obtained information or other statements presented in this Offering Memorandum relating to market share and industry data relating to our business from providers of industry data, including the British Glass Manufacturers Confederation, Fachvereinigung Behälterglasindustrie e.V. (Germany), Forum Opakowan Szklanych (Poland) and the European Container Glass Federation (“FEVE”).

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. We have not independently verified such data. Similarly, while we believe that our internal surveys are reliable, they have not been verified by independent sources and we cannot assure you of their accuracy.

Moreover, information and quantitative statements in this Offering Memorandum regarding our market position relative to our competitors are not based on published statistical data or information obtained from third parties. Rather, such information and statements reflect our best estimates based upon our internal records and surveys, statistics published by providers of industry data, information published by our competitors, and information obtained from trade and business organizations and associations and other sources within the industry in which we operate. We believe that such data are useful in helping investors understand the industry in which we operate and our position within the industry. However, we do not have access to the facts and assumptions underlying the numerical data and other information extracted from publicly available sources and have not independently verified any data provided by third parties or industry or general publications. In addition, while we believe our internal data and surveys to be reliable, such data and surveys have not been verified by any independent sources.

We refer to “Northern Europe” to include collectively Germany, the United Kingdom, Poland, Benelux and the Nordic region. We refer to the “Nordic region” to include collectively Denmark, Finland, Iceland, Norway and Sweden. We refer to “Benelux” to include collectively Belgium, the Netherlands and Luxembourg.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum (including the F-pages and Annexes hereto) includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of the securities laws of certain jurisdictions, including statements under the headings “Summary,” “Risk Factors,” “Operating and Financial Review and Prospects” and “Our 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 “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “potential,” “predict,” “projected,” “should,” “suggests,” “targets,” “will” or “would” or similar expressions or the negatives thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and our actual financial condition, results of operations and cash flows. The development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum.

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, among others:

- our substantial debt;
- failure to comply with financial covenants;
- our ability to generate cash;
- the timing and occurrence of events that are beyond the control of Ardagh and its affiliates;
- restrictions imposed by the Indenture, the Existing Indentures, the HSBC Securitization Program and our credit facilities;
- our ability to integrate the Beverage Can Business and the operations of any other business to be acquired in the future and achieve expected operating efficiencies and cost savings;
- unknown liabilities of the Beverage Can Business;
- the effects of the global economic crisis;
- fluctuations in the demand for our products;
- 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 or metal

packaging manufacturing capacity, competitive pricing pressures, inflation or deflation, and changes in tax rates and laws;

- dependence on certain major customers and suppliers;
- the performance by customers of their obligations under purchase agreements;
- consolidation among competitors and customers;
- the availability and cost of raw materials;
- foreign currency, interest rate, exchange rate and commodity price fluctuations;
- the availability and cost of energy;
- operating hazards and unanticipated interruptions at our manufacturing facilities;
- our inability to make capital investments;
- risks relating to our expansion strategy;
- unanticipated expenditures with respect to environmental, health and safety laws;
- our ability to comply with existing and future regulations relating to materials used in the packaging of goods and beverages;
- claims of injury and illness resulting from materials present or used at our production sites or from our use of these sites or from our products;
- consumer preferences for alternative forms of packaging;
- labor strikes or work stoppages;
- fluctuations in raw material and labor costs;
- failure of control measures and systems;
- insufficient insurance coverage;
- failure to retain senior management and qualified staff;
- control exerted by a significant shareholder; and
- factors that are not known by us or considered by us to be material at this time.

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 this Offering Memorandum or to reflect the occurrence of unanticipated events, other than as required by law.

The foregoing factors and others described under “Risk Factors” should not be construed as exhaustive. There are other factors that may cause our actual results to differ materially from the forward-looking statements contained in this Offering Memorandum. Moreover, new risks emerge from time to time and it is not possible for us to predict all such risks. We cannot assess the impact of all risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. We urge you to read the sections of this Offering Memorandum entitled “Risk Factors,” “Operating and Financial Review and Prospects” and “Our Business” for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

The forward-looking statements are based on plans, estimates and projections as they are currently available to our management, and we undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum.

EXCHANGE RATES

The Bloomberg Composite Rate is a “best market” calculation. At any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications, while the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate.

The average rate for a year means the average of the closing Bloomberg Composite Rate on each business day during a year. The average rate for a month, or for any shorter period, means the average of the closing Bloomberg Composite Rate of each business day during that month, or during any shorter period, as the case may be.

Unless otherwise specified herein, all U.S. dollar amounts have been translated into euro at an exchange rate of €1.00=\$1.1161, the exchange rate used in preparing Ardagh’s balance sheet on September 30, 2016.

The table below sets forth the period end, average, high and low Bloomberg Composite Rate for U.S. dollars, expressed in U.S. dollars per euro, for the years indicated.

<u>Year ended December 31,</u>	<u>U.S. dollars per euro⁽¹⁾</u>			
	<u>Period Ending</u>	<u>Average⁽²⁾</u>	<u>High</u>	<u>Low</u>
2012	1.3197	1.2911	1.3463	1.2053
2013	1.3789	1.3300	1.3804	1.2772
2014	1.2100	1.3209	1.3925	1.2100
2015	1.0866	1.1032	1.2010	1.0492
2016	1.0547	1.1034	1.1527	1.0384

(1) Source: Bloomberg.

(2) The average of buying rates for U.S. dollars on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates for U.S. dollars, expressed in U.S. dollars per €1.00, for each of the six months prior to the date of this Offering Memorandum.

<u>Month</u>	<u>U.S. dollars per euro⁽¹⁾</u>		
	<u>Period Ending</u>	<u>High</u>	<u>Low</u>
July 2016	1.1157	1.1157	1.0967
August 2016	1.1158	1.1330	1.1077
September 2016	1.1228	1.1254	1.1153
October 2016	1.0963	1.1218	1.0874
November 2016	1.0599	1.1115	1.0555
December 2016	1.0547	1.0767	1.0384
January 2017 (through January 18, 2017)	1.0603	1.0699	1.0427

(1) Source: Bloomberg.

The U.S. dollar per euro exchange rate on January 18, 2017 was \$1.0603 = €1.00.

The table below sets forth the period end, average, high and low Bloomberg Composite Rate for pound sterling, expressed in pound sterling per euro, for the years indicated.

<u>Year ended December 31,</u>	<u>Pound sterling per euro⁽¹⁾</u>			
	<u>Period Ending</u>	<u>Average⁽²⁾</u>	<u>High</u>	<u>Low</u>
2012	0.8126	0.8107	0.8483	0.7775
2013	0.8323	0.8494	0.8748	0.8114
2014	0.7766	0.8023	0.8396	0.7766
2015	0.7375	0.7237	0.7860	0.6947
2016	0.8545	0.8230	0.9105	0.7329

(1) Source: Bloomberg.

(2) The average of buying rates for pound sterling on the last business day of each month during the applicable period.

The table below sets forth the period end, high and low exchange rates for pound sterling, expressed in pound sterling per €1.00, for each of the six months prior to the date of this Offering Memorandum.

<u>Month</u>	<u>Pound sterling per euro⁽¹⁾</u>		
	<u>Period Ending</u>	<u>High</u>	<u>Low</u>
July 2016	0.8434	0.8575	0.8333
August 2016	0.8491	0.8685	0.8384
September 2016	0.8656	0.8671	0.8375
October 2016	0.8966	0.9105	0.8727
November 2016	0.8481	0.9036	0.8471
December 2016	0.8545	0.8566	0.8358
January 2017 (through January 18, 2017)	0.8678	0.8787	0.8502

(1) Source: Bloomberg.

The pound sterling per euro exchange rate on January 18, 2017 was £0.8678 = €1.00.

Our inclusion of such translations is not meant to suggest that the U.S. dollar or pound sterling amounts actually represent such euro amounts or that such amounts could have been converted into euro at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see “Operating and Financial Review and Prospects.” We did not use the rates listed above in the preparation of our financial statements or those of the Ball Carve-Out Business or the Rexam Carve-Out Business.

SUMMARY

The following summary highlights selected information from this Offering Memorandum and does not contain all the information that you should consider before investing in the Notes. This Offering Memorandum contains specific terms of the Notes, as well as information about Ardagh's business and detailed financial data. You should read this Offering Memorandum in its entirety, including the "Risk Factors" section, Ardagh's and the Beverage Can Business's non-statutory consolidated financial statements and the notes to those statements. In addition, certain statements include forward-looking information that involves risks and uncertainties. See "Forward-Looking Statements."

In respect of historical financial information in this Offering Memorandum, all references to "we," "us" or "our" are to Ardagh Packaging Holdings and its subsidiaries on a consolidated basis. With the exception of the balance sheet data as of September 30, 2016, historical financial information of Ardagh included in this Offering Memorandum does not include the results of the Beverage Can Business, unless the context indicates otherwise. The operating information presented in this Offering Memorandum includes the Beverage Can Business, unless the context requires otherwise. For more information on the Beverage Can Business, see the financial data of the Ball Carve-Out Business and the Rexam Carve-Out Business included elsewhere in this Offering Memorandum.

Our Company

We are a leading supplier of innovative, value-added rigid packaging solutions. Our products include metal and glass containers primarily for food and beverage markets, which are characterized by stable, consumer-driven demand. Our end-use categories include beer, wine, spirits, carbonated soft drinks ("CSDs"), energy drinks, juices and flavored waters, as well as food, seafood and nutrition. We also supply the paints & coatings, chemicals, personal care, pharmaceuticals and general household end-use categories. Our customers include a wide variety of leading consumer product companies which value our packaging products for their features, convenience and quality, as well as the end-user appeal they offer through design, innovation, functionality, premium association and brand promotion. With our significant invested capital base, extensive technological capabilities and manufacturing know-how, we believe we are well-positioned to continue to meet the dynamic needs of our global customers. We have mainly built the Group through strategic acquisitions and have established leadership positions in large, attractive markets in beverage cans, food and specialty cans and glass containers. Approximately 95% of our revenue is derived from end-use categories where we believe we hold #1, #2 or #3 positions.

We serve over 2,000 customers across more than 80 countries, comprised of multi-national companies, large national and regional companies and small local businesses. In our target regions of Europe, North America and Brazil, our customers include a wide variety of Consumer Packaged Goods companies ("CPGs"), which own some of the best known brands in the world. We have a stable customer base with long-standing relationships, including an average tenure of over 30 years with our ten largest customers. Approximately two-thirds of our sales are generated under multi-year contracts, with the remainder largely subject to annual arrangements. A significant portion of our sales volumes are supplied under contracts which include input cost pass-through provisions, which help us deliver consistent margins.

We operate 109 production facilities in 22 countries and employ approximately 23,500 personnel. Our plant network includes 74 metal production facilities and 35 glass production facilities. Our plants are generally located in close proximity to our customers, with some located on-site or near-site to our customers' filling locations. Certain facilities may also be dedicated to end-use categories, enhancing product-specific expertise and generating benefits of scale and production efficiency. Significant capital has been invested in our extensive network of long-lived production facilities, which, together with our skilled workforce and related manufacturing process know-how, supports our competitive positions.

We are committed to market-leading innovation and product development and maintain dedicated innovation, development and engineering centers in France, Germany, and the U.S. to support these efforts. These facilities focus on three main areas: (i) innovations that provide enhanced product design, differentiation and user friendliness for our customers and end-use consumers; (ii) innovations that reduce input costs to generate cost savings for both our customers and us (downgauging and lightweighting); and (iii) developments to meet evolving product safety standards and regulations. Further, our subsidiary, Heye International GmbH, is a leading provider of engineering solutions to the glass container industry globally, with significant proprietary know-how and expertise. We also have significant in-house mold-manufacturing expertise in Europe and the United States.

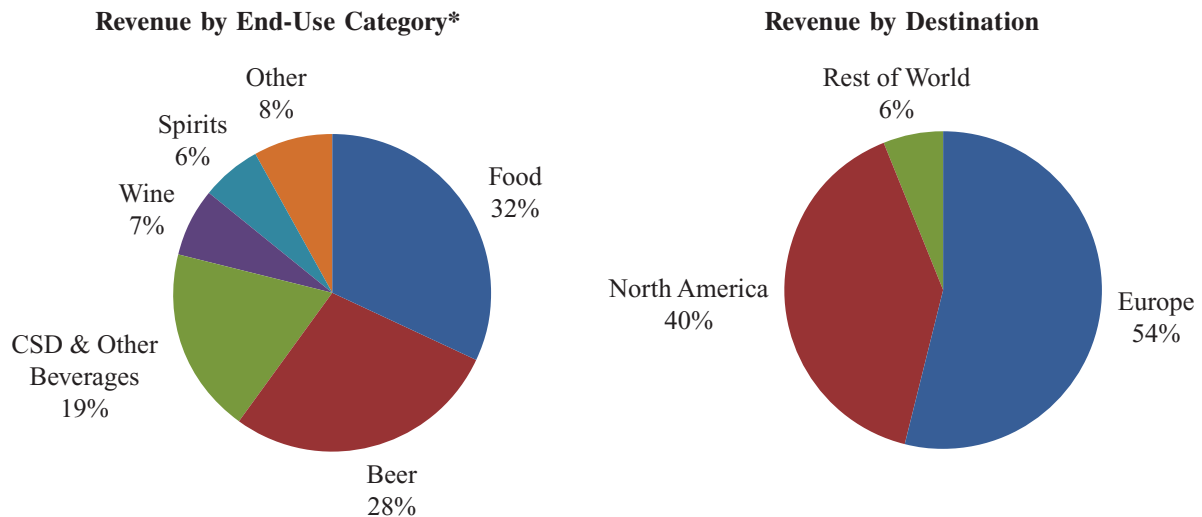
Our leading global positions have been established through acquisitions, with 23 successful acquisitions completed over the past 18 years. Most recently, on June 30, 2016, we completed the Beverage Can Acquisition, comprising 22 beverage can production facilities in Europe, North America and Brazil which, on a combined basis, we believe is the third largest beverage can business globally. Our beverage can operations are particularly well-positioned in the faster-growing specialty, or non-standard sized, product category, which represented 36% of total beverage can unit volume for the nine months ended September 30, 2016.

In addition to organic and acquisitive growth initiatives, we have also expanded our footprint through strategic investments in new capacity. For example, in 2014 we completed a glass furnace investment in the United Kingdom, supported by a long-term contract with a large European customer. In 2015, we completed an investment of approximately \$220 million in two new can-making facilities in Roanoke, Virginia and Reno, Nevada, as well as a significant expansion of our Conklin, New York, ends plant. The two new facilities incorporate high-output drawn and wall ironed (“DWI”) technology to manufacture two-piece cans, as well as three-piece cans, and the total investment across the three facilities has positioned us to meet substantially all of the U.S. food can requirements of a major U.S. customer pursuant to a long-term contract. These initiatives, as well as other acquisitions and investments over many years, in existing and adjacent end-use categories, have increased our scale and diversification and provided opportunities to grow our business with both existing and new customers.

Our pro forma revenue and Adjusted EBITDA[†] for the nine months ended September 30, 2016 were €5,820 million and €1,027 million, respectively. Our pro forma revenue and our Adjusted EBITDA[†] for the year ended December 31, 2015 were €7,908 million and €1,287 million, respectively.

[†] For the definition of Adjusted EBITDA and the reconciliation of profit/(loss) for the period and pro forma net loss to Adjusted EBITDA and pro forma Adjusted EBITDA, see “—Summary Consolidated Financial and Other Data”

The following charts illustrate the breakdown of our pro forma revenue by end-use category and by destination for the year ended December 31, 2015:

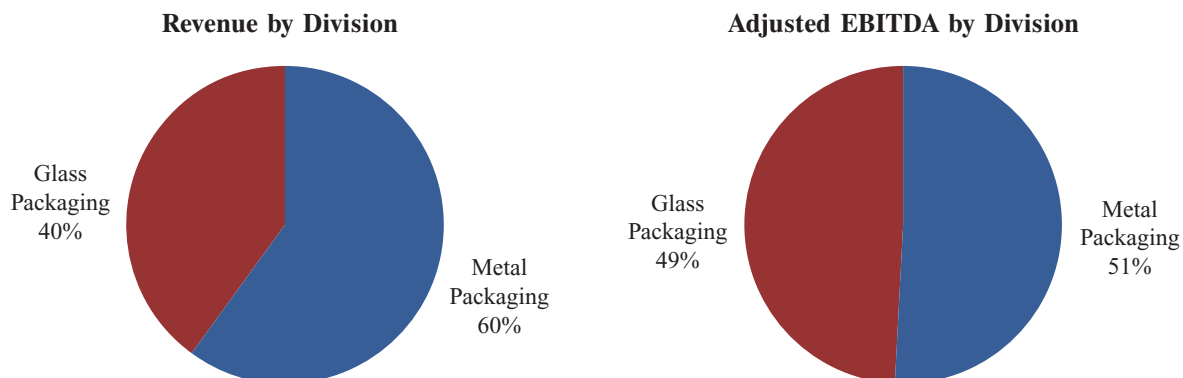


* Based on Company estimates.

Our Divisions

The Group was founded in 1932 in Dublin, Ireland, as the Irish Glass Bottle Company. The company operated a single glass plant in Dublin, largely serving a domestic beverage and food customer base until 1998, when Yeoman International, led by the current Chairman and major shareholder, Paul Coulson, took an initial stake in the Group. Since 1999, we have played a major role in the consolidation of the global metal and glass packaging industries, completing 23 acquisitions and significantly increasing our scope, scale and geographic presence. Major acquisitions over the past 18 years have included: the acquisition in 1999 of Rockware Glass Limited from Owens-Illinois, Inc., which established the Group as the leading glass packaging producer in the UK and Ireland; the acquisition in 2007 of the European glass packaging business of Rexam PLC, which expanded our glass packaging business and broadened our presence in Continental Europe; the acquisition in 2010 of Impress Group, which diversified our presence into metal packaging; the VNA Acquisition in 2014, which expanded our glass packaging business in North America and most recently, the Beverage Can Acquisition in 2016, which broadened our metal packaging business into beverage cans.

Today, we manage our business in two divisions, Metal Packaging and Glass Packaging. The following charts illustrate the breakdown of our pro forma revenue and pro forma Adjusted EBITDA for the nine months ended September 30, 2016:



Metal Packaging

We are a leading supplier of innovative, value-added metal packaging for the consumer products industry. We currently supply a broad range of products, including aluminum and steel beverage cans, two-piece aluminum, two-piece tinplate and three-piece tinplate food and specialty cans, and a wide range of can ends, including easy-open and peelable ends. Many of our products feature high-quality printed graphics, customized sizes and shapes or other innovative designs. Our products provide functionality and differentiation and enhance our customers' brands on the shelf. In combination with efficient manufacturing and high service levels, this overall value proposition enables us to achieve margins in Metal Packaging that compare well with other large competitors in the sector.

On a pro forma basis, revenue and Adjusted EBITDA for Metal Packaging for the twelve months ended September 30, 2016 would have been 60% and 51% of Ardagh revenue and Adjusted EBITDA, respectively.

Glass Packaging

We manufacture both proprietary and non-proprietary glass containers for a variety of end-use categories, mainly food and beverage. Our proprietary products are customized to the exact specifications of our customers and play an important role in their branding strategies. Our non-proprietary products deliver consistent performance and product differentiation through value-added decoration, including embossing, coating, printing and pressure-sensitive labeling. Our product offerings and continuing focus on operational excellence have enabled us to meet and exceed our customers' requirements and consistently generate margins in Glass Packaging that compare well with other large competitors in the sector.

On a pro forma basis, revenue and Adjusted EBITDA for Glass Packaging for the twelve months ended September 30, 2016 would have been 40% and 49% of Ardagh revenue and Adjusted EBITDA, respectively.

We are organized into four operating and reportable segments, Europe and Americas in Metal Packaging, and Europe and North America in Glass Packaging. Adjusted EBITDA is the performance measure used to manage and assess performance of our reportable segments.

Financial Information by Division and Geographic Segment
Pro Forma Nine Months Ended September 30, 2016

	Metal Packaging		Glass Packaging	
	<u>Europe</u>	<u>Americas</u>	<u>Europe</u>	<u>North America</u>
	(in € millions)			
Revenue	2,257	1,244	1,053	1,266
<i>% of Total</i>	<i>39%</i>	<i>21%</i>	<i>18%</i>	<i>22%</i>
Adjusted EBITDA	372	153	230	272
<i>% Margin</i>	<i>16.5%</i>	<i>12.3%</i>	<i>21.8%</i>	<i>21.5%</i>

Our Principal End-Use Categories and Products

	Metal Packaging		Glass Packaging	
Principal End-Use Categories	<ul style="list-style-type: none"> • Beer • CSD • Energy Drinks • Juice • Flavored Water 	<ul style="list-style-type: none"> • Food • Seafood • Nutrition • Paints & Coatings • Personal Care • General Household 	<ul style="list-style-type: none"> • Beer • Wine • Spirits • CSD • Non-alcoholic Beverages 	<ul style="list-style-type: none"> • Food • Pharmaceuticals • Chemicals • General Household

Product Examples



Our Competitive Strengths

We believe a number of competitive strengths differentiate us from our competitors, including:

- **Leader in Rigid Packaging.** We believe we are one of the leading suppliers of metal and glass packaging solutions, capable of supplying multi-national CPGs, in our target markets.

We believe that we are the #2 supplier of metal cans by value (meaning total revenue derived from supplying to specific end-markets and end-use categories) in the European beverage can and food can end-use categories, the #1 supplier of metal cans by value in the European seafood, aerosols, paints & coatings and nutrition end-use categories and the #1 supplier of metal cans by value in the North American seafood end-use category. In addition, we believe that we are the #3 supplier of beverage cans by value in the United States and Brazil.

We believe that we are the #2 supplier of glass packaging by value globally. In the United States, we believe we are the #2 supplier of glass packaging by value, serving the beer, food, wine, spirits and non-alcoholic beverage sectors. In addition, we believe we are the #3 supplier of glass packaging by value in Europe and the #1 supplier by value in Northern Europe, serving the beer, food, wine, spirits, non-alcoholic beverage and pharmaceutical end-use categories.

We believe the combination of our extensive footprint, proximity to customers, efficient manufacturing and high level of customer service underpins our leading positions.

- **Long-term relationships with diverse blue-chip customer base.** We supply some of the world's best-known brands with innovative packaging solutions, and have been recognized with numerous industry awards. We have long-standing relationships with many of our major customers, which include leading multinational consumer products companies, large national and regional food and beverage companies, as well as numerous local companies. Some of our major customers include AB InBev, Akzo Nobel, Bacardi, Bonduelle, Britvic, Coca-Cola, ConAgra Foods, Constellation Brands, Diageo, Heineken, The Kraft Heinz Company, Monster Beverage, Nestlé, Pernod Ricard, Procter & Gamble, JM Smucker and Unilever. Approximately two-thirds of our revenues are derived from multi-year contracts of between two and ten years, most of which include input cost pass-through provisions. The average length of our relationship with our top 10 customers is over 30 years.
- **Focus on stable markets.** We derive over 90% of our revenues in Europe and North America, mature markets characterized by predictable consumer spending, stable supply and demand and low cyclicity. Furthermore, over 90% of our revenues are generated from the stable food and beverage end-use categories, including fruit, vegetables, soups, sauces, seafood, pet food, beer, wine, spirits and non-alcoholic beverages. In addition, in some of our end-use categories, we serve customers in high-growth categories, such as premium spirits, where customers value premium glass packaging, or powdered infant formula, where demand is driven by emerging market growth.
- **Well-invested asset base with significant scale and operational excellence.** We believe we have one of the most extensive plant networks in the rigid packaging industry. We operate 109 strategically-located production facilities in 22 countries, enabling us to efficiently serve our customers with high quality and innovative products and services across multiple geographies. Our asset base is well-invested, with approximately €1.3 billion invested in capital expenditure in the five years ended December 31, 2015. We pursue continuous improvement in our facilities by applying Lean Manufacturing techniques ("Lean"). To supplement our Lean initiatives and promote a culture of consistently pursuing excellence, we formed our Operational Support Group in Metal Packaging, Operational Excellence Group and Central Technical Services group in Glass Packaging to standardize and share best practices across our network of plants. We believe the total value proposition we offer our customers, in the form of geographic reach,

customer service, product quality, reliability, and innovation, will enable us to continue to drive growth and profitability.

- **Technical leadership and innovation.** We have advanced technical and manufacturing capabilities in both metal and glass packaging, including innovation, development and engineering centers in France, Germany and the United States. In addition, our subsidiary, Heye International, is a leading provider of engineering solutions to the glass container industry globally, with significant proprietary know-how and expertise. We also have significant in-house mold-manufacturing expertise in Europe and the United States. We continually seek to improve the quality of our products and processes, through focused investment in new technology. These capabilities have enabled us to develop a pipeline of product and process innovations to meet the dynamic needs of our customers. Our innovations have also been recognized with numerous industry awards and accreditations. We have significant expertise in the production of value-added metal packaging, both aluminum and tinplate, with features such as high-quality graphic designs, a wide range of shapes and sizes and convenience features, such as easy-open ends and Easy Peel® and Easip® peelable lids, and introduced lightweight aluminum cans. In Glass Packaging, our focus has been on product development, process improvement and cost reduction, which has resulted in progressive advances such as container lightweighting and the increased use of cullet (recycled glass) in the production process. This has delivered significant environmental benefits by reducing the use of raw materials and energy.
- **Highly contracted revenue base.** Approximately two-thirds of our sales are made pursuant to multi-year contracts, with the remainder largely pursuant to annual arrangements. A significant proportion of our sales volumes are supplied under contracts which include mechanisms that help to protect us from earnings volatility related to input costs. Specifically, such arrangements include (i) multi-year contracts that include input cost pass-through and/or margin maintenance provisions and (ii) one-year contracts that allow us to negotiate pricing levels for our products on an annual basis at the same time that we determine our input costs for the relevant year.
- **Attractive growth through acquisitions and strong operating cash flow[†] generation.** In 1998, under Irish GAAP, our revenue and Adjusted EBITDA were €51 million and €10 million, respectively. In 2015, under IFRS on a pro forma basis, our revenue and Adjusted EBITDA have grown to €7,908 million and €1,287 million, respectively. We also believe we maintain attractive margins and generate significant operating cash flow. For the year ended December 31, 2015, our pro forma Adjusted EBITDA margin was 16.3%, and our operating cash flow was €823 million. We believe we can continue to maintain attractive margins and grow operating cash flow through business mix optimization, growth with new and existing customers, efficiency gains, cost reduction, working capital optimization and disciplined capital allocation.
- **Proven track record of successful acquisitions and business optimization.** We have grown through a series of acquisitions, some of which significantly increased the size and scope of the Group and the breadth of our product offering. We have successfully integrated these acquired businesses and realized or exceeded targeted cost synergies, including \$60 million in cost synergies announced in conjunction with the VNA Acquisition in 2014. Through the Beverage Can Acquisition, we are targeting operating cost synergies of at least \$50 million by December 2018, with projected one-time costs of approximately \$20 million to achieve these synergies, although we cannot give any assurances that such synergies will be achieved. We believe we can continue to create value for shareholders through acquisitions, business optimization and synergy realization.
- **Experienced management team with a proven track record and high degree of shareholder alignment.** We believe our management team is highly experienced, with an average of more

[†] We define operating cash flow as Adjusted EBITDA less capital expenditures.

than 15 years of experience in the consumer packaging industry. The members of our senior management team have demonstrated their ability to manage costs, adapt to changing market conditions, undertake strategic investments and acquire and integrate new businesses, thereby driving significant value creation. Our board of directors, led by our Chairman Mr. Paul Coulson, has a high degree of indirect ownership in our Company, which we believe promotes efficient capital allocation decisions and results in strong shareholder alignment and commitment to further shareholder value creation.

Our Business Strategy

Historically, we have created significant shareholder value by acquiring businesses and integrating them to realize synergies and enhance profitability, which, when combined with the application of our operational excellence and best practice initiatives, has enabled us to generate strong growth in revenues and Adjusted EBITDA since 1998. Our principal objectives are to increase our value through margin enhancement, cash flow generation, strategic capital investments and selective acquisitions. We will continue to pursue these objectives through the following strategies:

- ***Grow Adjusted EBITDA and operating cash flow.*** We will seek to leverage our extensive footprint, proximity to customers, efficient manufacturing and high level of customer service to grow revenue with new and existing customers, improve our productivity, and reduce our costs. To increase Adjusted EBITDA, we will continue to take decisive actions with respect to our assets and invest in our business, in line with our stringent investment criteria. To increase operating cash flow, we will continue to actively manage our working capital and capital expenditures.
- ***Enhance product mix and profitability.*** We have enhanced our product mix over the years by replacing lower margin business with higher margin business. For example, we grew our presence in end-use categories such as spirits, invested in our specialty beverage can capacity, expanded our DWI and two-piece food can production capacity and increased our specialty nutrition can capacity. We will continue to develop long-term partnerships with our global customers and selectively pursue opportunities with existing and new customers that will grow our business and enhance our overall profitability.
- ***Apply leading process technology and technical expertise.*** Our goal is to be the most profitable producer earning the highest returns on capital in the rigid packaging industry. We plan to achieve this with an attractive and well-balanced business mix, combined with a low cost base, Lean manufacturing, strong technological expertise and a highly motivated workforce. We intend to increase productivity through the deployment of leading technology (including our internal engineering, innovation and design capabilities), and continued development and dissemination of best practices and know-how across our operations.
- ***Emphasize operational excellence and optimize manufacturing base.*** In managing our businesses, we seek to improve our efficiency, control costs and preserve and expand our margins. We have consistently reduced total costs through implementing operational efficiencies, streamlining our manufacturing base and investing in advanced technology to enhance our production capacity. We will continue to take actions to reduce costs by optimizing our manufacturing footprint, including through further investment in advanced technology.
- ***Successfully integrate the Beverage Can Acquisition.*** We have successfully acquired and integrated a significant number of businesses over the past 18 years. We have proven our ability to create value through integrating acquisitions with our existing operations, for example in connection with the VNA Acquisition in 2014, where we have achieved operating and administrative cost synergies of \$60 million announced at the time of the acquisition. We believe we will continue to be effective in integrating our acquisitions and we believe we will achieve at least \$50 million of

synergies from the recent Beverage Can Acquisition by December 2018, although we cannot give any assurances that such synergies will be achieved.

- ***Carefully evaluate and pursue strategic opportunities.*** We have achieved our current market positions by selectively pursuing strategic opportunities. Although our near-term focus is primarily on de-leveraging our Company, we will continue to evaluate opportunities in line with our objectives, which include the realization of attractive returns on investment and operating cash flow generation. We believe there are still significant opportunities for further growth by acquisition and we may selectively explore acquisition opportunities, in line with our stringent investment criteria and focus on enhancing shareholder value. Our acquisition criteria include (i) attractive bolt-on acquisitions in existing markets, (ii) acquisitions that allow us access to critical technology, and (iii) new platform acquisitions that have scale positions and an attractive financial profile.

Recent Developments

Based on unaudited management information, for the fourth quarter of 2016 Ardagh expects a marginal decline in revenue compared to the same period in 2015 on a pro forma basis. Excluding currency effects, revenue for the quarter is expected to be in line with pro forma revenue for the same period last year.

Adjusted EBITDA for the fourth quarter is expected to increase by a mid-single digit percentage compared with the same period last year, on a pro forma basis. On a constant currency basis, Adjusted EBITDA for the fourth quarter is expected to increase by a mid to high single digit percentage compared with the same period last year, resulting in Adjusted EBITDA for the year being slightly ahead of the guidance provided in the Group's third quarter earnings call.

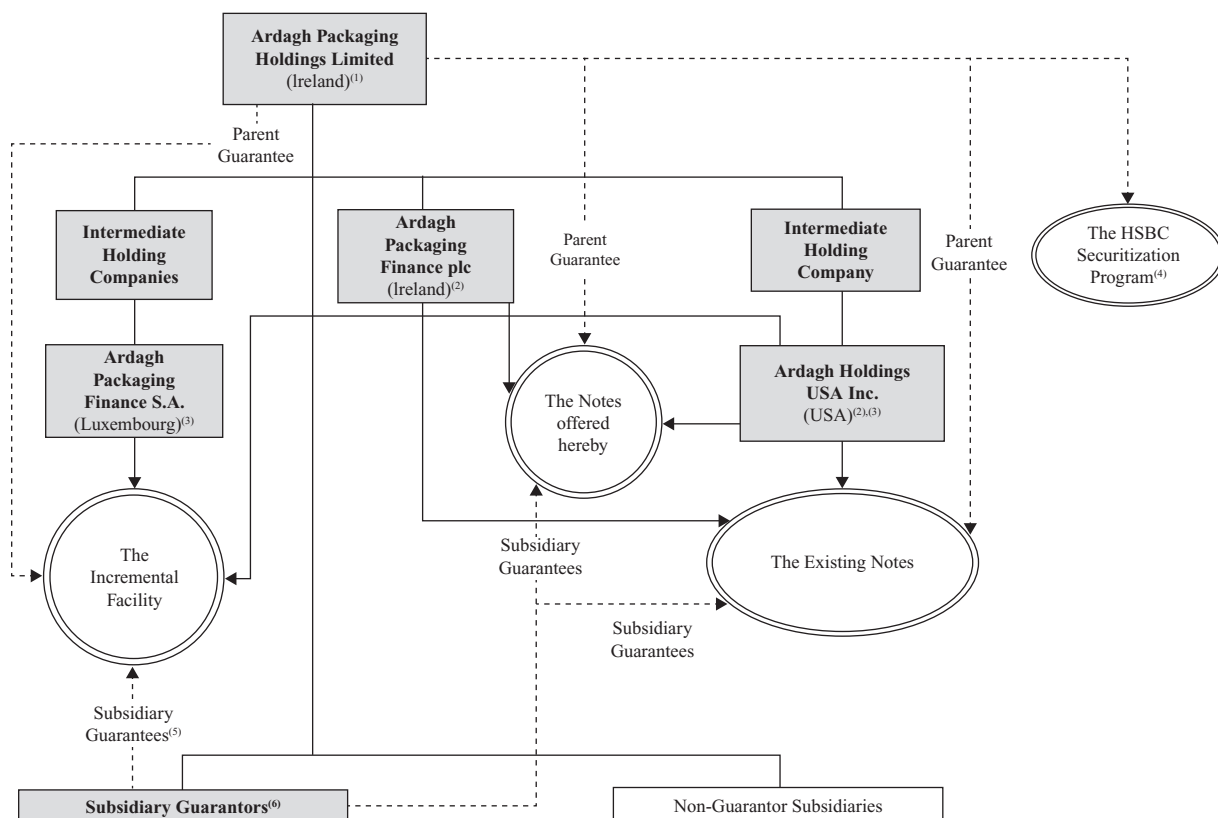
The Issuers

Ardagh Packaging Finance is incorporated in Ireland under registration number 489258. Its registered office is at Ardagh House, South County Business Park, Leopardstown, Dublin 18, D18 PX68, Ireland. Its telephone number is +353 1 568 2000.

Ardagh Holdings USA is incorporated in Delaware under registration number 4657855. Its registered office is maintained at The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States. Its telephone number is +1 412 429 5290.

CORPORATE AND FINANCING STRUCTURE

The following diagram shows a simplified summary of the corporate and financing structure of the Group and its subsidiaries following the Transactions. See “Use of Proceeds.” For a summary of the material financing arrangements identified in this diagram, see “Description of Other Indebtedness” and “Description of the Notes.”



The Notes will be guaranteed on a senior basis by the Parent Guarantor and on a senior subordinated basis by the Subsidiary Guarantors.

- (1) ARD Finance S.A., an indirect parent company of Ardagh Packaging Holdings, is the issuer of \$770,000,000 and €845,000,000 aggregate principal amount of Toggle Notes.
- (2) Ardagh Packaging Finance and Ardagh Holdings USA are co-issuers of the Existing Notes and will be the co-issuers, jointly and severally, of the Notes offered hereby. See “Use of Proceeds.”
- (3) Ardagh Packaging Finance S.A. and Ardagh Holdings USA are co-borrowers under the Incremental Facility. Ardagh Packaging Finance S.A. has guaranteed the payment of all amounts under the Existing Notes and will guarantee the payment of all amounts under the Notes offered hereby.
- (4) For a summary of the working capital facilities available to Ardagh Packaging Holdings and its subsidiaries, see “Operating and Financial Review and Prospects” and “Description of Other Indebtedness.”
- (5) As of the Issue Date, certain of the Subsidiary Guarantors have provided guarantees of the Incremental Facility.
- (6) The Subsidiary Guarantors would have accounted for more than 80% of the aggregate total assets, total revenues and Adjusted EBITDA of the Group as of and for the twelve months ended September 30, 2016 on a pro forma basis after giving effect to the Offering.

As of September 30, 2016, on a pro forma basis, after giving effect to the Transactions, we would have had on a consolidated basis total debt of €7,675 million and total retirement benefit obligations of €1,109 million. See “Unaudited Condensed Combined Pro Forma Financial Information.”

THE OFFERING

The following summary contains basic information about the Notes. It may not contain all the information that is important to you. For a more complete understanding of the Notes, see the section of this Offering Memorandum entitled “Description of the Notes” and particularly those subsections to which we have referred you. Terms used in this summary and not otherwise defined have the meanings given to them in “Description of the Notes,” as applicable. References in this section to “we” are to the Issuers.

Issuers	Ardagh Packaging Finance and Ardagh Holdings USA.
Notes Offered	\$1,000,000,000 aggregate principal amount of Notes.
Maturity	, 2025.
Interest	% per annum, payable semi-annually in arrears on each and , beginning on , 2017. Interest on the Notes will accrue from the Issue Date.
Guarantees	<p>On the Issue Date, the Notes will be guaranteed on a senior basis by the Parent Guarantor. Subject to the Agreed Security Principles, on the dates specified in the Indenture, the Parent Guarantor shall be required to ensure that the Notes are guaranteed on a senior subordinated basis by the Subsidiary Guarantors.</p> <p>The Subsidiary Guarantors would have accounted for more than 80% of the aggregate total assets, total revenues and Adjusted EBITDA of the Group as of and for the twelve months ended September 30, 2016 on a pro forma basis after giving effect to the Offering.</p>
Denomination	The Notes will be issued in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof.
Ranking	<p>The Notes will be general obligations of the Issuers and:</p> <ul style="list-style-type: none"> • rank equally in right of payment with all existing and future unsecured indebtedness of each Issuer that is not subordinated in right of payment to the Notes; • rank senior in right of payment to any and all of the existing and future indebtedness of each Issuer that is subordinated in right of payment to the Notes; and • be effectively subordinated to any secured indebtedness of each Issuer to the extent of the value of the assets securing such debt. <p>The Parent Guarantee of the Parent Guarantor will be the general unsecured obligation of the Parent Guarantor and will:</p> <ul style="list-style-type: none"> • rank equally in right of payment with all existing and future indebtedness of the Parent Guarantor that is not subordinated in right of payment to the Parent Guarantee of the Parent Guarantor; • rank senior in right of payment to any and all of the existing and future indebtedness of the Parent Guarantor that is subordinated in right of payment to the Parent Guarantee of the Parent Guarantor;

- be effectively subordinated to all existing and future indebtedness of any of the Parent Guarantor's subsidiaries that do not guarantee the Notes; and
- not be subject to the restrictions on enforcement applicable to each Subsidiary Guarantee of the Subsidiary Guarantors.

Each Subsidiary Guarantee will be the general unsecured obligation of such Subsidiary Guarantor and will:

- be subordinated in right of payment to any existing or future senior indebtedness of such Subsidiary Guarantor, including, without limitation, its obligations as borrower or guarantor under the Incremental Facility and the Existing Secured Notes;
- rank equally in right of payment with all existing and future indebtedness of such Subsidiary Guarantor that is not subordinated (and is not senior) in right of payment to its Subsidiary Guarantee (including such Subsidiary Guarantor's guarantee of the Existing Senior Notes);
- rank senior in right of payment to any and all of the existing and future indebtedness of such Subsidiary Guarantor that is subordinated in right of payment to its Subsidiary Guarantee;
- be effectively subordinated to any secured debt of such Subsidiary Guarantor to the extent of the value of the assets securing such debt;
- be effectively subordinated to all existing and future indebtedness of such Subsidiary Guarantor's non-guarantor subsidiaries; and
- be subject to certain restrictions on enforcement, including a standstill period of up to 179 days following an event of default under designated senior debt. The obligations under such Subsidiary Guarantor's Subsidiary Guarantee will not become due during this standstill period.

On March 1, 2012, we entered into the HSBC Securitization Program. As such, the Notes are effectively subordinated to indebtedness under the HSBC Securitization Program to the extent of the value of the receivables transferred in connection therewith.

See "Description of the Notes—Ranking of the Notes and the Guarantees; Subordination."

Guarantor Financial Information .

At September 30, 2016, on a pro forma basis after giving effect to the Offering the Subsidiary Guarantors would have had, on a consolidated basis:

- (a) total debt of €7,675 million;
- (b) total debt that is senior in right of payment to the Guarantees of €3,782 million; and
- (c) €3,893 million of debt that would rank equally with the Guarantees.

In addition, on a historical basis, at September 30, 2016, Ardagh's non-guarantor Restricted Subsidiaries would have had (i) no debt outstanding and (ii) aggregated trade payables and deferred taxes of €124 million.

Optional Redemption At any time prior to _____, 2020, the Issuers may redeem all or a portion of the Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption, plus the Applicable Redemption Premium, as defined under "Description of the Notes—Optional Redemption—Optional Redemption prior to _____, 2020."

At any time on or after _____, 2020, the Issuers may also redeem all or a portion of the Notes at the redemption prices listed under "Description of the Notes—Optional Redemption—Optional Redemption on or after _____, 2020."

At any time prior to _____, 2020, the Issuers may redeem up to 40% of the aggregate principal amount of the Notes with the net cash proceeds of certain equity offerings at the redemption price listed under "Description of the Notes—Optional Redemption—Optional Redemption prior to _____, 2020 upon Public Equity Offering."

For a more detailed description, see "Description of the Notes—Redemption."

Restrictive Covenants The Indenture will contain covenants that restrict the ability of the Parent Guarantor and its Restricted Subsidiaries to:

- incur more debt;
- pay dividends, repurchase stock and make distributions of certain other payments;
- create liens;
- enter into transactions with affiliates; and
- transfer or sell assets.

For a more detailed description of these covenants, see "Description of the Notes—Certain Covenants." These covenants are subject to a number of important qualifications and exceptions.

Change of Control In the event of a Change of Control, the Issuers will be obligated to make an offer to purchase all outstanding Notes at a redemption price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the Notes—Purchase of Notes upon a Change of Control."

Transfer Restrictions We have not registered the Notes or the related Guarantees under the U.S. Securities Act. You may only offer or sell Notes in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act. See "Notice to Investors."

Use of Proceeds	We intend to use the net proceeds from this offering, together with certain cash on balance sheet, to fund the full redemption of the 2019 Senior Notes, to fund the partial redemption of the July 2014 Floating Rate Secured Notes, prepayment penalties and to pay fees and expenses related to the offering. See “Use of Proceeds.”
Trustee	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
U.S. Paying Agent	Citibank, N.A.
Irish Stock Exchange Listing Agent	Davy.
Listing	Application will be made for listing particulars to be approved by the Irish Stock Exchange and for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market.
Governing Law	The Notes and the Indenture will be governed by the laws of the State of New York.
Risk Factors	Investing in the Notes involves risks. You should consider all the information in this Offering Memorandum carefully and, in particular, you should evaluate the specific risk factors set out under “Risk Factors” before making a decision on whether to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The summary historical financial data as of and for the years ended December 31, 2015, 2014 and 2013 have been derived from the audited consolidated financial statements of Ardagh Packaging Holdings and its subsidiaries and the related notes included elsewhere in this offering memorandum. The summary historical financial data for the nine months ended September 30, 2016 and 2015 and as of September 30, 2016 have been derived from the unaudited consolidated interim financial statements included elsewhere in this offering memorandum. The summary pro forma financial data as of and for the nine months ended September 30, 2016 and for the year ended December 31, 2015 have been derived from the Unaudited Condensed Combined Pro Forma Financial Information included elsewhere in this offering memorandum. The summary historical financial data set forth below should be read in conjunction with and is qualified in its entirety by reference to the audited consolidated financial statements and the related notes thereto. Our historical results are not necessarily indicative of results to be expected in any future period.

The following financial information should be read in conjunction with “Selected Financial Information,” “Operating and Financial Review and Prospects,” our historical consolidated financial statements and the related notes and the Unaudited Condensed Combined Pro Forma Financial Information and the related notes included elsewhere in this offering memorandum.

	Pro forma nine months ended and as of September 30, 2016	Nine months ended and as of September 30, 2016 2015		Pro forma year ended December 31, 2015	Year ended and as of December 31,		
		2016	2015	2015	2015	2014	2013
	(in € millions, except margins)						
Income Statement Data ⁽¹⁾							
Revenue	5,820	4,519	3,971	7,908	5,199	4,733	4,043
Cost of sales	(4,787)	(3,693)	(3,267)	(6,615)	(4,322)	(4,092)	(3,556)
Gross profit	1,033	826	704	1,293	877	641	487
Sales, general and administration expenses . . .	(396)	(299)	(223)	(508)	(318)	(281)	(272)
Intangible amortization	(125)	(96)	(81)	(167)	(109)	(121)	(53)
Loss on disposal of businesses	—	—	—	—	—	(159)	—
Operating profit	512	431	400	618	450	80	162
Net finance expense	(290)	(323)	(276)	(492)	(366)	(474)	(472)
Profit/(loss) before tax	222	108	124	126	84	(394)	(310)
Income tax (expense)/credit	(85)	(62)	(50)	(62)	(43)	3	(4)
Profit/(loss) for the period	137	46	74	64	41	(391)	(314)
Balance Sheet Data (at period end)							
Cash and cash equivalents ⁽²⁾	285	683			550	412	294
Working capital ⁽³⁾	860	860			550	609	612
Total assets	9,697	10,095			6,335	6,095	5,931
Total borrowings ⁽⁴⁾	7,570	7,929			5,392	5,185	4,986
Total equity	(1,411)	(1,382)			(1,360)	(1,308)	(678)
Net Debt ⁽⁵⁾	7,239	7,200			4,842	4,733	3,629
Other Data							
Adjusted EBITDA ⁽⁶⁾	1,027	852	730	1,287	934	792	623
Adjusted EBITDA margin ⁽⁶⁾	17.6%	18.9%	18.4%	16.3%	18.0%	16.7%	15.4%
Depreciation and amortization ⁽⁷⁾	412	335	286	562	403	363	298
Net interest expense	333	273	243	444	324	330	331
Capital expenditure ⁽⁸⁾	280	200	221	464	304	314	285
Ratio of Net Debt to Adjusted EBITDA					5.2x	6.0x	5.8x
Ratio of Adjusted EBITDA to net interest expense					2.9x	2.4x	1.9x
						Pro forma twelve months ended September 30, 2016	
Additional Pro Forma Data							
Adjusted EBITDA ⁽⁹⁾						1,319	
Adjusted EBITDA margin ⁽¹⁰⁾						17.2%	
Net interest expense ⁽¹¹⁾						444	
Ratio of Net Debt to Adjusted EBITDA						5.5x	
Ratio of Adjusted EBITDA to net interest expense						3.0x	

- (1) The income statement data presented above is on a reported basis and includes certain exceptional items which, by their incidence or nature, management considers should be adjusted for to enable a better understanding of the financial performance of the Group. A summary of these exceptional items included in the income statement data is as follows:

Exceptional Items	Pro forma nine months ended September 30, 2016	Nine months ended September 30,		Pro forma year ended December 31, 2015	Year ended December 31,		
		2016	2015		2015	2014	2013
				(in € millions)			
Exceptional cost of sales	8	4	26	54	37	122	115
Exceptional sales, general and administrative expenses	95	82	18	53	44	35	37
Exceptional intangible amortization	—	—	—	—	—	33	11
Exceptional loss on disposal of business	—	—	—	—	—	159	—
Exceptional operating items	103	86	44	107	81	349	163
Exceptional net finance (income)/expense . . .	(71)	28	10	13	13	126	94
Exceptional income tax credit	(7)	(20)	(11)	(37)	(32)	(78)	(63)
Total exceptional items	25	94	43	83	62	397	194

For further details on the exceptional operating items for the years ended December 31, 2015, 2014 and 2013, see Notes 18, 19 and 19 to the consolidated financial statements of Ardagh for each of the years ended December 31, 2015, 2014 and 2013, respectively, included elsewhere in this Offering Memorandum. For further details on the exceptional operating items for the nine months ended September 30, 2016 and 2015, see Note 8 to the unaudited consolidated financial statements of Ardagh for the nine months ended September 30, 2016 included elsewhere in this Offering Memorandum. The difference between the pro forma and actual exceptional items reflects the Ball Carve-Out Business and the Rexam Carve-Out Business and associated pro forma adjustments detailed in the Unaudited Condensed Combined Pro Forma Financial Information.

- (2) Cash and cash equivalents include restricted cash (excluding restricted cash held in escrow) as per the note disclosures to the financial information.
- (3) Working capital is comprised of inventories, trade and other receivables, trade and other payables and current provisions. Other companies may calculate working capital in a manner different to ours.

	Pro forma as of September 30, 2016	As of September 30, 2016	As of December 31,		
			2015	2014	2013
			(in € millions)		
Inventories	1,112	1,112	825	770	680
Trade and other receivables	1,294	1,294	651	692	657
Trade and other payables	(1,499)	(1,499)	(878)	(803)	(715)
Current provisions	(47)	(47)	(48)	(50)	(10)
Working capital	860	860	550	609	612

- (4) Total borrowings includes both non-current and current liabilities.
- (5) Net Debt is comprised of total borrowings and derivative financial instruments used to hedge foreign currency and interest rate risk, net of cash and cash equivalents.
- (6) To supplement our financial information presented in accordance with IFRS, we use the following additional financial measures to clarify and enhance an understanding of past performance: Adjusted EBITDA and Adjusted EBITDA margin. We believe that the presentation of these financial measures enhances an investor's understanding of our financial performance. We further believe that these financial measures are useful financial metrics to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business. We use certain of these financial measures for business planning purposes and in measuring our performance relative to that of our competitors.

Adjusted EBITDA consists of profit/(loss) for the period before income tax expense/(credit), net finance expense, depreciation and amortization and exceptional operating items. Adjusted EBITDA margin is calculated as Adjusted

EBITDA divided by revenue. Adjusted EBITDA and Adjusted EBITDA margin are presented because we believe that they are frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate Adjusted EBITDA and Adjusted EBITDA margin in a manner different from ours. Adjusted EBITDA and Adjusted EBITDA margin are not measurements of financial performance under IFRS and should not be considered an alternative to profit/(loss) as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

The reconciliation of profit/(loss) for the period to Adjusted EBITDA is as follows:

	Pro forma nine months ended September 30, 2016	Nine months ended September 30		Pro forma year ended December 31, 2015	Year ended December 31,		
		2016	2015		2015	2014	2013
				(in € millions)			
Profit/(loss) for the period	137	46	74	64	41	(391)	(314)
Income tax expense/(credit)	85	62	50	62	43	(3)	4
Net finance expense	290	323	276	492	366	474	472
Depreciation and amortization	412	335	286	562	403	363	298
EBITDA	924	766	686	1,180	853	443	460
Exceptional operating items	103	86	44	107	81	349	163
Adjusted EBITDA	1,027	852	730	1,287	934	792	623

- (7) Depreciation, amortization, and impairment of property, plant and equipment.
- (8) Capital expenditure is the sum of purchase of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment.
- (9) Pro forma Adjusted EBITDA for the twelve months ended September 30, 2016 consists of pro forma Adjusted EBITDA for the nine months ended September 30, 2016 plus (a) Adjusted EBITDA of Ardagh Packaging Holdings for the three months ended December 31, 2015 and (b) Adjusted EBITDA of the Beverage Can Business for the three months ended December 31, 2015. Pro forma Adjusted EBITDA of Ardagh Packaging Holdings for the three months ended December 31, 2015 has been derived by performing the mathematical exercise of taking Adjusted EBITDA for the year ended December 31, 2015 and subtracting Adjusted EBITDA for the nine months ended September 30, 2015. These results are for illustrative purposes only and have not been subject to audit or review. Adjusted EBITDA of the Beverage Can Business for the three months ended December 31, 2015 has been determined by allocating Adjusted EBITDA for the six months ended December 31, 2015 based on estimated quarterly volumes as estimated by management. Neither the volumes nor the Adjusted EBITDA have been audited or reviewed.
- (10) Pro forma Adjusted EBITDA margin for the twelve months ended September 30, 2016 is calculated as pro forma Adjusted EBITDA divided by pro forma revenue, in each case for the twelve months ended September 30, 2016. Pro forma revenue for the twelve months ended September 30, 2016 consists of pro forma revenue for the nine months ended September 30, 2016 plus (a) revenue of Ardagh Packaging Holdings for the three months ended December 31, 2015 and (b) revenue of the Beverage Can Business for the three months ended December 31, 2015. Revenue of Ardagh Packaging Holdings for the three months ended December 31, 2015 and the revenue of the Beverage Can Business for the three months ended December 31, 2015 have been derived in a manner consistent with the corresponding Adjusted EBITDA. See footnote 9 above.
- (11) Pro forma net interest expense for the twelve months ended September 30, 2016 gives effect to (a) the Beverage Can Transactions, (b) the full redemption of the January 2013 Senior Notes and (c) the issuance of the Notes offered hereby and the use of proceeds therefrom to fund the full redemption of the 2019 Senior Notes and the partial redemption of the July 2014 Floating Rate Secured Notes as if they had occurred on October 1, 2015. See "Use of Proceeds." Pro forma net interest expense include interest expense of the Notes at an assumed rate.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. 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 interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Our 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 this Offering Memorandum. See “Forward-Looking Statements.”

Risks Relating to Our Debt, the Notes and the Guarantees

Certain of our substantial debt could adversely affect our financial health and prevent us from fulfilling our obligations under the Notes.

We have a substantial amount of debt and significant debt service obligations. As of September 30, 2016, on a pro forma basis, after giving effect to the Transactions, we would have had (i) total debt of €7,675 million, of which €896 million would have been debt incurred in this offering and (ii) €6,674 million of debt which will mature prior to the maturity of the Notes. As of September 30, 2016, we had additional availability under our main credit facilities of up to €281 million, and all of these borrowings would effectively rank senior to the Notes. Our indirect parent ARD Finance S.A. has \$770 million and €845 million aggregate principal amount of Toggle Notes outstanding and is dependent on dividends from us to service the Toggle Notes. See “Unaudited Condensed Combined Pro Forma Financial Information.”

Our substantial debt could have important negative consequences for us and for you as a holder of the Notes. For example, our substantial debt could:

- require us to dedicate a large portion of our cash flow from operations to service debt and fund repayments 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 difficult for us to pay interest or principal on 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 our debt bears interest at variable rates that are linked to changing market interest rates. Although we may hedge a portion of our exposure to variable interest rates by entering into interest rate swaps, we cannot assure you that we will do so in the future. As a result, an increase in market interest rates would increase our interest expense and our debt service obligations, which would exacerbate the risks associated with our leveraged capital structure.

Negative developments in our business, results of operations and financial condition due to the current difficult global economic conditions or other factors could cause the ratings agencies to lower

the credit ratings, or ratings outlook, of our short- and long-term debt and, consequently, impair our ability to raise new financing or refinance our current borrowings and increase our costs of issuing any new debt instruments.

Certain of our credit facilities contain financial covenants which we could fail to meet.

Certain of our existing credit facilities require, and our future credit facilities may require, the Parent Guarantor and certain of its subsidiaries to satisfy specified financial tests and maintain specified financial ratios and covenants regarding a minimum level of EBITDA to net interest expense, a minimum level of EBITDA to total debt, and a maximum amount of capital expenditures, all as defined in such credit facilities. See “Description of Other Indebtedness.”

The ability of the Parent Guarantor and its subsidiaries to comply with these ratios and to meet these tests may be affected by events beyond their control and we cannot assure you that they will continue to meet these tests. The failure of the Parent Guarantor and its subsidiaries to comply with these obligations could lead to a default under these credit facilities unless we can obtain waivers or consents in respect of any breaches of these obligations under these credit facilities. We cannot assure you 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 these facilities will not be required to lend any additional amounts to us or our operating subsidiaries 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 (and, potentially, the trustee under any of the Existing Notes or the Notes) could also require us to apply all available cash to repay the borrowings or prevent us from making debt service payments on the Existing Notes and the Notes, any of which would be an event of default under these Notes. If the debt under our credit facilities, the Existing Notes or the Notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay such debt in full.

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

Subject to the restrictions in our credit facilities, the Indenture, the Existing Indentures and other outstanding debt, we may be able to incur substantial additional debt in the future, which could also be secured.

As of September 30, 2016, we had additional availability under our main credit facilities of up to €281 million, and all of these borrowings would rank senior to the Guarantees. See “Unaudited Condensed Combined Pro Forma Financial Information.” Although the terms of these credit facilities, the Indenture and the Existing Indentures and other outstanding debt 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 currently anticipated debt levels, the substantial leverage-related risks described above would increase. See also “—Risks Relating to Our Business—Our expansion strategy may adversely affect our business.”

Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate cash required to service our debt.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations or refinance our debt depends on our future operating and financial performance and ability to generate cash. This will be affected by our ability to successfully implement our business strategy, as well as general economic, financial, competitive, regulatory, technical and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service obligations or fund

our other business needs, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned acquisitions or capital expenditures or sell assets. There can be no assurances that we will be able to generate sufficient cash through any of the foregoing. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt, including the Notes. See “Operating and Financial Review and Prospects—Liquidity and Capital Resources of Ardagh.”

We expect to be able to repay or refinance the principal amounts outstanding under our outstanding notes (including the Notes) upon maturity of each such series of notes between 2019 and 2025. We may, however, be unable to repay or refinance such principal amounts on terms satisfactory to us or at all.

Restrictions imposed by the Indenture, the Existing Indentures, the HSBC Securitization Program and certain of our other credit facilities limit our ability to take certain actions.

The Indenture, the Existing Indentures, the HSBC Securitization Program and certain of our other credit facilities limit our flexibility in operating our business. For example, these agreements restrict or limit the ability of the Parent Guarantor 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;
- guarantee indebtedness;
- enter into transactions with affiliates; or
- merge, consolidate or sell, lease or transfer all or substantially all of our assets.

There can be no assurances that the operating and financial restrictions and covenants in the Indenture, the Existing Indentures, the HSBC Securitization Program and certain of our other credit facilities will not adversely affect our ability to finance our future operations or capital needs or engage in other business activities that may be in our interest. Any future indebtedness may include similar or other restrictive terms. In addition, the management believes that the future expansion of our packaging business is likely to require participation in the consolidation of the packaging industry by the further acquisition of existing businesses. We cannot guarantee that we will be able to participate in such consolidation or that the operating and financial restrictions and covenants in the Indenture, the Existing Indentures, the HSBC Securitization Program and certain of our other credit facilities will permit 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 other financing agreements, including the HSBC Securitization Program, 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 other debt to become due and payable.

See “Description of the Notes—Purchase of Notes upon a Change of Control.”

The insolvency laws of Ireland and other local insolvency laws may not be as favorable to you as U.S. bankruptcy laws or those of another jurisdiction with which you are familiar.

Ardagh Packaging Finance, the co-issuer of the Notes, and the Parent Guarantor are incorporated in Ireland, and Ardagh Holdings USA, the co-issuer of the Notes, is incorporated in the State of Delaware (United States). No later than 90 days following the Issue Date, the Notes will also be guaranteed by the Subsidiary Guarantors that at the time guarantee the Existing Notes. Most of the Subsidiary Guarantors of the Notes are incorporated under the laws of a number of different jurisdictions. The insolvency laws of foreign jurisdictions may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar. In the event that any one or more of the Issuers, the Guarantors or any other of Ardagh Packaging Holdings’ subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

The Issuers’ ability to pay principal and interest on the Notes may be affected by our organizational structure. The Issuers are dependent upon payments from other members of our corporate group to fund payments to you on the Notes, and such other members might not be able to make such payments in some circumstances.

The Issuers do not themselves conduct any business operations and do not have any assets or sources of income of their own, other than the intercompany notes made to on-lend the net proceeds from the offering of the Notes as described below. As a result, the Issuers’ ability to make payments on the Notes is dependent directly upon interest or other payments they receive from other members of our corporate group. Initially, the proceeds of the Notes will be loaned to other members of our corporate group pursuant to intercompany notes. These intercompany notes may be subordinated to senior debt of the relevant intercompany borrowers. The Indenture will not require the maintenance of these intercompany notes. Accordingly, you should only rely on the Guarantees of the Notes, and not these intercompany notes, to provide credit support in respect of payments of principal or interest on the Notes. The ability of other members of our corporate group to make payments to the Issuers will depend upon their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these “Risk Factors.”

Furthermore, some of our credit facilities contain certain restrictions on the borrowers thereunder from making certain distributions or payments of capital or income to their members. As a result, the amounts that the Issuers expect to receive from other members of our corporate group may not be forthcoming or sufficient to enable the Issuers to service their obligations on the Notes.

The Parent Guarantor and the Subsidiary Guarantors will guarantee the Notes. The Parent Guarantor is a holding company with no assets or sources of income of its own and thus is dependent on dividends and other distributions from its subsidiaries. The Subsidiary Guarantors are either intermediate holding companies or operating subsidiaries of the Parent Guarantor.

Enforcing your rights as a holder of the Notes or under the Guarantees across multiple jurisdictions may prove difficult.

The Notes will be issued by the Issuers, one of which is incorporated under the laws of Ireland and the other of which is incorporated under the laws of the State of Delaware (United States), and

will be guaranteed by the Parent Guarantor, which is incorporated under the laws of Ireland. No later than 90 days following the Issue Date, the Notes will also be guaranteed by the Subsidiary Guarantors. Most of the Subsidiary Guarantors of the Notes are incorporated under the laws of a number of different jurisdictions. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

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

The laws of certain of the jurisdictions in which the Subsidiary Guarantors are organized limit the ability of these subsidiaries to guarantee debt of a sister company. See “—Corporate benefit, capital maintenance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Notes.”

Investors in the Notes may have limited recourse against the independent accountants.

See “Independent Accountants” for a description of the reports of the independent accountants of Ardagh Packaging Holdings Limited and the Rexam Carve-Out Business. The independent accountants' reports state that they were made solely to the directors, as a body, of Ardagh Packaging Holdings and the Rexam Carve-Out Business, respectively; and none of the independent accountants accepts or assumes responsibility to anyone other than the directors, as a body, of Ardagh Packaging Holdings or the Rexam Carve-Out Business, as applicable, for its audit work, for its reports or for the conclusions or opinions it has formed. The independent accountants' reports on the non-statutory consolidated financial statements of Ardagh Packaging Holdings, for the years ended December 31, 2015, 2014 and 2013 were unqualified and are included in this Offering Memorandum. PricewaterhouseCoopers Dublin was the auditor of Ardagh Packaging Holdings for these accounting periods. The independent accountants' reports on the non-statutory combined financial statements of the Rexam Carve-Out Business, for the years ended December 31, 2015, 2014 and 2013, were unqualified and are included in this Offering Memorandum. PricewaterhouseCoopers LLP was the auditor of the Rexam Carve-Out Business for these accounting periods.

Investors in the Notes should understand that in making these statements, the respective independent accountant confirmed that it does not accept or assume any responsibility to parties (such as the purchasers of the Notes) other than to the directors, as a body, of Ardagh with respect to their reports and to the independent accountants' audit work, conclusions and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent accountant based on its report or the consolidated financial statements to which it relates could be limited.

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 will be made for listing particulars to be approved by the Irish Stock Exchange and for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market, we cannot assure you that the Notes will become or 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 of 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. There can be no assurances 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 U.S. 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 U.S. Securities Act or any U.S. state securities laws. You 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 U.S. 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 your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Notice to Investors."

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. DTC, or its nominee, will be the registered holder of the Regulation S Global Notes and the Rule 144A Global Notes (as such terms are defined in "Book-Entry; Delivery and Form"). After payment to DTC's custodian, we, the Trustee, the Principal Paying Agent and the U.S. Paying Agent 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 DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. 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 DTC or, if applicable, a participant. 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 DTC. We, the Trustee, the Principal Paying Agent and the U.S. Paying Agent cannot assure you that the procedures to be implemented through DTC will be adequate to ensure the timely exercise of rights under the Notes. See “Book-Entry; Delivery and Form.”

You may be unable to serve process on us or our directors and officers in the United States and enforce U.S. judgments based on the Notes.

Ardagh Packaging Finance, the co-issuer of the Notes, and the Parent Guarantor of the Notes are incorporated under the laws of Ireland. No later than 90 days following the Issue Date, the Notes will be guaranteed by the Subsidiary Guarantors that at the time guarantee the Existing Notes. Most of the Subsidiary Guarantors of the Notes are incorporated under the laws of a number of different jurisdictions. Furthermore, most of the directors and executive officers of the Issuers and such Guarantors live outside the United States. Substantially all of the assets of Ardagh Packaging Finance and the Guarantors (other than the Subsidiary Guarantors in Delaware (United States)), and substantially all of the assets of their directors and executive officers, are located outside the United States. As a result, it may not be possible for you to serve process on such persons in the United States or to enforce judgments obtained in U.S. courts against them based on the civil liability provisions of the securities laws of the United States.

In addition, local counsel have informed us that it is questionable whether a foreign court would accept jurisdiction and impose civil liability predicated solely upon U.S. federal securities laws. See “Service of Process and Enforcement of Judgments.”

Corporate benefit, capital maintenance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Notes.

The laws of certain of the jurisdictions in which the Subsidiary Guarantors are organized limit the ability of these subsidiaries to guarantee debt of a related company or grant security on account of a related company's debts. These limitations arise under various provisions or principles of corporate law which include rules governing capital maintenance, under which, among others, the risks associated with a guarantee or grant of security on account of a parent company's debt need to be reasonable and economically and operationally justified from the guarantor's or grantor's perspective, as well as thin capitalization, unfair consideration, financial assistance, corporate purpose or similar law affecting the rights of creditors generally, and fraudulent transfer principles. If these limitations were not observed, the Guarantees granted by these Subsidiary Guarantors could be subject to legal challenge. In some jurisdictions, the Guarantees will contain language limiting the amount of debt guaranteed so that applicable local law restrictions will not be violated. Accordingly, if you were to enforce the Guarantees by a Subsidiary Guarantor in one of these jurisdictions, your claims are likely to be limited. In some cases, where the amount that can be guaranteed is limited by reference to the net assets and legal capital of the Subsidiary Guarantor or by reference to the outstanding debt owed by the relevant Subsidiary Guarantor to the Issuers under intercompany loans that amount might have reached zero or close to zero at the time of any insolvency or enforcement. Furthermore, although we believe that the Guarantees by these Subsidiary Guarantors will be validly given in accordance with local law restrictions, there can be no assurance that a third-party creditor would not challenge these Guarantees and prevail in court.

Upon any payment or distribution to creditors of a Subsidiary Guarantor in respect of an insolvency event, the holders of senior debt of such Subsidiary Guarantor will be entitled to be paid in full from the assets of such Subsidiary Guarantor before any payment may be made pursuant to such Subsidiary Guarantor's Guarantee. Until the senior debt of a Subsidiary Guarantor is paid in full, any

distribution to which holders of the Notes would be entitled but for the subordination provisions shall instead be made to holders of senior debt of such Subsidiary Guarantor as their interests may appear. As a result, in the event of insolvency of a Subsidiary Guarantor, holders of senior debt of such Subsidiary Guarantor may recover more, ratably, than the holders of Notes, in respect of the Subsidiary Guarantor's Guarantee in respect thereof.

In addition, the subordination provisions relating to the Guarantees will provide:

- customary turnover provisions by the Trustee for the holders of the Notes and the holders of the Notes for the benefit of the holders of senior debt of such Subsidiary Guarantor;
- that if a payment default on any senior debt of a Subsidiary Guarantor has occurred and is continuing, such Subsidiary Guarantor may not make any payment in respect of its Guarantee until such default is cured or waived;
- that if any other default occurs and is continuing on any designated senior indebtedness that permits the holders thereof to accelerate its maturity and the Trustee receives a notice of such default, such Subsidiary Guarantor may not make any payment in respect of the Notes, or pursuant to its Guarantee, until the earlier of the default is cured or waived or 179 days after the date on which the applicable payment blockage notice is received; and
- that the holders of the Notes and the Trustee are prohibited, without the prior consent of the applicable senior agent, from taking any enforcement action in relation to such Guarantee, except in certain circumstances.

The Indenture will provide that except under very limited circumstances, only the Trustee will have standing to bring an enforcement action in respect of the Notes and the Guarantees. Moreover, the Intercreditor Agreement, and the Existing Indentures restrict the rights of holders of the Notes to initiate insolvency proceedings or take other legal actions against the Subsidiary Guarantors and by accepting any Note you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse under the Guarantees in the event of a default by the Issuers or a Subsidiary Guarantor.

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

Some, but not all, of our subsidiaries will guarantee the Notes. Generally, holders of indebtedness of, and trade creditors of, non-guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to any Guarantor, as direct or indirect shareholders.

Accordingly, in the event that any of the non-guarantor subsidiaries becomes insolvent, liquidates or otherwise reorganizes:

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

As of September 30, 2016, on a historical basis, Ardagh's non-guarantor subsidiaries would have had no debt outstanding and €124 million of trade payables and deferred taxes, all of which would have ranked structurally senior to the Notes and the Guarantees. See "Capitalization."

Insolvency laws and other limitations on the Guarantees, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

Our obligations under the Notes will be guaranteed by the Guarantors. No later than 90 days following the Issue Date, the Notes will be guaranteed by the Subsidiary Guarantors that at the time guarantee the Existing Notes. Most of the Subsidiary Guarantors of the Notes are incorporated under the laws of a number of different jurisdictions.

Although laws differ among these jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and, in the case of the Guarantees, limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Guarantee against a Guarantor. The court or an insolvency administrator may also in certain circumstances avoid the Guarantee where the company is close to or in the vicinity of insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Guarantees and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee;
- direct that holders of the Notes return any amounts paid under a Guarantee or any security to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and
- take other action that is detrimental to you.

If we cannot satisfy our obligations under the Notes and any Guarantee is found to be a fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from the Guarantors will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. Also, there is a possibility that the Guarantees may be set aside, in which case the entire liability may be extinguished.

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would need to find that, at the time the Guarantees were issued, the relevant Guarantor:

- issued such Guarantee with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- issued such Guarantee in a situation where a prudent businessman as a shareholder of such Guarantor would have contributed equity to such Guarantor; or
- received less than reasonably equivalent value for incurring the debt represented by the Guarantee on the basis that the Guarantee was incurred for our benefit, and only indirectly the Guarantor's benefit, or some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the Guarantee or subsequently became insolvent for other reasons; (ii) was engaged, or was about to engage, in a business transaction for which the Guarantor's assets were unreasonably small; or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor generally may, in different jurisdictions, be considered insolvent at the time it issued a Guarantee if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; and/or
- the present salable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although we believe that we are solvent, and will be so after giving effect to the offering of the Notes, there can be no assurance which standard a court would apply in determining whether a Guarantor was “insolvent” as of the date the Guarantees were issued or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

We do not present separate financial statements for each Subsidiary Guarantor.

We have not presented in this Offering Memorandum separate financial statements for each Subsidiary Guarantor, and we are not required to do so in the future under the Indenture.

The Notes and the Guarantees will be unsecured and the claims of secured creditors will have priority.

The Notes and the Guarantees will be unsecured obligations of the Issuers and the Guarantors, respectively. Debt under the Existing Secured Notes and several of our facilities are secured by liens on the property and assets of material operating subsidiaries of the Parent Guarantor, as well as shares held by the Parent Guarantor in its material operating subsidiaries. In addition, subject to the restrictions in our senior secured credit facilities, in the indentures governing our Existing Notes and in other outstanding debt, we may be able to incur substantial additional secured debt. The secured creditors of the Issuers and the Guarantors will have priority over the assets securing their debt to the extent of the value of such assets. In the event that any of such secured debt becomes due or a secured lender proceeds against the assets that secure the debt, the assets would be available to satisfy obligations under the secured debt before any payment would be made on the Notes or under any of the Guarantees. Any assets remaining after repayment of our secured debt may not be sufficient to repay all amounts owing under the Notes. As of September 30, 2016, on a pro forma basis, after giving effect to the Transactions, the Parent Guarantor and the Subsidiary Guarantors would have had €3,782 million of secured debt outstanding. See “Capitalization.”

The right of holders of Notes to receive payment under the Guarantors’ Guarantees is contractually subordinated to senior debt.

The Guarantors will guarantee the Notes. The obligations of each Guarantor (other than the Parent Guarantor) under the Guarantees will be contractually subordinated in right of payment to the prior payment in full in cash of all obligations in respect of senior debt of such Guarantor (other than the Parent Guarantor). This senior debt includes, in respect of a Guarantor that is a guarantor of the Existing Secured Notes and certain credit facilities, such Guarantor’s obligations thereunder and under its hedging arrangements. As of September 30, 2016, on a pro forma basis, after giving effect to the Transactions, the Subsidiary Guarantors would have had outstanding €3,782 million of senior debt, which would rank senior in right of payment to the Guarantees. See “Capitalization.” Although the Indenture will contain restrictions on the ability of the Guarantors to incur additional debt, any additional debt incurred may be substantial and senior to the Guarantees. For a complete summary of

the terms of, and subordination provisions relating to, the Notes and the Guarantees, see “Description of the Notes—Ranking of the Notes and the Guarantees; Subordination.”

You will not have the benefit of the guarantees from any of the Subsidiary Guarantors on the Issue Date.

The Guarantees, other than the Parent Guarantee by the Parent Guarantor, will not be in effect until 90 days following the Issue Date with respect to the Subsidiary Guarantees by the Subsidiary Guarantors that at the time guarantee the Existing Notes.

Risks Relating to Our Business

Our primary direct customers sell to consumers of food & beverages, pharmaceuticals, personal care and household products. If economic conditions affect consumer demand, our customers may be affected and so reduce the demand for our products.

Demand for our packaging depends on demand for the products which use our packaging, which is primarily consumer driven. General economic conditions may adversely impact consumer confidence resulting in reduced spending on our customers’ products and, thereby, reduced or postponed demand for our products.

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

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

Changes in global economic conditions may reduce our ability to forecast developments in our industry and plan our operations and costs, resulting in operational inefficiencies. Negative developments in our business, results of operations and financial condition due to changes in global economic conditions or other factors could cause ratings agencies to lower the credit ratings, or ratings outlook, of our short- and long-term debt and, consequently, impair our ability to raise new financing or refinance our current borrowings and increase our costs of issuing any new debt instruments.

Furthermore, the economic outlook could be adversely affected by the risk that one or more eurozone countries could come under increasing pressure to leave the European Monetary Union, or the euro as the single currency of the eurozone could cease to exist. Any of these developments, or the perception that any of these developments are likely to occur, could have a material adverse effect on the economic development of the affected countries and could lead to severe economic recession or depression, and a general anticipation that such risks will materialize in the future could jeopardize the stability of financial markets or the overall financial and monetary system. This, in turn, would have a material adverse effect on our business, financial position, liquidity and results of operations.

In addition, some segments of our markets are more cyclical than others. Our sales in the paints and coatings markets depend mainly on the building and construction industries and the do-it-yourself home decorating market. Demand in these markets is cyclical, as to a lesser extent is demand for

products such as aerosols. Variations in the demand for packaging products in these market segments could have a material adverse effect on our business, financial condition and results of operations.

We face intense competition from other metal and glass packaging producers, as well as from manufacturers of alternative forms of packaging.

Metal Packaging

The metal packaging sectors in which Metal Packaging operates are mature, experiencing limited growth in demand in recent years, and competitive. The most competitive part of the metal packaging market is the sale of undifferentiated, standardized cans. Prices for these products are primarily driven by raw materials costs and seasonal overcapacity, and price competition is sometimes fierce. Competition in the market for customized, differentiated packaging is based on price and, increasingly, on innovation, design, quality and service. Our principal competitors include Ball Corporation, Crown Holdings and Silgan Holdings. To the extent that any one or more of our competitors become more successful with respect to any key competitive factor, our ability to attract and retain customers could be materially and adversely affected, which could have a material adverse effect on our business.

Metal Packaging is subject to substantial competition from producers of packaging made from plastic, carton and composites, particularly from producers of plastic packaging and flexible packaging. Changes in consumer preferences in terms of food processing (e.g., fresh or frozen food content and dry versus wet pet food) or in terms of packaging materials, style and product presentation can significantly influence sales. An increase in Metal Packaging's costs of production or a decrease in the costs of, or a further increase in consumer demand for, alternative packaging could have a material adverse effect on our business, financial condition and results of operations.

Glass Packaging

Glass Packaging is subject to intense competition from other glass packaging producers, as well as from producers of other forms of rigid and non-rigid packaging, against whom we compete on the basis of price, product characteristics, quality, customer service, reliability of delivery and the overall attractiveness of our offering. 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. In some instances, we also face the threat of vertical integration by our customers into the manufacture of their own packaging materials.

Our principal competitors in glass packaging include Anchor Glass and Owens-Illinois in North America and Owens-Illinois, Verallia and Vidrala in Europe. Additionally, we face competition from firms that carry out specific export operations at low prices when their domestic markets are at overcapacity or when foreign exchange rates or economic conditions (particularly transport costs) allow this. Despite the generally regional nature of the glass packaging markets, these export operations could have a material negative impact on our business, financial condition and results of operations.

In addition to competing with other large, well-established manufacturers in the glass packaging industry, we also compete with manufacturers of other forms of rigid packaging, principally plastic packaging and aluminum cans, on the basis of quality, price, service and consumer preference. We also compete with manufacturers of non-rigid packaging alternatives, including flexible pouches and aseptic cartons, particularly in serving the packaging needs of non-alcoholic beverage customers, including juice customers and food customers. We believe that the use of glass packaging for alcoholic and non-alcoholic beverages is subject to consumer taste. In addition, the association of glass packaging with premium items in certain product categories exposes glass packaging to economic variations. Therefore, if economic conditions are poor, we believe that consumers may be less likely to prefer glass packaging over other forms of packaging. We cannot ensure that our products will continue to be preferred by our customers' end-users and that consumer preference will not shift from glass packaging

to non-glass packaging. A material shift in consumer preference away from glass packaging, or competitive pressures from our various competitors, could result in a decline in sales volume or pricing pressure that would have a material adverse effect on our business, financial condition and results of operations. Furthermore, new threats from container and production innovations in all forms of packaging could disadvantage our existing business. If we are unable to respond to competitive technological advances, our future performance could be materially adversely affected.

Some customers may decide to develop their own glass packaging production activity to serve their packaging needs and to reduce their purchases of glass packaging. In North America, for example, Gallo and AB InBev (Longhorn Glass) in the United States and Constellation Brands in Mexico, self-manufacture some of their glass packaging. The potential vertical integration of our customers could introduce a new production capacity in the market, which may create an imbalance between the supply and demand for glass packaging. The growth of vertically integrated operations could have a material negative impact on our future performance.

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

The profitability of metal or glass packaging companies is heavily influenced by the supply of, and demand for, metal or glass packaging.

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

Because our customers are concentrated, our business could be adversely affected if we were unable to maintain relationships with our largest customers.

For the year ended December 31, 2015, on a pro forma basis giving effect to the Beverage Can Acquisition, Metal Packaging's ten largest customers accounted for approximately 39% of its consolidated revenues. For the year ended December 31, 2015, Glass Packaging's ten largest customers accounted for approximately 43% of its revenues.

We believe our relationships with these customers are good, but there can be no assurances that we will be able to maintain these relationships. For Metal Packaging approximately 60% of revenues for the year ended December 31, 2015 were under multi-year supply agreements of varying terms between two and ten years with the remaining revenues generally under one year agreements. For Glass Packaging, we also typically sell most of our glass packaging directly to customers under one to five-year arrangements. Although these arrangements have provided, and we expect they will continue to provide, the basis for long-term partnerships with our customers, there can be no assurance that our customers will not cease purchasing our products. If our customers unexpectedly reduce the amount of glass packaging and/or metal cans they purchase from us, or cease purchasing our glass packaging and/or metal cans altogether, our revenues could decrease and our inventory levels could increase, both of which could have an adverse effect on our business, financial condition and results of operations. In addition, while we believe that the arrangements that we have with our 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 favorable to us as the terms of the current arrangements. There is also the risk that our customers may shift their filling operations to locations in which we do not operate. The loss of one or more of these customers, a significant reduction in sales to these customers or a

significant change in the commercial terms of our relationship with these customers could have a material adverse effect on our business.

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

Some of our largest customers have acquired companies with similar or complementary product lines. For example, in 2016 AB InBev acquired SABMiller and in 2015 Kraft Foods Group merged with H.J. Heinz Holding Corporation. Such consolidation has increased the concentration of our net sales with our largest customers and may continue in the future. In many cases, such consolidation may be accompanied by pressure from customers for lower prices. Increased pricing pressures from our customers may have a material adverse effect on our business, financial condition and results of operations. In addition, this consolidation may lead manufacturers to rely on a reduced number of suppliers. If, following the consolidation of one of our customers with another company, a competitor was to be the main supplier to the consolidated companies, this could have a material adverse effect on our business, financial condition or results of operations.

Our profitability could be affected by varied seasonal demands.

Demand for Metal Packaging and Glass Packaging products is seasonal. Metal Packaging's sales are typically greater in the second and third quarters of the year, with generally lower sales in the first and fourth quarters. Unseasonably cool weather during the summer months can reduce demand for certain beverages packaged in its beverage cans. Weather conditions can reduce crop yields and adversely affect customer demand for fruit and vegetable cans. Metal Packaging's worldwide seafood canning activities are also affected by variations in local fish catches. The variable nature of the food and seafood packaging businesses and Metal Packaging's vulnerability to natural conditions could have a material adverse effect on our business, financial condition and results of operations.

Demand for our Glass Packaging products is typically strongest during the summer months and in the period prior to the holidays in December because of the seasonal nature of the consumption of beer and other beverages. Unseasonably cool weather during the summer months can reduce demand for certain beverages packaged in our glass packaging, which could have an adverse effect on our business, financial condition and results of operations. In addition, we generally schedule shutdowns of our furnaces for rebuilding and repairs of machinery in the first quarter in Europe and around year-end and the first quarter in North America. If demand for glass packaging should unexpectedly rise during such a shutdown, we would not have the ability to fulfill such demand and may lose potential revenues. These shutdowns and seasonal sales patterns could adversely affect profitability during the first quarter.

Our profitability could be affected by the availability and cost of raw materials.

The raw materials that we use 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 we would be able to secure our raw materials from sources other than our current suppliers on terms as favorable as our current terms, or at all. Any such shortages, as well as material increases in the cost of any of the principal raw materials that we use, including the cost to transport materials to our production facilities, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the relative price of oil and its products may impact Metal Packaging, by affecting transport, lacquer and ink costs.

The primary raw materials that we use for Metal Packaging are steel (both in tinplate and tin-free forms) and aluminum ingot. Steel is generally obtained under one-year contracts with prices that are usually fixed in advance. When such contracts are renewed in the future, our steel costs under such contracts will be subject to prevailing global steel and/or tinplate prices at the time of renewal, which may be different from historical prices.

Unlike steel, where there is no functioning hedging market, aluminum ingot is traded daily as a commodity (priced in U.S. dollars) on the London Metal Exchange, which has historically been subject to significant price volatility. Because aluminum is priced in U.S. dollars, fluctuations in the U.S. dollar/euro rate also affect the euro cost of aluminum ingot.

Following completion of the Beverage Can Acquisition in 2016, our exposure to both the availability of aluminum and volatility of aluminum prices has increased. While raw materials are generally available from independent suppliers, raw materials are subject to fluctuations in price and availability attributable to a number of factors, including general economic conditions, commodity price fluctuations (particularly aluminum on the London Metal Exchange), the demand by other industries for the same raw materials and the availability of complementary and substitute materials. Adverse economic or financial changes could impact our suppliers, thereby causing supply shortages or increasing costs for our business.

We may not be able to pass on all or substantially all raw material price increases, now or in the future. In addition, we may not be able to hedge successfully against raw material cost increases. Furthermore, steel and aluminum prices are subject to considerable volatility in price and demand. While in the past sufficient quantities of steel and aluminum have been generally available for purchase, these quantities may not be available in the future, and, even if available, we may not be able to continue to purchase them at current prices. Further increases in the cost of these raw materials could adversely affect our operating margins and cash flows.

The supplier industries from which Metal Packaging receives its raw materials are relatively concentrated, and this concentration can impact raw material costs. Over the last ten years, the number of major tinplate and aluminum suppliers has decreased. Further consolidation could occur both among tinplate and aluminum suppliers, and such consolidation could hinder our ability to obtain adequate supplies of these raw materials and could lead to higher prices for tinplate and aluminum.

Glass Packaging also consumes significant amounts of raw materials to manufacture glass, particularly glass sand, limestone and soda ash (natural or synthetic), as well as cullet (recycled glass) in variable percentages depending on the products manufactured. The soda ash market has experienced an imbalance between supply and demand resulting in a significant increase in price. Increases in the price of raw materials could also result from a concentration of their suppliers, a phenomenon noted in the soda ash market and that could intensify in the future and develop for other raw materials that we use. The price of cullet varies widely from one region to another due to regulatory and financial disparities concerning the collection and recycling of used glass, as well as the distance of cullet procurement centers from production sites. Thus, changes in the regulations related to glass collection and recycling can have a significant impact on the availability of raw materials and on their price. Any significant increase in the price of the raw materials we use to manufacture glass could have a material negative impact on our business, financial condition and results of operations.

The failure to obtain adequate supplies of raw materials or future price increases could have a material adverse effect on our business, financial condition and results of operations.

Currency, interest rate fluctuations and commodity prices may have a material impact on our business.

Our reporting currency is the euro. Insofar as possible, we intend to actively manage this exposure through the deployment of assets and liabilities throughout the Group and, when necessary and

economically justified, enter into currency hedging arrangements to manage our exposure to foreign currency fluctuations by hedging against rate changes with respect to the euro. However, we may not be successful in limiting such exposure, which could adversely affect our business, financial condition and results of operations.

Metal Packaging has production facilities in 21 different countries worldwide. It also sells products to, and obtains raw materials from, companies located in these and different regions and countries globally. As a consequence, a significant portion of consolidated revenue, costs, assets and liabilities of Metal Packaging are denominated in currencies other than the euro, particularly the pound and the U.S. dollar. The exchange rates between the currencies which we are exposed to, such as the euro, the pound, the U.S. dollar and the Brazilian real, have fluctuated significantly in the past and may continue to do so in the future.

Metal Packaging incurs currency transaction risks primarily on aluminum purchases (or the hedging of those purchases), as aluminum ingot prices are denominated in U.S. dollars, and on revenue denominated in currencies other than the euro fulfilled from euro-participant territories (or the hedging of those sales).

A substantial portion of the assets, liabilities, revenues and expenses of Glass Packaging is denominated in pounds, U.S. dollars, Swedish krona, Danish krone and Polish zloty. Fluctuations in the value of these currencies with respect to the euro have had, and may continue to have, a significant impact on our financial condition and results of operations as reported in euro. For the year ended December 31, 2015 61% of our revenues were denominated in currencies other than the euro.

In addition to currency translation risk, we are subject to currency transaction risk. Our policy is, where practical, to match net investments in foreign currencies with borrowings in the same currency. The debt and interest payments relating to our Swedish, Danish and Polish operations are all denominated in euro. Fluctuations in the value of these currencies with respect to the euro may have a significant impact on our financial condition and results of operations as reported in euro.

Changes in exchange rates can affect our ability to purchase raw materials and sell products at profitable prices, reduce the value of our assets and revenues, and increase liabilities and costs.

We are also exposed to interest rate risk. Fluctuations in interest rates may affect our interest expense on existing debt and the cost of new financing. We occasionally use swaps to manage this risk, but sustained increases in interest rates could nevertheless materially adversely affect our business, financial condition and results of operations.

In addition, we are exposed to movements in the price of natural gas. We try to ensure that natural gas prices are fixed for future periods but do not always do so because the future prices can be far in excess of the spot price. We do 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.

For a further discussion of these matters and the measures we have taken to seek to protect our business against these risks, see “Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures about Market Risk”.

It is difficult to compare our results of operations from period to period.

It is difficult to make period-to-period comparisons of our results of operations. Our business has been created as a result of a series of acquisitions and other corporate transactions over many years. These acquisitions have had and are expected to continue to have a positive effect on our results of operations in periods following their completion and integration. Furthermore, our sales and, therefore, our net operating income are variable within the fiscal year due to the seasonality described above. Thus, a period-to-period comparison of our results of operations may not be meaningful.

Interrupted energy supplies and higher energy costs may have a material adverse effect on our business.

We use natural gas, electrical power, oil, oxygen and, in limited circumstances, liquefied petroleum gas to manufacture our products. These energy sources are vital to our operations and we rely on a continuous power supply to conduct our business. Energy prices are subject to considerable volatility. We are not able to predict to what extent energy prices will vary in the future. If energy costs increase further in the future, we could experience a significant increase in operating costs, which could, if we are not able to recover these costs increases from our customers through selling price increases, have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing facilities are subject to operating hazards.

Our manufacturing processes include cutting, coating and shaping metal into containers, as well as heating glass to extremely high temperatures and forming it into glass containers. These processes, which are conducted at high speeds and involve operating heavy machinery and equipment, entail risks and hazards, including industrial accidents, leaks and ruptures, explosions, fires, mechanical failures and environmental hazards, such as spills, storage tank leaks, discharges or releases of hot glass or toxic or hazardous substances and gases. These hazards may cause unplanned business interruptions, unscheduled downtime, transportation interruptions, personal injury and loss of life, severe damage to or the destruction of property and equipment, environmental contamination and other environmental damage, civil, criminal and administrative sanctions and liabilities, and third-party claims, any of which may have a material adverse effect on our business, financial condition and results of operations.

We are involved in a continuous manufacturing process with a high degree of fixed costs. Any interruption in the operations of our manufacturing facilities may adversely affect our business, financial condition and results of operations.

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

To the extent that we experience any furnace breakdowns or similar manufacturing problems, we will be required to make capital expenditures even though we may not have available resources at such time and we may not be able to meet customer demand, which would result in a loss of revenues. As a result, our liquidity may be impaired as a result of such expenditures and loss of revenues.

A mechanical failure or disruption affecting any major operating line may result in a disruption of our ability to supply customers, and standby capacity may not be available. The potential impact of any disruption would depend on the nature and extent of the damage caused to such facility. Further, our facilities in geographically vulnerable areas, such as California and Italy, may be disrupted by the occurrence of natural phenomena, such as earthquakes, tsunamis and hurricanes.

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

Our Glass Packaging business requires relatively high levels of maintenance capital expenditures. We may not be able to make such capital expenditures if we do not generate sufficient cash flow from operations, have funds available for borrowing under our existing credit facilities to cover these capital

expenditure requirements or if we were restricted from incurring additional debt to cover such expenditures or as a result of a combination of these factors. If we are unable to meet our capital expenditure plans, we may not be able to maintain our manufacturing capacity, which may negatively impact our competitive position and ultimately, our revenues and profitability. If we are unable to meet our maintenance capital expenditure plans, our manufacturing capacity may decrease, which may have a material adverse effect on our profitability.

Our expansion strategy may adversely affect our business.

We aim over the longer term to continue to capitalize on strategic opportunities to expand our metal and glass packaging activities. We believe that such future expansion is likely to require the further acquisition of existing businesses. Because we believe that such businesses may be acquired with modest equity and relatively high levels of financial leverage given the cash-generating capabilities of both our business streams, our leverage may increase in the future in connection with any acquisitions. This could have an adverse effect on our 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 our existing businesses. Furthermore, we cannot assure you that any future expansions will achieve positive results.

We are subject to various environmental and other legal requirements and may be subject to new requirements of this kind in the future that could impose substantial costs upon us.

Our operations and properties are subject to extensive laws, ordinances, regulations and other legal requirements relating to environmental protection. Such laws and regulations which may affect our operations include, among others, requirements regarding remediation of contaminated soil, groundwater and buildings, water supply and use, natural resources, water discharges, air emissions, waste management, noise pollution, asbestos and other deleterious materials, the generation, storage, handling, transportation and disposal of regulated materials, product safety, and workplace health and safety.

We have incurred, and expect to continue to incur, costs to comply with such legal requirements, and these costs are likely to increase in the future. We require a variety of permits to conduct our operations, including operating permits such as those required under various U.S. laws, including the federal Clean Air Act, and the EU Industrial Emissions Directive, or IED, water and trade effluent discharge permits, water abstraction permits and waste permits. We are in the process of applying for, or renewing, permits at a number of our sites. Failure to obtain and maintain the relevant permits, as well as noncompliance with such permits, could have a material adverse effect on our business, financial condition and results of operations.

If we were to violate or fail to comply with these laws and regulations or our permits, we could be subject to criminal, civil and administrative sanctions and liabilities, including substantial fines and orders, or a partial or total shutdown of our operations. For example, we have settled alleged violations of hazardous waste regulations governing the reuse of electrostatic precipitator dust at our Madera plant in the United States, which occurred in the period prior to the VNA Acquisition. As part of this settlement, we have paid a civil penalty of \$3.5 million and expect to incur increased dust disposal costs, which we estimate to be about \$500,000 annually. We cannot assure you that our reuse of electrostatic precipitator dust at our other glass manufacturing plants will not result in regulatory inquiries or enforcement relating to compliance with hazardous waste regulations.

In order to comply with air emission restrictions, significant capital investments may be necessary at some sites. For example, to comply with US environmental regulations and the demands of the US Environmental Protection Agency (the "EPA"), Verallia North America ("VNA"), which we acquired in

2014 and is now part of the Group, agreed to make sizable investments to replace or install new electrostatic precipitators and other equipment in order to control the air emissions at certain sites located in the United States. In 2010, VNA and the EPA signed a global consent decree pursuant to which VNA has made and will continue to make investments estimated at up to an aggregate of \$112 million over a ten-year period, excluding operating costs of the systems installed. In addition, we paid a penalty amounting to \$2.5 million excluding interest pursuant to this consent decree.

The EPA and other regulators have more broadly targeted the glass packaging, flat glass, mineral wool and fiber sectors as part of an enforcement initiative involving high fuel combustion sources. We have received notices of violation from the EPA for alleged violations under the Clean Air Act's Prevention of Significant Deterioration, New Source Performance Standards and Title V provisions stemming from past furnace-related projects at our other glass manufacturing facilities unrelated to our acquisition of VNA, including furnace-related projects conducted by third parties who owned the facilities before us. The EPA has sent information requests to certain of our glass facilities concerning furnace-related projects as well as our air pollutant emissions more generally, which could culminate in notices of violation or other enforcement. Inquiries and enforcement by other regulators, including regulator demands made for more stringent pollution control devices to our facility in Seattle, Washington can also result in the need for further capital upgrades to our furnaces at substantial cost.

In Europe, under the IED and its reference document for "Best Available Techniques" for glass manufacturing plants, permitted emissions levels from these plants including ours are reduced substantially periodically. In Germany, technical guidelines, TA Luft, set forth emission thresholds which could potentially result in stricter limits in the future. These types of changes could require additional investment in our affected operations in order to comply with them. Our business is also affected by the EU Emissions Trading Scheme (the "EU ETS"), which limits emissions of greenhouse gases. See "Business—Environmental, Health and Safety and Product Safety Regulation". This scheme, any future changes to it and any additional measures required to control the emission of greenhouse gases that may apply to our operations could have a material adverse effect on our business, financial condition and results of operations. California has implemented a similar program, which results in the need for us to incur potentially significant compliance costs, including for the purchase of offsets against our greenhouse gas emissions. Other states where we have operations, such as Washington, are expected to implement similar programs.

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

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

environmental matters related to the acquired facilities. Our closure of a site may accelerate the need to investigate and remediate any contamination at the site.

In addition, we may be required to remediate contaminated third-party sites where we have sent wastes for disposal. Liability for remediation of these third-party sites may be established without regard to whether the party disposing the waste was at fault or the disposal activity was legal at the time it was conducted. For example, “Superfund” sites in the United States are the highest priority contaminated sites designated by the federal government to require remediation, and costs of their remediation tend to be very high. We and a number of other companies have been named as potentially responsible parties to clean up the Lower Duwamish Waterway Superfund Site in Washington, because our Seattle plant is adjacent to the waterway and is alleged to have contributed to its contamination. Whether we will have any liability for investigation and remediation costs at this or any other Superfund site or for costs relating to claims for natural resource damages, and what portion of the costs we must bear, has not been determined.

Changes in product requirements and their enforcement may have a material impact on our operations.

Changes in laws and regulations relating to deposits on, and the recycling of, glass or metal packaging could adversely affect our business if implemented on a large scale in the major markets in which we operate. Changes in laws and regulations laying down restrictions on, and conditions for use of, food contact materials or on the use of materials and agents in the production of our products could likewise adversely affect our business. Changes to health and food safety regulations could increase costs and also might have a material adverse effect on revenues if, as a result, the public attitude toward end-products, for which we provide packaging, were substantially affected.

Additionally, the effectiveness of new standards such as the ones related to recycling or deposits on different packaging materials could result in excess costs or logistical constraints for some of our customers who could choose to reduce their consumption and even terminate the use of glass or metal packaging for their products. We could thus be forced to reduce, suspend or even stop the production of certain types of products. The regulatory changes could also affect our prices, margins, investments and activities, particularly if these changes resulted in significant or structural changes in the market for food packaging that might affect the market shares for glass, the volumes produced or production costs.

Environmental concerns could lead US or EU bodies to implement other product regulations that are likely to be restrictive for us and have a material negative impact on our business, financial condition and results of operations. For example, in the European Union, each bottle cannot, in principle, contain more than 100 parts per million (“ppm”) of heavy metals pursuant to Directive 94/62/CE on Packaging and Packaging Waste. There is significant variation, among countries where we sell our products, in the limitation on certain constituents in packaging, which can have the effect of restricting the types of raw materials or amount of recycled glass we use. In turn, these restrictions can increase our operating costs and the environmental impacts of our operations, such as increased energy consumption.

Similarly, in the United States, some state regulations set the concentration of certain heavy metals in packaging at 100 ppm and provide for an exception to this rule in the event of additions of recycled packaging. Because this exemption has expired in certain states, the bottles manufactured from recycled glass that have a heavy metals concentration higher than 100 ppm could be noncompliant, which could have a negative impact on our earnings, financial situation, assets or image. We have had regulatory inquiries about our compliance and may in the future have additional inquiries or enforcement.

Other changes, such as restrictions on bisphenol A in coatings for some of our products, which have been proposed or adopted in the European Union under the REACH legislation and some of its Member States, have required us to develop substitute materials for our production.

We could incur significant costs in relation to claims of injury and illness resulting from materials present or used at our production sites, or from our use of these sites or other workplace injuries, or from our products.

As is the case in a number of other industrial processes that deal with high temperatures, asbestos was once present in the glass-making industry, primarily in safety equipment, until measures were taken to substitute this material for other materials made possible through technological advances. Since the 1990s, items made of asbestos have gradually been removed at our sites in Western Europe and the United States. Because of the age of some of our sites, however, asbestos-cement may have been used in construction and may still be present at these sites. When these buildings are modernized or repaired, the cost of upgrades is higher because of the restrictions associated with removing asbestos-containing materials.

We are exposed to claims alleging injury or illness associated with asbestos and related compensation over and above the support that may be offered through various existing social security systems in countries where we operate.

Claims associated with our glass-making activity exist and may arise for reasons associated with the work environment unrelated to the presence of asbestos. For example, claims have arisen associated with the acoustic environment generated by forming machines, the use of glass sand in making glass and products likely to contain heavy metals or solvents for decoration. We may also face the risk of work-related health claims owing to materials present or used at our production sites such as silicosis, and, under certain conditions, Legionnaires' disease. The U.S. Occupational Safety and Health Administration has finalized a requirement, to be implemented over the next two years, that decreases by 50% the permissible exposure limit to crystalline silica and requires engineering controls or personal protective equipment to safeguard employees from such exposure. The European Union is also considering setting stricter exposure limit values for crystalline silica in work processes under the Carcinogens and Mutagens Directive. Silica is a significant component of the raw material for glass packaging and is also contained in refractories, or bricks, used in glass packaging manufacturing operations. Our costs to meet these reduced limits could be substantial, particularly if it becomes necessary for us to implement broad engineering controls across many of our glass manufacturing plants.

We are also exposed to claims alleging musculoskeletal disorders caused by performing certain repetitive operations or motions. We could also face claims alleging illness or injury from use of the products that we manufacture or sell or from workplace injuries more generally. If these claims succeed, they could have a material adverse impact on our business, financial situation, assets and earnings.

We may not be able to integrate the Beverage Can Business or any future acquisitions effectively.

Even though we have acquired businesses in the past, there is no certainty that the Beverage Can Business or any businesses we may acquire in the future will be effectively integrated. If we cannot successfully integrate acquired businesses within a reasonable time frame, we may not be able to realize the potential benefits anticipated from those acquisitions. Our failure to successfully integrate such businesses and the diversion of management attention and other resources from our existing operations could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, even if we are able to integrate successfully the operations of acquired businesses, we may not be able to realize the cost savings, synergies and revenue enhancements that we anticipate including those from the Beverage Can Acquisition, either in the amount or within the time frame that we anticipate, and the costs of achieving these benefits may be higher than, and the timing may differ

from, what we expect. Our ability to realize anticipated cost savings and synergies may be affected by a number of factors, including the following:

- the use of more cash or other financial resources on integration and implementation activities than we expect, including restructuring and other exit costs; and
- increases in other expenses related to the acquisitions, which may offset the cost savings and other synergies from such acquisitions.

We have potential indemnification obligations relating to divestments.

We have disposed of a number of businesses. Pursuant to these agreements, we may be required to provide indemnification to the acquirers for damages resulting from a breach of any representation, warranty or covenants contained therein. The indemnification obligations under these agreements are subject to certain monetary and other limitations. To the extent that we are required to make any significant payments under these indemnification provisions, these payments could adversely impact our business, financial condition and results of operations.

We may be subject to litigation, arbitration and other proceedings that could have an adverse effect on us.

We are currently involved in various litigation matters, and we anticipate that we will be involved in litigation matters from time to time in the future. The risks inherent in our business expose us to litigation, including personal injury, environmental litigation, contractual litigation with customers and suppliers, intellectual property litigation, tax or securities litigation, and product liability lawsuits. We cannot predict with certainty the outcome or effect of any claim or other litigation matter, or a combination of these. If we are involved in any future litigation, or if our positions concerning current disputes are found to be incorrect, this may have an adverse effect on our business, financial position, results of operations and available cash, because of potential negative outcomes, the costs associated with asserting our claims or defending such lawsuits, and the diversion of management's attention to these matters.

We could incur significant costs due to the location of some of our industrial sites in urban areas.

Obtaining, renewing or maintaining permits and authorizations issued by administrative authorities necessary to operate our production plants could be made more difficult due to the increasing urbanization of the sites where some of our manufacturing plants are located. Some of our old sites are located in urban areas such as Seattle. Urbanization could lead to more stringent operating conditions (by imposing traffic restrictions for example), conditions for obtaining or renewing the necessary authorizations, the refusal to grant or renew these authorizations, or expropriations of these sites in order to allow urban planning projects to proceed.

The occurrence of such events could result in us incurring significant costs. There can be no assurance that the occurrence of such events would entitle us to partial or full compensation.

Changes in consumer lifestyle, nutritional preferences, health-related concerns and consumer taxation could adversely affect our business.

Certain end-products represent a significant proportion of our packaging market. In the past, the occurrence of diseases such as bovine spongiform encephalopathy and swine fever have sometimes led to reduced demand for associated canned products, such as sauces, soups and ready meals, and publicity about the supposed carcinogenic effect of coatings used on some cans may have affected sales of canned products. Additionally, France has introduced taxes on drinks with added sugar and artificial sweeteners that companies produce or import and the United Kingdom is planning on introducing a similar tax in 2018. France has also imposed taxes on energy drinks using certain amounts of taurine

and caffeine. As a result of such taxes, demand decreased temporarily in France, and the imposition of such taxes in the future may decrease the demand for certain soft drinks and beverages that our customers produce, which may cause our customers to respond by decreasing their purchases of our metal and glass packaging products. Consumer tax legislation and future attempts to tax sugar or energy drinks by other jurisdictions could reduce the demand for our products and adversely affect our profitability. Any decline in the popularity of these product types as a result of lifestyle, nutrition, health considerations or consumer taxation could have a significant impact on our customers and could have a material adverse impact on our business, financial condition and results of operations.

We face costs associated with our post-retirement and post-employment obligations to employees which could have an adverse effect on our financial condition.

As of September 30, 2016, our accumulated post-retirement benefit obligation was approximately €1,109 million. The additional costs associated with these and other benefits to employees could have a material adverse effect on our financial condition.

We operate a number of pension and other post-retirement benefit schemes funded by a range of assets which may include property, derivatives, equities and/or bonds. The value of these assets is heavily dependent on the performance of markets which are subject to volatility. The liability structure of the obligations to provide such benefits is also subject to market volatility in relation to its accounting valuation and management. Additional significant funding of our pension and other post-retirement benefit obligations may be required if market underperformance is severe.

Organized strikes or work stoppages by unionized employees may have a material adverse effect on our business.

Many of our operating companies are party to collective bargaining agreements with trade unions. These agreements cover the majority of our employees. Upon the expiration of any collective bargaining agreement, our 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 unionized workers were to engage in a strike or other work stoppage, we could experience a significant disruption of operations and/or higher ongoing labor costs, which may have a material adverse effect on our business, financial condition and results of operations.

Failure of control measures and systems resulting in faulty or contaminated product could have a material adverse effect on our business.

We have strict control measures and systems in place to ensure that the maximum safety and quality of our products is maintained. The consequences of a product not meeting these rigorous standards, due to, among other things, accidental or malicious raw materials contamination or due to supply chain contamination caused by human error or equipment fault, could be severe. Such consequences might include adverse effects on consumer health, litigation exposures, loss of market share, financial costs and loss of revenues.

In addition, if our products fail to meet our usual rigorous standards, we may be required to incur substantial costs in taking appropriate corrective action (up to and including recalling products from consumers) and to reimburse customers and/or end-consumers for losses that they suffer as a result of this failure. Customers and end-consumers may seek to recover these losses through litigation and, under applicable legal rules, may succeed in any such claim despite there being no negligence or other fault on our part. Placing an unsafe product on the market, failing to notify the regulatory authorities of a safety issue, failing to take appropriate corrective action and failing to meet other regulatory requirements relating to product safety could lead to regulatory investigation, enforcement action

and/or prosecution. Any product quality or safety issue may also result in adverse publicity, which may damage our reputation. This could in turn have a material adverse effect on our business, financial condition and results of operations. Although we have not had material claims for damages for defective products in the past, and have not conducted any substantial product recalls or other material corrective action, these events may occur in the future.

In certain contracts, we provide warranties in respect of the proper functioning of our products and the conformity of a product to the specific use defined by the customer.

In addition, if the product contained in packaging manufactured by us is faulty or contaminated, it is possible that the manufacturer of the product in question may allege that our packaging is the cause of the fault or contamination, even if the packaging complies with contractual specifications. Furthermore, in certain countries, certain players of the distribution chain market refill bottles even though they may not be designed for this purpose.

In case of the failure of packaging produced by us to open properly or to preserve the integrity of its contents, we could face liability to our customers and to third parties for bodily injury or other tangible or intangible damages suffered as a result. Such liability, if it were to be established in relation to a sufficient volume of claims or to claims for sufficiently large amounts, could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

We renew our insurance policies on an annual basis. The cost of coverage may increase to an extent that we may choose to reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, adverse political developments, security concerns and natural disasters in any country in which we operate may materially adversely affect available insurance coverage and result in increased premiums for available coverage and additional exclusions from coverage.

Our food packaging sales could be affected adversely by changes in EU agricultural subsidy rules.

Certain subsidies are provided to agricultural producers under EU rules governing the production of various fruit, vegetable and dairy products. The availability of these subsidies may affect levels of production for certain agricultural products. Any reduction in existing subsidy levels could lead to a reduction in harvest or canning operations and therefore could have a material adverse effect on our business, financial condition and results of operations.

Our business may suffer if we do not retain our executive and senior management.

We depend on our executive management team, who are identified under the “Management” section of this offering memorandum. Although we do not anticipate that we will have to replace any of our executive management team in the near future, the loss of services of any of the members of our executive management or other members of senior management could adversely affect our business until a suitable replacement can be found. There may be a limited number of persons with the requisite skills to serve in these positions and there is no assurance that we would be able to locate or employ such qualified personnel on terms acceptable to us or at all.

In addition, although we may enter into employment agreements with certain members of our senior management team, we may not be able to retain their services as expected. The loss of senior management personnel could have a material adverse effect on our business.

The existing shareholders of Ardagh Group S.A. can exert considerable control over Ardagh.

The interests of some controlling shareholders may not be entirely consistent with our interests or those of other shareholders or holders of the Notes. It is possible that the controlling shareholders may take actions in relation to our business that are not entirely in our best interests or the best interests of the other shareholders of Ardagh Group S.A., our parent company, or holders of the Notes. Paul Coulson is Chairman of the Board of Directors of Ardagh Group S.A. As of the date hereof, companies which are owned by Paul Coulson and his family, own approximately 25% of the issued share capital of Ardagh Group S.A. Through its investment in the Yeoman group of companies, one of these companies has an interest in a further approximate 34% of the issued share capital of Ardagh Group S.A. Directors of Ardagh Group S.A. and members of Ardagh’s senior management team, other than Paul Coulson, own approximately 8% of the issued share capital of Ardagh Group S.A. In addition, members of the senior management team of Ardagh, through their involvement in a number of intermediate investment vehicles controlled by Ardagh Group S.A., have invested to participate in up to 5% of any growth in value, after their investment, of the shares in a subsidiary of Ardagh Group S.A., which is the holder, indirectly, of 100% of the share capital of Ardagh Packaging Holdings. Ardagh Group S.A. retains ultimate voting control of the shares in that subsidiary.

Paul Coulson, Brendan Dowling, Wolfgang Baertz, Gerald Moloney and Herman Troskie also serve as directors in the Yeoman group of companies. As a result of their ownership and positions, Yeoman and Messrs. Coulson, Dowling, Baertz, Moloney and Troskie are each able to significantly influence, through Yeoman, all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. See “Board of Directors and Senior Management” and “Major Shareholders and Related Party Information.”

In addition, as a result of the issuance by ARD Finance S.A. of the Toggle Notes and the interest service obligations thereof, we may pay more dividends to our shareholders (including ARD Finance S.A.) than we might otherwise have paid if the Toggle Notes had not been issued. Such dividend payments would reduce the amount of cash available to the Parent Guarantor and its subsidiaries.

We have established several committees, including an audit committee and a remuneration committee, in order to ensure that the control exercised by our major shareholders is exercised through appropriate corporate governance structures.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for our business, which could materially affect our financial condition and results of operations.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum ("Brexit"). The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other EU member states to consider withdrawal.

These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European economic area overall could be diminished or eliminated.

Depending on the terms of Brexit, if any, the United Kingdom could also lose access to the single EU market resulting in an impact on the general and economic conditions in the United Kingdom. Additionally, political instability in the European Union as a result of Brexit may result in a material negative effect on credit markets and foreign direct investments in Europe. This deterioration in economic conditions could result in increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local economies, and other results that negatively impact household incomes. These negative impacts could negatively impact our financial condition and results of operations.

USE OF PROCEEDS

We estimate that the gross proceeds of the offering of the Notes will be \$1,000 million. We will use the net proceeds, together with certain cash on balance sheet, to fund the full redemption of the 2019 Senior Notes, the partial redemption of the July 2014 Floating Rate Secured Notes, prepayment penalties and pay fees and expenses related to the offering.

The expected estimated sources and uses of the funds raised through the offering of the Notes are shown in the table below:

<u>Sources</u>	<u>(in \$ millions)</u>	<u>(in € millions)⁽¹⁾</u>	<u>Uses</u>	<u>(in \$ millions)</u>	<u>(in € millions)⁽¹⁾</u>
Notes offered hereby . . .	1,000	896	Redemption of 2019 Senior Notes	415	372
Cash from balance sheet .	300	269	Partial redemption of July 2014 Floating Rate Secured Notes . .	845	757
			Accrued interest	7	6
			Estimated fees and expenses ⁽²⁾	10	9
			Redemption premiums . .	23	21
Total sources	<u>1,300</u>	<u>1,165</u>	Total uses	<u>1,300</u>	<u>1,165</u>

(1) Dollar-denominated amounts have been translated at an exchange rate of €1.00 = \$1.1161, the exchange rate used in preparing Ardagh's balance sheet on September 30, 2016.

(2) Estimated legal, accounting, underwriting, printing, marketing and other fees and associated out-of-pocket expenses incurred in connection with the offering, sale and issuance of the Notes.

CAPITALIZATION

The following table sets forth our unaudited historical total cash and cash equivalents and capitalization as of September 30, 2016 on a historical basis and as adjusted to give effect to the issuance of the Notes offered hereby and the use of proceeds therefrom.

The information set forth below should be read in conjunction with “Use of Proceeds,” “Unaudited Condensed Combined Pro Forma Financial Information,” the consolidated financial information of Ardagh and the financial information of the Beverage Can Business, in each case, together with the notes thereto included elsewhere in this Offering Memorandum.

		As of September 30, 2016		
	Historical	2020 Notes	This Offering	As Adjusted
		(in € millions) ⁽¹⁾		
Cash and cash equivalents	683	(129) ⁽²⁾	(269)	285
Debt				
Existing Secured Notes	3,934	—	(757)	3,177
Existing Term Loan Facilities	596	—	—	596
Other available facilities ⁽³⁾	—	—	—	—
Finance lease obligations	9	—	—	9
Total senior secured debt	4,539	—	(757)	3,782
Existing Senior Notes	3,487	(121)	(372)	2,994
Notes offered hereby	—	—	896	896
Other borrowings	3	—	—	3
Total debt	8,029	(121)	(233)	7,675
Total shareholders' funds	(1,382)	(5)	(24)	(1,411)
Total capitalization	6,647	(126)	(257)	6,264

(1) Dollar-denominated borrowings have been translated at an exchange rate of €1.00 = \$1.1161, the exchange rate used in preparing Ardagh's balance sheet on September 30, 2016.

(2) Actual amount paid on the date of redemption was €132 million, reflecting the relevant exchange rate on that day.

(3) Includes the Bank of America Facility, the HSBC Securitization Program and the Unicredit Working Capital and Performance Guarantee Credit Lines.

For further details relating to the debt instruments described above, see “Operating and Financial Review and Prospects—Liquidity and Capital Resources—Other Financing Arrangements” and “Description of Other Indebtedness.”

SELECTED FINANCIAL INFORMATION

We have derived the selected financial data as of and for the years ended December 31, 2015, 2014 and 2013 from the audited consolidated financial statements of Ardagh and related notes included elsewhere in this Offering Memorandum. We have derived the selected financial data for the nine months ended September 30, 2016 and 2015 and as of September 30, 2016 from unaudited consolidated interim financial statements included elsewhere in this Offering Memorandum.

The financial statements contained herein were prepared in accordance with IFRS. The selected financial information and other data should be read in conjunction with “Operating and Financial Review and Prospects,” our historical consolidated financial statements and the related notes, and the Unaudited Condensed Combined Pro Forma Financial Information and the related notes included elsewhere in this Offering Memorandum. Our historical results are not necessarily indicative of results to be expected in any future period.

	Nine months ended September 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	(in € millions)				
Income Statement Data⁽¹⁾					
Revenue	4,519	3,971	5,199	4,733	4,043
Cost of sales	(3,693)	(3,267)	(4,322)	(4,092)	(3,556)
Gross profit	826	704	877	641	487
Sales, general and administration expenses	(299)	(223)	(318)	(281)	(272)
Intangible amortization	(96)	(81)	(109)	(121)	(53)
Loss on disposal of businesses	—	—	—	(159)	—
Operating profit	431	400	450	80	162
Net finance expense	(323)	(276)	(366)	(474)	(472)
Profit/(loss) before tax	108	124	84	(394)	(310)
Income tax (expense)/credit	(62)	(50)	(43)	3	(4)
Profit/(loss) for the period	46	74	41	(391)	(314)
Balance Sheet Data (at period end)					
Cash and cash equivalents ⁽²⁾	683		550	412	294
Working capital ⁽³⁾	860		550	609	612
Total assets	10,095		6,335	6,095	5,931
Total borrowings ⁽⁴⁾	7,929		5,392	5,185	4,986
Total equity	(1,382)		(1,360)	(1,308)	(678)

- (1) The income statement data presented above is on a reported basis and includes certain exceptional items which, by their incidence or nature, management considers should be adjusted for to enable a better understanding of the financial performance of the Group. A summary of these exceptional items included in the income statement data is as follows:

	Nine months ended September 30		Year ended December 31,		
	2016	2015	2015	2014	2013
	(in € millions)				
Exceptional Items					
Exceptional cost of sales	4	26	37	122	115
Exceptional sales, general and administrative expenses	82	18	44	35	37
Exceptional intangible amortization	—	—	—	33	11
Exceptional loss on disposal of business	—	—	—	159	—
Exceptional operating items	86	44	81	349	163
Exceptional net finance expense	28	10	13	126	94
Exceptional income tax credit	(20)	(11)	(32)	(78)	(63)
Total exceptional items	94	43	62	397	194

For further details on the exceptional operating items for the years ended December 31, 2015, 2014 and 2013, see Notes 18, 19 and 19 to the consolidated financial statements of Ardagh for each of the years ended December 31, 2015, 2014 and 2013, respectively, included elsewhere in this Offering Memorandum. For further details on the exceptional operating items for the nine months ended September 30, 2016 and 2015, see Note 8 to the unaudited consolidated financial information of Ardagh for the nine months ended September 30, 2016 included elsewhere in this Offering Memorandum.

- (2) Cash and cash equivalents include restricted cash (excluding restricted cash held in escrow) as per the note disclosures to the financial information.
- (3) Working capital is comprised of inventories, trade and other receivables, trade and other payables and current provisions. Other companies may calculate working capital in a manner different to ours.

	As of September 30, 2016	As of December 31,		
		2015	2014	2013
	(in € millions)			
Inventories	1,112	825	770	680
Trade and other receivables	1,294	651	692	657
Trade and other payables	(1,499)	(878)	(803)	(715)
Current provisions	(47)	(48)	(50)	(10)
Working capital	860	550	609	612

- (4) Total borrowings include both non-current and current liabilities.

UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL INFORMATION

Under IFRS 3, Revised “Business Combinations,” all business combinations should be accounted for by applying the purchase method of accounting. This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities assumed. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The summary pro forma financial information set forth below may not be fully compliant with the requirements of Regulation S-X under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) or U.S. GAAP. Neither the adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with International Standards on Auditing (United Kingdom and Ireland) or U.S. GAAS. The unaudited pro forma combined financial information in respect of the acquisition of the Ball Carve-Out Business and the Rexam Carve-Out Business (collectively the “Beverage Can Business”) is preliminary and will differ from the final acquisition accounting for a number of reasons, including the fact that the estimates of fair values of assets and liabilities acquired are preliminary and subject to change when the formal valuations and other studies are finalized. The differences that will occur between the preliminary estimates and the final acquisition accounting could have a material impact on the unaudited pro forma combined financial information, including the impact on pro forma amortization of intangible assets and depreciation of property, plant and equipment. The differences that will occur between the preliminary estimates and the final acquisition accounting could have a material impact on pro forma combined financial information.

The following unaudited pro forma income statement information for the nine months ended September 30, 2016 and for the year ended December 31, 2015 gives effect to the following transactions as if they had occurred on January 1, 2015: (1) the proceeds of new borrowing in May 2016 which were used to (a) fund the Beverage Can Acquisition (€1,755 million from the issuance of Secured Notes and €745 million from the issuance of Senior Notes) and (b) repay in full the amount outstanding of 9.250% Senior Notes due 2020 and 9.125% Senior Notes due 2020 (total €1,281 million) from the issuance of Senior Notes (€1,450 million), (2) the 2020 Senior Notes Redemption and (3) this offering. The following unaudited pro forma balance sheet information for the nine months ended September 30, 2016 gives effect to this offering and the 2020 Senior Notes Redemption as if they had occurred at September 30, 2016.

This unaudited pro forma financial information is based on available information and various assumptions that management believes to be reasonable. The actual results may differ significantly from those reflected in the unaudited pro forma financial information for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma combined financial information and actual amounts. The unaudited pro forma financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been had the transactions occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or financial position.

The Ardagh historical income statement for the nine months ended September 30, 2016 includes the result of both the Ball Carve-Out Business and the Rexam Carve-Out Business for the post-acquisition period from July 1, 2016 to September 30, 2016. The pro forma income statement for the nine months ended September 30, 2016 has been adjusted to include the results of both the Ball Carve-Out Business and the Rexam Carve-Out Business for the six months ended June 30, 2016.

The unaudited pro forma financial information reflects a number of adjustments made to the financial information of the Ball Carve-Out Business and the Rexam Carve-Out Business. The

compilation of the unaudited pro forma financial information and the adjustments reflected therein are explained as follows:

- Adjustments have been made to the Ball Combined Financial Statements to eliminate the results of operations and assets and liabilities associated with certain assets (namely, three plants in Europe and certain other ancillary assets) and certain liabilities (namely, certain pension liabilities) that were retained by Ball Corporation and therefore do not comprise part of the Ball Carve-Out Business acquired by Ardagh in the Beverage Can Acquisition. The income statement data has been adjusted generally (i) in the case of revenue on the basis of actual sales of the various plants and (ii) in the case of cost items on the basis of allocations, including, for example, on relative sales volumes.
- Adjustments have been made to convert the underlying U.S. GAAP financial information set forth in the Ball Combined Financial Statements to IFRS and in alignment with the IFRS accounting policies of Ardagh. These adjustments are based on management's analysis of the major GAAP and accounting policy differences between Ardagh and the Ball Combined Financial Statements.
- The underlying financial information of both the Ball Carve-Out Business and the Rexam Carve-Out Business has been adjusted to align the presentation of certain income statement items with the presentation of such financial information in the financial statements of Ardagh.

The basis for the adjustments reflected in the unaudited pro forma financial information and the key assumptions made are explained in the notes to the information accompanying the tables.

The financial information of the Ball Carve-Out Business has been translated by Ardagh from U.S. dollars into euros, and the financial information of the Rexam Carve-Out Business has been translated from pounds sterling into euros. For all income statement items an average rate for the period presented has been used. Based on its review of the historical financial information and understanding of the differences between IFRS and U.S. GAAP, Ardagh is not aware of any further material adjustment that it would need to make to the Ball Carve-Out Business's historical financial information or the Rexam Carve-Out Business's historical financial information relating to foreign currency translation.

The unaudited pro forma combined financial and other data set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of Ardagh and the Ball Combined Financial Statements and the Rexam Combined Carve-Out Financial Statements, included elsewhere in this offering memorandum and "Operating and Financial Review and Prospects."

Balance Sheet Data	For the nine months ended September 30, 2016			
	Ardagh	2020 Notes ⁽¹⁾	This Offering ⁽²⁾	Pro Forma Financial Data
	(in € millions)			
Non-current assets				
Intangible assets	3,739	—	—	3,739
Property, plant and equipment	2,944	—	—	2,944
Deferred tax assets	240	—	—	240
Derivative financial instruments	66	—	—	66
Other non-current assets	17	—	—	17
	<u>7,006</u>	<u>—</u>	<u>—</u>	<u>7,006</u>
Current assets				
Inventories	1,112	—	—	1,112
Trade and other receivables	1,294	—	—	1,294
Restricted cash	28	—	—	28
Cash and cash equivalents	655	(129)	(269)	257
	<u>3,089</u>	<u>(129)</u>	<u>(269)</u>	<u>2,691</u>
Total assets	<u>10,095</u>	<u>(129)</u>	<u>(269)</u>	<u>9,697</u>
Total equity	<u>(1,382)</u>	<u>(5)</u>	<u>(24)</u>	<u>(1,411)</u>
Non-current liabilities				
Borrowings	7,921	(120)	(239)	7,562
Employee benefit obligations	1,109	—	—	1,109
Deferred tax liabilities	617	—	—	617
Provisions	47	—	—	47
Derivative financial instruments	16	—	—	16
	<u>9,710</u>	<u>(120)</u>	<u>(239)</u>	<u>9,351</u>
Current liabilities				
Borrowings	8	—	—	8
Interest payable	108	(4)	(6)	98
Trade and other payables	1,499	—	—	1,499
Income tax payable	105	—	—	105
Provisions	47	—	—	47
	<u>1,767</u>	<u>(4)</u>	<u>(6)</u>	<u>1,757</u>
Total liabilities	<u>11,477</u>	<u>(124)</u>	<u>(245)</u>	<u>11,108</u>
Total equity and liabilities	<u>10,095</u>	<u>(129)</u>	<u>(269)</u>	<u>9,697</u>

	For the nine months ended September 30, 2016							
	Ardagh	Ball Carve-Out Business ⁽³⁾	Rexam Carve-Out Business ⁽⁴⁾	Acquisition Adjustments	Refinancing Adjustments	2020 Notes ⁽¹⁾	This Offering ⁽²⁾	Pro Forma Financial Data
	(in € millions)							
Income Statement Data								
Revenue	4,519	762	539	—	—	—	—	5,820
Cost of sales	(3,689)	(621)	(469)	—	—	—	—	(4,779)
Gross profit	830	141	70	—	—			1,041
Sales, general and administration expenses	(217)	(48)	(36)	—	—	—	—	(301)
Intangible amortization .	(96)	—	—	(29) ⁽⁵⁾	—	—	—	(125)
Exceptional operating items	(86)	(13)	(4)	—	—	—	—	(103)
Operating profit	431	80	30	(29)	—	—	—	512
Net finance expense . . .	(295)	(6)	—	(74) ⁽⁶⁾	7 ⁽⁸⁾	7	—	(361)
Exceptional net finance (expense)/income	(28)	—	—	15 ⁽⁶⁾	84 ⁽⁹⁾	—	—	71
Profit/(loss) before tax . . .	108	74	30	(88)	91	7	—	222
Income tax (charge) / credit	(62)	(14)	(13)	20 ⁽⁷⁾	(13) ⁽⁷⁾	(3) ⁽⁷⁾	—	(85)
(Loss)/profit for the period	46	60	17	(68)	78	4	—	137

- (1) The September 30, 2016 pro forma balance sheet gives effect to the November 2016 redemption of the \$135,000,000 7.00% Senior Notes due 2020 as if it had occurred on September 30, 2016. Existing cash resources (€129 million) were used to repay the amount outstanding including redemption premia and accrued and unpaid interest at the redemption date.

The pro forma income statement reflects the elimination of €7 million net finance expense for the nine months ended September 30, 2016 associated with the November 2016 redemption of \$135,000,000 7.00% Senior Notes due 2020.

- (2) As set out in Use of Proceeds, the gross proceeds from this offering estimated at \$1,000,000,000 together with certain cash on the balance sheet will be used to fund the repayment in full of the \$415,000,000 6.250% Senior Notes due 2019 and the partial repayment of the July 2014 First Priority Senior Secured Floating Rate Notes. These transactions have been reflected in the September 30, 2016 pro forma balance sheet as if they had occurred on September 30, 2016.

The pro forma income statement reflects the impact on net finance expense after giving effect to the repayment of \$415,000,000 6.250% Senior Notes due 2019 and \$845,000,000 First Priority Senior Secured Floating Rate Notes due 2019 and the issuance in January 2017 in this offering of \$1,000,000,000 Senior Notes. The impact on the pro forma net finance expense from January 1, 2016 is set out in the table below.

	Nine months ended September 30, 2016
	(in € millions)
Interest on Notes offered hereby	
The Notes	
Less interest on notes repaid	
\$415,000,000 6.250% Senior Notes due 2019	
\$845,000,000 First Priority Senior Secured Floating Rate Notes due 2019	
Impact on net finance expense	—

- (3) The following adjustments have been made to the financial data of the Ball Carve-Out Business:

	For the six months ended June 30, 2016			
	Ball Combined Financials U.S. GAAP^(a)	IFRS Conversion Adjustments^(b)	Ball Carve-Out Business IFRS	Ball Carve-Out Business IFRS^(c)
	(in \$ millions)			(in € millions)
Income Statement Data				
Revenue	846	—	846	762
Cost of sales	(690)	—	(690)	(621)
Gross profit	156	—	156	141
Sales, general and administration expenses	(70)	17	(53)	(48)
Intangible amortization	—	—	—	—
Exceptional items	—	(14)	(14)	(13)
Operating profit	86	3	89	80
Finance expense	(6)	(1)	(7)	(6)
Profit before tax	80	2	82	74
Income tax charge	(15)	—	(15)	(14)
Profit for the period	65	2	67	60

- (a) The following table presents the adjustments made to the financial data in the Ball Combined Financial Statements to eliminate the results of operations associated with certain assets and liabilities that do not comprise part of the Ball Carve-Out Business acquired by Ardagh, as well as the reclassification of certain items to conform to the format in which Ardagh presents its financial information.

For the six months ended June 30, 2016						
	Ball Combined U.S. GAAP	Acquisition Adjustments ⁽ⁱ⁾	Ball Carve-Out Business U.S. GAAP	Reclassifications ⁽ⁱⁱ⁾	Ball Combined Financials U.S. GAAP	
	(in \$ millions)					
Ball Combined Statement of Earnings Data						Ardagh Income Statement Data
Net sales	937	(91)	846	—	846	Revenue
Cost of sales (excluding depreciation and amortization) . . .	(722)	65	(657)	(33)	(690)	Cost of sales
	—	—	—	—	156	Gross profit
Depreciation and amortization	(43)	7	(36)	36	—	Intangible amortization
Selling, general and administrative . . .	(78)	25	(53)	(17)	(70)	Sales, general and administration expenses
Business consolidation and other activities . .	(14)	—	(14)	14	—	Exceptional operating items
Earnings before interest and taxes .	80	6	86	—	86	Operating profit
Interest expense . . .	(6)	—	(6)	—	(6)	Net finance expense
Earnings before taxes	74	6	80	—	80	Profit before tax
Tax provision	(15)	—	(15)	—	(15)	Income tax charge
Net earnings	59	6	65	—	65	Profit for the period

(i) Represents the impact of removing the historical results of certain businesses that manufacture and sell metal packaging in the beverage can industry in the European market that were retained by Ball Corporation and do not form part of the Ball Carve-Out Business acquired by Ardagh in the Beverage Can Acquisition. The adjustments also represent the movement of certain lines and costs between the Ball Carve-Out Business and the business retained by Ball Corporation. The income statement data has been adjusted generally (i) in the case of revenue on the basis of actual sales of the various plants and (ii) in the case of cost items on the basis of allocations, including, for example, on relative sales volumes.

(ii) Reclassifies certain items to conform to the format in which Ardagh presents its financial information. The items impacted are exceptional items and finance expense in respect of pensions.

- (b) Adjustments made to convert the underlying U.S. GAAP financial information to IFRS primarily related to exceptional items and net pension expense.
- (c) The income statement of the Ball Carve-Out Business has been translated at Ardagh's average exchange rate of \$1.00 = €0.9004 for the six months ended June 30, 2016.

- (4) The following adjustments have been made to the financial data of the Rexam Carve-Out Business:

For the six months ended June 30, 2016						
	Rexam Combined Financials	Acquisition adjustments ^(a)	Reclassifications ^(b)	Rexam Carve-Out Business	Rexam Carve-Out Business ^(c)	
	(in £ millions)				(in € millions)	
Rexam Combined Income Statement Data						Ardagh Income Statement Data
Sales	442	(27)		415	539	Revenue
Cost of sales	(343)	13	(31)	(361)	(469)	Cost of sales
Gross profit	99	(14)	(31)	54	70	Gross profit
Selling and distribution costs . .	(46)	—	31			
Administrative expenses	(17)	5	—			
Research and development	(1)	—	—			
				(28)	(36)	Sales, general and administration expenses
				—	—	Intangible amortization
Exceptional items . . .	(3)	—	—	(3)	(4)	Exceptional operating items
Profit before tax	32	(9)	—	23	30	Profit before tax
Tax	(13)	3	—	(10)	(13)	Income tax charge
Profit for the period . .	19	(6)	—	13	17	Profit for the period

- (a) The adjustment reflects the elimination of revenues, cost of sales, margin and selling, general and administrative expenses of businesses not acquired by Ardagh. The income statement data has been adjusted based on actual sales and income statement data for the businesses not acquired.
- (b) Reclassifies freight costs to conform to the format in which Ardagh presents its financial statements.
- (c) The income statement of the Rexam Carve-Out Business has been translated at Ardagh's average exchange rate of £1.00 = €1.2994 for the six months ended June 30, 2016.
- (5) Represents the amortization of intangible assets acquired as part of the Beverage Can Acquisition over their estimated useful life of 12 years and reflects six months amortization from January 1, 2016 to June 30, 2016.

	Fair Value at Acquisition Date	Useful Economic Life Years	Pro forma Amortization Adjustment
	(in € millions)		(in € millions)
Customer relationships	709	12	29

Details of the Beverage Can Acquisition purchase price allocation, including intangible assets acquired are set out in the following table.

	(in € millions)
Cash and cash equivalents	11
Property, plant and equipment	775
Intangible assets	709
Inventories	281
Trade and other receivables	286
Trade and other payables	(372)
Net deferred tax liability	(151)
Employee benefit obligations	(180)
Provisions	(14)
Net other non-current asset	2
Total identifiable net assets	1,347
Goodwill	1,348
Total consideration	2,695

The consideration paid was funded as follows:

	(in € millions)
May 2016 Issuance	
Secured Notes (\$1,500 million and €440 million)	1,755
Senior Notes (\$850 million)	745
New borrowings	2,500
Existing cash resources	195
Total consideration paid	2,695

- (6) Interest on the May 2016 Secured Notes and \$850,000,000 of the May 2016 Senior Notes issued to finance the Beverage Can Acquisition, from their issue date of May 15, 2016 through to the Beverage Can Acquisition date of June 30, 2016 (€15 million) was classified as exceptional in our historical income statement. In giving effect to the interest on these notes from January 1, 2016, we have eliminated the €15 million exceptional interest and recorded as finance expense the interest as set out in the following table from January 1, 2016 to June 30, 2016.

	Nine months ended September 30, 2016 (in € millions)
May 2016 Secured Notes and \$850,000,000 of the May 2016 Senior Notes	
\$1,000,000,000 4.625% Senior Secured Notes due 2023	23
€440,000,000 4.125% Senior Secured Notes due 2023	10
\$500,000,000 Senior Secured Floating Rate Notes due 2021	10
\$850,000,000 7.25% Senior Notes due 2024	31
Total	74

- (7) The tax effects of pro forma adjustments have been applied using the statutory rates in effect for the relevant jurisdictions during the period presented.
- (8) Represents the decrease in net finance expense after giving effect to the repayment of the €475,000,000 9.250% Senior Notes due 2020 and \$920,000,000 9.125% Senior Notes due 2020 (total outstanding €1,281 million) and the issuance in May 2016 of €750,000,000 6.750% Senior Notes due 2024 and \$800,000,000 of the \$1,650,000,000 7.250% Senior Notes due 2024 (total raised €1,450 million).

The decrease in net finance expense after giving effect to the repayment of the Senior Notes due 2020 and the May 2016 issuance of the \$800,000,000 Senior Notes due 2024 and €750,000,000 Senior Notes due 2024 reflects the elimination of historic interest charged on the Senior Notes due 2020. Interest on the new notes from their issue date of May 15, 2016 is

included within net finance expense in our historical income statement, and for pro forma purposes we have given effect to the additional interest on the new notes from January 1, 2016 through to their issue date.

	Nine months ended September 30, 2016
	(in € millions)
Interest on May 2016 Senior Notes	
\$800,000,000 7.250% Senior Notes due 2024	20
€750,000,000 6.75% Senior Notes due 2024	20
Pro-forma interest on May 2016 Senior Notes	<u>40</u>
Less interest on notes repaid	
€475,000,000 9.25% Senior Notes due 2020	(17)
\$920,000,000 9.125% Senior Notes due 2020	(30)
Interest on notes repaid	<u>47</u>
Net interest saving	<u>7</u>

- (9) Reflects the elimination of exceptional net finance expense comprising the write off of unamortized deferred financing costs and redemption premium incurred in connection with the refinancing of the €475,000,000 9.250% Senior Notes due 2020 and \$920,000,000 9.125% Senior Notes due 2020 in May 2016.

	For the year ended December 31, 2015							
	<u>Ardagh</u>	<u>Ball Carve-Out Business⁽¹⁾</u>	<u>Rexam Carve-Out Business⁽²⁾</u>	<u>Acquisition Adjustments</u>	<u>Refinancing Adjustments</u>	<u>2020 Notes</u>	<u>This Offering</u>	<u>Pro Forma Financial Data</u>
	(in € millions, except ratios and where indicated)							
Income Statement Data								
Revenue	5,199	1,548	1,161	—	—		—	7,908
Cost of sales	(4,285)	(1,273)	(1,003)	—	—	—	—	(6,561)
Gross profit	914	275	158	—	—		—	1,347
Sales, general and administration expenses .	(274)	(104)	(77)	—	—		—	(455)
Intangible amortization . . .	(109)	—	—	(58) ⁽³⁾	—		—	(167)
Exceptional operating items	(81)	(4)	(15)	(7) ⁽⁴⁾	—	—	—	(107)
Operating profit	450	167	66	(65)	—		—	618
Net finance expense	(353)	(6)	—	(146) ⁽⁵⁾	18 ⁽⁷⁾	10 ⁽⁸⁾	(2) ⁽⁹⁾	(479)
Exceptional finance expense	(13)	—	—	—	—	—	—	(13)
Profit/(loss) before tax	84	161	66	(211)	18	10	(2)	126
Income tax (charge)/credit .	(43)	(33)	(23)	46 ⁽⁶⁾	(5) ⁽⁶⁾	(4) ⁽⁶⁾	— ⁽⁶⁾	(62)
Profit/(loss) for the period . . .	41	128	43	(165)	13	6	(2)	64

(1) The following adjustments have been made to the financial data of the Ball Carve-Out Business:

	For the year ended December 31, 2015			
	Ball Combined Financials U.S. GAAP ^(a)	IFRS Conversion Adjustments ^(b)	Ball Carve-Out Business IFRS	Ball Carve-Out Business IFRS ^(c)
	(in \$ millions)			(in € millions)
Income Statement Data				
Revenue	1,726	—	1,726	1,548
Cost of sales	(1,420)	—	(1,420)	(1,273)
Gross profit	306	—	306	275
Sales, general and administration expenses	(126)	10	(116)	(104)
Intangible amortization	—	—	—	—
Exceptional items	—	(5)	(5)	(4)
Operating profit	180	5	185	167
Finance expense	(1)	(6)	(7)	(6)
Profit before tax	179	(1)	178	161
Income tax charge	(37)	—	(37)	(33)
Profit for the period	142	(1)	141	128

(a) The following table presents the adjustments made to the financial data in the Ball Combined Financial Statements to eliminate the results of operations associated with certain assets and liabilities that do not comprise part of the Ball Carve-Out Business acquired by Ardagh, as well as the reclassification of certain items to conform to the format in which Ardagh presents its financial information.

	For the year ended December 31, 2015					
	Ball Combined U.S. GAAP	Acquisition Adjustments ⁽ⁱ⁾	Ball Carve-Out Business U.S. GAAP	Reclassifications ⁽ⁱⁱ⁾	Ball Combined Financials U.S. GAAP	
	(in \$ millions)					
Ball Combined Statement of Earnings Data						Ardagh Income Statement Data
Net sales	1,891	(165)	1,726		1,726	Revenue
Cost of sales (excluding depreciation and amortization) . .	(1,484)	126	(1,358)	(62)	(1,420)	Cost of sales
	—	—	—	—	306	Gross profit
Depreciation and amortization . .	(82)	14	(68)	68	—	Intangible amortization
Selling, general and administrative . .	(149)	39	(110)	(16)	(126)	Sales, general and administration expenses
Business consolidation and other activities	(10)	—	(10)	10	—	Exceptional operating items
Earnings before interest and taxes	166	14	180	—	180	Operating profit
Interest expense . .	(1)	—	(1)	—	(1)	Net finance expense
Earnings before taxes	165	14	179	—	179	Profit before tax
Tax provision	(37)	—	(37)	—	(37)	Income tax charge
Net earnings	128	14	142	—	142	Profit for the period

- (i) Represents the impact of removing the historical results of certain businesses that manufacture and sell metal packaging in the beverage can industry in the European market that were retained by Ball Corporation and do not form part of the Ball Carve-Out Business acquired by Ardagh in the Beverage Can Acquisition. The adjustments also represent the movement of certain lines and costs between the Ball Carve-Out Business and the business retained by Ball Corporation. The income statement data has been adjusted generally (i) in the case of revenue on the basis of actual sales of the various plants and (ii) in the case of cost items on the basis of allocations, including, for example, on relative sales volumes.
- (ii) Reclassifies certain items to conform to the format in which Ardagh presents its financial information.
- (b) Adjustments made to convert the underlying U.S. GAAP financial information to IFRS primarily related to exceptional items and net pension expense.
- (c) The income statement of the Ball Carve-Out Business has been translated at an exchange rate of \$1.00 = €0.897, Ardagh's twelve-month average exchange rate for the year ended December 31, 2015.
- (2) The following adjustments have been made to the financial data of the Rexam Carve-Out Business:

For the year ended December 31, 2015						
Rexam Combined Financials	Acquisition Adjustments ^(a)	Reclassifications ^(b)	Rexam Carve-Out Business	Rexam Carve-Out Business ^(c)		
	(in £ millions)			(in € millions)		
Rexam Combined Income Statement Data						Ardagh Income Statement Data
Sales	900	(55)	—	845	1,161	Revenue
Cost of sales	(705)	36	(61)	(730)	(1,003)	Cost of sales
Gross profit	195	(19)	(61)	115	158	Gross profit
Selling and distribution costs . .	(84)	—	61			
Administrative expenses	(31)	—				
Research and development	(2)	—		(56)	(77)	Sales, general and administration expenses
						Intangible amortization
Exceptional items . . .	(11)	—	—	(11)	(15)	Exceptional operating items
Profit before tax . . .	67	(19)	—	48	66	Profit before tax
Tax	(24)	7	—	(17)	(23)	Income tax charge
Profit for the year . . .	43	(12)	—	31	43	Profit for the year

- (a) The adjustment reflects the elimination of revenue, cost of sales and margin on lines not part of the business acquired by Ardagh.
- (b) Reclassifies freight costs to conform to the format in which Ardagh presents its financial statements.
- (c) The income statement of the Rexam Carve-Out Business has been translated at Ardagh's twelve month average exchange rate of £1.00 = € 1.374 for the year ended December 31, 2015.

- (3) Represents the amortization of intangible assets acquired as part of the Beverage Can Acquisition over their estimated useful life of 12 years.

	Fair Value at Acquisition Date	Useful Economic Life Years	Pro forma Amortization Adjustment
	(in € millions)		(in € millions)
Customer relationships	709	12	58

Details of the Beverage Can Acquisition purchase price allocation, including intangible assets acquired are set out in the following table.

	(in € millions)
Cash and cash equivalents	11
Property, plant and equipment	775
Intangible assets	709
Inventories	281
Trade and other receivables	286
Trade and other payables	(372)
Net deferred tax liability	(151)
Employee benefit obligations	(180)
Provisions	(14)
Net other non-current asset	2
Total identifiable net assets	1,347
Goodwill	1,348
Total consideration	2,695

The consideration paid was funded as follows:

	(in € millions)
May 2016 Issuance	
Secured Notes (\$1,500 million and €440 million)	1,755
Senior Notes (\$850 million)	745
New borrowings	2,500
Existing cash resources	195
Total consideration paid	2,695

- (4) Reflects the unwind of the non-cash inventory adjustment recognized as an exceptional cost of sale following the purchase price allocation exercise in respect of the Beverage Can Acquisition.
- (5) Represents the additional finance expense associated the May 2016 Secured Notes and \$850,000,000 of the May 2016 Senior Notes issued to finance the Beverage Can Acquisition, together with the amortization of deferred financing costs associated therewith.

The additional finance expense on the May 2016 Secured Notes and \$850,000,000 of the May 2016 Senior Notes from January 1, 2015 is made up of the following amounts.

	Year ended December 31, 2015
	(in € millions)
May 2016 Secured Notes and \$850,000,000 of the May 2016 Senior Notes	
\$1,000,000,000 4.625% Senior Secured Notes due 2023	46
€440,000,000 4.125% Senior Secured Notes due 2023	21
\$500,000,000 Senior Secured Floating Rate Notes due 2021	19
\$850,000,000 7.25% Senior Notes due 2024	60
Total	146

- (6) The tax effects of pro forma adjustments have been applied using the statutory rates in effect for the relevant jurisdictions during the period presented.
- (7) Represents the decrease in net finance expense after giving effect to the repayment of the €475,000,000 9.250% Senior Notes due 2020 and \$920,000,000 9.125% Senior Notes due 2020 (total outstanding €1,281 million) and the issuance in May 2016 of €750,000,000 6.750% Senior Notes due 2024 and \$800,000,000 of the \$1,650,000,000 7.250% Senior Notes due 2024 (total raised €1,450 million).

The decrease in net finance expense after giving effect to the repayment of the Senior Notes due 2020 and the May 2016 issuance of the \$800,000,000 Senior Notes due 2024 and €750,000,000 Senior Notes due 2024 reflects the elimination of historic interest charged on the Senior Notes due 2020 and the inclusion of additional interest from January 1, 2015, on the new notes issued.

	Year ended December 31, 2015
	(in € millions)
Interest on May 2016 Senior Notes	
\$800,000,000 7.250% Senior Notes due 2024	54
€750,000,000 6.75% Senior Notes due 2024	53
Pro-forma interest on May 2016 Senior Notes	107
Less interest on notes repaid	
€475,000,000 9.25% Senior Notes due 2020	(46)
\$920,000,000 9.125% Senior Notes due 2020	(79)
Interest on notes repaid	(125)
Net interest saving	18

- (8) Represents the elimination of the net finance expense associated with the \$135,000,000 7.000% Senior Notes due 2020 following the redemption in November 2016. Existing cash resources were used to repay the outstanding amount of Senior Notes and early redemption premium (€125 million).

The pro forma income statement reflects the elimination of €10 million net finance expense associated with the November 2016 redemption of \$135,000,000 7.00% Senior Notes due 2020 as if this had occurred on January 1, 2015.

- (9) Reflects the impact on net finance expense after giving effect to the repayment of \$415,000,000 6.250% Senior Notes due 2019 and \$845,000,000 First Priority Senior Secured Floating Rate Notes due 2019 and the issuance in January 2017 in this offering of \$1,000,000,000 Senior Notes from January 1, 2015 as set out in the table below.

	Year ended December 31, 2015
	(in € millions)
Interest on Notes offered hereby	
The Notes	
Less interest on notes repaid	
\$415,000,000 6.250% Senior Notes due 2019	—
\$845,000,000 First Priority Senior Secured Floating Rate Notes due 2019	—
Net interest increase	2

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read together with, and is qualified in its entirety by reference to the audited consolidated financial statements of Ardagh Packaging Holdings Limited for the three-year period from 2013 to 2015, its unaudited consolidated interim financial information for the nine months ended September 30, 2016, including the related notes thereto, included in this Offering Memorandum. The following discussion should also be read in conjunction with “Presentation of Financial and Other Data”, “Selected Financial Information” and “Unaudited Condensed Combined Unaudited Pro Forma Financial Information”. As used in this section, the “Group” refers to Ardagh Packaging Holdings Limited and its subsidiaries.

Some of the measures used in this Offering Memorandum are not measurements of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities as a measure of liquidity or an alternative to operating profit/(loss) or profit/(loss) for the period as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

Our Company

We are a leading supplier of innovative, value-added rigid packaging solutions. Our products include metal and glass containers primarily for food and beverage markets, which are characterized by stable, consumer-driven demand. Our end-use categories include beer, wine, spirits, carbonated soft drinks (“CSDs”), energy drinks, juices and flavored waters, as well as food, seafood and nutrition. We also supply the paints & coatings, chemicals, personal care, pharmaceuticals and general household end-use categories. Our customers include a wide variety of leading consumer product companies which value our packaging products for their features, convenience and quality, as well as the end-user appeal they offer through design, innovation, functionality, premium association and brand promotion. With our significant invested capital base, extensive technological capabilities and manufacturing know-how, we believe we are well-positioned to continue to meet the dynamic needs of our global customers. We have mainly built the Group through strategic acquisitions and have established leadership positions in large, attractive markets in beverage cans, food and specialty cans and glass containers. Approximately 95% of our revenue is derived from end-use categories where we believe we hold #1, #2 or #3 positions.

We serve over 2,000 customers across more than 80 countries, comprised of multi-national companies, large national and regional companies and small local businesses. In our target regions of Europe, North America and Brazil, our customers include a wide variety of Consumer Packaged Goods companies (“CPGs”), which own some of the best known brands in the world. We have a stable customer base with long-standing relationships, including an average tenure of over 30 years with our ten largest customers. Approximately two-thirds of our sales are generated under multi-year contracts, with the remainder largely subject to annual arrangements. A significant portion of our sales volumes are supplied under contracts which include input cost pass-through provisions, which help us deliver consistent margins.

We operate 109 production facilities in 22 countries and employ approximately 23,500 personnel. Our plant network includes 74 metal production facilities and 35 glass production facilities. Our plants are generally located in close proximity to our customers, with some located on-site or near-site to our customers’ filling locations. Certain facilities may also be dedicated to end-use categories, enhancing product-specific expertise and generating benefits of scale and production efficiency. Significant capital has been invested in our extensive network of long-lived production facilities, which, together with our skilled workforce and related manufacturing process know-how, supports our competitive positions.

We are committed to market-leading innovation and product development and maintain dedicated innovation, development and engineering centers in France, Germany, and the U.S. to support these

efforts. These facilities focus on three main areas: (i) innovations that provide enhanced product design, differentiation and user friendliness for our customers and end-use consumers; (ii) innovations that reduce input costs to generate cost savings for both our customers and us (downgauging and lightweighting); and (iii) developments to meet evolving product safety standards and regulations. Further, our subsidiary, Heye International GmbH, is a leading provider of engineering solutions to the glass container industry globally, with significant proprietary know-how and expertise. We also have significant in-house mold-manufacturing expertise in Europe and the United States.

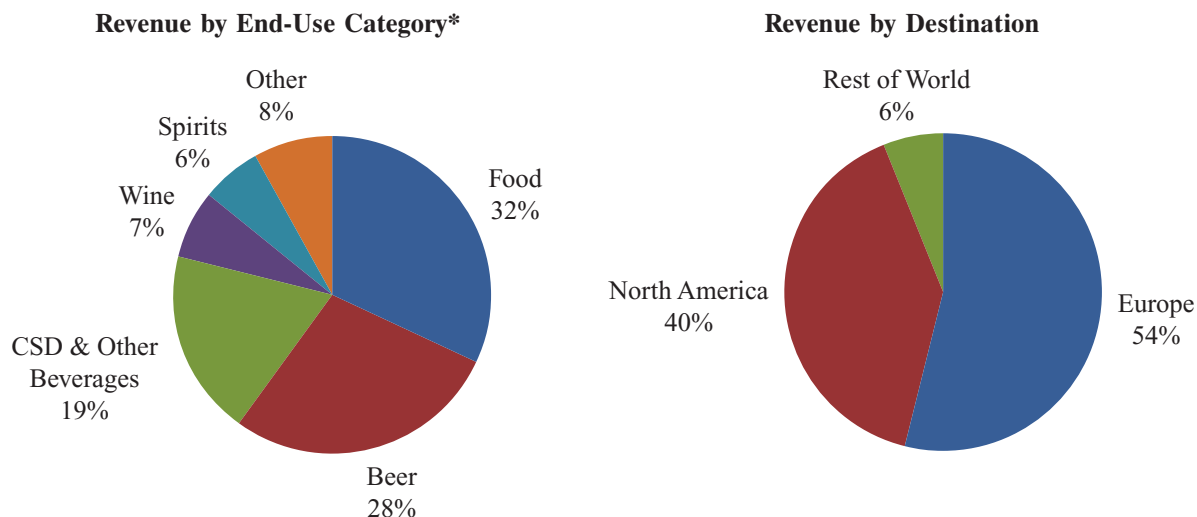
Our leading global positions have been established through acquisitions, with 23 successful acquisitions completed over the past 18 years. Most recently, on June 30, 2016, we completed the Beverage Can Acquisition, comprising 22 beverage can production facilities in Europe, North America and Brazil which, on a combined basis, we believe is the third largest beverage can business globally. Our beverage can operations are particularly well-positioned in the faster-growing specialty, or non-standard sized, product category, which represented 36% of total beverage can unit volume for the nine months ended September 30, 2016.

In addition to organic and acquisitive growth initiatives, we have also expanded our footprint through strategic investments in new capacity. For example, in 2014 we completed a glass furnace investment in the United Kingdom, supported by a long-term contract with a large European customer. In 2015, we completed an investment of approximately \$220 million in two new can-making facilities in Roanoke, Virginia and Reno, Nevada, as well as a significant expansion of our Conklin, New York, ends plant. The two new facilities incorporate high-output drawn and wall ironed (“DWI”) technology to manufacture two-piece cans, as well as three-piece cans, and the total investment across the three facilities has positioned us to meet substantially all of the U.S. food can requirements of a major U.S. customer pursuant to a long-term contract. These initiatives, as well as other acquisitions and investments over many years, in existing and adjacent end-use categories, have increased our scale and diversification and provided opportunities to grow our business with both existing and new customers.

Our pro forma revenue and Adjusted EBITDA[†] for the nine months ended September 30, 2016 were €5,820 million and €1,027 million, respectively. Our pro forma revenue and our Adjusted EBITDA[†] for the year ended December 31, 2015 were €7,908 million and €1,287 million, respectively.

[†] For the definition of Adjusted EBITDA and the reconciliation of profit/(loss) for the period and pro forma net loss to Adjusted EBITDA and pro forma Adjusted EBITDA, see “—Summary Consolidated Financial and Other Data.

The following charts illustrate the breakdown of our pro forma revenue by end-use category and by destination for the year ended December 31, 2015:



* Based on Company estimates.

Business Drivers

The main factors affecting our results of operations for both Metal Packaging and Glass Packaging are: (i) global economic trends and end-consumer demand for our products; (ii) prices of energy and raw materials used in our business, primarily tinplate, aluminum, cullet, sand, soda ash and limestone, and our ability to pass-through these and other cost increases to our customers, through contractual pass-through mechanisms under multi-year contracts, or through renegotiation in the case of short-term contracts; (iii) investment in operating cost reductions; (iv) acquisitions; and (v) foreign exchange rate fluctuations and currency translation risks arising from various currency exposures, primarily with respect to the pound, the U.S. dollar, Swedish krona, Polish zloty, Danish krone and, since the Beverage Can Acquisition in 2016, the Brazilian real.

In addition, certain other factors affect revenue and operating profit for Metal Packaging and Glass Packaging.

Metal Packaging

Following the completion of the Beverage Can Acquisition in 2016, Metal Packaging generates its revenue from supplying Metal Packaging to a wide range of consumer-driven end-use categories. Revenue is primarily dependent on sales volumes and sales prices.

Sales volumes are influenced by a number of factors, including factors driving customer demand, seasonality and the capacity of our Metal Packaging plants. Demand for our metal containers may be influenced by vegetable and fruit harvests, seafood catches, trends in the consumption of food and beverages, trends in the use of consumer products, industry trends in packaging, including marketing decisions, and the impact of environmental regulations. The size and quality of harvests and catches vary from year to year, depending in large part upon the weather in the regions in which we operate. The food can industry is seasonal in nature, with strongest demand during the end of the summer, coinciding with the harvests. Accordingly, Metal Packaging's shipment volume of containers is typically highest in the second and third quarters and lowest in the first and fourth quarters. The demand for our beverage products is strongest during spells of warm weather and therefore demand typically peaks

during the summer months, as well as the period leading up to holidays in December. Accordingly, we generally build inventories in the first quarter in anticipation of the seasonal demands in both our food and beverage businesses.

Metal Packaging generates the majority of its earnings from operations during the second and third quarters. Metal Packaging's Adjusted EBITDA is based on revenue derived from selling our metal containers and is affected by a number of factors, primarily cost of sales. The elements of Metal Packaging's cost of sales include (i) variable costs, such as electricity, raw materials (including the cost of tinplate and aluminum), packaging materials, decoration and freight and other distribution costs, and (ii) fixed costs, such as labor and other plant-related costs including depreciation, maintenance and sales, marketing and administrative costs. Metal Packaging variable costs have typically constituted approximately 80% and fixed costs approximately 20% of the total cost of sales for our metal containers manufacturing business.

Glass Packaging

Glass Packaging generates its revenue principally from selling our glass containers. Glass Packaging revenue is primarily dependent on sales volumes and sales prices. Glass Packaging includes our glass engineering business, Heye International, and our mold manufacturing and repair operations.

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

Glass Packaging's Adjusted EBITDA is based on revenue derived from selling our glass containers and glass engineering products and services and is affected by a number of factors, primarily cost of sales. The elements of Glass Packaging's cost of sales for its glass container manufacturing business include (i) variable costs, such as natural gas and electricity, raw materials (including the cost of cullet (crushed recycled glass)), packaging materials, decoration and freight and other distribution costs, and (ii) fixed costs, such as labor and other plant-related costs including depreciation, maintenance, sales, marketing and administrative costs. Glass Packaging's variable costs have typically constituted approximately 40% and fixed costs approximately 60% of the total cost of sales for our glass container manufacturing business.

Recent Acquisitions and Disposals

The Beverage Can Acquisition

On June 30, 2016, the Group closed the Beverage Can Acquisition for total consideration of €2.7 billion.

The VNA Acquisition

On April 11, 2014, the Group completed the purchase of 100% of the equity of VNA from Compagnie de Saint-Gobain for a consideration of €1.0 billion.

Disposal of Former Anchor Glass Plants

On June 30, 2014, the Group completed the sale of six former Anchor Glass plants and certain related assets for a consideration of €319 million, on which we recognized a loss on disposal of €124 million.

Other disposals

During the year ended December 31, 2014, the Group disposed of a small business in the Metal Packaging division and also of its Metal Packaging operations in Australia and New Zealand for a total consideration of €78 million, on which the Group recognized a combined loss of €35 million.

Results of Operations of Ardagh

Nine Months Ended September 30, 2016 compared to Nine Months Ended September 30, 2015

	Nine months ended September 30,	
	2016	2015
	(in €millions)	
Revenue	4,519	3,971
Cost of sales	(3,693)	(3,267)
Gross profit	826	704
Sales, general and administration expenses	(299)	(223)
Intangible amortization	(96)	(81)
Operating profit	431	400
Net finance expense	(323)	(276)
Profit before tax	108	124
Income tax expense	(62)	(50)
Profit for the period	46	74

Revenue

Revenue in the nine months ended September 30, 2016 increased by €548 million, or 14%, to €4,519 million, compared with €3,971 million in the nine months ended September 30, 2015. The Beverage Can Acquisition increased revenue by €695 million compared with the prior year. Adverse foreign currency translation effects reduced revenue by €33 million compared with 2015, which was largely attributable to an unfavorable movement in the British pound. Revenue was further reduced by €43 million due to a reduction in selling prices as lower input costs were passed through to customers and volume/mix effects reduced revenue by €71 million, primarily due to lower beer volumes in Glass North America.

Cost of sales

Cost of sales in the nine months ended September 30, 2016 increased by €426 million, or 13%, to €3,693 million, compared with €3,267 million in the nine months ended September 30, 2015. The increase in cost of sales in 2016 was largely the result of the Beverage Can Acquisition partly offset by

a reduction of €22 million in exceptional cost of sales due (i) to lower plant start-up costs, (ii) a pension past service credit in Glass Packaging North America (€21 million) and (iii) a reduction in input costs and plant productivity improvements.

Gross profit

Gross profit in the nine months ended September 30, 2016 increased by €122 million, or 17%, to €826 million, compared with €704 million in the nine months ended September 30, 2015. Growth in gross profit was ahead of the growth in revenue largely due to reduced exceptional cost of sales described above and also plant productivity improvements. Gross profit percentage in the nine months ended September 30, 2016 increased by 0.6% to 18.3%, compared with 17.7% in the nine months ended September 30, 2015. The increase is largely attributable to the reduction in exceptional cost of sales.

Sales, general and administration expenses

Sales, general and administration expenses in the nine months ended September 30, 2016 increased by €76 million, or 34%, to €299 million, compared with €223 million in the nine months ended September 30, 2015. Exceptional transaction-related costs increased by €66 million in 2016 mostly reflecting professional fees and other costs incurred in connection with the Beverage Can Acquisition. Excluding exceptional costs, sales, general and administration expenses increased by €12 million mainly due to the Beverage Can Acquisition.

Intangible amortization

Intangible amortization in the nine months ended September 30, 2016 increased by €15 million, or 19%, to €96 million, compared with €81 million in the nine months ended September 30, 2015. The increase was attributable to three months amortization of the intangible assets arising from the Beverage Can Acquisition.

Operating profit

Operating profit in the nine months ended September 30, 2016 increased by €31 million, or 8%, to €431 million compared with €400 million in the nine months ended September 30, 2015. The increase in operating profit reflected increased gross profit offset by higher sales, general and administration expenses and intangible amortization as described above.

Net finance expense

Net finance expense in the nine months ended September 30, 2016 increased by €47 million, or 17%, to €323 million, compared with €276 million in the nine months ended September 30, 2015. Net finance expense for the nine months ended September 30, 2016 and 2015 comprised the following:

	Nine months ended September 30,	
	2016	2015
	(in €millions)	
Interest expense	273	243
Net pension interest cost	18	17
Exceptional net finance expense	28	10
Other finance expense	4	6
Net finance expense	<u>323</u>	<u>276</u>

Interest expense in the nine months ended September 30, 2016 increased by €30 million, or 12%, to €273 million, compared with €243 million in the nine months ended September 30, 2015. The increase in net finance expense was attributable to the €2.7 billion of debt raised to finance the Beverage Can Acquisition, partially offset by lower interest rates primarily due to the refinancing of €1.3 billion of certain debt securities in May 2016.

Exceptional net finance expense in the nine months ended September 30, 2016 increased by €18 million to €28 million compared with €10 million in the nine months ended September 30, 2015. The €28 million net finance expense in 2016 comprises one-off expenses of €106 million net of a one-off credit of €78 million. The one-off costs principally related to the early redemption premiums and accelerated amortization of deferred financing costs associated with the debt refinancing in May 2016. The €78 million one-off credit related to the fair value movement on cross currency interest rate swaps entered into during the second quarter following the financing of the Beverage Can Acquisition for which hedge accounting was not applied until the third quarter in 2016. The exceptional net finance expense in 2015 represented the costs associated with the redemption of €180 million of the Group's notes.

Income tax expense

Income tax expense in the nine months ended September 30, 2016 increased by €12 million to €62 million, compared with €50 million in the nine months ended September 30, 2015. The increase in income tax expense is primarily attributable to the Beverage Can Acquisition.

The effective income tax rate for the nine months ended September 30, 2016 was 57% compared to the effective income tax rate for the nine months ended September 30, 2015 of 40%. Movements in net finance expense of €47 million, an expense of €323 million in the nine months ended September 30, 2016, compared with an expense of €276 million in the nine months ended September 30, 2015, is the primary driver of the movement in the effective income tax rate.

As a result of movements in net finance expense, set forth above, and non-deductible interest expense included therein, a comparison of historic effective income tax rates is difficult. Due to the expected stabilization in our profit denominator and further deleveraging activities, which will decrease the levels of non-deductible interest, the effective income tax rate in the historical financial statements is not expected to be indicative of the expected effective income tax rate in future periods.

Profit for the period

As a result of the items described above, the profit for the nine months ended September 30, 2016 reduced by 38% or €28 million to €46 million, compared with a profit of €74 million in the nine months ended September 30, 2015.

Year Ended December 31, 2015 compared to Year Ended December 31, 2014

	Year ended December 31,	
	2015	2014
	(in €millions)	
Revenue	5,199	4,733
Cost of sales	(4,322)	(4,092)
Gross profit	877	641
Sales, general and administration expenses	(318)	(281)
Intangible amortization	(109)	(121)
Loss on disposal of businesses	—	(159)
Operating profit	450	80
Net finance expense	(366)	(474)
Profit/(loss) before tax	84	(394)
Income tax (expense)/credit	(43)	3
Profit/(loss) for the year	41	(391)

Revenue

Revenue in the year ended December 31, 2015 increased by €466 million, or 10%, to €5,199 million, compared with €4,733 million in the year ended December 31, 2014. A full year's contribution of the VNA Acquisition increased revenue by €314 million, while divestments, primarily consisting of six former Anchor Glass plants and related assets as well as the Group's Metal Packaging operations in Australia and New Zealand and a smaller metal packaging business, reduced revenue by €363 million compared with the prior year. Favorable foreign currency translation effects, notably a stronger U.S. dollar and British pound, increased revenue by €367 million compared with 2014. Volume/mix effects increased revenue in 2015 by €170 million largely due to volumes, from our two new Metal Packaging Americas can-making facilities, which was partly offset by a €22 million reduction in selling prices as lower input costs were passed through to customers.

Cost of sales

Cost of sales in the year ended December 31, 2015 increased by €230 million, or 6%, to €4,322 million compared with €4,092 million in the year ended December 31, 2014. This was largely due to foreign currency translation impact of a stronger U.S. dollar and British pound, the full year contribution from the VNA Acquisition and the Metal Packaging America's strategic expansion, offset by the disposal of the Anchor Glass plants, the disposal in Metal Packaging of the business in Australia and New Zealand and another less significant operation and lower exceptional cost of sales in 2015. Exceptional cost of sales in the year ended December 31, 2015 decreased by €85 million to €37 million compared with €122 million in the year ended December 31, 2014. The primary reason for the reduction was lower impairment charges to property, plant and equipment and working capital, which fell by €53 million and €10 million, respectively.

Gross profit

Gross profit in the year ended December 31, 2015 increased by €236 million, or 37%, to €877 million, compared with €641 million in the year ended December 31, 2014. Growth in gross profit was ahead of the growth in revenue due to reduced exceptional cost of sales described above, the mix impact of businesses acquired less those disposed, and improvements in plant efficiency. Gross profit percentage in the year ended December 31, 2015 increased by 3.4% to 16.9%, compared with 13.5% in

the year ended December 31, 2014. The increase is attributable to the reduction in exceptional cost of sales and the higher percentage in businesses acquired versus those disposed.

Sales, general and administration expenses

Sales, general and administration expenses in the year ended December 31, 2015 increased by €37 million, or 13%, to €318 million, compared with €281 million in the year ended December 31, 2014. This was attributable to foreign currency translation impact of the stronger U.S. dollar and British pound and the inclusion of full year results for the VNA Acquisition, offset by the disposal of the Anchor Glass plants and the Metal Packaging disposals all of which completed in 2014. Exceptional costs also increased by €9 million to €44 million reflecting costs associated with the withdrawn Metal Packaging initial public offering.

Intangible amortization

Intangible amortization in the year ended December 31, 2015 reduced by €12 million, or 10%, to €109 million, compared with €121 million in the year ended December 31, 2014. The reduction was attributable to lower exceptional impairments to intangible assets in 2015 reflecting a €22 million charge in Glass North America and a €11 million charge in Metal Packaging Europe in 2014. Lower exceptional costs were offset by the full year inclusion of the VNA Acquisition and the foreign currency translation impact of the stronger U.S. dollar.

Loss on disposal of business

The loss in the year ended December 31, 2014 of €159 million was due to a loss of €124 million on the disposal of the Anchor Glass plants and a combined loss of €35 million on the disposal of the Metal Packaging Australia and New Zealand business and another small Metal Packaging business.

Operating profit

Operating profit in the year ended December 31, 2015 increased by €370 million to €450 million compared with €80 million in the year ended December 31, 2014. The increase in operating profit to a large extent was attributable to a reduction in exceptional costs of €268 million as outlined above, but additionally due to the favorable currency translation effects and other points highlighted above.

Net finance expense

Net finance expense in the year ended December 31, 2015 decreased by €108 million, or 23%, to €366 million compared with €474 million in the year ended December 31, 2014.

	Year ended December 31,	
	2015	2014
	(in €millions)	
Interest expense	324	331
Net pension interest cost	23	20
Exceptional net finance expense	13	126
Other finance expense/(income)	6	(3)
Net finance expense	366	474

Interest expense in the year ended December 31, 2015 reduced by €7 million, or 2%, to €324 million compared with €331 million in the year ended 2014. The reduction was primarily attributable to lower interest rates on the mid-2014 refinancing of certain debt securities and term loans offset by higher levels of average debt and adverse currency translation effects.

Exceptional net finance expense in the year ended December 31, 2015 declined by €113 million to €13 million compared with €126 million in the year ended 2014. This was largely attributable to the non-recurrence of debt refinancing costs which totaled €126 million in 2014 offset by €13 million of costs comprising redemption premiums and accelerated amortization of deferred financing costs related to the repayment in February 2015 of €180 million of the Group's notes.

Income tax (expense)/credit

Income tax expense in the year ended December 31, 2015 was €43 million, an increase of €46 million when compared with a €3 million tax credit in the year ended December 31, 2014. The increase in income tax expense is primarily due to movements in profits and losses of €478 million, partially offset by a reduction in the tax effect of non-deductible items of €21 million (which were largely exceptional acquisition related expenses), and an increase in credits in respect of prior years of €13 million.

The effective income tax rate for the year ended December 31, 2015 was 51% compared to an effective income tax rate for the year ended December 31, 2014 of 1%. Movements in profits and losses of €478 million, an actual profit before tax of €84 million for the year ended December 31, 2015, compared with a loss before tax of €394 million in the year ended December 31, 2014, is the primary driver of the movement in the effective tax rate.

As a result of movements in profits and losses outlined above and non-deductible interest expense, a comparison of historic effective income tax rates is difficult. Due to the expected stabilization in our profit denominator and further deleveraging activities, which will decrease the levels of non-deductible interest, the effective income tax rate in the historical financial statements is not expected to be indicative of the expected effective income tax rate in future periods.

Profit/(loss) for the year

As a result of the items described above, the profit for the year ended December 31, 2015 increased by €432 million to €41 million, compared with a loss of €391 million in the year ended December 31, 2014.

Year Ended December 31, 2014 compared to Year Ended December 31, 2013

	Year ended December 31,	
	2014	2013
	(in €millions)	
Revenue	4,733	4,043
Cost of sales	(4,092)	(3,556)
Gross profit	641	487
Sales, general and administration expenses	(281)	(272)
Intangible amortization	(121)	(53)
Loss on disposal of businesses	(159)	—
Operating profit	80	162
Net finance expense	(474)	(472)
Loss before tax	(394)	(310)
Income tax credit/(expense)	3	(4)
Loss for the year	(391)	(314)

Revenue

Revenue in the year ended December 31, 2014 increased by €690 million, or 17%, to €4,733 million, compared with €4,043 million in the year ended December 31, 2013. A contribution from VNA Acquisition increased revenue by €859 million, while divestments, primarily consisting of six former Anchor Glass plants and related assets as well as the Group's Metal Packaging operations in Australia and New Zealand and a smaller metal packaging business, reduced revenue by €227 million compared with the prior year. The foreign currency translation impact reduced revenue by €4 million as the depreciation of U.S. dollar versus euro was largely offset by the appreciation of the British pound. Volume/mix effects increased revenue in 2014 by €31 million with selling price increases also contributing €31 million to revenue growth.

Cost of sales

Cost of sales in the year ended December 31, 2014 increased by €536 million, or 15%, to €4,092 million compared with €3,556 million in the year ended December 31, 2013. This was largely due to the contribution from the VNA Acquisition offset by the disposal of the Anchor Glass plants, the disposal in Metal Packaging of the business in Australia and New Zealand and another less significant operation. Exceptional cost of sales in the year ended December 31, 2014 increased by €7 million to €122 million compared with €115 million in the year ended December 31, 2013. The primary reason for the increase was higher plant start-up costs, restructuring costs and a non-cash inventory adjustment which were largely offset by lower impairment charges to property, plant and equipment.

Gross profit

Gross profit in the year ended December 31, 2014 increased by €154 million, or 32%, to €641 million, compared with €487 million in the year ended December 31, 2013. Growth in gross profit was ahead of the growth in revenue due the mix impact of businesses acquired less those disposed and improvements in plant efficiency partly offset by higher exceptional cost of sales described above. Gross profit percentage in the year ended December 31, 2014 increased by 1.5% to 13.5%, compared with 12.0% in the year ended December 31, 2013. The increase is attributable to the higher percentage in businesses acquired versus those disposed slightly offset by the increase in exceptional cost of sales.

Sales, general and administration expenses

Sales, general and administration expenses in the year ended December 31, 2015 increased by €9 million, or 3%, to €281 million, compared with €272 million in the year ended December 31, 2013. This was attributable to the inclusion of results for the VNA Acquisition, offset by the disposal of the Anchor Glass plants and the Metal Packaging disposals all of which completed in 2014. Exceptional costs reduced by €2 million to €35 million reflecting lower acquisition related costs associated with the VNA Acquisition largely offset by higher restructuring costs.

Intangible amortization

Intangible amortization in the year ended December 31, 2014 increased by €68 million, or 128%, to €121 million, compared with €53 million in the year ended December 31, 2013. The increase was attributable to higher exceptional impairments to intangible assets in 2014 reflecting a €22 million charge in Glass North America and a €11 million charge in Metal Packaging Europe in 2014 compared to a €11 million exceptional charge in 2013. In addition to higher exceptional costs, intangible amortization increased due to the inclusion of the VNA Acquisition.

Loss on disposal of business

The loss in the year ended December 31, 2014 of €159 million was due to a loss of €124 million on the disposal of the Anchor Glass plants and a combined loss of €35 million on the disposal of the Metal Packaging Australia and New Zealand business and another small Metal Packaging business.

Operating profit

Operating profit in the year ended December 31, 2014 reduced by €82 million to €80 million compared with €162 million in the year ended December 31, 2013. The decrease in operating profit was attributable to an increase in exceptional operating costs of €186 million as outlined above which were partly offset the contribution to operating of the VNA Acquisition.

Net finance expense

Net finance expense in the year ended December 31, 2014 increased by €2 million to €474 million compared with €472 million in the year ended December 31, 2013.

	Year ended December 31,	
	2014	2013
	(in €millions)	
Interest expense	331	333
Net pension interest cost	20	16
Exceptional net finance expense	126	94
Foreign currency (gains)/losses	(5)	29
Other finance expense	2	—
Net finance expense	474	472

Interest expense in the year ended December 31, 2014 reduced by €2 million, or 1%, to €331 million compared with €333 million in the year ended 2013. The reduction was primarily attributable to lower interest rates on the mid-2014 refinancing of certain debt securities and term loans offset by higher levels of average debt.

Exceptional net finance expense in the year ended December 31, 2014 increased by €32 million to €126 million compared with €94 million in the year ended 2013. This was largely attributable to the non-recurrence of debt refinancing costs which totaled €126 million in 2014. In 2013 exceptional net finance expense totaled €94 million comprising €100 million interest payable on VNA Acquisition notes, refinancing costs of €25 million partly off offset by €30 million gain from the disposal of the Group's investment in ORG, a listed Chinese metal packaging company.

Income tax credit/(expense)

Income tax credit in the year ended December 31, 2014 was €3 million, an increase of €7 million when compared with a €4 million tax expense in the year ended December 31, 2013. The movement in income taxes to a credit from an expense is primarily due to an increase in the loss before tax of €84 million.

The effective income tax rate for the year ended December 31, 2014 was 1% compared to an effective income tax rate for the year ended December 31, 2013 of –1%. The loss before tax for the year ended December 31, 2014 increased by €84 million to €394 million, compared with a loss before tax of €310 million in the year ended December 31, 2013, and is the primary driver of the movement in the effective tax rate.

As a result of movements in losses outlined above and non-deductible interest expense, a comparison of historic effective income tax rates is difficult. Due to the expected stabilization in our profit denominator and further deleveraging activities, which will decrease the levels of non-deductible interest, the effective income tax rate in the historical financial statements is not expected to be indicative of the expected effective income tax rate in future periods.

Loss for the year

As a result of the items described above, the loss for the year ended December 31, 2014 increased by €77 million to €391 million, compared with a loss of €314 million in the year ended December 31, 2013.

Supplemental Management's Discussion and Analysis

Key Operating Measures

Adjusted EBITDA is defined as profit/(loss) for the period before income tax expense/(credit), net finance expense, depreciation and amortization and exceptional operating items. We use Adjusted EBITDA to evaluate and assess our segment performance. Adjusted EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate Adjusted EBITDA in a manner different from ours. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

For a reconciliation of the profit/(loss) for the period to Adjusted EBITDA see footnote 6 to "Summary Consolidated Financial and Other Data."

Adjusted EBITDA in the nine months ended September 30, 2016 increased by €122 million, or 17%, to €852 million compared with €730 million in the nine months ended September 30, 2015. The Beverage Can Acquisition increased Adjusted EBITDA by €109 million compared with the prior year. Adverse foreign currency translation effects reduced Adjusted EBITDA by €7 million compared with 2015 which was largely attributable to an unfavorable movement in the British pound. Excluding the acquisition and foreign currency, Adjusted EBITDA grew by €20 million in the nine months largely reflecting improved plant productivity as lower selling prices and an adverse volume/mix impact was largely offset by lower input costs.

Adjusted EBITDA in the year ended December 31, 2015 increased by €142 million, or 18%, to €934 million compared with €792 million in the year ended December 31, 2014. Adjusting for the beneficial foreign currency translation impact of €65 million, the increase in Adjusted EBITDA was €77 million, or 9%, compared with 2014. This growth was primarily attributable to operating and other cost savings of €30 million, positive volume/mix effects of €40 million and input cost reductions. This was partly offset by lower selling prices, reflective of lower input costs, as well as the combined effect of an additional contribution from the VNA Acquisition, which completed in April 2014, offset by reduced contribution from the six former Anchor Glass plants following their sale in mid-2014.

Adjusted EBITDA in the year ended December 31, 2014 increased by €169 million, or 27%, to €792 million compared with €623 million in the year ended December 31, 2013. Growth was primarily attributable to the contribution from the VNA Acquisition, which completed in April 2014, offset by reduced contribution from the six former Anchor Glass plants following their sale in mid-2014. Operating and other cost savings of €51 million drove further growth, with higher selling prices largely offset by higher input costs.

Exceptional Items

The following table provides detail on exceptional items from continuing operations included in cost of sales, sales, general and administration expenses, finance expense and finance income:

	Nine months ended September 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	(in €millions)				
Plant start-up costs	5	19	27	19	5
Restructuring costs	13	7	12	27	10
Impairment—working capital	—	—	(2)	8	1
Impairment—property, plant and equipment	—	—	—	53	107
Non-cash inventory adjustment	7	—	—	15	—
Past service credit	(21)	—	—	—	(8)
Exceptional items—cost of sales	4	26	37	122	115
Transaction-related costs—acquisition, IPO and disposals	83	17	41	22	38
Restructuring costs	—	—	2	12	2
Other	(1)	1	1	1	3
Exceptional items—sales, general and administration expenses	82	18	44	35	37
Exceptional impairment—intangible assets	—	—	—	33	11
Exceptional items—loss on disposal of businesses	—	—	—	159	—
Debt refinancing and settlement costs	84	10	13	116	25
Interest payable on acquisition notes	15	—	—	10	99
Exceptional loss on derivative financial instruments	7	—	—	—	—
Exceptional items—finance expense	106	10	13	126	124
Exceptional gain on disposal of financial assets	—	—	—	—	(30)
Exceptional gain on derivative financial instruments	(78)	—	—	—	—
Exceptional items—finance income	(78)	—	—	—	(30)
Total exceptional items	114	54	94	475	257

The following more significant exceptional items were recorded in the nine months ended September 30, 2016:

- A €21 million pension service credit was recognized in Glass North America, following the amendment of certain defined benefit pension schemes;
- Transaction related costs of €83 million which primarily relate to professional fees and other costs directly attributable to the Beverage Can Acquisition;
- Debt refinancing and settlement costs of €84 million associated with notes repaid in May and September 2016, which include premiums payable on the early redemption of the notes, accelerated amortization of deferred finance costs, debt issuance premium and discounts and interest charges incurred in lieu of notice; and
- An exceptional gain on derivative financial instruments of €78 million which relates to the gain on the fair value of the cross currency interest rate swaps which were entered into during the second quarter and for which hedge accounting was not applied until the third quarter. The exceptional loss on derivative financial instruments of €7 million relates to hedge ineffectiveness on these cross currency interest rate swaps during the third quarter.

The following more significant exceptional items were recorded in the nine months ended September 30, 2015:

- Start-up costs of €19 million primarily related to the strategic growth investment in Metal Packaging Americas. In the period following commissioning and during the ramp up of the Group's two new can-making facilities, efficiency and performance temporarily lagged that of existing plants, resulting in increased costs; and
- Exceptional finance costs of €10 million associated with the redemption of €180 million of the Group's notes due 2020, which were redeemed in February 2015.

The following more significant exceptional items were recorded in the year ended December 31, 2015:

- Start-up costs of €27 million which primarily relate to the strategic growth investment in Metal Packaging Americas;
- €38 million transaction costs largely associated with the Group's withdrawn initial public offering of its Metal Packaging business;
- Restructuring costs of €9 million in Metal Packaging Europe and €5 million in Glass North America; and
- Exceptional finance costs of €11 million associated with the redemption of €180 million of the Group's notes due 2020, which were redeemed in February 2015, and €2 million of other finance costs.

The following more significant exceptional items were recorded in the year ended December 31, 2014:

- Impairment charges of €44 million incurred in Metal Packaging Europe related to €36 million of specific property, plant and equipment that is no longer in use, €8 million to working capital;
- Impairment charges of €11 million to intangible assets in Metal Packaging Europe no longer in use;
- Impairment charges of €39 million associated with a plant closure in Glass North America comprising impairment to property, plant and equipment of €17 million, goodwill of €16 million and customer relationships of €6 million;
- Exceptional finance expense of €126 million including €116 million connected with the borrowings repaid in July 2014 and €10 million relating to the notes issued to finance the VNA Acquisition; and
- Non-cash inventory adjustment of €15 million related to the VNA Acquisition, which is a non-recurring adjustment arising as a result of the fair value exercise carried out in accordance with IFRS 3R 'Business Combinations'.

The following more significant exceptional items were recorded in the year ended December 31, 2013:

- Restructuring costs of €11 million in Metal Packaging Europe;
- Impairment charges of €107 million incurred in Metal Packaging Europe related to specific property, plant and equipment associated with difficult trading conditions;
- Impairment charges of €11 million to intangible assets in Metal Packaging Europe due to difficult trading conditions;

- Transaction related costs of €38 million which primarily relate to professional fees and other costs directly attributable to the VNA Acquisition;
- Exceptional finance expense of €124 million including €25 million connected with the redemption of the secured notes issued in 2009 and €99 million relating to the notes issued to finance the VNA Acquisition; and
- Gain of €30 million on the disposal of the Group's investment in ORG, a listed Chinese metal packaging company.

Segment Information

Nine Months Ended September 30, 2016 compared to Nine Months Ended September 30, 2015

	<div> <div>Nine months ended September 30,</div> <div>20162015</div> </div>	
	(in €millions)	
Revenue		
Metal Packaging Europe	1,578	1,279
Metal Packaging Americas	622	294
Glass Packaging Europe	1,053	1,096
Glass Packaging North America	1,266	1,302
Total Revenue	4,519	3,971
Adjusted EBITDA		
Metal Packaging Europe	268	210
Metal Packaging Americas	82	34
Glass Packaging Europe	230	225
Glass Packaging North America	272	261
Adjusted EBITDA	852	730

Revenue

Metal Packaging Europe. Revenue increased by €299 million, or 23%, to €1,578 million in the nine months ended September 30, 2016, compared with €1,279 million in the nine months ended September 30, 2015. Revenue growth reflected the Beverage Can Acquisition in June 2016, which increased revenue by €353 million. Volume/mix lowered revenue by €13 million primarily due to lower food sales and the pass through of lower metal costs to customers further reduced revenue by €28 million. Foreign currency translation effects reduced sales by €13 million mostly due to an unfavorable movement in the British pound.

Metal Packaging Americas. Revenue increased by €328 million, or 112%, to €622 million in the nine months ended September 30, 2016, compared with €294 million in the nine months ended September 30, 2015. Revenue growth reflected the Beverage Can Acquisition in June 2016, increasing revenue by €342 million. Excluding the acquisition, revenue declined by €14 million representing lower prices of €10 million due to the pass through to customers of lower metal prices and €4 million related to lower volumes.

Glass Packaging Europe. Revenue fell by €43 million, or 4%, to €1,053 million in the nine months ended September 30, 2016, compared with €1,096 million in the nine months ended September 30, 2015. Foreign currency translation effects represented €30 million of the decrease mostly attributable to

an unfavorable movement in the British pound, with organic revenue decreasing by €13 million, all of which was attributable to lower selling prices.

Glass Packaging North America. Revenue reduced by €36 million or 3% to €1,266 million in the nine months ended September 30, 2016, compared with €1,302 million in the nine months ended September 30, 2015. Currency translation effects increased revenue by €11 million attributable to an appreciation in the U.S. dollar and price increases to customers increased sales by a further €7 million. These increases were more than offset by volume declines of €54 million primarily due to lower beer sales.

Adjusted EBITDA

Metal Packaging Europe. Adjusted EBITDA increased by €58 million, or 28%, to €268 million in the nine months ended September 30, 2016, compared with €210 million in the nine months ended September 30, 2015. Adjusted EBITDA growth reflected the Beverage Can Acquisition in June 2016, increasing Adjusted EBITDA by €67 million. Volume/mix lowered Adjusted EBITDA by €4 million primarily due to lower food sales. The pass through of lower metal costs to customers net of lower input costs reduced Adjusted EBITDA by €11 million which was largely offset by production efficiencies of €8 million. Foreign currency translation effects reduced Adjusted EBITDA by €2 million.

Metal Packaging Americas. Adjusted EBITDA increased by €48 million, or 141%, to €82 million in the nine months ended September 30, 2016, compared with €34 million in the nine months ended September 30, 2015. Adjusted EBITDA growth reflected the Beverage Can Acquisition in June 2016, increasing Adjusted EBITDA by €42 million with the balance attributable to reductions in input and other costs.

Glass Packaging Europe. Adjusted EBITDA increased by €5 million, or 2%, to €230 million in the nine months ended September 30, 2016, compared with €225 million in the nine months ended September 30, 2015. Currency translation effects reduced Adjusted EBITDA by €6 million, mostly attributable to an unfavorable movement in the British pound, while Adjusted EBITDA before currency translation effects increased by €11 million, representing lower selling prices offset by lower input costs, principally energy. Adverse mix was more than offset by production efficiencies.

Glass Packaging North America. Adjusted EBITDA increased by €11 million or 4% to €272 million in the nine months ended September 30, 2016, compared with €261 million in the nine months ended September 30, 2015. Currency translation effects increased Adjusted EBITDA by €2 million and price increases to customers increased Adjusted EBITDA by a further €7 million. The impact of lower volumes was more than offset by lower input costs and production efficiencies.

Year Ended December 31, 2015 compared to Year Ended December 31, 2014

	Year ended December 31,	
	2015	2014
	(in €millions)	
Revenue		
Metal Packaging Europe	1,650	1,668
Metal Packaging Americas	390	306
Glass Packaging Europe	1,452	1,406
Glass Packaging North America	1,707	1,353
Total Revenue	<u>5,199</u>	<u>4,733</u>
Adjusted EBITDA		
Metal Packaging Europe	260	223
Metal Packaging Americas	44	27
Glass Packaging Europe	284	277
Glass Packaging North America	346	265
Total Adjusted EBITDA	<u>934</u>	<u>792</u>

Revenue

Metal Packaging Europe. Revenue reduced by €18 million, or 1% to €1,650 million in the year ended December 31, 2015 from €1,668 million in the year ended December 31, 2014. The slight decline in revenue was largely due to volume/mix partly offset by positive currency translation impact of €12 million.

Metal Packaging Americas. Revenue increased by €84 million, or 27% to €390 million in the year ended December 31, 2015 from €306 million in the year ended December 31, 2014. Growth in revenue resulted from increased volumes from the two new North American can-making facilities, which began commercial shipments in January 2015, as well as positive currency translation effects of €26 million. The full year effect of business disposals, which occurred in 2014, reduced revenue by €158 million.

Glass Packaging Europe. Revenue increased by €46 million, or 3% to €1,452 million in the year ended December 31, 2015 from €1,406 million in the year ended December 31, 2014. Favorable currency translation effects of €41 million largely accounted for this revenue growth, while volume growth of 1% was partly offset by slightly lower selling prices.

Glass Packaging North America. Revenue increased by €354 million, or 26% to €1,707 million in the year ended December 31, 2015 from €1,353 million in the year ended December 31, 2014. Revenue growth was primarily attributable to positive currency translation effects of €289 million, with revenue increasing by €65 million excluding this effect. The inclusion of a full year contribution in 2015 from the VNA Acquisition, which was completed in April 2014, increased revenue by €314 million, partly offset by a reduction in revenue of €205 million as a result of the disposal of six former Anchor Glass plants in mid-2014. Excluding acquisition and disposal effects, revenue adjusted for the impact of currency translation declined by €44 million, which was attributable to the closure of a production facility in Salem, NJ, in December 2014, which more than offset the underlying growth.

Adjusted EBITDA

Metal Packaging Europe. Adjusted EBITDA increased by €37 million, or 17% to €260 million for the year ended December 31, 2015 from €223 million in the year ended December 31, 2014. The

increase was largely due to production efficiencies and overhead savings offset in part by adverse volume / mix impact. Lower input costs were offset by lower selling prices.

Metal Packaging Americas. Adjusted EBITDA increased by €17 million, or 63% to €44 million for the year ended December 31, 2015 from €27 million in the year ended December 31, 2014. Adjusted for the positive translation currency benefit of the appreciation of the U.S. dollar, Adjusted EBITDA increased by €15 million, despite a negative €15 million impact from business disposals in 2014. Excluding disposal and currency effects, Adjusted EBITDA increased by €30 million. This growth arose from the Group's two new North American can-making facilities, as well as lower input costs, during the year.

Glass Packaging Europe. Adjusted EBITDA increased by €7 million, or 3% to €284 million for the year ended December 31, 2015 from €277 million in the year ended December 31, 2014. Growth reflected positive currency translation effects of €8 million largely due to the appreciation of the British pound. Excluding this impact, Adjusted EBITDA was almost unchanged as cost reductions and modest volume/mix growth was offset by a reduction in selling prices.

Glass Packaging North America. Adjusted EBITDA increased by €81 million, or 31% to €346 million for the year ended December 31, 2015 from €265 million in the year ended December 31, 2014. Adjusting for favorable foreign currency translation benefit of €53 million which resulted from the appreciation of the U.S. dollar, Adjusted EBITDA increased by €28 million. The impact of a full year contribution from the VNA Acquisition, net of the disposal of six former Anchor Glass plants, increased Adjusted EBITDA by €5 million. Operating and input cost savings due to the integration of the VNA Acquisition increased Adjusted EBITDA by €29 million, while a positive volume/mix effect was offset by the closure of a production facility in Salem, NJ, in December 2014.

Year Ended December 31, 2014 compared to Year Ended December 31, 2013

	Year ended December 31,	
	2014	2013
	(in €millions)	
Revenue		
Metal Packaging Europe	1,668	1,663
Metal Packaging Americas	306	328
Glass Packaging Europe	1,406	1,389
Glass Packaging North America	1,353	663
Total Revenue	<u>4,733</u>	<u>4,043</u>
Adjusted EBITDA		
Metal Packaging Europe	223	183
Metal Packaging Americas	27	30
Glass Packaging Europe	277	273
Glass Packaging North America	265	137
Total Adjusted EBITDA	<u>792</u>	<u>623</u>

Revenue

Metal Packaging Europe. Revenue increased by €5 million to €1,668 million in the year ended December 31, 2014 from €1,663 million in the year ended December 31, 2013. The slight increase in revenue was largely due to volume/mix offset by the disposal of a small operation in Greece during 2013 and lower selling prices.

Metal Packaging Americas. Revenue decreased by €22 million, or 7% to €306 million in the year ended December 31, 2014 from €328 million in the year ended December 31, 2013. The decline was the result of lower volumes, the disposal of a small operation in Samoa during 2014 and adverse currency translation impact of €6 million.

Glass Packaging Europe. Revenue increased by €17 million, or 1% to €1,406 million in the year ended December 31, 2014 from €1,389 million in the year ended December 31, 2013. Favorable currency translation effects of €16 million largely accounted for this revenue growth, while small volume growth was offset by slightly lower selling prices.

Glass Packaging North America. Revenue increased by €690 million, or 104% to €1,353 million in the year ended December 31, 2014 from €663 million in the year ended December 31, 2013. Revenue growth was primarily attributable to the VNA Acquisition, which was completed in April 2014, and increased revenue by €859 million, partly offset by a reduction in revenue of €204 million as a result of the disposal of six former Anchor Glass plants in mid-2014. Excluding acquisition and disposal effects, revenue adjusted for the impact of currency translation increased by €46 million, which was mostly attributable to higher selling prices.

Adjusted EBITDA

Metal Packaging Europe. Adjusted EBITDA increased by €40 million, or 22% to €223 million for the year ended December 31, 2014 from €183 million in the year ended December 31, 2013. The increase was largely due to production efficiencies and overhead savings and improved volumes / positive mix impact. Lower input costs were offset by lower selling prices.

Metal Packaging Americas. Adjusted EBITDA reduced by €3 million, or 10% to €27 million for the year ended December 31, 2014 from €30 million in the year ended December 31, 2013. Lower Adjusted EBITDA was due to lower volumes / adverse mix impact and higher input costs which were only partly offset by production efficiencies and overhead savings.

Glass Packaging Europe. Adjusted EBITDA increased by €4 million, or 1% to €277 million for the year ended December 31, 2014 from €273 million in the year ended December 31, 2013. Growth reflected positive currency translation effects of €3 million largely due to the appreciation of the British pound. Excluding this impact, Adjusted EBITDA was almost unchanged as cost reductions was offset volume/mix declines and lower selling prices.

Glass Packaging North America. Adjusted EBITDA increased by €128 million, or 93% to €265 million for the year ended December 31, 2014 from €137 million in the year ended December 31, 2013. Adjusting for unfavorable foreign currency translation benefit of €3 million which resulted from the depreciation of the U.S. dollar, Adjusted EBITDA increased by €125 million. The impact of a full year contribution from the VNA Acquisition, net of the disposal of six former Anchor Glass plants, increased Adjusted EBITDA by €107 million. Operating and input cost savings due to the integration of the VNA Acquisition increased Adjusted EBITDA by €9 million, while higher selling prices were largely offset by higher input costs.

Liquidity and Capital Resources

Cash Requirements Related to Operations

Our principal sources of cash are cash generated from operations and external financings, including borrowings and other credit facilities. Our principal funding arrangements include borrowings available under the HSBC Securitization Program and the Bank of America Facility. These and other sources of external financing are described further under “Description of Certain Indebtedness”.

Both our metal and glass packaging divisions' sales and cash flows are subject to seasonal fluctuations. The investment in working capital for Metal Packaging excluding beverage generally builds over the first three quarters of the year, in line with agricultural harvest periods, and then unwinds in the fourth quarter, with the calendar year-end being the low point. Demand for our metal beverage and glass products is typically strongest during the summer months and in the period prior to December because of the seasonal nature of beverage consumption. The investment in working capital for metal beverage and Glass Packaging typically peaks in the first quarter. We manage the seasonality of our working capital by supplementing operating cash flows with drawings under our credit facilities.

The following table outlines our principal financing arrangements as of September 30, 2016.

Facility	Currency	Maximum Amount Drawable	Final Maturity Date	Facility Type	Amount Drawn as of September 30, 2016		Undrawn Amount
		Local Currency (millions)			Local Currency (millions)	€ (millions)	€ (millions)
4.250% First Priority Senior Secured Notes	EUR	1,155	15-Jan-22	Bullet	1,155	1,155	—
4.625% Senior Secured Notes	USD	1,000	15-May-23	Bullet	1,000	896	—
4.125% Senior Secured Notes	EUR	440	15-May-23	Bullet	440	440	—
First Priority Senior Secured Floating Rate Notes	USD	1,110	15-Dec-19	Bullet	1,110	995	—
Senior Secured Floating Rate Notes	USD	500	15-May-21	Bullet	500	448	—
6.000% Senior Notes	USD	440	30-Jun-21	Bullet	440	394	—
7.000% Senior Notes ⁽¹⁾	USD	135	15-Nov-20	Bullet	135	121	—
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	372	—
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	372	—
7.250% Senior Notes	USD	1,650	15-May-24	Bullet	1,650	1,478	—
6.750% Senior Notes	EUR	750	15-May-24	Bullet	750	750	—
Term Loan B Facility ⁽²⁾	USD	665	17-Dec-19	Amortizing	665	596	—
HSBC Securitization Program	EUR	141	14-Dec-19	Revolving	—	—	141
Bank of America Facility	USD	155	11-Apr-18	Revolving	—	—	139
Unicredit Working Capital and Performance							
Guarantee Credit Lines	EUR	1	Rolling	Revolving	—	—	1
Finance lease obligations	GBP/EUR			Amortizing	9	9	—
Other borrowings	EUR	3		Amortizing	3	3	—
Total borrowings / undrawn facilities						8,029	281
Deferred debt issue costs and discounts						(100)	—
Net borrowings / undrawn facilities						7,929	281
Cash, cash equivalents and restricted cash						(683)	683
Derivative financial instruments used to hedge foreign currency and interest rate risk						(46)	—
Net debt / available liquidity						7,200	964

(1) On November 15, 2016 these notes were redeemed using existing cash resources.

(2) On October 3, 2016 it was announced that the maturity of the Term Loan B had been extended by two years to December 17, 2021.

As of September 30, 2016, we had undrawn credit lines of up to €281 million at our disposal, together with cash equivalents and restricted cash of €683 million, giving rise to available liquidity of €964 million. As of September 30, 2016, we were in compliance with all financial and non-financial covenants under our principal financing arrangements.

The following table outlines the minimum debt repayments we are obligated to make for the twelve months ending September 30, 2017. This table assumes that the minimum net principal

repayment will be made, as provided for under each credit facility. It further assumes that the other credit lines will be renewed or replaced with similar facilities as they mature.

<u>Facility</u>	<u>Currency</u>	<u>Local Currency</u> <u>(in millions)</u>	<u>Final Maturity Date</u>	<u>Facility Type</u>	<u>Minimum net repayment for the twelve months ending September 30, 2017</u> <u>(in €millions)</u>
Term Loan B Facility	USD	7	17-Dec-21	Amortizing	6
HSBC Securitization Program	EUR	—	14-Jun-18	Revolving	—
Bank of America Facility	USD	—	11-Apr-18	Revolving	—
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	—	Rolling	Revolving	—
Finance lease obligations	GBP/EUR	1		Amortizing	1
Other borrowings	EUR	1		Amortizing	1
Minimum net repayment					<u>8</u>

We believe we have adequate liquidity to satisfy our cash needs for at least the next 12 months. In the nine months ended September 30, 2016, we reported operating profit of €431 million, net cash from operating activities of €335 million and generated Adjusted EBITDA of €852 million and pro forma Adjusted EBITDA of €1,027 million.

As described further below, we generate substantial cash flow from our operations and had €683 million in cash and cash equivalents as of September 30, 2016, as well as available but undrawn liquidity of €281 million under our credit facilities. We believe that our cash balances and future cash flow from operating activities, as well as our credit facilities, will provide sufficient liquidity to fund our purchases of property, plant and equipment, interest payments, scheduled principal repayments of €8 million on our notes and other credit facilities and dividend payments for at least the next twelve months. In addition, we believe that we will be able to fund certain additional investments from our current cash balances, credit facilities and cash flow from operating activities.

Accordingly, we believe that our long-term liquidity needs primarily relate to the service of our debt obligations. We expect to satisfy our future long-term liquidity needs through a combination of cash flow generated from operations and, where appropriate, to refinance our debt obligations in advance of their respective maturity dates as we have successfully done in the past.

Cash Flows

The following table sets forth certain information reflecting a summary of our cash flow activity for the periods set forth below:

	Nine months ended September 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	(in €millions)				
Operating profit	431	400	450	80	162
Depreciation and amortization	335	286	403	363	299
Exceptional operating items	86	44	81	349	163
(Increase)/decrease in working capital ⁽¹⁾	(131)	(97)	90	8	(48)
Exceptional operating costs paid	(95)	(57)	(74)	(99)	(60)
Cash generated from operations	626	576	950	701	516
Interest paid	(246)	(234)	(323)	(316)	(377)
Taxation paid ⁽²⁾	(45)	(35)	(59)	(35)	(29)
Net cash from operating activities	335	307	568	350	110
Purchase of businesses	(2,684)	—	—	(1,038)	—
Proceeds from disposal of businesses	—	—	—	397	6
Capital expenditure ⁽³⁾	(200)	(221)	(304)	(314)	(285)
Proceeds from disposal of financial asset	—	—	—	—	43
Net cash used in investing activities	(2,884)	(221)	(304)	(955)	(236)
Proceeds from borrowings	3,950	—	—	3,469	663
Repayment of borrowings	(1,315)	(197)	(198)	(2,591)	(438)
Contribution from parent	138	—	—	—	—
Early redemption costs paid	(59)	(8)	(8)	(97)	(16)
Deferred debt issued costs paid	(74)	(2)	(1)	(56)	(17)
Proceeds from termination of derivative financial instruments	—	—	81	—	—
Net inflow/(outflow) from financing activities	2,640	(207)	(126)	725	192
Net increase/(decrease) in cash and cash equivalents	91	(121)	138	120	66
Exchange gains/(losses) on cash and cash equivalents	42	4	—	(2)	(4)
Net increase/(decrease) in cash and cash equivalents after exchange gains/(losses)	133	(117)	138	118	62

(1) Working capital is made up of inventories, trade and other receivables, trade and other payables and current provisions.

(2) Includes exceptional income tax paid of €17 million during the years ended December 31, 2014. No exceptional tax was paid in the years ended December 31, 2015 or December 31, 2013.

(3) Capital expenditure is net of proceeds from the disposal of property, plant and equipment.

Net cash from operating activities

Net cash from operating activities was €335 million in the nine months ended September 30, 2016, compared with €307 million in the same period in 2015. The year on year increase was primarily due to a €31 million increase in operating profit in the nine months ended September 30, 2016 compared with the prior year period, which was attributable to the Beverage Can Acquisition, and an increase of €49 million in depreciation and amortization. The €34 million increase in depreciation and €15 million increase in amortization were both principally related to the Beverage Can Acquisition. These increases

were partially offset by an increase of €38 million in exceptional acquisition related, IPO and plant start-up costs paid and a seasonally impacted working capital outflow of €131 million.

Net cash from operating activities increased by €218 million from €350 million in 2014 to €568 million in 2015. The year on year increase in 2015 was primarily due to an increase in operating profit of €370 million and the generation of a €90 million inflow from working capital in 2015, compared with a €8 million inflow in the previous year. The increase in operating profit and working capital inflow was offset by a reduction in non-cash exceptional impairment charges and other exceptional non-cash adjustments which in 2014 totaled €109 million.

Net cash from operating activities increased by €240 million from €110 million in 2013 to €350 million in 2014. The year on year increase in 2014 was primarily due to an increase in operating profit before exceptional operating items of €104 million and higher depreciation and amortization of €64 million.

Net cash used in investing activities

Net cash used in investing activities increased by €2,663 million to €2,884 million in the nine months ended September 30, 2016 compared with the same period in 2015. The increase was primarily due the cash consideration paid in connection with the Beverage Can Acquisition in 2016.

Net cash used in investing activities decreased by €651 million from €955 million in 2014 to €304 million in 2015, primarily due to the cash consideration for the VNA Acquisition paid in 2014, which was offset by proceeds from disposal of former Anchor Glass plants in 2014.

Net cash used in investing activities increased by €719 million from €236 million in 2013 to €955 million in 2014, primarily due to the cash consideration for the VNA Acquisition paid in 2014, which was offset by proceeds from disposal of former Anchor Glass plants in 2014.

Net inflow/(outflow) from financing activities

Net cash from financing activities represented an inflow of €2,640 million in the nine months ended September 30, 2016 compared with a €207 million outflow in the same period in 2015. Proceeds from new borrowings (€3,950 million) reflect: (a) €1,755 million from the issuance of Secured Notes and €745 million from the issuance of Senior Notes in May 2016, the proceeds of which were used to finance the Beverage Can Acquisition (b) €1,450 million from the issuance of Senior Notes in May 2016, the proceeds of which were used to refinance in full our 9.250% Senior Notes due 2020 and 9.125% Senior Notes due 2020 and a partial payment of our 7.000% Senior Notes due 2020 in the amount of €1,294 million and early redemption premium of €59 million. Scheduled repayments of our Term Loan B facility of €21 million were also made. In connection with the various financing transactions, we paid deferred financing costs of €74 million. We also received a contribution from our parent company of €138 million.

Net cash used in financing activities represented an outflow of €126 million in 2015, compared with a €725 million inflow in 2014. This resulted primarily from a decrease in proceeds from borrowings in 2015.

Working capital

For the nine months ended September 30, 2016, working capital during the period increased by €310 million compared to December 31, 2015. The Beverage Can Acquisition increased working capital by €183 million and excluding the impact of the acquisition, the increase principally reflected the seasonal increase in working capital with trade and other receivables €357 million higher offset by a €249 million increase in trade and other payables. Working capital cash outflow for the nine months ended September 30, 2016 was €131 million.

For the year ended December 31, 2015, working capital during the period decreased by €59 million. The decrease comprised increases in inventory of €55 million, decreases in receivables of €41 million and an increase of payables of €75 million. Working capital cash inflow for the year ended December 31, 2015 was €90 million.

For the year ended December 31, 2014, working capital during the period decreased by €3 million. The decrease comprised increases in inventory of €90 million, increases in receivables of €35 million, an increase of payables of €88 million and an increase in current provisions of €40 million. Working capital cash inflow for the year ended December 31, 2014 was €8 million.

Exceptional operating costs paid

Exceptional operating costs paid in the nine months ended September 30, 2016 increased by €38 million to €95 million compared with €57 million in the nine months ended September 30, 2015. In 2016 the costs paid primarily relate to professional fees and other costs associated with the Beverage Can Acquisition and to a lesser degree professional fees and other costs of the withdrawn Metal Packaging initial public offering which in total were €100 million. In 2015 exceptional operating costs paid include start-up costs of €18 million associated with the two new Metal Packaging Americas can-making facilities opened in early 2015 and restructuring costs of €13 million incurred in Metal Packaging Europe and Glass Packaging North America. Other costs paid related to acquisition and disposal costs in respect of the VNA Acquisition and business disposals in Metal Packaging, respectively.

Exceptional operating costs paid in the year ended December 31, 2015 reduced by €25 million to €74 million compared with €99 million in the year ended December 31, 2014. In 2015 exceptional operating costs paid include start-up costs of €26 million associated with the two new Metal Packaging Americas can-making facilities opened in early 2015, restructuring costs of €14 million incurred in Metal Packaging Europe and Glass Packaging North America and €36 million of costs paid largely in respect of the withdrawn initial public offering of the Metal Packaging business. In 2014 exceptional costs paid represent €40 million professional and other costs associated with the VNA Acquisition, start-up costs of €19 million associated with the two new Metal Packaging Americas can-making facilities opened in early 2015 and restructuring costs of €22 million incurred in Metal Packaging Europe and Glass North America.

Exceptional operating costs paid in the year ended December 31, 2014 increased by €39 million to €99 million compared with €60 million in the year ended December 31, 2013. In 2013 exceptional operating costs paid primarily represent million professional and other costs associated with the VNA Acquisition and restructuring costs of €25 million largely incurred in Metal Packaging Europe.

Income tax paid

Income tax paid during the nine months ended September 30, 2016 was €45 million, which represents an increase of €10 million when compared to the nine months ended September 30, 2015. The increase is attributable to the Beverage Can Acquisition and an increase in taxable profits in both the current period and the prior year.

Income tax paid during the year ended December 31, 2015 was €59 million, which represents an increase of €24 million when compared to the year ended December 31, 2014. The increase in income tax paid reflects increases in the level of profitability in certain territories predominantly in Glass Packaging North America, in addition to tax payments which reflect a mixture of profitability in prior periods and estimated tax assessments, and refunds received during the year ended December 31, 2014.

Income tax paid during the year ended December 31, 2014 was €35 million, which represents an increase of €6 million when compared to the year ended December 31, 2013.

Capital expenditure

	Nine months ended September 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	(in €millions)				
Metal Packaging Europe	43	31	46	43	49
Metal Packaging Americas	11	10	15	107	50
Glass Packaging Europe	66	84	109	86	141
Glass Packaging North America	80	96	134	78	45
Total capital expenditure	200	221	304	314	285

Capital expenditure for the nine months ended September 30, 2016 decreased by €21 million to €200 million, compared to €221 million for the nine months ended September 30, 2015. In Metal Packaging Europe, capital expenditure in the nine months ended September 30, 2016 was €43 million compared to capital expenditure of €31 million in the same period in 2015 with the increase attributable to the Beverage Can Acquisition. In Metal Packaging Americas capital expenditure in the nine months ended September 30, 2016 was €11 million compared to capital expenditure of €10 million in the same period in 2015. In Glass Packaging Europe, capital expenditure was €66 million in the nine months ended September 30, 2016 compared to capital expenditure of €84 million in the same period in 2015, reflecting slightly lower furnace rebuild activity in 2016. In Glass Packaging North America, capital expenditure was €80 million in the nine months ended September 30, 2016 compared to capital expenditure of €96 million in the same period in 2015, also due to slightly lower furnace rebuild activity in 2016. Management estimates pro forma capital expenditures for the twelve months ended September 30, 2016 to be approximately €400 million. As a result of the Beverage Can Acquisition, management estimates that capital expenditures in the near term may increase from this level.

Capital expenditure for the year ended December 31, 2015 was €304 million compared to €314 million for the year ended December 31, 2014. In Metal Packaging Europe, capital expenditure in the year ended December 31, 2015 was €46 million compared to capital expenditure of €43 million in the same period in 2014. In Metal Packaging Americas capital expenditure in the year ended December 31, 2015 was €15 million compared to capital expenditure of €107 million in the same period in 2014. The reduction in capital expenditure was a result of the completion of the strategic growth investment in the fourth quarter 2014. In Glass Packaging Europe, capital expenditure was €109 million in the year to December 31, 2015 compared to capital expenditures of €86 million in the same period in 2014 reflecting an increased level of furnace rebuilds in 2015. In Glass Packaging North America, capital expenditure was €134 million in the year to December 31, 2015 compared to capital expenditure of €78 million in the same period in 2014. The increase was mostly due to the full year inclusion of the operations acquired in the VNA Acquisition and increased furnace rebuilds.

Capital expenditure for the year ended December 31, 2014 was €314 million compared to €285 million for the year ended December 31, 2013. In Metal Packaging Europe, capital expenditure in the year ended December 31, 2014 was €43 million compared to capital expenditure of €49 million in the same period in 2013. In Metal Packaging Americas capital expenditure in the year ended December 31, 2014 was €107 million compared to capital expenditure of €50 million in the same period in 2014. The increase in capital expenditure reflected an increase in the strategic growth investment which commenced in 2013. In Glass Packaging Europe, capital expenditure was €86 million in the year to December 31, 2014 compared to capital expenditures of €141 million in the same period in 2013 reflecting the completion of a strategic investment in the UK during 2013. In Glass Packaging North America, capital expenditure was €78 million in the year to December 31, 2014 compared to capital

expenditure of €45 million in the same period in 2013. The increase was mostly due to the inclusion of the operations acquired in the VNA Acquisition and increased furnace rebuilds.

Contractual Obligations and Commitments

The following table outlines our principal contractual obligations as of December 31, 2015:

	Less than one year	1 - 3 years	3 - 5 years	More than five years
		(in €millions)		
Long term debt—capital repayment	7	14	4,887	1,943
Long term debt—interest	315	630	397	66
Finance leases and other borrowings	1	2	2	4
Operating leases	27	40	29	67
Purchase obligations	878	—	—	—
Derivatives	7	—	—	—
Contracted capital commitments	30	—	—	—
Total	<u>1,265</u>	<u>686</u>	<u>5,315</u>	<u>2,080</u>

Off-Balance Sheet Items

Historically we have not engaged in off-balance sheet financing activities.

However, as part of the Beverage Can Acquisition the Group acquired several uncommitted accounts receivable factoring and related programs with various financial institutions for certain receivables, accounted for as true sales of receivables, without recourse to the Group. Receivables of €171 million were sold under these programs at September 30, 2016. We do not have any other material off-balance sheet finance obligations.

Quantitative and Qualitative Disclosures about Market Risk

The statements about market risk below relate to our historical financial information included in this Offering Memorandum.

Interest Rate Risk

Our policy, in the management of interest rate risk, is to strike the right balance between fixed and floating rate financial instruments. The balance struck by our management is dependent on prevailing interest rate markets at any point in time. Our interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose us to variability in cash flows. During 2015, 2014 and 2013, our borrowings at variable rates were denominated in euro and U.S. dollars.

We manage our variability in cash flows by using floating-to-fixed interest rate swaps, when deemed appropriate. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. When we raise long-term borrowings at floating rates we may swap them into fixed rates that are lower than those available if we borrowed at fixed rates directly. Under the interest rate swaps, we agree with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

At December 31, 2015, our borrowings were 69.5% fixed (2014: 71.7%; 2013: 90.3%), with a weighted average interest rate of 5.8% (2014: 5.9%; 2013: 7.2%).

Holding all other variables constant, including levels of indebtedness, at December 31, 2015 a one percentage point increase in variable interest rates would increase interest payable by approximately €12 million (2014: €12 million; 2013: not material).

Currency Exchange Risk

The Group operates in 22 countries, across five continents. The Group's main currency exposure in the year to December 31, 2015 was in relation to U.S. dollar, British pounds, Swedish krona, Polish zloty and Danish krone. Following the Beverage Can Acquisition, we also have currency exposure in relation to the Brazilian real. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Fluctuations in the value of these currencies with respect to the euro may have a significant impact on our financial condition and results of operations as reported in euro. We believe that a strengthening of the euro exchange rate by 1% against all other foreign currencies from the December 31, 2015 rate would increase shareholders' equity by approximately €11 million (2014: €7 million; 2013: €10 million).

Commodity Price Risk

We are exposed to changes in prices of our main raw materials, primarily energy, steel and aluminum. Production costs in our Metal Packaging division are exposed to changes in prices of our main raw materials, primarily steel and aluminum, to which exposure has significantly increased as a result of the Beverage Can Acquisition particularly to aluminum. Steel is generally obtained under one-year contracts with prices that are usually fixed in advance. When such contracts are renewed in the future, our steel costs under such contracts will be subject to prevailing global steel and/or tinplate prices at the time of renewal, which may be different from historical prices. Unlike steel, where there is no functioning hedging market, aluminum is traded daily as a commodity (priced in U.S. dollars) on the London Metal Exchange. Aluminum is priced in U.S. dollars, and therefore fluctuations in the U.S. dollar/euro exchange rate also affect the euro cost of aluminum. The price and foreign currency risk on these aluminum purchases is hedged by entering into swaps under which we pay a fixed euro price. Furthermore, the relative price of oil and its by-products may materially impact our business, affecting our transport, lacquer and ink costs.

Production costs in our Glass Packaging division are sensitive to the price of energy. Our main energy exposure is to the cost of gas and electricity. These energy costs have experienced significant volatility in recent years with a corresponding effect on our production costs. In terms of gas, which represents 70% of our energy costs, there is a continuous de-coupling between the cost of gas and oil, whereby now only significant changes in the price of oil have an impact on the price of gas. The volatility in gas pricing is driven by shale gas development (United States only), lack of liquified natural gas in Europe as it is diverted to Asia and storage levels. Volatility in the price of electricity is caused by the German Renewable Energy policy, the phasing out of nuclear generating capacity, fluctuations in the price of gas and the influence of carbon dioxide costs on electricity prices.

As a result of the volatility of gas and electricity prices, we have either included energy pass-through clauses in our sales contracts or developed an active hedging strategy to fix a significant proportion of our energy costs through contractual arrangements directly with our suppliers, where there is no energy clause in the sales contract.

Our policy is to purchase natural gas and electricity by entering into forward price-fixing arrangements with suppliers for the bulk of our anticipated requirements for the year ahead. Such

contracts are used exclusively to obtain delivery of our anticipated energy supplies. We do not net settle, nor do we sell within a short period of time after taking delivery. As a result these contracts are treated as executory contracts under IAS 39 “Financial Instruments: Recognition and Measurement.”

We typically build up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any natural gas and electricity which is not purchased under forward price-fixing arrangements is purchased under index tracking contracts or at spot prices. We have 73%, 60% and 52% of our energy risk covered for 2016, 2017 and 2018, respectively.

Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to our customers, including outstanding receivables. Our policy is to place excess liquidity on deposit, only with recognized and reputable financial institutions. For banks and financial institutions only independently rated parties with a minimum rating of “A” are accepted, where possible. The credit ratings of banks and financial institutions are monitored to ensure compliance with our credit policy.

Our policy is to extend credit to customers of good credit standing. Credit risk is managed on an ongoing basis by a designated team of employees. Our policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made where deemed necessary and the utilization of credit limits is regularly monitored.

Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended December 31, 2015, our ten largest customers accounted for approximately 32% of total revenue (2014: 29%). There is no recent history of default with these customers.

Liquidity Risk

We are exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations and derivative transactions. Our policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities to ensure all obligations can be met as they fall due.

To achieve this objective, we:

- have committed borrowing facilities that we can access to meet liquidity needs;
- maintain cash balances and liquid investments with highly-rated counterparties;
- limit the maturity of cash balances;
- borrow the bulk of our debt needs under long-term fixed rate debt securities; and
- have internal control processes and contingency plans for managing liquidity risk.

Cash flow forecasting is performed by our operating entities and is aggregated by Group treasury. Group treasury monitors rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs while maintaining sufficient headroom on our undrawn committed borrowing facilities at all times so that we do not breach borrowing limits or covenants on any of our borrowing facilities. Such forecasting takes into consideration our debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to Group treasury. Group treasury invests surplus cash in interest-bearing current accounts and time deposits with appropriate maturities to provide sufficient headroom as determined by the above-mentioned forecasts. At September 30, 2016, we had placed €56 million on deposit.

Critical Accounting Policies

We prepare our financial statements in accordance with IFRS as issued by the IASB. A summary of significant accounting policies is contained in Note 2 to our audited consolidated financial statements for the year ended December 31, 2015. In applying many accounting principles, we make assumptions, estimates and judgments which are often subjective and may be affected by changing circumstances or changes in our analysis. Material changes in these assumptions, estimates and judgments have the potential to materially alter our results of operations. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business combinations and goodwill

All business combinations are accounted for by applying the purchase method of accounting. This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities assumed. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgment. Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in sales, general and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those groups of cash-generating units ("CGUs") that are expected to benefit from the business combination in which the goodwill arose for the purpose of assessing impairment. Goodwill is tested annually for impairment.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Estimated impairment of goodwill

Goodwill acquired through a business combination has been allocated to groups of CGUs for the purpose of impairment testing based on the segment into which the business combination is assimilated.

The groupings represent the lowest level at which the related goodwill is monitored for internal management purposes. As at the reporting date, Metal Packaging Europe, Metal Packing Americas, Glass Packaging Europe and Glass Packaging North America were the groups of CGUs to which goodwill was allocated and monitored.

The recoverable amount of a group of CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Growth rates of 2.0%—2.5% have been assumed beyond the five-year period. The terminal value is estimated based on capitalizing the year 5 cash flows in perpetuity. The discount rates used ranged from 9.0%—9.9% (2014: 10.0%—10.5%; 2013: 11.7%—12.4%). These rates are pre-tax. These assumptions have been used for the analysis for each group of CGU. Management determined budgeted cash-flows based on past performance and its expectations for the market development.

Key assumptions include management's estimates of future profitability, replacement capital expenditure requirements, trade working capital investment needs and discount rates. The values applied to each of the key assumptions are derived from a combination of internal and external factors based on historical experience and take into account the stability of cash flows typically associated with these groups of CGUs.

If the estimated pre-tax discount rate applied to the discounted cash flows had been ± 50 basis points than management's estimates, the recoverable value of the CGUs would still have been in excess of their carrying value and no impairment would have arisen.

Income taxes

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Measurement of defined benefit obligations

We follow guidance of IAS 19 to determine the present value of our obligations to current and past employees in respect of defined benefit pension obligations, other long-term employee benefits and other end or service employee benefits, which are subject to similar fluctuations in value in the long term. We, with the assistance of a network of professionals, value such liabilities designed to ensure consistency in the quality of the key assumptions underlying the valuations.

The principal pension assumptions used in the preparation of the accounts take account of the different economic circumstances in the countries in which we operate and the different characteristics of the respective plans including the length of duration of liabilities.

The rates or ranges of rates for the principal assumptions applied in estimating the net pension liabilities in our consolidated financial statements were as follows:

	U.S.			Germany			Netherlands			UK		
	2015 %	2014 %	2013 %	2015 %	2014 %	2013 %	2015 %	2014 %	2013 %	2015 %	2014 %	2013 %
Rate of inflation	3.00	3.00	N/A	1.75	1.75	2.00	1.70	2.00	2.00	3.00	3.10	3.5
Rate of increase in salaries	3.00	3.00	N/A	2.50	2.50	2.50	1.70	2.00	2.50	3.00	3.10	3.5
Discount rate	4.70	4.10	N/A	2.16 - 2.72	1.50 - 2.30	3.00 - 3.80	2.50 - 2.60	2.30 - 2.40	3.60 - 3.80	3.90	3.80	4.6

Were the discount rate to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €204 million lower (2014: €151 million, 2013: €112 million) or €205 million higher (2014: €173 million, 2013: €128 million), holding all other assumptions constant.

Were the inflation rate to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €84 million lower (2014: €85 million, 2013: €64 million) or €67 million higher (2014: €92 million, 2013: €74 million), holding all other assumptions constant.

If the salary rate of increase were to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €88 million lower (2014: €78 million, 2013: €3 million) or €70 million higher (2014: €90 million, 2013: €5 million), holding all other assumptions constant.

The impact of increasing the expected longevity by one year would result in an increase in the Group's liability of €60 million at December 31, 2015 (2014: €50 million, 2013: €39 million), holding all other assumptions constant.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience.

These assumptions translate into the following average life expectancy in years for a pensioner retiring at age 65. The mortality assumptions for the countries with the most significant defined benefit plans are set out below:

	U.S.			Germany			Netherlands			UK		
	2015 Years	2014 Years	2013 Years	2015 Years	2014 Years	2013 Years	2015 Years	2014 Years	2013 Years	2015 Years	2014 Years	2013 Years
Life expectancy, current pensioners	21	21	N/A	21	21	21	24	22	23	20	21	21
Life expectancy, future pensioners	23	23	N/A	24	24	23	26	25	24	22	22	22

Establishing lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilization and physical condition of the assets concerned. Changes in asset lives can have a significant impact on the depreciation and amortization charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined and there are a significant number of asset lives in use. Details of the useful lives are included in the accounting policy. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

Impairment tests for items of property, plant and equipment are performed on a CGU level basis. The recoverable amounts in property, plant and equipment are determined based on the higher of value-in-use or fair value less costs to sell.

Exceptional items

The consolidated income statement and segment analysis separately identify results before exceptional items. Exceptional items are those that in our judgment need to be disclosed by virtue of their size, nature or incidence.

The Group believes that this presentation provides additional analysis as it highlights exceptional items. Such items include, where significant, restructuring, redundancy and other costs relating to permanent capacity realignment or footprint reorganization, directly attributable acquisition costs, profit or loss on disposal or termination of operations, start-up costs incurred in relation to new operations or plant builds, major litigation costs, settlements and impairment of non-current assets. In this regard, the determination of 'significant' as included in our definition uses qualitative and quantitative factors which remain consistent from period to period. Management uses judgment in assessing the particular items, which by virtue of their scale and nature, are disclosed in the consolidated income statement and related notes as exceptional items. We consider the columnar consolidated income statement presentation of exceptional items to be appropriate as it improves the clarity of the presentation and is consistent with the way that financial information is measured by management and presented to the Board and CODM. In that regard, we believe it to be consistent with paragraph 85 of IAS 1, which permits the inclusion of line items and subtotals that improve the understanding of performance.

Recent Accounting Pronouncements

New standards, amendments, improvements and interpretations which are effective for financial periods beginning on or after January 1, 2016 that are applicable to the Group, none of which have been early adopted.

The following new standards, amendments to existing standards and interpretations effective for annual periods beginning on or after January 1, 2016 have been issued prior to the date of issuance of the financial statements but have not been adopted early by the Group. The Directors' assessment of the impact of the new standards listed below, on the reported results, consolidated statement of financial position and disclosures as a result of their adoption in future periods is on-going

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue' and IAS 11, 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The impact of IFRS 15 continues to be assessed by the Group.

IFRS 9, 'Financial instruments', is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 has been completed in a number of phases and includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit loss model that replaces the incurred loss impairment model currently used as well as hedge accounting amendments. This standard becomes effective for annual periods commencing on or after January 1, 2018. The impact of IFRS 9 continues to be assessed by the Group.

IFRS 16, 'Leases', sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 replaces IAS 17, 'Leases', and later interpretations and will result in most operating leases being recorded on the Consolidated Statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 continues to be assessed by the Group.

There are no other accounting standards or IFRIC guidance that are not yet effective that would be expected to have a material impact on the Group.

OUR BUSINESS

In respect of historical financial information in this Offering Memorandum, all references to “we,” “us” or “our” are to Ardagh Packaging Holdings and its subsidiaries on a consolidated basis. With the exception of the balance sheet data as of September 30, 2016, historical financial information of Ardagh included in this Offering Memorandum does not include the results of the Beverage Can Business, unless the context requires otherwise. For more information on the Beverage Can Business, see the financial data of the Ball Carve-Out Business and the Rexam Carve-Out Business included elsewhere in this Offering Memorandum.

Our Company

We are a leading supplier of innovative, value-added rigid packaging solutions. Our products include metal and glass containers primarily for food and beverage markets, which are characterized by stable, consumer-driven demand. Our end-use categories include beer, wine, spirits, carbonated soft drinks (“CSDs”), energy drinks, juices and flavored waters, as well as food, seafood and nutrition. We also supply the paints & coatings, chemicals, personal care, pharmaceuticals and general household end-use categories. Our customers include a wide variety of leading consumer product companies which value our packaging products for their features, convenience and quality, as well as the end-user appeal they offer through design, innovation, functionality, premium association and brand promotion. With our significant invested capital base, extensive technological capabilities and manufacturing know-how, we believe we are well-positioned to continue to meet the dynamic needs of our global customers. We have mainly built the Group through strategic acquisitions and have established leadership positions in large, attractive markets in beverage cans, food and specialty cans and glass containers. Approximately 95% of our revenue is derived from end-use categories where we believe we hold #1, #2 or #3 positions.

We serve over 2,000 customers across more than 80 countries, comprised of multi-national companies, large national and regional companies and small local businesses. In our target regions of Europe, North America and Brazil, our customers include a wide variety of Consumer Packaged Goods companies (“CPGs”), which own some of the best known brands in the world. We have a stable customer base with long-standing relationships, including an average tenure of over 30 years with our ten largest customers. Approximately two-thirds of our sales are generated under multi-year contracts, with the remainder largely subject to annual arrangements. A significant portion of our sales volumes are supplied under contracts which include input cost pass-through provisions, which help us deliver consistent margins.

We operate 109 production facilities in 22 countries and employ approximately 23,500 personnel. Our plant network includes 74 metal production facilities and 35 glass production facilities. Our plants are generally located in close proximity to our customers, with some located on-site or near-site to our customers’ filling locations. Certain facilities may also be dedicated to end-use categories, enhancing product-specific expertise and generating benefits of scale and production efficiency. Significant capital has been invested in our extensive network of long-lived production facilities, which, together with our skilled workforce and related manufacturing process know-how, supports our competitive positions.

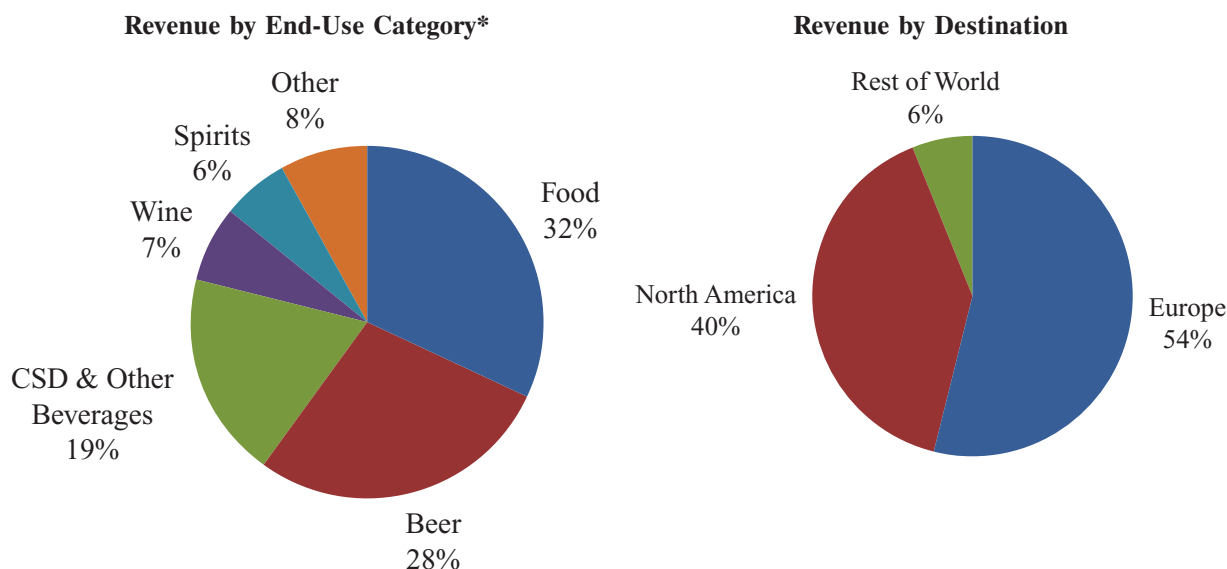
We are committed to market-leading innovation and product development and maintain dedicated innovation, development and engineering centers in France, Germany, and the U.S. to support these efforts. These facilities focus on three main areas: (i) innovations that provide enhanced product design, differentiation and user friendliness for our customers and end-use consumers; (ii) innovations that reduce input costs to generate cost savings for both our customers and us (downgauging and lightweighting); and (iii) developments to meet evolving product safety standards and regulations. Further, our subsidiary, Heye International GmbH, is a leading provider of engineering solutions to the glass container industry globally, with significant proprietary know-how and expertise. We also have significant in-house mold-manufacturing expertise in Europe and the United States.

Our leading global positions have been established through acquisitions, with 23 successful acquisitions completed over the past 18 years. Most recently, on June 30, 2016, we completed the Beverage Can Acquisition, comprising 22 beverage can production facilities in Europe, North America and Brazil which, on a combined basis, we believe is the third largest beverage can business globally. Our beverage can operations are particularly well-positioned in the faster-growing specialty, or non-standard sized, product category, which represented 36% of total beverage can unit volume for the nine months ended September 30, 2016.

In addition to organic and acquisitive growth initiatives, we have also expanded our footprint through strategic investments in new capacity. For example, in 2014 we completed a glass furnace investment in the United Kingdom, supported by a long-term contract with a large European customer. In 2015, we completed an investment of approximately \$220 million in two new can-making facilities in Roanoke, Virginia and Reno, Nevada, as well as a significant expansion of our Conklin, New York, ends plant. The two new facilities incorporate high-output drawn and wall ironed (“DWI”) technology to manufacture two-piece cans, as well as three-piece cans, and the total investment across the three facilities has positioned us to meet substantially all of the U.S. food can requirements of a major U.S. customer pursuant to a long-term contract. These initiatives, as well as other acquisitions and investments over many years, in existing and adjacent end-use categories, have increased our scale and diversification and provided opportunities to grow our business with both existing and new customers.

Our pro forma revenue and Adjusted EBITDA[†] for the nine months ended September 30, 2016 were €5,820 million and €1,027 million, respectively. Our pro forma revenue and our Adjusted EBITDA[†] for the year ended December 31, 2015 were €7,908 million and €1,287 million, respectively.

The following charts illustrate the breakdown of our pro forma revenue by end-use category and by destination for the year ended December 31, 2015:



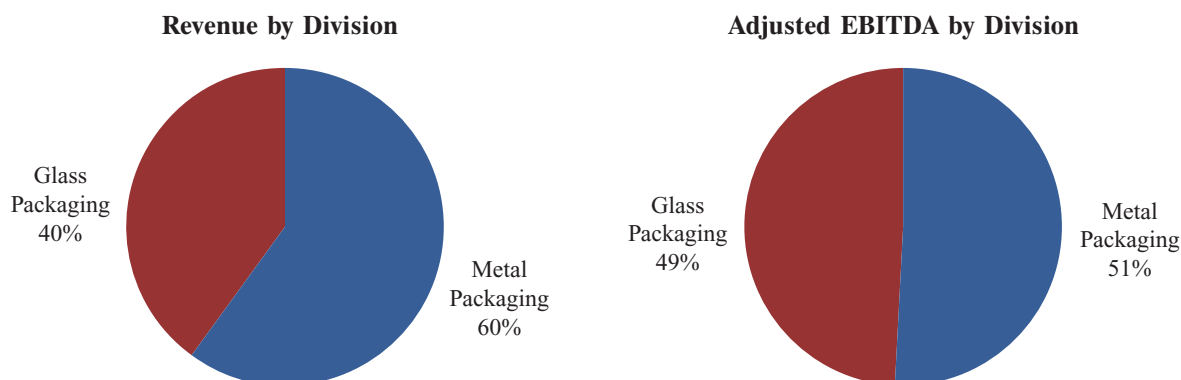
* Based on Company estimates.

[†] For the definition of Adjusted EBITDA and the reconciliation of profit/(loss) for the period and pro forma net loss to Adjusted EBITDA and pro forma Adjusted EBITDA, see “—Summary Consolidated Financial and Other Data.

Our Divisions

The Group was founded in 1932 in Dublin, Ireland, as the Irish Glass Bottle Company. The company operated a single glass plant in Dublin, largely serving a domestic beverage and food customer base until 1998, when Yeoman International, led by the current Chairman and major shareholder, Paul Coulson, took an initial stake in the Group. Since 1999, we have played a major role in the consolidation of the global metal and glass packaging industries, completing 23 acquisitions and significantly increasing our scope, scale and geographic presence. Major acquisitions over the past 18 years have included: the acquisition in 1999 of Rockware Glass Limited from Owens-Illinois, Inc., which established the Group as the leading glass packaging producer in the UK and Ireland; the acquisition in 2007 of the European glass packaging business of Rexam PLC, which expanded our glass packaging business and broadened our presence in Continental Europe; the acquisition in 2010 of Impress Group, which diversified our presence into metal packaging; the VNA Acquisition in 2014, which expanded our glass packaging business in North America and most recently, the Beverage Can Acquisition in 2016, which broadened our metal packaging business into beverage cans.

Today, we manage our business in two divisions, Metal Packaging and Glass Packaging. The following charts illustrate the breakdown of our pro forma revenue and pro forma Adjusted EBITDA for the nine months ended September 30, 2016:



Metal Packaging

We are a leading supplier of innovative, value-added metal packaging for the consumer products industry. We currently supply a broad range of products, including aluminum and steel beverage cans, two-piece aluminum, two-piece tinplate and three-piece tinplate food and specialty cans, and a wide range of can ends, including easy-open and peelable ends. Many of our products feature high-quality printed graphics, customized sizes and shapes or other innovative designs. Our products provide functionality and differentiation and enhance our customers' brands on the shelf. In combination with efficient manufacturing and high service levels, this overall value proposition enables us to achieve margins in Metal Packaging that compare well with other large competitors in the sector.

Glass Packaging

We manufacture both proprietary and non-proprietary glass containers for a variety of end-use categories, mainly food and beverage. Our proprietary products are customized to the exact specifications of our customers and play an important role in their branding strategies. Our non-proprietary products deliver consistent performance and product differentiation through value-added decoration, including embossing, coating, printing and pressure-sensitive labeling. Our product offerings and continuing focus on operational excellence have enabled us to meet and exceed our

customers' requirements and consistently generate margins in Glass Packaging that compare well with other large competitors in the sector.

We are organized into four operating and reportable segments, Europe and Americas in Metal Packaging, and Europe and North America in Glass Packaging. Adjusted EBITDA is the performance measure used to manage and assess performance of our reportable segments.

Financial Information by Division and Geographic Segment
Pro Forma Nine Months Ended September 30, 2016

	Metal Packaging		Glass Packaging	
	<u>Europe</u>	<u>Americas</u>	<u>Europe</u>	<u>North America</u>
	(in € millions)			
Revenue	2,257	1,244	1,053	1,266
<i>% of Total</i>	<i>39%</i>	<i>21%</i>	<i>18%</i>	<i>22%</i>
Adjusted EBITDA	372	153	230	272
<i>% Margin</i>	<i>16.5%</i>	<i>12.3%</i>	<i>21.8%</i>	<i>21.5%</i>

Our Principal End-Use Categories and Products

	Metal Packaging	Glass Packaging
Principal End-Use Categories	<ul style="list-style-type: none"> • Beer • CSD • Energy Drinks • Juice • Flavored Water • Food • Seafood • Nutrition • Paints & Coatings • Personal Care • General Household 	<ul style="list-style-type: none"> • Beer • Wine • Spirits • CSD • Non-alcoholic Beverages • Food • Pharmaceuticals • Chemicals • General Household

Product Examples



Our Competitive Strengths

We believe a number of competitive strengths differentiate us from our competitors, including:

- **Leader in Rigid Packaging.** We believe we are one of the leading suppliers of metal and glass packaging solutions, capable of supplying multi-national CPGs, in our target markets.

We believe that we are the #2 supplier of metal cans by value (meaning total revenue derived from supplying to specific end-markets and end-use categories) in the European beverage can and food can end-use categories, the #1 supplier of metal cans by value in the European seafood, aerosols, paints & coatings and nutrition end-use categories and the #1 supplier of metal cans by value in the North American seafood end-use category. In addition, we believe that we are the #3 supplier of beverage cans by value in the United States and Brazil.

We believe that we are the #2 supplier of glass packaging by value globally. In the United States, we believe we are the #2 supplier of glass packaging by value, serving the beer, food, wine, spirits and non-alcoholic beverage sectors. In addition, we believe we are the #3 supplier of glass packaging by value in Europe and the #1 supplier by value in Northern Europe, serving the beer, food, wine, spirits, non-alcoholic beverage and pharmaceutical end-use categories.

We believe the combination of our extensive footprint, proximity to customers, efficient manufacturing and high level of customer service underpins our leading positions.

- **Long-term relationships with diverse blue-chip customer base.** We supply some of the world's best-known brands with innovative packaging solutions, and have been recognized with numerous industry awards. We have long-standing relationships with many of our major customers, which include leading multinational consumer products companies, large national and regional food and beverage companies, as well as numerous local companies. Some of our major customers include AB InBev, Akzo Nobel, Bacardi, Bonduelle, Britvic, Coca-Cola, ConAgra Foods, Constellation Brands, Diageo, Heineken, The Kraft Heinz Company, Monster Beverage, Nestlé, Pernod Ricard, Procter & Gamble, JM Smucker and Unilever. Approximately two-thirds of our revenues are derived from multi-year contracts of between two and ten years, most of which include input cost pass-through provisions. The average length of our relationship with our top 10 customers is over 30 years.
- **Focus on stable markets.** We derive over 90% of our revenues in Europe and North America, mature markets characterized by predictable consumer spending, stable supply and demand and low cyclicality. Furthermore, over 90% of our revenues are generated from the stable food and beverage end-use categories, including fruit, vegetables, soups, sauces, seafood, pet food, beer, wine, spirits and non-alcoholic beverages. In addition, in some of our end-use categories, we serve customers in high-growth categories, such as premium spirits, where customers value premium glass packaging, or powdered infant formula, where demand is driven by emerging market growth.
- **Well-invested asset base with significant scale and operational excellence.** We believe we have one of the most extensive plant networks in the rigid packaging industry. We operate 109 strategically-located production facilities in 22 countries, enabling us to efficiently serve our customers with high quality and innovative products and services across multiple geographies. Our asset base is well-invested, with approximately €1.3 billion invested in capital expenditure in the five years ended December 31, 2015. We pursue continuous improvement in our facilities by applying Lean Manufacturing techniques ("Lean"). To supplement our Lean initiatives and promote a culture of consistently pursuing excellence, we formed our Operational Support Group in Metal Packaging, Operational Excellence Group and Central Technical Services group in Glass Packaging to standardize and share best practices across our network of plants. We believe the total value proposition we offer our customers, in the form of geographic reach,

customer service, product quality, reliability, and innovation, will enable us to continue to drive growth and profitability.

- **Technical leadership and innovation.** We have advanced technical and manufacturing capabilities in both metal and glass packaging, including innovation, development and engineering centers in France, Germany and the United States. In addition, our subsidiary, Heye International, is a leading provider of engineering solutions to the glass container industry globally, with significant proprietary know-how and expertise. We also have significant in-house mold-manufacturing expertise in Europe and the United States. We continually seek to improve the quality of our products and processes, through focused investment in new technology. These capabilities have enabled us to develop a pipeline of product and process innovations to meet the dynamic needs of our customers. Our innovations have also been recognized with numerous industry awards and accreditations. We have significant expertise in the production of value-added metal packaging, both aluminum and tinplate, with features such as high-quality graphic designs, a wide range of shapes and sizes and convenience features, such as easy-open ends and Easy Peel® and Easip® peelable lids, and introduced lightweight aluminum cans. In Glass Packaging, our focus has been on product development, process improvement and cost reduction, which has resulted in progressive advances such as container lightweighting and the increased use of cullet (recycled glass) in the production process. This has delivered significant environmental benefits by reducing the use of raw materials and energy.
- **Highly contracted revenue base.** Approximately two-thirds of our sales are made pursuant to multi-year contracts, with the remainder largely pursuant to annual arrangements. A significant proportion of our sales volumes are supplied under contracts which include mechanisms that help to protect us from earnings volatility related to input costs. Specifically, such arrangements include (i) multi-year contracts that include input cost pass-through and/or margin maintenance provisions and (ii) one-year contracts that allow us to negotiate pricing levels for our products on an annual basis at the same time that we determine our input costs for the relevant year.
- **Attractive growth through acquisitions and strong operating cash flow[†] generation.** In 1998, under Irish GAAP, our revenue and Adjusted EBITDA were €51 million and €10 million, respectively. In 2015, under IFRS on a pro forma basis, our revenue and Adjusted EBITDA have grown to €7,908 million and €1,287 million, respectively. We also believe we maintain attractive margins and generate significant operating cash flow. For the year ended December 31, 2015, our pro forma Adjusted EBITDA margin was 16.3%, and our operating cash flow was €823 million. We believe we can continue to maintain attractive margins and grow operating cash flow through business mix optimization, growth with new and existing customers, efficiency gains, cost reduction, working capital optimization and disciplined capital allocation.
- **Proven track record of successful acquisitions and business optimization.** We have grown through a series of acquisitions, some of which significantly increased the size and scope of the Group and the breadth of our product offering. We have successfully integrated these acquired businesses and realized or exceeded targeted cost synergies, including \$60 million in cost synergies announced in conjunction with the VNA Acquisition in 2014. Through the Beverage Can Acquisition, we are targeting operating cost synergies of at least \$50 million by December 2018, with projected one-time costs of approximately \$20 million to achieve these synergies, although we cannot give any assurances that such synergies will be achieved. We believe we can continue to create value for shareholders through acquisitions, business optimization and synergy realization.
- **Experienced management team with a proven track record and high degree of shareholder alignment.** We believe our management team is highly experienced, with an average of more

[†] We define operating cash flow as Adjusted EBITDA less capital expenditures.

than 15 years of experience in the consumer packaging industry. The members of our senior management team have demonstrated their ability to manage costs, adapt to changing market conditions, undertake strategic investments and acquire and integrate new businesses, thereby driving significant value creation. Our board of directors, led by our Chairman Mr. Paul Coulson, has a high degree of indirect ownership in our Company, which we believe promotes efficient capital allocation decisions and results in strong shareholder alignment and commitment to further shareholder value creation.

Our Business Strategy

Historically, we have created significant shareholder value by acquiring businesses and integrating them to realize synergies and enhance profitability, which, when combined with the application of our operational excellence and best practice initiatives, has enabled us to generate strong growth in revenues and Adjusted EBITDA since 1998. Our principal objectives are to increase our value through margin enhancement, cash flow generation, strategic capital investments and selective acquisitions. We will continue to pursue these objectives through the following strategies:

- ***Grow Adjusted EBITDA and operating cash flow.*** We will seek to leverage our extensive footprint, proximity to customers, efficient manufacturing and high level of customer service to grow revenue with new and existing customers, improve our productivity, and reduce our costs. To increase Adjusted EBITDA, we will continue to take decisive actions with respect to our assets and invest in our business, in line with our stringent investment criteria. To increase operating cash flow, we will continue to actively manage our working capital and capital expenditures.
- ***Enhance product mix and profitability.*** We have enhanced our product mix over the years by replacing lower margin business with higher margin business. For example, we grew our presence in end-use categories such as spirits, invested in our specialty beverage can capacity, expanded our DWI and two-piece food can production capacity and increased our specialty nutrition can capacity. We will continue to develop long-term partnerships with our global customers and selectively pursue opportunities with existing and new customers that will grow our business and enhance our overall profitability.
- ***Apply leading process technology and technical expertise.*** Our goal is to be the most profitable producer earning the highest returns on capital in the rigid packaging industry. We plan to achieve this with an attractive and well-balanced business mix, combined with a low cost base, Lean manufacturing, strong technological expertise and a highly motivated workforce. We intend to increase productivity through the deployment of leading technology (including our internal engineering, innovation and design capabilities), and continued development and dissemination of best practices and know-how across our operations.
- ***Emphasize operational excellence and optimize manufacturing base.*** In managing our businesses, we seek to improve our efficiency, control costs and preserve and expand our margins. We have consistently reduced total costs through implementing operational efficiencies, streamlining our manufacturing base and investing in advanced technology to enhance our production capacity. We will continue to take actions to reduce costs by optimizing our manufacturing footprint, including through further investment in advanced technology.
- ***Successfully integrate the Beverage Can Acquisition.*** We have successfully acquired and integrated a significant number of businesses over the past 18 years. We have proven our ability to create value through integrating acquisitions with our existing operations, for example in connection with the VNA Acquisition in 2014, where we have achieved operating and administrative cost synergies of \$60 million announced at the time of the acquisition. We believe we will continue to be effective in integrating our acquisitions and we believe we will achieve at least \$50 million of

synergies from the recent Beverage Can Acquisition by December 2018, although we cannot give any assurances that such synergies will be achieved.

- ***Carefully evaluate and pursue strategic opportunities.*** We have achieved our current market positions by selectively pursuing strategic opportunities. Although our near-term focus is primarily on de-leveraging our Company, we will continue to evaluate opportunities in line with our objectives, which include the realization of attractive returns on investment and operating cash flow generation. We believe there are still significant opportunities for further growth by acquisition and we may selectively explore acquisition opportunities, in line with our stringent investment criteria and focus on enhancing shareholder value. Our acquisition criteria include (i) attractive bolt-on acquisitions in existing markets, (ii) acquisitions that allow us access to critical technology, and (iii) new platform acquisitions that have scale positions and an attractive financial profile.

Metal Packaging

Metal Packaging revenues represented 39% of our total revenues in 2015 and, on a pro forma basis following the Beverage Can Acquisition in 2016, represented 60% of our total revenues in the nine months ended September 30, 2016. In 2015, on a pro forma basis, we manufactured approximately 50 billion metal cans, of which more than 90% was for the food and beverage end-use categories.

We believe that we are one of the leading suppliers of consumer metal packaging in the world, holding leading market positions in each of the end-use categories that we serve. On June 30, 2016, we completed the Beverage Can Acquisition and we believe that we are now the #2 supplier of metal cans by value in the European beverage can and food can categories, the #1 supplier of metal cans by value in the European seafood, nutrition, paints & coatings and aerosols categories and the #1 supplier of metal cans by value in the North American seafood category. In addition, we believe that we are the #3 supplier of metal beverage cans by value in the United States and Brazil.

Products and Services

We are a leading supplier of innovative, value-added metal packaging for the consumer products industry. We currently supply a broad range of products, including aluminum and steel beverage cans, two-piece aluminum, two-piece tinplate and three-piece tinplate food and specialty cans, and a wide range of can ends, including easy-open and peelable ends. Many of our products feature high-quality printed graphics, customized sizes and shapes or other innovative designs. Our products provide functionality and differentiation and enhance our customers' brands on the shelf.

Manufacturing and Production

As of September 30, 2016, we operated 74 production facilities in 21 countries and had approximately 11,500 employees. Our plants are currently located in 15 European countries, as well as in Brazil, Canada, Morocco, the Seychelles, South Korea and the United States.

The following table summarizes Metal Packaging's principal production facilities as of September 30, 2016.

<u>Location</u>	<u>Number of Production Facilities</u>
Germany	10
France	9
Italy	8
Netherlands	6
Other European countries ⁽¹⁾	21
United States	14
Rest of the world ⁽²⁾	6
	<u>74</u>

(1) Austria, Czech Republic, Denmark, Hungary, Latvia, Poland, Romania, Russia, Spain, Ukraine and the United Kingdom.

(2) Brazil, Canada, Morocco, the Seychelles and South Korea.

Industry Overview

We operate in the consumer metal packaging industry, which can be broadly divided into (i) the processed food and specialties segments and (ii) the beverage segment. We are currently focused on the processed food and specialties markets, as well as the beverage can market.

The metal can packaging market represents a \$60 billion market that is comprised of beverage cans (50% of the market), food (including seafood) cans (33%), and specialty cans (17%), according to Smithers Pira*, a leading independent market research firm. The beverage can sector is growing in Europe and Brazil, while North America is stable, as growth in beer and energy drinks offsets modest declines in CSD unit volumes. Growth in unit volumes of specialty beverage cans has exceeded growth in standard beverage cans, thereby increasing specialty can penetration, a trend that is expected to continue. The food can sector, which includes cans for a variety of food, pet food and seafood end uses, is a stable market. In Europe, the market is characterized by lightweight three-piece and two-piece cans with easy open or peelable ends that are decorated with high quality printed graphics and other innovative designs. In contrast, in the United States, food cans are typically heavier, with more modest levels of decoration, creating a growth opportunity for our products and innovations, including lighter-weight cans incorporating advanced coating solutions. The specialty can sector is characterized by a number of different products and applications, including paints & coatings, aerosol, nutrition and other cans.

We believe the purchasing decisions of retail consumers are significantly influenced by packaging. Consumer product manufacturers and marketers are increasingly using packaging as a means to position their products in the market and differentiate them on retailers' shelves. The development and production of premium, specialized packaging products with a combination of value-added features requires a higher level of design capabilities, manufacturing and process know-how and quality control than for more standardized products.

Customers

We operate worldwide, selling metal packaging for a wide range of consumer products to national and international customers. We supply leading manufacturers in each of the markets we serve, including AB InBev, AkzoNobel, Brasil Kirin, Britvic, Coca-Cola, Bumble Bee Seafoods, ConAgra

* Source: Smithers Pira—*The Future of Metal Packaging and Coatings to 2021* (Nov. 2016).

Foods, Danone, Heineken, J.M. Smucker, The Kraft Heinz Company, L'Oréal, Mars, Mead Johnson, Monster Beverage, Nestlé, PepsiCo, Petrópolis, Procter & Gamble, Reckitt Benckiser, Thai Union and Unilever, among others.

On a pro forma basis, following the Beverage Can Acquisition in 2016, the top ten metal packaging customers represented approximately 39% of 2015 revenues, more than two-thirds of which were backed by multi-year supply agreements, typically ranging from two- to ten-years in duration. These contracts generally provide for the pass through of metal price fluctuations and, in most cases, all or most of variable cost movements, while others have tolling arrangements whereby customers arrange for the procurement of metal themselves. In addition, within multi-year relationships, both parties can work together to streamline the product, service and supply process, leading to significant cost reductions and improvements in product and service, with benefits arising to both parties. Wherever possible, we seek to enter into multi-year supply agreements with our customers. In other cases, sales are made under commercial supply agreements, typically of one-year's duration, with prices based on expected purchase volumes.

Competitors

Our principal competitors in metal packaging include Ball Corporation, Crown Holdings and Silgan Holdings.

Energy, Raw Materials and Suppliers

The principal raw materials used in Metal Packaging are steel (in both tin-plated and tin-free forms), aluminum, coatings and lining compounds. In 2015, approximately 68% of total raw materials costs related to tin-plated steel and tin-free steel and approximately 23% of our total raw materials costs related to aluminum. Following the completion of the Beverage Can Acquisition, we estimate that approximately 50% of raw materials on a pro forma basis related to aluminum and approximately 25% of our total raw materials costs related to tin-plated steel and tin-free steel. Our major aluminum suppliers include Constellium, Norsk Hydro, Novellis and Wise Metals. Our major steel suppliers include ArcelorMittal, ThyssenKrupp, Rasselstein, U.S. Steel, Tata Steel, Dongbu Steel and Baosteel.

We continuously seek to minimize the price of raw materials and reduce exposure to price movements in a number of ways, including the following:

- harnessing the scale of our global metal purchasing requirements to achieve better raw materials pricing;
- entering into variable-priced pass-through contracts with customers, whereby selling prices are indexed to the price of the underlying raw materials;
- maintaining the focus on reducing steel and aluminum thickness (“downgauging”);
- continuing the process of reducing spoilage and waste in manufacturing;
- rationalizing the number of both specifications and suppliers; and
- hedging the price of aluminum ingot and the related euro/U.S. dollar exposure.

We typically purchase steel under one-year contracts, with prices that are usually fixed in advance. Agreements are generally renegotiated late in the year for effect from the beginning of the following calendar year. Despite significant reductions in steel production capacity in Europe over the past few years, we believe that adequate quantities of the relevant grades of packaging steel will continue to be available from various producers and that we are not overly dependent upon any single supplier.

Aluminum is typically purchased under three year contracts, with prices that are fixed in advance. Despite an increase in the level of aluminum production being targeted to new end-use applications,

including automotive and aerospace, we believe that adequate quantities of the relevant grades of packaging aluminum will continue to be available from various producers and that we are not overly dependent upon any single supplier. Some of our aluminum requirements are subject to tolling arrangements with our customers, whereby risk and responsibility for the procurement of aluminum is managed by the customer.

Distribution

We use various freight and haulage contractors to make deliveries to customer sites or warehousing facilities. In some cases, customers make their own delivery arrangements and therefore may purchase from us on an ex-works basis. Warehousing facilities are primarily situated at our manufacturing facilities; however, in some regions, we use networks of externally-rented warehouses at strategic third-party locations, close to major customers' filling operations.

Intellectual Property and Innovation, Development and Engineering

Metal Packaging currently holds and maintains over 50 different patent families, each filed in several countries and covering a range of different products in each jurisdiction.

The majority of Metal Packaging's innovation, development, and engineering activities are concentrated at the Crosnières, France and Bonn, Germany facilities, as well as in the Regional Technical Center in the U.S. These centers focus on serving the existing and potential needs of customers, including the achievement of cost reductions, particularly metal content reduction, new product innovation, meeting new and anticipated legislative requirements, including those related to food safety, as well as technology and support services.

New product innovations include shaping and printing effects which differentiate Metal Packaging's customers' brands, and new designs for easy-open ring-pull ends, Easy Peel® and Easip® lids, which enhance convenience for the final consumer.

Glass Packaging

Glass Packaging revenues represented 61% of our total revenues in 2015 and, on a pro forma basis following the Beverage Can Acquisition in 2016, represented 40% of our total revenues in the nine months ended September 30, 2016. In 2015, we manufactured approximately 5.9 million tons of glass, of which more than 95% was for the food and beverage end-use categories.

We believe we are the #1 supplier of glass packaging in Northern Europe by market share and the #3 supplier in Europe overall by market share, as well as the #2 supplier in the U.S. market by market share.

Products and Services

We manufacture both proprietary and non-proprietary glass containers for a variety of end-use categories, mainly food and beverage. Our proprietary products are customized to the exact specifications of our customers and play an important role in their branding strategies. Our non-proprietary products deliver consistent performance and product differentiation through value-added decoration, including embossing, coating, printing and pressure-sensitive labeling.

In addition, Glass Packaging includes our glass engineering business, Heye International, and our mold manufacturing and repair operations. Through Heye International, we design and supply glass packaging machinery and spare parts for existing glass packaging machinery. We also provide technical assistance to third-party users of our equipment and licensees of our technology. For the 2015 fiscal year, these activities represented approximately 2% of Glass Packaging's revenues.

Manufacturing and Production

As of September 30, 2016, we operated 35 glass plants with 73 glass furnaces and had approximately 12,000 employees. We have manufacturing operations in Denmark, Germany, Italy, the Netherlands, Poland, Sweden, the United Kingdom and the United States. We believe that our facilities are well maintained and that we generally have sufficient capacity to satisfy current and expected demand. We own all of our manufacturing facilities, some of which are subject to finance leases or similar financial arrangements. Certain of our warehousing facilities are leased from third parties.

The following table summarizes Glass Packaging's principal production facilities as of September 30, 2016.

<u>Location</u>	<u>Number of Production Facilities</u>
Germany	8
Netherlands	2
Poland	3
United Kingdom	4
Other European countries ⁽¹⁾	3
United States	15
	<u>35</u>

(1) Denmark, Italy and Sweden.

Industry Overview

The glass packaging market represents a \$60 billion market that is comprised of bottles, jars, and other products. Glass packaging is utilized in a wide range of end-use categories in the broader food and beverage market, as well as in applications such as pharmaceuticals, cosmetics and personal care. We principally operate in the food and beverage end-use categories and benefit from the premium appeal of glass packaging to spirits, craft beer, wine and other brand owners, as higher levels of design and differentiation support end-user brand perception and loyalty. In our target regions of Europe and North America, demand is projected to be relatively stable through 2020, according to Smithers Pira[†].

We believe the purchasing decisions of retail consumers are significantly influenced by packaging. Consumer product manufacturers and marketers are increasingly using packaging as a means to position their products in the market and differentiate them on retailers' shelves. The development and production of premium, specialized packaging products with a combination of value-added features requires a higher level of design capabilities, manufacturing and process know-how and quality control than for more standardized products. The glass packaging industry has continued to produce advances in light-weighting technology and energy efficiency over many years, delivering supply chain benefits as well as reducing raw material and energy usage in the manufacturing process, thereby increasing the appeal to end-users, who are increasingly focused on sustainability.

Customers

In certain product end-use categories, such as beer, wine, spirits and non-alcoholic beverages, revenues are relatively concentrated among a few key customers with whom we have strong, long-term relationships, mirroring the recent consolidation in these end-use categories. Our top ten customers in Glass Packaging accounted for 43% of total revenues in 2015. Some of our largest and longest-standing

[†] Source: Smithers Pira—*The Future of Global Packaging Market to 2020* (Nov. 2015).

customers include AB InBev, Bacardi, Carlsberg, Coca-Cola, Constellation Brands, Diageo, Heineken, The Kraft Heinz Company, Mizkan, PepsiCo, Pernod Ricard and J.M. Smucker.

Approximately two-thirds of our total glass packaging revenues, and over 95% in the case of Glass North America, are made pursuant to long-term supply arrangements, a majority of which allow us to recover input cost inflation on some or all of our cost base. Our remaining sales are subject to shorter arrangements, largely annual, which have provided, and which we expect will continue to provide, the basis for long-term partnership with our customers. These customer arrangements are typically renegotiated annually (in terms of price and expected volume) and typically we have been able to recover input cost inflation on a majority of our cost base, as demonstrated by the consistent margins we have generated over many years despite occasional volatility in certain input costs such as energy.

Competitors

Our principal competitors in glass packaging include Anchor Glass and Owens-Illinois in North America and Owens-Illinois, Verallia, and Vidrala in Europe.

Energy, Raw Materials and Suppliers

We use natural gas, electricity, oil and oxygen to fuel our furnaces. We have developed substantial backup systems, which protect our operations in the case of an interruption of our primary energy sources. We tend to have several energy suppliers across each of Europe and the United States, with contractual pricing arrangements typically linked to the relevant market index. We seek to mitigate the inherent risk in energy price fluctuations through a combination of contractual customer pass-through agreements, fixed-price procurement contracts, index tracking procurement contracts and hedging.

We have developed an active hedging strategy. In Europe, we typically hedge in small tranches of volumes. Our policy is to hedge approximately 80% of our energy requirements before the beginning of the following year. In North America, contracts are predominantly multi-year and provide for the pass-through of movements in energy costs.

The primary raw materials used in our glass packaging operations are cullet (crushed recycled glass), sand, soda ash and limestone. We have several country suppliers of cullet and a number of global and regional suppliers of soda ash. We seek to optimize the use of recycled glass in our production process as this enables the other raw materials to melt at lower temperatures, thereby lowering our energy costs and carbon emissions and prolonging furnace life.

Distribution

We use various freight and haulage contractors to make deliveries to customer sites or warehousing facilities. In some cases, customers make their own delivery arrangements and therefore may purchase from us on an ex-works basis. Warehousing facilities are primarily situated at our manufacturing facilities; however, in some regions, we use networks of externally-rented warehouses at strategic third-party locations, close to major customers' filling operations.

Intellectual Property and Innovation, Development and Engineering

Heye International has an extensive portfolio of patents covering the design of equipment for the manufacture of glass packaging. It also has substantial proprietary knowledge of the technology and processes involved in the production of glass packaging, based on its history of more than 40 years as a leading supplier of engineering solutions to the industry globally. It has entered into a large number of agreements to provide technical assistance and technology support to glass packaging manufacturers for which it receives annual fees.

We support a significant innovation, development and design effort, particularly at Heye International and at our Crosmieres, France, facility, which we believe is important to our ability to compete effectively. We are a member of glass research associations and other organizations that are engaged in initiatives aimed at improving the manufacturing processes and the quality and design of products, while continuing to meet our environmental responsibilities. In addition, we have four glass engineering facilities as well as significant in-house mold-manufacturing expertise in Europe and the United States and we operate one of the largest in-house decoration facilities in the European glass packaging industry.

Operating Subsidiaries

The following table provides information relating to our principal operating subsidiaries, all of which are 100% wholly owned, as of the date of this Offering Memorandum:

<u>Company</u>	<u>Country of incorporation</u>	<u>Activity</u>
Ardagh Metal Beverage Manufacturing Austria GmbH	Austria	Metal Packaging
Ardagh Metal Beverage Trading Austria GmbH	Austria	Metal Packaging
Latas Indústria de Embalagens de Alumínio do Brasil Ltda	Brazil	Metal Packaging
Ardagh Metal Packaging Czech Republic s.r.o.	Czech Republic	Metal Packaging
Ardagh Glass Holmegaard A/S	Denmark	Glass Packaging
Ardagh Aluminium Packaging France SAS	France	Metal Packaging
Ardagh MP West France SAS	France	Metal Packaging
Ardagh Metal Packaging France SAS	France	Metal Packaging
Ardagh Metal Beverage Trading France SAS	France	Metal Packaging
Ardagh Metal Beverage France SAS	France	Metal Packaging
Ardagh Glass GmbH	Germany	Glass Packaging
Heye International GmbH	Germany	Glass Engineering
Ardagh Metal Packaging Germany GmbH	Germany	Metal Packaging
Ardagh Germany MP GmbH	Germany	Metal Packaging
Ardagh Metal Beverage Trading Germany GmbH	Germany	Metal Packaging
Ardagh Metal Beverage Germany GmbH	Germany	Metal Packaging
Ardagh Glass Sales Limited	Ireland	Glass Packaging
Ardagh Group Italy S.r.l.	Italy	Glass and Metal Packaging
Ardagh Aluminium Packaging Netherlands B.V.	Netherlands	Metal Packaging
Ardagh Glass Dongen B.V.	Netherlands	Glass Packaging
Ardagh Glass Moerdijk B.V.	Netherlands	Glass Packaging
Ardagh Metal Packaging Netherlands B.V.	Netherlands	Metal Packaging
Ardagh Metal Beverage Trading Netherlands B.V.	Netherlands	Metal Packaging
Ardagh Metal Beverage Netherlands B.V.	Netherlands	Metal Packaging
Ardagh Glass S.A.	Poland	Glass Packaging
Ardagh Metal Packaging Poland Sp. z o.o.	Poland	Metal Packaging
Ardagh Metal Beverage Trading Poland Sp. z o.o.	Poland	Metal Packaging
Ardagh Metal Beverage Poland Sp. z o.o.	Poland	Metal Packaging
Ardagh Metal Beverage Trading Spain SL	Spain	Metal Packaging
Ardagh Metal Packaging Iberica S.A.	Spain	Metal Packaging
Ardagh Metal Beverage Spain SL	Spain	Metal Packaging
Ardagh Glass Limmared AB	Sweden	Glass Packaging
Ardagh Metal Beverage Europe GmbH	Switzerland	Metal Packaging
Ardagh Glass Limited	United Kingdom	Glass Packaging
Ardagh Metal Beverage Trading UK Limited	United Kingdom	Metal Packaging
Ardagh Metal Beverage UK Limited	United Kingdom	Metal Packaging
Ardagh Metal Packaging UK Limited	United Kingdom	Metal Packaging
Ardagh Metal Packaging USA Inc.	United States	Metal Packaging
Ardagh Glass Inc.	United States	Glass Packaging
Ardagh Metal Beverage USA Inc.	United States	Metal Packaging

Employees

As of September 30, 2016, we had approximately 23,500 employees globally.

As of September 30, 2016, Metal Packaging had approximately 11,500 employees globally, of which approximately 2,400 were located in Germany, approximately 1,700 were located in the United States, approximately 1,300 were located in France, approximately 1,300 were located in the Netherlands and approximately 800 were located in Italy.

As of September 30, 2016, Glass Packaging had approximately 12,000 employees, of which approximately 5,500 employees were located in the United States, approximately 2,200 employees were located in Germany, approximately 1,400 employees were located in the United Kingdom and approximately 600 employees were located in the Netherlands.

We strive to maintain a safe working environment for all of our employees, with safety in the workplace being a key objective, measured through individual accident reports, detailed follow-up programs and key performance indicator reporting. We believe that our safety record is among the best in the industry.

The majority of our employees are members of labor unions or are subject to centrally-negotiated collective agreements. We generally negotiate national contracts with our unions, with variations agreed at the local plant level. Most such labor contracts have a duration of one to two years. Our management believes that, overall, our current relations with our employees are good. We have experienced temporary work stoppages in certain jurisdictions in which we operate; however, such stoppages have not had a material adverse impact on our business.

Our subsidiaries located in the European Union have special negotiating committees which have established a European Works Council (“EWC”) in compliance with EU directives. The EWC acts as a communications conduit and consultative body between our EU subsidiaries and our employees.

The EWC meets at least twice a year, and senior management attends these general meetings. The EWC also has the right to be notified of any special circumstances that would have a major impact on the interests of employees. EWC delegates are elected for four-year terms on the basis of legal principles or practices in the relevant countries, while the allocation of EWC delegates between countries is governed by EU directives.

Environmental, Health and Safety and Product Safety Regulation

Our operations and properties are regulated under a wide range of laws, ordinances and regulations and other legal requirements concerning the environment, health and safety and product safety in each jurisdiction in which we operate. We believe that our manufacturing facilities are in compliance, in all material respects, with these laws and regulations.

The principal environmental issues facing us include the impact on air quality through gas and particle emissions, including the emission of greenhouse gases, the environmental impact of the disposal of water used in our production processes, generation and disposal of waste, the receiving, use and storage of hazardous and non-hazardous materials and the potential contamination and subsequent remediation of land, surface water and groundwater arising from our operations.

Our substantial operations in the EU are subject to, among additional requirements, the requirements of the Industrial Emissions Directive (the “IED”), which requires that operators of industrial installations, including glass manufacturing installations, take into account the whole environmental performance of the installation and obtain and maintain compliance with a permit, which sets emission limit values that are based on best available techniques.

Our EU glass production facilities are also regulated under the EU ETS, now in its third phase which runs until 2020. Under this regime, the European Commission sets emission caps for greenhouse gases for all installations covered by the scheme, which are then implemented by Member States. Installations that emit less than their greenhouse gas emission cap can sell emission allowances on the open market and installations that exceed their emission cap are required to buy emission allowances and are penalized if they are unable to surrender the required amount of allowances at the end of each trading year. California has enacted a similar greenhouse gas reduction scheme that works on a cap and trade basis and that applies to our manufacturing operations in the state, requiring us to purchase offsets against our greenhouse gas emissions. Other states where we have operations, such as Washington, are expected to implement similar programs. In addition, the EPA has also begun to regulate certain greenhouse gas emissions under the Clean Air Act.

Furthermore, the EU Directive on environmental liability with regard to the prevention and remedying of environmental damage aims to make those who cause damage to the environment (specifically damage to habitats and species protected by EU law, damage to water resources and land contamination which presents a threat to human health) financially responsible for its remediation. It requires operators of industrial premises (including those which hold a permit governed by the IED) to take preventive measures to avoid environmental damage, inform the regulators when such damage has or may occur and to remediate contamination.

Our operations are also subject to stringent and complex U.S. federal, state and local laws and regulations relating to environmental protection, including the discharge of materials into the environment, health and safety and product safety including, but not limited to: the U.S. federal Clean Air Act, the U.S. federal Water Pollution Control Act of 1972, the U.S. federal Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”). These laws and regulations may, among other things (i) require obtaining permits to conduct industrial operations; (ii) restrict the types and quantities and concentration of various substances that can be released into the environment; (iii) result in the suspension or revocation of necessary permits, licenses and authorizations; (iv) require that additional pollution controls be installed and (v) require remedial measures to mitigate pollution from former and ongoing operations, including related natural resource damages. Specifically, certain U.S. environmental laws, such as CERCLA, or Superfund, and analogous state laws, provide for strict, and under certain circumstances, joint and several liability for the investigation and remediation of releases or the disposal of regulated materials into the environment including soil and groundwater, as well as for damages to natural resources.

In the United States and Canada, a number of government authorities have adopted or are considering legal requirements that would mandate certain rates of recycling, the use of recycled materials, or limitations on or preferences for certain types of packaging. In North America, sales of beverage cans are affected by governmental regulation of packaging, including deposit return laws. As of December 31, 2015, there were ten U.S. states with bottle deposit laws in effect, requiring consumer deposits of between 2 and 15 cents (USD), depending on the size of the container. In Canada, there are ten provinces and two territories with consumer deposits between 5 and 40 cents (Canadian), depending on the size of the container.

A number of U.S. states and Canadian provinces have recently considered or are now considering laws and regulations to encourage curbside, deposit return, and on-premises recycling. Although there is no clear trend in the direction of these state and provincial laws and regulations, we believe that U.S. states and Canadian provinces, as well as municipalities within those jurisdictions, will continue to adopt recycling laws which will affect supplies of post-consumer recycled glass. As a large user of postconsumer recycled glass for bottle-to-bottle production, we have an interest in laws and regulations impacting supplies of such material in its markets.

We are also committed to ensuring that safe operating practices are established, implemented and maintained throughout our organization. In addition, we have instituted active health and safety programs throughout our company. See “Risk Factors—Risks Relating to Our Business—We are subject to various environmental and other legal requirements and may be subject to new requirements of this kind in the future that could impose substantial costs upon us”.

Legal Proceedings

We become involved from time to time in various claims and lawsuits arising in the ordinary course of business, such as employee claims, disputes with our suppliers, environmental liability claims and intellectual property disputes.

In 2015, the German competition authority (the Federal Cartel Office) initiated an investigation of the practices of metal packaging manufacturers in Germany, including us. The investigation is ongoing, and there is at this stage no certainty as to the extent of any charge which may arise. Accordingly, no provision has been recognized.

While the result of these disputes or claims cannot be predicted with certainty, we do not believe that the resolution of any such disputes or litigation, individually or in the aggregate, could have a material adverse effect on our business, results of operations or financial position.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Issuers

Ardagh Packaging Finance, the co-issuer of the Notes, is a public limited company, incorporated under the laws of Ireland on September 17, 2010 and registered in Ireland. The following table sets forth certain information with respect to members of the board of directors of Ardagh Packaging Finance as of the date hereof.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ian Curley	54	Director
David Matthews	53	Director
David Wall	47	Director
Michael Leonard	42	Director
John Sheehan	50	Director
Cormac Maguire	47	Director
Orna Giblin	34	Director

Three of Ardagh Packaging Finance's existing directors (Ian Curley, David Matthews and David Wall) are also members of the board of directors of Ardagh Group S.A., our ultimate parent company.

The business address of the directors of Ardagh Packaging Finance is Ardagh House, South County Business Park, Leopardstown, Dublin 18, D18 PX68, Ireland.

Ardagh Holdings USA, the co-issuer of the Notes, was incorporated under the laws of Delaware on February 20, 2009. The following table sets forth certain information with respect to members of the board of directors of Ardagh Holdings USA as of the date hereof.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ian Curley	54	Director
David Matthews	53	Director
John Riordan	58	Director
David Wall	47	Director
John Boyas	64	Director
Nick Hewitt	43	Director

Four of Ardagh Holdings USA's existing directors (Ian Curley, David Matthews, John Riordan and David Wall) are also members of the board of directors of Ardagh Group S.A., our ultimate parent company.

The registered address of Ardagh Holdings USA is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States.

Ardagh Group S.A.

Ardagh Group S.A. is the ultimate parent company of the Issuers.

Board of Directors

The following table sets forth certain information with respect to members of the board of directors of Ardagh Group S.A. as of the date hereof. In this section, “Group” refers to Ardagh Group S.A. and its predecessors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Paul Coulson	64	Chairman
Ian Curley	54	Group Chief Executive Officer
David Matthews	53	Group Chief Financial Officer
David Wall	47	Chief Executive Officer, Metal
John Riordan	58	President, Glass North America
Johan Gorter	57	Chief Executive Officer, Glass Europe
Brendan Dowling	69	Director Executive Committee
Houghton Fry	71	Director Executive Committee
Wolfgang Baertz	76	Non-Executive Director
Gerald Moloney	59	Non-Executive Director
Herman Troskie	46	Non-Executive Director

Paul Coulson graduated from Trinity College Dublin with a business degree in 1973. He spent five years with Price Waterhouse in London and Dublin and qualified as a Chartered Accountant in 1978. He then established his own accounting firm before setting up Yeoman International in 1980 and developing it into a significant leasing and structured finance business. In 1998 he became Chairman of the Group and initiated the transformation of Ardagh from a small, single plant operation into a leading global packaging company. Over the last 30 years he has been involved in the creation and development of a number of businesses apart from Yeoman and Ardagh. These include Fanad Fisheries, a leading Irish salmon farming company, and Sterile Technologies. Prior to its sale to Stericycle, Inc. in 2006, Sterile Technologies had been developed into the leading medical waste management company in the United Kingdom and Ireland.

Ian Curley joined as Group Chief Executive Officer Designate in June 2016 and became Group Chief Executive Officer in September 2016. Prior to joining the Group, Mr. Curley was Group Chief Financial Officer of Smurfit Kappa Group plc from 2000 until March 2016, prior to which he served as Chief Financial Officer of Smurfit Europe. He is a Fellow of the Institute of Chartered Management Accountants (Ireland).

David Matthews was appointed Chief Financial Officer in March 2014. He was appointed to the Board of Directors of Ardagh Group S.A. in May 2014. Prior to joining Ardagh, Mr. Matthews held various senior finance positions at DS Smith plc and Bunzl plc. Mr. Matthews qualified as a Chartered Accountant in 1989 with Price Waterhouse in London and holds an Engineering degree from the University of Southampton.

David Wall was appointed Chief Executive Officer of Metal Packaging in April 2011. Mr. Wall joined Ardagh in November 2008 as CEO of the Engineering division. Since then he has also held the role of Group Head of Integration. Mr. Wall qualified as a chartered accountant with Price Waterhouse and also holds an MBS from UCD Smurfit Business School, Dublin, Ireland and a BA in Economics from University College Dublin. Mr. Wall is a board member of EMPAC, the European Metal Packaging Association.

John Riordan was appointed President of Ardagh Glass North America in March 2014 having previously been Chief Finance Officer of the Group since 1999. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of The Institute of Chartered Accountants in Ireland. He qualified as a Chartered Accountant in 1985, having completed a training contract with

Price Waterhouse. He held a number of financial management roles in the engineering, pharmaceutical and medical devices industries before joining Ardagh.

Johan Gorter joined the Group in 2007. Prior to joining the Group, he joined PLM in 1998 as a Plant Director for the Dongen glass plant. He was then appointed Managing Director Benelux in 2001 at (Rexam), Divisional Operations Director in 2005 (Rexam) and Group Director Continuous Improvement in 2007 (Ardagh). His previous background was in aluminum production process and assembly, where he held several management positions with three companies and his last position before joining the glass industry was as General Manager in the Czech Republic. Mr. Gorter holds a Masters in Industrial Engineering from the University of Eindhoven. He joined the Board in 2016.

Brendan Dowling has been a director of the Group since 1998. He holds graduate degrees in economics from University College Dublin and Yale University. He was Economic Advisor to the Minister for Foreign Affairs in Dublin before joining Davy Stockbrokers in 1979 as Chief Economist and later partner. He is a former member of the Committee of the Irish Stock Exchange and the Industrial Development Authority of Ireland. Prior to joining Yeoman International Group in 1995, he was Executive Chairman of Protos Stockbrokers in Helsinki, Finland.

Houghton Fry qualified as a solicitor in 1967 with William Fry, Solicitors in Dublin, Ireland having obtained an LLB law degree from Trinity College, Dublin University, Ireland. He became a Partner in the firm in 1970 and, in 1986, Chairman and Senior Partner. He specialized in international corporate and financial law and had extensive transaction experience in many different jurisdictions. He retired from legal practice in 2004 and has been an executive director of the Group since that time.

Wolfgang Baertz was President of the Executive Committee of Dresdner Bank Luxembourg from 1997 until his retirement in 2003, having been Managing Director from 1982 to 1997. Mr. Baertz previously served with Commerzbank AG Düsseldorf and has been a director of the Group since December 2002.

Gerald Moloney joined the Board 2016, having served for many years on the boards of Yeoman International Group Limited and Yeoman Capital S.A.. He holds a law degree from University College Cork and qualified as a solicitor in 1981. He worked for a period in European law in Brussels and has many years' experience working in the areas of commercial law and commercial litigation. He is managing partner of the commercial and litigation law firm, G.J. Moloney, with offices in Dublin and Cork, Ireland.

Herman Troskie is Managing Director, Private Clients at Maitland, a global advisory and administration firm with over \$280 billion in assets under administration. He has extensive experience in the areas of international corporate structuring, cross-border financing and capital markets, with a particular interest in integrated structuring for entrepreneurs and their businesses. Mr. Troskie is a director of companies within the Yeoman group of companies, and other private and public companies. He qualified as a South African Attorney in 1997, and as a Solicitor of the Senior Courts of England and Wales in 2001. Mr. Troskie is based in Luxembourg.

Other Senior Management of the Group

Reiner Brand (58) joined the Group in 2007 as the Sales Director Glass for Europe. Prior to joining the Group, he held a number of positions in sales and marketing with Rexam PLC and PLM AB from 1995 until 2007. He is a member of the board of the German Glass industry. Before he joined the packaging industry in 1995, he held a number of marketing and sales positions in the consumer goods industry, with Eckes Granini GmbH from 1991 until 1995 and as product manager at Bahlens KG starting in 1984. He holds a diploma in economics from the University of Hannover.

Oliver Graham (48) joined the Group following completion of the Beverage Can Acquisition and is Chief Executive Officer of Ardagh Beverage Can. Previously Mr Graham was Group Commercial

Director of Rexam PLC since 2013. Prior to joining Rexam PLC, Mr Graham was a partner with Boston Consulting Group, focused on the FMCG and Retail sectors.

John Hampson (47) joined Ardagh as Group IT Director in 2009. Prior to joining the Group, Mr. Hampson held a number of senior IT management positions in the financial services sector in Ireland, including roles as Chief Technical Architect in a major Irish bank and as Chief Technical Officer of Altamedius, a mobile payments start-up company. Previously, Mr. Hampson worked in a variety of senior application development roles for organizations such as Motorola, IBM, and Amdahl. Mr. Hampson holds a Bachelor of Engineering (Hons) degree in Electronic Systems from the University of Ulster.

Alex Jonker (59) was appointed Managing Director Operations Metal—Europe in 2011. Prior to this he was Managing Director Processed Food for Impress. Mr. Jonker has been with the company for 26 years. Starting in 1985 at Thomassen & Drijver, he was plant manager of the Deventer production site from 1998 to 2009, and before that of the plants in Hoogeveen (from 1994 until 1998), Doesburg and Oss. Mr. Jonker holds a degree in mechanical engineering from the Institute of Technology in Arnhem.

Woep Möller (59) was appointed Managing Director of the Personal and Home Care Division of Metal Packaging in 1997 and of the enlarged Specialties business in October 2000. In October 2003 he also assumed responsibility for the former Decorative and Protective Finishes Division. He was appointed Group Commercial Director in 2011. Mr. Möller started his career with Arthur Young and joined the packaging industry in 1983, working for the predecessor companies of Impress. Mr. Möller studied Finance and Economics at the IHBO “De Moere” in Enschede/NL and specialized in Marketing at the NIMA (A, B, C) Institute in Amsterdam.

Alex Robertson (56) joined Ardagh in 1989 and has held roles in sales, customer services, production and business development. He served as Sales Director Glass UK prior to taking up his role as Chief Commercial Officer Glass Americas. Mr. Robertson has a BA (Hons) degree in economic and social history (York University).

John Sadlier (49) joined the Group as Procurement Director in 2007 from Microsoft Ireland Ltd, where he worked in a Global Procurement function. Prior to Microsoft, Mr. Sadlier worked for Dell Computer from 1999 to 2006, where he held numerous Senior Manager roles in the Procurement and Product Development Groups, based at the company headquarters in Austin, Texas. Prior to Dell Computer, Mr. Sadlier worked as Sales Manager for an Irish subsidiary of the Munekata company, a leading Japanese supplier to the consumer electronics industry. Prior to Munekata, Mr. Sadlier spent two years with the Ricoh corporation, a Japanese manufacturer of office automation equipment. Mr. Sadlier graduated from University College Dublin with both a Bachelor’s and Master’s in Mechanical Engineering.

John Vissers (56) joined the Group as Regional Operations Director for the Netherlands in 2007. Prior to joining the Group he held a number of senior management positions in the Netherlands for Rexam Glass and PLM Glass, including Regional Operations Director and Finance Director. Mr. Vissers has a qualification for higher financial management and has completed advanced management programs across several international universities during his career with Rexam and PLM. Mr. Vissers has been a member of the board of FEVE, the European Container Glass Federation, since 2009.

Board Committees

The board of directors of Ardagh Group S.A. has established an Executive Committee, an Audit Committee and a Remuneration Committee to carry out certain functions as described below.

Executive Committee

The Executive Committee oversees the management of the business and affairs of the subsidiaries of Ardagh Group S.A. The Executive Committee is comprised of Messrs. Coulson, Curley, Matthews, Wall, Riordan, Gorter, Dowling and Fry.

Audit Committee

The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of interim and annual financial statements, discusses with our auditors the results and scope of the audit and reviews the scope and performance of internal control functions. The Audit Committee is comprised of Messrs. Coulson and Dowling.

Remuneration Committee

The Remuneration Committee determines the basic salaries, bonus payment parameters and other terms and conditions of executive directors and advises on the remuneration of senior management. The Remuneration Committee is comprised of Messrs. Coulson, Baertz and Troskie. As with all employees, the objective is to ensure that individuals are rewarded relative to their responsibility, experience and value to the Group. In framing its remuneration policy, the Remuneration Committee is mindful of the need to ensure that, in a competitive environment, we attract, retain and motivate executives who can perform to the highest level of expectation.

Internal Control and Risk Management

The Directors of Ardagh Group S.A. are responsible for the Group's systems of internal control and for reviewing their effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve Group strategic objectives. These systems can only provide reasonable not absolute assurance against misstatement or loss. Risk assessment and evaluation take place as an integral part of the annual planning and budgeting process, the results of which are reviewed by senior management and the board of directors. There is also an ongoing program of operational reviews and audits and a coordinated self-assessment of financial controls. The results of these reviews are reported to the Audit Committee, which undertakes, on behalf of the board of directors of the Group, an annual assessment of the effectiveness of internal control and risk management.

Compensation of Directors and Senior Management

The aggregate annual compensation for the year ended December 31, 2015, payable to all our directors and senior management, was €13 million (2014: €13 million).

MAJOR SHAREHOLDERS AND RELATED PARTY INFORMATION

Major Shareholders

The Issuers

As of the date of this Offering Memorandum, the issued share capital of Ardagh Packaging Finance, the co-issuer of the Notes, consisted of 38,100 ordinary shares of €1 par value each. This issuer's sole shareholder is Ardagh Packaging Holdings.

As of the date of this Offering Memorandum, the issued share capital of Ardagh Holdings USA, the co-issuer of the Notes, consisted of 1,100 ordinary shares of \$0.01 par value each. This co-issuer's sole shareholder is Ardagh Holdings (UK) Limited, an indirect, wholly owned subsidiary of Ardagh Packaging Holdings.

Ardagh Packaging Holdings

Ardagh Packaging Holdings is an indirect subsidiary of Ardagh Group S.A.

Related Party Information

As of the date hereof, companies which are owned by Paul Coulson and his family, own approximately 25% of the issued share capital of Ardagh Group S.A. Through its investment in the Yeoman group of companies, one of these companies has an interest in a further approximate 34% of the issued share capital of Ardagh Group S.A. Directors of Ardagh Group S.A. and members of Ardagh's senior management team, other than Paul Coulson, own approximately 8% of the issued share capital of Ardagh Group S.A. In addition, members of the senior management team of Ardagh, through their involvement in a number of intermediate investment vehicles controlled by Ardagh Group S.A., have invested to participate in up to 5% of any growth in value, after their investment, of the shares in a subsidiary of Ardagh Group S.A., which is the holder, indirectly, of 100% of the share capital of Ardagh Packaging Holdings. Ardagh Group S.A. retains ultimate voting control of the shares in that subsidiary.

Five of the Ardagh Group S.A. directors (Paul Coulson, Brendan Dowling, Wolfgang Baertz, Gerald Moloney and Herman Troskie) also serve as directors in the Yeoman group of companies. Three of Ardagh Packaging Finance's existing directors (Ian Curley, David Matthews and David Wall) are members of the board of directors of Ardagh Group S.A., our ultimate parent company, and four of the directors of Ardagh Packaging Holdings (Paul Coulson, Ian Curley, David Matthews and David Wall) also serve as members of the board of directors of Ardagh Group S.A.

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. We recommend that you refer to the actual agreements for further details, copies of which are available upon request.

Incremental Facility

Overview

On February 5, 2014, Ardagh Holdings USA and Ardagh Packaging Finance S.A. (the “Borrowers”) entered into the incremental facility, which was amended on April 3, 2014 and drawn on April 11, 2014 for the purpose of financing a portion of the VNA Acquisition and fees and expenses related thereto. \$700 million in aggregate principal amount was drawn under the incremental facility at a rate of 3.00% per annum plus LIBOR. On October 7, 2016, the Credit Agreement (as defined below) was amended to, among other things, (a) extend the maturity date of the incremental facility to December 17, 2021 with respect to loans of consenting parties and (b) enter into a new incremental facility with a maturity date of December 17, 2021, the proceeds of which repaid the loans of non-consenting lenders. Both incremental facilities have the same terms and are referred to collectively as the “Incremental Facility.”

The Incremental Facility is governed by a credit agreement, dated December 17, 2013 (the “Credit Agreement”), between Ardagh Holdings USA, as U.S. borrower, Ardagh Packaging Finance S.A., as co-borrower, Ardagh Packaging Holdings, as parent guarantor, certain subsidiary guarantors, certain lenders from time to time party thereto, Citibank, N.A., as administrative agent, and Citibank, N.A., London Branch, as security agent.

Guarantees

The Incremental Facility is currently guaranteed by certain wholly owned subsidiaries of Ardagh Packaging Holdings.

Guarantor Coverage Test

The Credit Agreement requires that the Restricted Subsidiaries (as defined therein), together with Ardagh Packaging Holdings, comprise not less than 80% of consolidated total assets and Consolidated Adjusted Net Income (as defined in the Credit Agreement) of Ardagh Packaging Holdings and its Restricted Subsidiaries (the “80% Test”). The 80% Test is to be tested once per year based on the annual consolidated audited financial statements of Ardagh Packaging Holdings. For purposes of the 80% test, the assets and EBITDA contributed from the following Restricted Subsidiaries are disregarded: (i) Restricted Subsidiaries who are not required to become guarantors as a result of agreed security principles; (ii) Restricted Subsidiaries who would not be required to become guarantors for reasons relating to (A) violation of applicable law, (B) personal liability for the officers, directors or shareholders or (C) significant cost or expense; (iii) Restricted Subsidiaries whose guarantee of the Incremental Facility would require consent from lenders under other financings of such Restricted Subsidiaries; and (iv) Restricted Subsidiaries whose guarantee would be prohibited by debt incurred in contemplation, or for the purpose, of acquiring such Restricted Subsidiaries; *provided*, that in each case of clauses (iii) and (iv) such non-guarantor Subsidiaries do not provide any guarantee or other credit support in respect of any indebtedness of the Borrowers or any guarantor.

Security

The Incremental Facility is currently secured by collateral provided by the Group to secure the Existing Secured Notes.

Final Maturity and Amortization

The Incremental Facility will mature on December 17, 2021 and, since June 30, 2014, has been subject to amortization in equal quarterly installments of 0.25%, with the balance due at maturity. Individual lenders may agree to extend the maturity date of their outstanding term loans upon the request of the Borrowers and without the consent of any other lender pursuant to customary procedures.

Mandatory Prepayment

Solely to the extent that none of Ardagh Packaging Holdings and its Restricted Subsidiaries would have to incur any indebtedness to fund such prepayment, the Incremental Facility must be prepaid (subject to the right of lenders to reject such prepayment) with 50% of Excess Cash Flow (as defined in the Credit Agreement and which is net of permitted investments and dividends (to the extent financed with internally generated cash flow), permitted acquisitions and capital expenditures (including permitted acquisitions and capital expenditures budgeted for the immediately following fiscal year)), with step-downs to (i) 25% if the Specified Consolidated Secured Net Leverage Ratio (as defined in the Credit Agreement) is less than or equal to 3.00 to 1.0 but greater than 2.00 to 1.0 and (ii) 0% if the Specified Consolidated Secured Net Leverage Ratio is less than or equal to 2.00 to 1.0. The calculation of the Excess Cash Flow is subject to deductions for, among other things, payments in respect of the voluntary prepayment, redemption, repurchase or other acquisition for value of the borrowings under the Credit Agreement and other *pari passu* indebtedness (together with the permanent reduction of commitments in respect of any revolving indebtedness so repaid).

The Incremental Facility must also be prepaid (subject to the right of lenders to reject such prepayment) with 100% of the net cash proceeds of issuances of debt obligations of Ardagh Packaging Holdings and its Restricted Subsidiaries (except the net cash proceeds of any permitted debt (other than certain refinancing debt)). The Borrowers or Ardagh Packaging Holdings shall offer to prepay the loans of any lender with the net cash proceeds received by Ardagh Packaging Holdings or any of its Restricted Subsidiaries from any Asset Sale (as defined in the Credit Agreement) and subject to certain exceptions (including the pro rata prepayment of other *pari passu* debt); and upon a Change of Control (as defined in the Credit Agreement).

Voluntary Prepayment

The borrowings under the Incremental Facility may be prepaid without premium or penalty.

Interest Rates and Fees

Annual interest on borrowings under the Incremental Facility accrue at a rate of, at the option of the Borrowers, (x) adjusted LIBOR (subject to a floor of 1.00%) plus 3.00% or (y) the alternate base rate (subject to a floor of 2.00%) plus 2.00%.

Covenants

The Incremental Facility is subject to customary affirmative covenants, incurrence-based negative covenants that are substantially similar to the indentures governing our Existing Secured Notes and no financial maintenance covenants.

Events of Default

The Credit Agreement contains provisions governing certain events of default, including a failure to make payment of the amounts due, defaults under other agreements evidencing indebtedness over a certain threshold, failure to comply with covenants or other obligations, material misrepresentations, certain ERISA events and certain bankruptcy events. The occurrence of an event of default could result in the acceleration of payment obligations under the Credit Agreement.

Existing Secured Notes

July 2014 Secured Notes

In July 2014, the July 2014 Secured Notes were issued in an offering not subject to the registration requirements of the U.S. Securities Act.

The July 2014 Secured Notes are governed by an indenture entered into by, *inter alios*, Ardagh Packaging Finance and Ardagh Holdings USA, as co-issuers (together, the “Co-Issuers”), Citibank, N.A., London Branch, as trustee for the holders, Ardagh Packaging Holdings, as parent guarantor, and certain of Ardagh Packaging Holdings’ wholly owned subsidiaries, as subsidiary guarantors.

The July 2014 Secured Notes are the joint and several general obligations of the Co-Issuers and rank equally in right of payment with all existing and future indebtedness of each Co-Issuer that is not subordinated in right of payment to the July 2014 Secured Notes; rank senior in right of payment to any and all of the existing and future indebtedness of each Co-Issuer that is subordinated in right of payment to the July 2014 Secured Notes; and are effectively subordinated to any indebtedness of Ardagh Packaging Holdings’ subsidiaries that do not provide guarantees. At any time prior to June 30, 2017, the Co-Issuers may redeem any or all of the July 2014 Fixed Rate Secured Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption, plus a “make-whole” redemption premium. On or after June 30, 2017, the Co-Issuers may also redeem all or part of the July 2014 Fixed Rate Secured Notes initially at 102.125% with the premium declining after that date, plus accrued and unpaid interest, if any, to the redemption date (excluded). At any time prior to June 30, 2016, the Co-Issuers may redeem any or all part of the July 2014 Floating Rate Secured Notes at 100% of their principal amount plus accrued and unpaid interest, if any, to the date of redemption (excluded), plus a “make-whole” redemption premium. On or after June 30, 2016, the Co-Issuers may, at any time, redeem all or part of the July 2014 Floating Rate Secured Notes, initially at 102.000%, with the premium declining after that date, plus accrued and unpaid interest, if any, to the redemption date (excluded).

If an event treated as a change of control occurs, then the Co-Issuers or Ardagh Packaging Holdings must make an offer to repurchase the July 2014 Secured 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 July 2014 Secured Notes are also subject to certain customary covenants and events of default. The July 2014 Secured Notes are guaranteed on a senior basis by Ardagh Packaging Holdings and on a senior subordinated basis by certain wholly owned subsidiaries of Ardagh Packaging Holdings. The guarantee of the July 2014 Secured Notes by each guarantor ranks equally in right of payment with any and all existing and future indebtedness of such guarantor that is not subordinated in right of payment to such guarantee; ranks effectively equally with all of such subsidiary guarantor’s existing and future indebtedness that is secured by a first priority lien on the collateral, including its obligations under the July 2014 Secured Notes; ranks senior in right of payment to any and all of the existing and future indebtedness of such guarantor that is subordinated in right of payment to such guarantee; and is effectively senior to any and all of such subsidiary guarantor’s existing and future unsecured indebtedness to the extent of the assets securing such subsidiary guarantor’s guarantee is effectively

subordinated to any *pari passu* secured debt of the guarantor to the extent of the value of the assets securing such debt.

May 2016 Secured Notes

In May 2016, the May 2016 Secured Notes were issued in an offering not subject to the registration requirements of the U.S. Securities Act.

The May 2016 Secured Notes are governed by an indenture entered into by, *inter alios*, the Co-Issuers, Citibank, N.A., London Branch, as trustee for the holders, Ardagh Packaging Holdings, as parent guarantor, and certain of Ardagh Packaging Holdings' wholly owned subsidiaries, as subsidiary guarantors.

The May 2016 Secured Notes are the joint and several general obligations of the Co-Issuers and rank equally in right of payment with all existing and future indebtedness of each Co-Issuer that is not subordinated in right of payment to the Notes; rank senior in right of payment to any and all of the existing and future indebtedness of each Co-Issuer that is subordinated in right of payment to the Notes; and are effectively subordinated to any indebtedness of Ardagh Packaging Holdings' subsidiaries that do not provide guarantees.

At any time prior to May 15, 2017, the Co-Issuers may redeem any or all of the May 2016 Floating Rate Secured Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption (excluded), plus a "make whole" redemption premium. On or after May 15, 2019, the Co-Issuers may redeem all or part of the May 2016 Floating Rate Secured Notes, initially at 102.000%, with the premium declining after that date, plus accrued and unpaid interest, if any, to the redemption date (excluded).

At any time prior to May 15, 2019, the Co Issuers may redeem any or all of the May 2016 Fixed Rate Euro Secured Notes and the May 2016 Fixed Rate Dollar Secured Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption (excluded), plus the applicable "make whole" redemption premium. On or after May 15, 2019, the Co Issuers may redeem (i) all or part of the May 2016 Fixed Rate Euro Secured Notes, initially at 102.063%, with the premium declining after that date, plus accrued and unpaid interest, if any, to the redemption date (excluded) and (ii) all or part of the May 2016 Fixed Rate Dollar Secured Notes, initially at 102.313%, with the premium declining after that date, plus accrued and unpaid interest, if any, to the redemption date (excluded).

If an event treated as a change of control occurs, then the Co-Issuers or Ardagh Packaging Holdings must make an offer to repurchase the May 2016 Secured 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 May 2016 Secured Notes are also subject to certain customary covenants and events of default.

The May 2016 Secured Notes are guaranteed on a senior basis by Ardagh Packaging Holdings and on a senior subordinated basis by certain wholly owned subsidiaries of Ardagh Packaging Holdings. The guarantee of the May 2016 Secured Notes by each guarantor ranks equally in right of payment with any and all existing and future indebtedness of such guarantor that is not subordinated in right of payment to such guarantee; ranks effectively equally with all of such subsidiary guarantor's existing and future indebtedness that is secured by a first priority lien on the collateral, including its obligations under the May 2016 Secured Notes; ranks senior in right of payment to any and all of the existing and future indebtedness of such guarantor that is subordinated in right of payment to such guarantee; and is effectively senior to any and all of such subsidiary guarantor's existing and future unsecured indebtedness to the extent of the assets securing such subsidiary guarantor's guarantee is effectively

subordinated to any *pari passu* secured debt of the guarantor to the extent of the value of the assets securing such debt.

Existing Senior Notes

February 2014 Senior Notes

In February 2014, the February 2014 Senior Notes, consisting of the 2019 Senior Notes and the 2021 Senior Notes, were issued in an offering not subject to the registration requirements of the U.S. Securities Act.

The February 2014 Senior Notes are governed by an indenture entered into by, *inter alios*, the Co-Issuers, Citibank, N.A., London Branch, as trustee for the holders, Ardagh Packaging Holding, as parent guarantor, and certain of Ardagh Packaging Holding's wholly owned subsidiaries, as subsidiary guarantors.

The February 2014 Senior Notes are the joint and several general obligations of the Co-Issuers and rank equally in right of payment with all existing and future unsecured indebtedness of each Co-Issuer that is not subordinated in right of payment of the February 2014 Senior Notes; rank senior in right of payment to any and all of the existing and future indebtedness of each Co-Issuer that is subordinated in right of payment to the February 2014 Senior Notes; and are effectively subordinated to any secured indebtedness of each Co-Issuer to the extent of the value of the assets securing such debt including the Existing Secured Notes and the Incremental Facility.

At any time prior to January 31, 2016, the Co-Issuers may redeem the 2019 Senior Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption, plus a redemption premium. At any time on or after January 31, 2016, the Co-Issuers may, at any time, redeem all or part of the 2019 Senior Notes at 103.125% with the premium declining after that date, plus accrued and unpaid interest, if any, to the redemption date (excluded). At any time prior to January 31, 2017, the Co-Issuers may redeem the 2021 Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the dates of redemption, plus a redemption premium. At any time on or after January 31, 2017, the Co-Issuers may redeem all or part of the 2021 Notes at 103.375% with a premium declining after that date, plus accrued and unpaid interest, if any, to the redemption date (excluded).

In an event treated as a change of control, the Co-Issuers or Ardagh Packaging Holdings must make an offer to purchase all outstanding February 2014 Senior Notes at a redemption price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The February 2014 Senior Notes are also subject to certain customary covenants and events of default.

The February 2014 Senior Notes are guaranteed on a senior basis by Ardagh Packaging Holdings and on a senior subordinated basis by certain wholly owned subsidiaries of Ardagh Packaging Holdings. The guarantee of the February 2014 Senior Notes by each guarantor ranks equally in right of payment with all existing and future indebtedness of such guarantor that is not subordinated (and is not senior) in right of payment to such guarantee; ranks senior in right of payment to any and all of the existing and future indebtedness of such guarantor that is subordinated in right of payment to such guarantee; is effectively subordinated to any *pari passu* secured debt of the guarantor to the extent of the value of the assets securing such debt; and is effectively subordinated to all existing and future indebtedness of such guarantor's non-guarantor subsidiaries.

July 2014 Senior Notes

In July 2014, the July 2014 Senior Notes were issued in an offering not subject to the registration requirements of the U.S. Securities Act.

The July 2014 Senior Notes are governed by an indenture entered into by, *inter alios*, the Co-Issuers, Citibank, N.A., London Branch, as trustee for the holders, Ardagh Packaging Holdings, as parent guarantor, and certain of Ardagh Packaging Holdings' wholly owned subsidiaries, as subsidiary guarantors.

The July 2014 Senior Notes are the joint and several general obligations of the Co-Issuers and rank equally in right of payment with all existing and future unsecured indebtedness of each Co-Issuer that is not subordinated in right of payment to the Notes; rank senior in right of payment to any and all of the existing and future indebtedness of each Co-Issuer that is subordinated in right of payment to the Notes; and are effectively subordinated to any secured indebtedness of each Co-Issuer to the extent of the value of the assets securing such debt including the Existing Secured Notes. At any time prior to June 30, 2017, the Co-Issuers may redeem any or all of the July 2014 Senior Notes at 100% of their principal amount plus accrued and unpaid interest, if any, and any other amounts payable thereon, to the date of redemption (excluded), plus a "make-whole" redemption premium. On or after June 30, 2017, the Co-Issuers may also redeem all or part of the July 2014 Senior Notes initially at 103.000% with the premium declining after that date.

If an event treated as a change of control occurs, then the Co-Issuers or Ardagh Packaging Holdings must make an offer to repurchase the July 2014 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 July 2014 Senior Notes are also subject to certain customary covenants and events of default. The July 2014 Senior Notes are guaranteed on a senior basis by Ardagh Packaging Holdings and on a senior subordinated basis by certain wholly owned subsidiaries of Ardagh Packaging Holdings. The guarantee of the July 2014 Senior Notes by each guarantor ranks equally in right of payment with all existing and future indebtedness of such guarantor that is not subordinated (and is not senior) in right of payment to such guarantee; ranks senior in right of payment to any and all of the existing and future indebtedness of such guarantor that is subordinated in right of payment to such guarantee; is subordinated in right of payment to any and all of such subsidiary guarantor's existing and future senior debt.

May 2016 Senior Notes

In May 2016, the May 2016 Senior Notes were issued in an offering not subject to the registration requirements of the U.S. Securities Act.

The May 2016 Senior Notes are governed by an indenture entered into by, *inter alios*, the Co-Issuers, Citibank, N.A., London Branch, as trustee for the holders, Ardagh Packaging Holdings, as parent guarantor, and certain of Ardagh Packaging Holdings' wholly owned subsidiaries, as subsidiary guarantors.

The May 2016 Senior Notes are the joint and several general obligations of the Co-Issuers and rank equally in right of payment with all existing and future unsecured indebtedness of each Co-Issuer that is not subordinated in right of payment to the Notes; rank senior in right of payment to any and all of the existing and future indebtedness of each Co-Issuer that is subordinated in right of payment to the Notes; and are effectively subordinated to any secured indebtedness of each Co-Issuer to the extent of the value of the assets securing such debt including the Existing Secured Notes.

At any time on or prior to May 15, 2019, the Co-Issuers may redeem any or all of the May 2016 Senior Notes at 100% of their principal amount plus accrued and unpaid interest, if any, plus the applicable “make-whole” redemption premium. On or after May 15, 2019, the Co-Issuers may redeem any or all of the May 2016 Senior Notes initially at 105.063% (in the case of the May 2016 Euro Senior Notes) or at 105.438% (in the case of the May 2016 Dollar Senior Notes) of their principal amount plus accrued and unpaid interest, if any, to the redemption date (excluded) with the premium declining after that date.

If an event treated as a change of control occurs, then the Co-Issuers or Ardagh Packaging Holdings must make an offer to repurchase the May 2016 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 May 2016 Senior Notes are also subject to certain customary covenants and events of default.

The May 2016 Senior Notes are guaranteed on a senior basis by Ardagh Packaging Holdings and on a senior subordinated basis by certain wholly owned subsidiaries of Ardagh Packaging Holdings. The guarantee of the May 2016 Senior Notes by each guarantor ranks equally in right of payment with all existing and future indebtedness of such guarantor that is not subordinated (and is not senior) in right of payment to such guarantee; ranks senior in right of payment to any and all of the existing and future indebtedness of such guarantor that is subordinated in right of payment to such guarantee; is subordinated in right of payment to any and all of such subsidiary guarantor’s existing and future senior debt.

Intercreditor Agreement

Ardagh Packaging Holdings and certain of its subsidiaries entered into an intercreditor agreement (the “Intercreditor Agreement”) with, among others, the security agents and Citibank, N.A., London Branch, in its capacity as trustee for the Existing Notes.

The Intercreditor Agreement establishes the ranking among certain of the Group’s senior debt obligations, including the Unicredit Working Capital and Performance Guarantee Credit Lines, the Incremental Facility, the Existing Secured Notes and certain hedging obligations. In addition, the Intercreditor Agreement provides for the subordination, in right of payment and enforcement, of all intercompany debt to all of the aforementioned senior debt and to the Existing Senior Notes and the Notes offered hereby and the respective guarantees thereof. With respect to the ranking of the guarantees, the Intercreditor Agreement provides that the senior guarantees by the guarantors of the Existing Secured Notes will rank *pari passu* with each other and each guarantor’s obligations under other senior debt and certain hedging obligations and will rank senior to each Subsidiary Guarantor’s senior subordinated guarantees of the Existing Senior Notes and the Notes offered hereby. However, any claim by the holders of the Existing Secured Notes, hedging counterparties, the holders of the Existing Senior Notes and the holders of the Notes offered hereby have in respect of the Guarantee from Heye International GmbH will be subordinated to any claim UniCredit Bank AG (formerly known as Bayerische Hypo- und Vereinsbank AG) has under the Unicredit Working Capital and Performance Guarantee Credit Lines.

HSBC Securitization Program

On March 1, 2012, Ardagh Receivables Finance Designated Activity Company (“ARF”) entered into a trade receivables securitization program providing for secured loans of an amount of up to €150 million from Regency Assets Designated Activity Company, an issuer of asset-backed commercial paper that is sponsored by HSBC Bank plc.

The HSBC Securitization Program is designed to be used as the primary committed revolving credit facility for the Ardagh Group. The actual amount of permitted borrowings outstanding at any particular time depends on ARF maintaining the required borrowing base of eligible receivables to support such borrowings. The HSBC Securitization Program has been amended from time to time and currently matures in December 2019. The aggregate available commitment of the facility under the HSBC Securitization Program is for an amount up to €150 million.

Under the HSBC Securitization Program, all trade receivables originated by certain operating subsidiaries of Ardagh Packaging Holdings who have acceded to the HSBC Securitization Program as sellers are sold by those sellers to ARF unless ARF and HSBC have agreed that receivables owed by certain debtors are excluded (for example, if those receivables are to be sold into a supply chain finance program relating to that debtor). To the extent not financed by borrowings under the HSBC Securitization Program, ARF finances the purchase of receivables from the operating subsidiaries by using subordinated loans from Ardagh Packaging Holdings. ARF has granted security under the HSBC Securitization Program over all of its receivables and collection accounts.

The HSBC Securitization Program contains incurrence-type covenants that are substantially similar to the covenants contained in our Existing Indentures. In addition, it contains certain other covenants that are customary for programs of this nature.

UniCredit Working Capital and Performance Guarantee Credit Lines

Heye International supports its business activities with two open lines of credit from UniCredit Bank AG (formerly known as Bayerische Hypo und Vereinsbank AG). Heye International is entitled to draw up to €1 million on one of the lines of credit for the purposes of financing its short-term working capital requirements. The second credit line is available for up to €15 million of guarantee payments relating to Heye International's project business.

These facilities are secured by a pledge of all Heye International's present and future property, plant and equipment and intangible assets, an assignment over all present and future claims resulting from delivery of goods and services to domestic and foreign customers and an assignment over all existing and future trade receivables.

Bank of America Facility

On April 11, 2014, Ardagh Glass Inc. entered into a \$200 million asset-based revolving loan and security agreement with Bank of America, N.A. The \$200 million four-year facility, including a \$80 million letter of credit sub-limit, was put in place to support the working capital needs of our North American glass business after the VNA Acquisition. It may be increased by \$50 million with a proportional increase in the letter of credit sub-facility if certain conditions are met. The Bank of America Facility is secured by a first priority lien over inventory and accounts receivable of Ardagh Glass Inc. Although it contains affirmative and negative covenants and restrictions on transactions and related events of default, it does not contain any maintenance covenants other than a minimum collateral requirement.

DESCRIPTION OF THE NOTES

The definitions of certain terms used in this description are set forth under the subheading “—Certain Definitions.” In this “Description of the Notes,” the phrase “Ardagh Holdings USA” refers only to Ardagh Holdings USA Inc., a Delaware corporation, the term “Ardagh Packaging Finance” refers only to Ardagh Packaging Finance plc, the term “Issuers” refers only to Ardagh Holdings USA and Ardagh Packaging Finance collectively, and the term “Parent Guarantor” refers only to Ardagh Packaging Holdings Limited 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. In addition, the term “Subsidiary Guarantors” refers to any Restricted Subsidiary that incurs a Guarantee and the term “Guarantors” refers to the Parent Guarantor and the Subsidiary Guarantors collectively. Each of the Issuers and each Subsidiary Guarantor will be a direct or indirect Restricted Subsidiary. The word “Notes” refers also to “book-entry interests” in the Notes, as defined herein.

The Issuers will issue and the Guarantors will guarantee \$1,000 million aggregate principal amount of senior notes due 2025 (the “Notes”) under an indenture (the “Indenture”) among, *inter alios*, the Issuers, the Guarantors, Citibank, N.A., London Branch, as trustee (in such capacity, the “Trustee”), and certain other agents thereto. Except as set forth herein, the terms of the Notes include those set forth in the Indenture. The Indenture is not required to be nor will it be qualified under, or be subject to, the Trust Indenture Act, including Section 316(b) of such 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 Indenture and the Notes. You should read the Indenture because it contains additional information and because it and not this description defines your rights as a holder of the Notes. A copy of the form of the Indenture may be obtained by requesting it from the Issuers at the address indicated under “Listing and General Information.”

The Issuers will make an application for the Notes to be listed on the Global Exchange Market of the Irish Stock Exchange. The Issuers can provide no assurance that this application will be accepted. See “—Payments on the Notes; Paying Agent.”

Brief Description of the Notes

The Notes will:

- (a) be each Issuer’s general and unsecured obligations;
- (b) mature on , 2025;
- (c) initially be guaranteed on a senior basis by the Parent Guarantor; and
- (d) subject to the Agreed Security Principles, be guaranteed on a senior subordinated basis by the Subsidiaries of the Parent Guarantor (other than the Issuers) that guarantee the Existing Ardagh Bonds within the periods and to the extent required by “—Post-Closing Matters” below.

Post-Closing Matters

Subject to the Agreed Security Principles, the Parent Guarantor shall be required to ensure that all subsidiaries of the Parent Guarantor (other than the Issuers) that guarantee the Existing Ardagh Bonds become Subsidiary Guarantors no later than 90 days following the Issue Date. In addition, subject to the Agreed Security Principles, the Parent Guarantor will be required to ensure that entities owning, in whole or in part, the Acquired Business (except in Spain, France and Brazil) become Subsidiary Guarantors.

The Guarantees

The Guarantors will jointly and severally guarantee the due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, and interest payable under the Notes.

The obligations of a Subsidiary of the Parent Guarantor to issue a Guarantee of the Notes, if required by the Indenture, will be subject to the Agreed Security Principles. The obligations of each Subsidiary Guarantor under its Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by such Subsidiary Guarantor without resulting in its obligations under its Guarantee being voidable or unenforceable under applicable laws relating to fraudulent transfer, or under similar laws affecting the rights of creditors generally or the maximum amount otherwise permitted by law. In particular, each Guarantee will be limited as required to comply with corporate benefit, maintenance of capital and other laws applicable in the jurisdiction of the relevant Subsidiary Guarantor. By virtue of these limitations, a Subsidiary Guarantor's obligations under its Guarantee could be significantly less than amounts payable in respect of the Notes, or a Subsidiary Guarantor may have effectively no obligations under its Guarantee. See "Risk Factors—Risks Relating to our Debt, the Notes and the Guarantees—Corporate benefit, capital maintenance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Notes."

Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to contribution from any other Guarantor.

Release of the Guarantees

All of the Guarantees will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect) upon Legal Defeasance or Covenant Defeasance as described under "—Legal Defeasance or Covenant Defeasance" or if all obligations under the Indenture are discharged in accordance with the terms of the Indenture, in each case in accordance with the terms and conditions in the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement.

In addition, a Subsidiary Guarantor's Guarantee (and the Guarantee, if any, of any Subsidiary of such Subsidiary Guarantor) will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect):

- (a) upon any sale or disposition of (i) Capital Stock of a Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a Restricted Subsidiary or (ii) all or substantially all of the properties and assets of a Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Parent Guarantor or a Restricted Subsidiary that does not violate the covenant described in "—Certain Covenants—Limitation on Sale of Certain Assets";
- (b) in the event that all of the Capital Stock of such Subsidiary Guarantor is sold or otherwise disposed of pursuant to an enforcement of the security over the Capital Stock of such Subsidiary Guarantor in accordance with the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement;
- (c) upon the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary;
- (d) in the circumstances set forth in the third paragraph of "—Certain Covenants—Consolidation, Merger and Sale of Assets"; and
- (e) as described under the caption "—Amendments and Waivers."

Release of Ardagh Holdings USA's Obligations

Notwithstanding anything to the contrary in the Indenture, upon the sale or disposition directly or indirectly of the Capital Stock of Ardagh Holdings USA pursuant to an enforcement by a Security Agent in accordance with the Intercreditor Agreement (and/or any Additional Intercreditor Agreement) and the indentures and/or agreements governing Senior Debt (a "Holdings USA Disposition"), the obligations of Ardagh Holdings USA under the Notes and the Indenture will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further effect); *provided* that each other guarantee by Ardagh Holdings USA in respect of any Credit Facility and any other capital markets debt of the Parent Guarantor or any of its subsidiaries has been released (or is released simultaneously upon such Holdings USA Disposition). Upon a Holdings USA Disposition, Ardagh Packaging Finance shall be the sole Issuer under the Notes and the Indenture, and the Notes and the Indenture will remain in full force and effect and any reference in the Indenture, the Notes and the Intercreditor Agreement (and/or any Additional Intercreditor Agreement) to the "Issuers" or Ardagh Holdings USA shall be deemed to be references only to the "Issuer" or Ardagh Packaging Finance, *mutatis mutandis*.

The Parent Guarantor will publish a notice of a Holdings USA Disposition described in the immediately preceding paragraph 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 a Holdings USA Disposition.

Ranking of the Notes and the Guarantees; Subordination

The Notes

The Notes will:

- (a) be each Issuer's general and unsecured obligations;
- (b) rank senior in right of payment to any and all of each 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 each Issuer's existing and future unsecured indebtedness that is not subordinated in right of payment to the Notes;
- (d) be structurally subordinated to all existing and future indebtedness of the Parent Guarantor's subsidiaries that do not provide Guarantees; and
- (e) be effectively subordinated to all of each Issuer's existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness.

The Parent Guarantor's Guarantee

The Parent Guarantor's Guarantee will:

- (a) be the Parent Guarantor's general unsecured obligation;
- (b) rank senior in right of payment to any and all of the Parent Guarantor's existing and future indebtedness that is subordinated in right of payment to its Guarantee;
- (c) rank equally in right of payment with any and all of the Parent Guarantor's existing and future unsecured indebtedness that is not subordinated in right of payment to its Guarantee;
- (d) be effectively subordinated to all of the Parent Guarantor's existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness; and

- (e) not be subject to the restrictions on enforcement described below applicable to each Subsidiary Guarantee.

The Subsidiary Guarantors' Guarantees

Each Subsidiary Guarantor's Guarantee will:

- (a) be such Guarantor's general unsecured obligation;
- (b) be subordinated in right of payment to any and all of such Subsidiary Guarantor's existing and future Senior Debt;
- (c) rank equally in right of payment with any and all of such Subsidiary Guarantor's existing and future unsecured indebtedness that is not subordinated and is not senior in right of payment of its Guarantee;
- (d) rank senior in right of payment to any and all of such Subsidiary Guarantor's existing and future indebtedness that is subordinated in right of payment to its Guarantee; and
- (e) be subject to the restrictions on enforcement described below.

At September 30, 2016, on a pro forma basis after giving effect to the issuance of the Notes and the use of proceeds therefrom, the Subsidiary Guarantors would have had on a consolidated basis:

- (a) total debt of €7,675 million;
- (b) total debt that is senior in right of payment to the Subsidiary Guarantees of €3,782 million; and
- (c) €3,893 million of debt that would rank equally with the Subsidiary Guarantees.

In addition, on a historical basis, at September 30, 2016, Ardagh's non-guarantor Restricted Subsidiaries would have had (i) no debt outstanding and (ii) aggregated trade payables and deferred taxes of €124 million.

Not all of the Parent Guarantor's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will likely be required to repay financial and trade creditors before distributing any assets to the Issuers or a Guarantor.

Ardagh Packaging Finance is a finance subsidiary without operations and Ardagh Holdings USA is a holding company with no independent operations. Therefore, each Issuer depends on the cash flow of the Parent Guarantor's operating Subsidiaries to meet its obligations, including its obligations under the Notes. The Notes are structurally subordinated to all Debt and other liabilities and commitments (including trade payables and lease obligations) of the Parent Guarantor's Subsidiaries that do not guarantee the Notes.

As of the Issue Date, all of the Parent Guarantor's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries," the Parent Guarantor will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries of the Parent Guarantor will not be subject to any of the restrictive covenants in the Indenture.

Although the Indenture will contain limitations on the amount of additional Debt that the Issuers, the Parent Guarantor and the Restricted Subsidiaries may incur, the amount of such additional Debt could be substantial. The Indenture will permit all Senior Debt to be secured.

As a result of the enforcement standstills and the various subordination provisions described below, in the event of an insolvency, bankruptcy, liquidation or reorganization of any Subsidiary

Guarantor, holders of Notes may recover less, ratably, than other creditors of the Subsidiary Guarantors (including trade creditors).

Enforcement Standstills in Relation to the Subsidiary Guarantors' Guarantees

The Indenture will provide that no Subsidiary Guarantor's Guarantee may become due, and that neither the holders of the Notes nor the Trustee may take any Enforcement Action against a Subsidiary Guarantor without the prior consent of the applicable Senior Agent or Senior Agents unless:

- (a) certain insolvency or reorganization events have occurred in relation to such Subsidiary Guarantor;
- (b) the holders of Designated Senior Debt have taken any Enforcement Action in relation to such Subsidiary Guarantor; or
- (c) a default has occurred under the Notes; and
 - (i) the holders of the Notes or the Trustee has notified the applicable Senior Agents;
 - (ii) a period of not less than 90 days (in the case of a payment default) or 179 days (in the case of a non-payment default) has passed from the date the applicable Senior Agents were notified of the default (a "Standstill Period"); and
 - (iii) at the end of the Standstill Period, the default is continuing and has not been waived by the holders of the Notes.

Subordination on Insolvency

The Indenture will provide that, in the event of any distribution to the creditors of a Subsidiary Guarantor:

- (a) in a liquidation or dissolution of such Subsidiary Guarantor;
- (b) in an insolvency, bankruptcy, reorganization, composition, receivership, administration, voluntary arrangement or similar proceeding relating to such Subsidiary Guarantor or its property;
- (c) in an assignment for the benefit of the creditors of such Subsidiary Guarantor; or
- (d) in any marshaling of such Subsidiary Guarantor's assets and liabilities,

the holders of Senior Debt of such Subsidiary Guarantor will be entitled to receive payment in full in cash of all obligations in respect of such Senior Debt (including interest after the commencement of any proceeding at the rate specified in the applicable Senior Debt whether or not allowed or allowable in any such proceeding) before the holders of Notes will be entitled to receive any payment with respect to the Guarantee of such Subsidiary Guarantor (except that holders of Notes may receive and retain Permitted Junior Securities and payments made from the trust (if any) described under "—Legal Defeasance or Covenant Defeasance").

Payment Blockage Provisions

The Indenture will also provide that a Subsidiary Guarantor may not make any payment in respect of its Guarantee (except in Permitted Junior Securities or from the trust (if any) described under "—Legal Defeasance or Covenant Defeasance") if:

- (a) a payment default on Designated Senior Debt of such Subsidiary Guarantor has occurred and is continuing beyond any applicable grace period; or

- (b) any other default occurs and is continuing on any Designated Senior Debt of such Subsidiary Guarantor that permits the holders of that Designated Senior Debt to accelerate its maturity and the Trustee receives a notice of such default (a “Payment Blockage Notice”) from the Issuers or the holders of such Designated Senior Debt.

Payments on any such Guarantee of a Subsidiary Guarantor may and will be resumed:

- (i) in the case of a payment default on Designated Senior Debt, when such default is cured or waived; or
- (ii) in the case of a non-payment default on Designated Senior Debt, upon the earlier of the date on which such non-payment default is cured or waived and 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until (x) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice and (y) all scheduled payments of principal, premium, if any, and interest on the Notes that have come due have been paid in full in cash.

No non-payment default that existed or was continuing on the date of delivery of a Payment Blockage Notice to the Trustee will be, or be made, the basis for a subsequent Payment Blockage Notice.

Turnover

If the Trustee for or on behalf of the holders of the Notes receives a payment in respect of the Notes (except in Permitted Junior Securities or from the trust (if any) described under “—Legal Defeasance or Covenant Defeasance”) when:

- (a) the payment is prohibited by the subordination provisions of the Indenture described in this “—Ranking of the Notes and the Guarantees; Subordination” section; and
- (b) the Trustee or the holder of the Note has actual knowledge that payment is so prohibited;

then the Trustee will hold the payment on trust for the benefit of the holders of the relevant Senior Debt and, upon the proper written request of the holders of the relevant Senior Debt, the Trustee will deliver the amounts in trust to the Senior Agent or any other proper representative of the holders of the relevant Senior Debt.

Intercreditor Agreement

The Indenture, the Notes and the Guarantees are subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement in favor of the holders of Designated Senior Debt of the Subsidiary Guarantors to give effect to the preceding subordination provisions of the Indenture described in this “—Ranking of the Notes and the Guarantees; Subordination” section. For a description of the Intercreditor Agreement, see “Description of Other Indebtedness—Intercreditor Agreement.”

Limitations Under Guarantees

The obligations of each Subsidiary Guarantor under its Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by such Subsidiary Guarantor without resulting in its obligations under its Guarantee being voidable or unenforceable under applicable laws relating to fraudulent transfer or under similar laws affecting the rights of creditors generally, or the maximum amount otherwise permitted by law. In particular, each Guarantee will be limited as required

to comply with corporate benefit, maintenance of capital and other laws applicable in the jurisdiction of the relevant Subsidiary Guarantor. By virtue of these limitations, a Subsidiary Guarantor's obligations under its Guarantee could be significantly less than amounts payable in respect of the Notes, or a Subsidiary Guarantor may have effectively no obligations under its Guarantee. See "Risk Factors—Risks Relating to Our Debt, the Notes and the Guarantees—Corporate benefit, capital maintenance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Notes."

Principal, Maturity and Interest

The Notes will mature on _____, 2025, and 100% of the principal amount of the Notes shall be payable on the applicable maturity date thereof, unless redeemed prior thereto as described herein. The Issuers will issue an aggregate principal amount of \$1,000 million Notes in this offering. Subject to the covenant described under "—Certain Covenants—Limitation on Debt" and "—Certain Covenants—Limitation on Liens," the Issuers are permitted to issue additional Notes as part of a further issue under the Indenture ("Additional Notes") from time to time; *provided* that, if any Additional Notes are not fungible with any series of original Notes for U.S. income tax purposes, such Additional Notes will have a separate CUSIP number. The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase, except for certain waivers and amendments. Unless the context otherwise requires, references to the "Notes" for all purposes of the Indenture and in this "Description of the Notes" include references to any Additional Notes that are actually issued.

Interest on the Notes will accrue at a rate of _____ % per annum. Interest on the Notes will be payable semi-annually in arrears from the Issue Date. Interest will be payable on each Note on _____ of each year, commencing on _____, 2017. The Issuers will pay interest on each Note to holders of record of each Note in respect of the principal amount thereof outstanding as of the immediately preceding _____ or _____, as the case may be. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months and will be paid on overdue principal and other overdue amounts at the same rate.

Form of Notes

The Notes will be issued on the Issue Date only in fully registered form without coupons and only in minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof.

The Notes will be initially in the form of one or more global notes (the "Global Notes"). The Global Notes will be deposited with a custodian for DTC. Ownership of interests in the Global Notes, referred to as "book-entry interests," will be limited to persons that have accounts with DTC, or its participants, which include Clearstream Banking and Euroclear. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and its participants. The terms of the Indenture will 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. All transfers of book-entry interests between participants in DTC will be effected by DTC pursuant to customary procedures and subject to applicable rules and procedures established by DTC and its respective participants. See "Book-entry; Delivery and Form."

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under "Notice to Investors."

Payments on the Notes; Paying Agent

The Issuers will make all payments, including principal of, premium, if any, and interest on the Notes, through an agent in the Borough of Manhattan, City of New York that it will maintain for these purposes. Initially that agent will be Citibank, N.A., New York. The Issuers will also maintain a paying agent in London. Initially that agent will be the corporate trust office of Citibank, N.A., London Branch. The Issuers may change the paying agents without prior notice to the holders of the Notes. In addition, the Issuers or any of their 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.” The Issuers will make all payments in same-day funds. The Issuers undertake that they will maintain a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive. That paying agent will be Citibank, N.A., London Branch in London.

No service charge will be made for any registration of a transfer, exchange or redemption of the Notes, but the Issuers 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 (but not for a redemption).

Additional Amounts

All payments that the Issuers make under or with respect to the Notes or that the Guarantors make under or with respect to the Guarantees 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 on such payments by or on behalf of any jurisdiction (other than the United States, any state thereof or the District of Columbia) in which any Issuer or Guarantor is organized, resident or doing business for tax purposes or from or through which any of the foregoing (or its agents, including the Paying Agent) makes any payment on the Notes or by or within any department, political subdivision or governmental authority of or in any of the foregoing having power to tax (each, a “Relevant Taxing Jurisdiction”), unless such Issuer or Guarantor or other applicable withholding agent, as the case may be, is required to withhold or deduct Taxes by law or by the interpretation or administration of law. If an Issuer, Guarantor or other applicable withholding agent is required to withhold or deduct any amount for or on account of Taxes imposed or levied on behalf of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or any Guarantee, such Issuer or Guarantor, as the case may be, will pay additional amounts (“Additional Amounts”) as may be necessary to ensure that the net amount received by each beneficial owner of the Notes after such withholding or deduction (including any withholding or deduction in respect of any Additional Amounts) will not be less than the amount the beneficial owner would have received if such Taxes had not been withheld or deducted.

None of the Issuers or Guarantors will, however, pay Additional Amounts in respect or on account of:

- (a) any Taxes, to the extent such Taxes 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, ownership, holding or disposition of Notes, or by reason of the receipt of any payments in respect of any Note or any Guarantee, or the exercise or enforcement of rights under any Notes or any Guarantee);

- (b) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Issuers' written request addressed to the holder or beneficial owner, to comply with any certification, identification, information or other reporting requirements (to the extent such holder or beneficial owner is legally eligible to do so), 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, such 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 or any Guarantee;
- (e) any Tax imposed on or with respect to any payment by any of the Issuers or Guarantors 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 such Taxes would not have been imposed on such payment had such beneficial owner been the holder 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;
- (g) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);
- (h) 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 European Council Directive 2003/48/EC, European Council Directive 2014/107/EU or any other Directive implementing the conclusions of the ECOFIN Council meetings of November 26 and 27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive;
- (i) any U.S. federal withholding Taxes or equivalent thereof imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986 as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations promulgated thereunder or other official administrative interpretations thereof and any agreements entered into pursuant to current Section 1471(b)(1) of the Internal Revenue Code of 1986 as of the Issue Date (or any amended or successor version described above), and including (for the avoidance of doubt) any intergovernmental agreements (and any law, regulation, rule or practice implementing any such intergovernmental agreement) in respect of the foregoing; or
- (j) any combination of the foregoing.

The Issuers and the Guarantors, if the applicable withholding agents, will (i) make such withholding or deduction as is 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 or any Guarantee is due and payable, if the Issuers or a Guarantor 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 or any Guarantee is due and payable, in which case it will be promptly thereafter), the Issuers will deliver to the Trustee, with a copy to the Paying Agent, 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 Paying Agent to pay such Additional Amounts to holders on the payment date. The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The Issuers 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.

In addition, the Issuers and the Guarantors will pay any present or future stamp, issuance, registration, court, documentary, excise or property taxes or other similar taxes, charges and duties, including without limitation, interest, penalties and other similar liabilities with respect thereto, imposed by any Relevant Taxing Jurisdiction in respect of (i) the execution, issue, delivery or registration of the Notes or any Guarantee or any other document or instrument referred to thereunder, or (ii) the receipt of any payments under or with respect to, or enforcement of, the Notes or any Guarantee.

Upon written request, any of the Issuers or a Guarantor will furnish to the Trustee or a holder within a reasonable time certified copies of tax receipts evidencing any payment by such Issuer or Guarantor (as the case may be) of any Taxes imposed or levied by a Relevant Taxing Jurisdiction, in accordance with the procedures described in "—Notices" hereafter, in such form as provided in the normal course by the taxing authority imposing such Taxes. If, notwithstanding the efforts of such Issuer or Guarantor to obtain such receipts, the same are not obtainable, such Issuer or Guarantor will provide the Trustee or such holder with other evidence reasonably satisfactory to the Trustee or holder of such payments by such Issuer or Guarantor. If requested by the Trustee, the Issuers and (to the extent necessary) any Guarantors will provide to the Trustee such information as may be reasonably available to such Issuer and the Guarantors (and not otherwise in the possession of the Trustee) to enable determination of the amount of any withholding taxes attributable to any particular holder(s).

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 (including payments thereof made pursuant to a Guarantee), such reference includes the payment of Additional Amounts, if applicable.

The preceding provisions will survive any termination, defeasance or discharge of the Indenture and shall apply *mutatis mutandis* to any jurisdiction (other than the United States, any state thereof or the District of Columbia) in which any successor person to any of the Issuers or Guarantors is organized, resident or doing business for tax purposes or any jurisdiction from or through which any such person (or its agents, including the Paying Agent) makes any payment on the Note (or any Guarantee) and any department, political subdivision or governmental authority of or in any of the foregoing having the power to tax.

Currency Indemnity

U.S. dollars is the required currency (the "Required Currency") of account and payment for all sums payable under the Notes, the Guarantees and the Indenture. Any amount received or recovered in respect of the Notes or the Guarantees in a currency other than the Required Currency (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 each Issuer, any Subsidiary or otherwise) by the Trustee or a holder of the

Notes in respect of any sum expressed to be due to such holder from the Issuers or the Guarantors will constitute a discharge of their obligation only to the extent of the amount of the Required Currency 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 the Required Currency on that date, on the first date on which it is possible to do so). If the amount of the Required Currency to be recovered is less than the amount of the Required Currency expressed to be due to the recipient under any Note, the Issuers or the Guarantors will indemnify the recipient against the cost of making any further purchase of the Required Currency 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 the Required Currency been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of the Required Currency 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 Issuers' and the Guarantors' 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 prior to _____, 2020 upon Public Equity Offering

At any time prior to _____, 2020, upon not less than 10 nor more than 60 days' notice, the Issuers may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes at a redemption price of _____ % of their principal amount, plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds from one or more Public Equity Offerings. The Issuers may only do this, however, if:

- (a) at least 60% of the aggregate principal amount of the Notes that were initially issued would remain outstanding immediately after the proposed redemption; and
- (b) the redemption occurs within 120 days after the closing of such Public Equity Offering.

Any redemption and notice may, in the Issuers' discretion, be subject to the satisfaction of one or more conditions precedent.

Optional Redemption prior to _____, 2020

At any time prior to _____, 2020, upon not less than 10 nor more than 60 days' notice, the Issuers may also redeem all or part of the Notes, as the case may be, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus the Applicable Redemption Premium and accrued and unpaid interest to the redemption date.

"Applicable Redemption Premium" means with respect to the Notes on any redemption date, the greater of:

- (1) 1.0% of the principal amount of the Notes; and

(2) the excess of:

- (i) the present value at such redemption date of (x) the redemption price of the Note at _____, 2020 (such redemption price being set forth in the table appearing below under the caption “—Optional Redemption on or after _____, 2020”), plus (y) all required interest payments due on such Note through _____, 2020 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over
- (ii) the outstanding principal amount of such Note.

For the avoidance of doubt, calculation of the Applicable Redemption Premium shall not be a duty or obligation of the Trustee or any paying agent.

Any redemption and notice may, in the Issuers’ discretion, be subject to the satisfaction of one or more conditions precedent.

Optional Redemption on or after _____, 2020

At any time on or after _____, 2020 and prior to maturity, upon not less than 10 nor more than 60 days’ notice, the Issuers may redeem all or part of the Notes. These redemptions will be in amounts of \$1,000 or integral multiples thereof at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period commencing on _____ 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>
2020.....	%
2021.....	%
2022.....	%
2023 and thereafter.....	100.000%

Any redemption and notice may, in the Issuers’ discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption Upon Changes in Withholding Taxes

If, as a result of:

- (a) any amendment to, or change in, the laws (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction which is announced and becomes effective after the Issue Date (or, where such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction at a later date, after such later date); or
- (b) any change which is announced and becomes effective after the Issue Date (or, where such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction at a later date, after such later date) in the official application or official interpretation of such laws, regulations or rulings (including by virtue of a holding, judgment or order by a court competent jurisdiction) of any Relevant Taxing Jurisdiction (each of the foregoing clauses (a) and (b), a “Change in Tax Law”),

the Issuers 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 Issuers cannot avoid by the use of reasonable

measures available to it, then the Issuers may redeem all, but not less than all, of the Notes, at any time thereafter, upon not less than 10 nor more than 60 days' notice (which notice shall be irrevocable and given in accordance with the procedures described under “—Notices”), at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date. Prior to the giving of any notice of redemption described in this paragraph, the Issuers will deliver to the Trustee:

- (a) an Officer's Certificate stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuers' taking reasonable measures available to it; and
- (b) a written opinion of independent tax counsel to the Issuers of recognized standing qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the Trustee to the effect that the Issuers have or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law.

The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on holders of the Notes.

Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Issuers would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes, were then due and (b) unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Notice of Optional Redemption

The Issuers 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*) or, to the extent and in the manner permitted by the rules of the Irish Stock Exchange, posted on the official website of the Irish Stock Exchange (www.ise.ie) if and so long as the Notes are listed on the Irish Stock Exchange and the rules of such exchange so require. The Issuers will inform the Irish Stock Exchange of the principal amount 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 Notes will be selected by a method that complies with the requirements, as certified to the Trustee by the Issuers, of the principal securities exchange, if any, on which the Notes are listed at such time, and in compliance with the requirements of the relevant clearing system or, if the Notes are not listed on a securities exchange, or such securities exchange prescribe no method of selection and the Notes are not held through a clearing system or the clearing system prescribes no method of selection, by lot; *provided, however*, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than \$200,000. Neither the Trustee nor the Registrar shall be liable for any selections made in accordance with this paragraph.

Any redemption and notice may, in the Issuers' discretion, be subject to the satisfaction of one or more conditions precedent.

Sinking Fund; Offers to Purchase; Open Market Purchases

The Issuers are not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuers or the Parent Guarantor may be required to offer to purchase the Notes as described under “—Purchase of Notes upon a Change of Control” and “—Certain Covenants—Limitation on Sale of Certain Assets.” The Parent Guarantor and

any Restricted Subsidiaries, including the Issuers, 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 Issuers or the Parent Guarantor must make an offer (a “Change of Control Offer”) to each holder of Notes to purchase such holder’s Notes, 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 regular 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 Issuers or the Parent Guarantor will:

- (a) cause a notice of the Change of Control Offer to be (i) delivered to holders of the Notes electronically or mailed by first-class mail, postage prepaid; and (ii) 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, published in *The Irish Times* (or another leading newspaper of general circulation in Ireland or, to the extent and in the manner permitted by the rules of the Irish Stock Exchange, posted on the official website of the Irish Stock Exchange (www.ise.ie)); 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 capitalization 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 10 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 \$200,000 and in minimum denominations of \$1,000 or integral multiples thereof. The Issuers or the Parent Guarantor will publicly announce the results of a Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The ability of the Issuers or the Parent Guarantor 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 certain of our Credit Facilities or could constitute a change of control under the Existing Ardagh Bonds or the Senior PIK Notes. In addition, certain events that may constitute a change of control under certain of our Credit Facilities, the Existing Ardagh Bonds or the Senior PIK Notes may not constitute a Change of Control under the Indenture. The Parent Guarantor'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 Issuers or the Parent Guarantor of such repurchase.

If a Change of Control Offer is made, neither the Issuers nor the Parent Guarantor can provide any assurance that they 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 Issuers or the Parent Guarantor 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 Parent Guarantor and its Subsidiaries may prohibit the distribution of such funds or the prepayment of the Notes prior to their scheduled maturity. If the Issuers or the Parent Guarantor were not able to prepay any indebtedness containing any such restrictions or obtain requisite consents, the Issuers and the Parent Guarantor would be unable to fulfill their 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."

Neither the Issuers nor the Parent Guarantor will 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 Issuers or the Parent Guarantor 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 Issuers or the Parent Guarantor to repurchase the Notes in the event of certain highly leveraged transactions, or certain other transactions, including a reorganization, restructuring, merger or similar transaction and, in certain circumstances, an acquisition by the Parent Guarantor'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 covenant described under "—Certain Covenants—Limitation on Debt." The existence of a holder of the Notes' right to require the Issuers or the Parent Guarantor to repurchase such holder's Notes upon a Change of Control may deter a third party from acquiring the Parent Guarantor or its Subsidiaries in a transaction which constitutes a Change of Control.

The Issuers and the Parent Guarantor 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 Issuers and the Parent Guarantor 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 35% of the total voting power of the Voting Stock of the Parent Guarantor and (ii) the Permitted Holders, individually or in the aggregate, do not beneficially own, directly or indirectly, 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 Parent Guarantor’s Voting Stock or in connection with a Permitted Reorganization) of all or substantially all of the assets (other than Capital Stock, Debt or other securities of any Unrestricted Subsidiary) of the Parent Guarantor, the Issuers and the Restricted Subsidiaries, on a consolidated basis, to any person or group other than one or more Permitted Holders; or
- (c) the Parent Guarantor or either Issuer is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which does not violate the provisions described under “—Certain Covenants—Consolidation, Merger and Sale of Assets” or in connection with a Permitted Reorganization.
- (d) the Parent Guarantor or any Surviving Entity ceases to beneficially own, directly or indirectly, 100% of the Voting Stock of either Issuer, other than director’s qualifying shares and other shares required to be issued by law.

For the purposes of this definition, (i) “person” and “group” have the meanings they have in Sections 13(d) and 14(d) of the Exchange Act; (ii) “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 (iii) 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 35% 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, directly or indirectly, a larger percentage of the total voting power of such Voting Stock than such Person or group.

Certain Covenants

The Indenture will contain, among others, the following covenants.

Limitation on Debt

- (1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary 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 the Parent Guarantor, each Issuer and any Restricted

Subsidiary will be permitted to incur Debt (including Acquired Debt) if in each case (a) 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 (b) 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 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 will not, however, prohibit the following (collectively, “Permitted Debt”):

- (a) the Notes issued on the Issue Date;
- (b) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt under Credit Facilities in an aggregate principal amount not to exceed the greater of
 - (i) €350,000,000 and (ii) an amount equal to (I) 85% of Total Receivables *plus* 60% of Total Inventories *less* (II) €250,000,000;
- (c) any Existing Debt of the Parent Guarantor or any Restricted Subsidiary (other than Debt described in clauses (a) and (b) of this paragraph);
- (d) the incurrence by the Parent Guarantor or any Restricted Subsidiary of intercompany Debt between the Parent Guarantor and any Restricted Subsidiary or between or among Restricted Subsidiaries; *provided* that:
 - (i) if an Issuer or a Guarantor is the obligor on any such Debt, unless required by a Credit Facility and only to the extent legally permitted, such Debt must be unsecured (except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with cash management, cash pooling, tax and accounting operations of the Parent Guarantor and its Restricted Subsidiaries); and
 - (ii) (x) any disposition, pledge or transfer of any such Debt to a Person (other than a disposition, pledge or transfer to the Parent Guarantor or a Restricted Subsidiary) and (y) any transaction pursuant to which any Restricted Subsidiary that has Debt owing by the Parent Guarantor or another Restricted Subsidiary ceases to be a Restricted Subsidiary, will, in each case, be deemed to be an incurrence of such Debt not permitted by this clause (d);
- (e) guarantees of the Parent Guarantor or any Restricted Subsidiary of Debt of the Parent Guarantor or any Restricted Subsidiary to the extent that the guaranteed Debt was permitted to be incurred by another provision of this covenant;
- (f) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt represented by Capitalized 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, equipment or other assets used in the Parent Guarantor’s or any Restricted Subsidiary’s 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 will not in the aggregate exceed the greater of €150,000,000 and 2.0% of Total Assets; 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 Parent Guarantor 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 Parent Guarantor or any Restricted Subsidiary 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 Parent Guarantor or any Restricted Subsidiary 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 Parent Guarantor or any Restricted Subsidiary of Debt under Commodity Hedging Agreements entered into in the ordinary course of business and not for speculative purposes;
- (i) the incurrence by the Parent Guarantor or any Restricted Subsidiary of Debt under Currency Agreements entered into in the ordinary course of business and not for speculative purposes;
- (j) the incurrence by the Parent Guarantor or any Restricted Subsidiary 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 Parent Guarantor or any Restricted Subsidiary 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 Parent Guarantor or any Restricted Subsidiary 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, completion, payment, appeal or similar bonds, instruments or obligations, (iii) completion guarantees, advance payment, customs, VAT or other tax guarantees or similar instruments provided or letters of credit obtained by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business; and (iv) the financing of insurance premiums in the ordinary course of business;
- (m) any Debt of the Parent Guarantor or any Restricted Subsidiary incurred pursuant to any Permitted Receivables Financing;
- (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, paragraphs (1), 2(a) and 2(c), this paragraph 2(n) and paragraphs 2(r), 2(s) and 2(t) of this covenant, as the case may be;

- (o) guarantees by the Parent Guarantor or a Restricted Subsidiary of Debt incurred by Permitted Joint Ventures in an aggregate principal amount at any one time outstanding not to exceed an amount equal to the greater of €75,000,000 and 1.0% of Total Assets;
- (p) cash management obligations and Debt in respect of netting services, pooling arrangements or similar arrangements in connection with cash management in the ordinary course of business consistent with past practice;
- (q) (i) take-or-pay obligations in the ordinary course of business, (ii) customer deposits and advance payments in the ordinary course of business received from customers for goods or services purchased in the ordinary course of business and (iii) manufacturer, vendor financing, customer and supply arrangements in the ordinary course of business;
- (r) the incurrence of Debt by the Parent Guarantor or any Restricted Subsidiary (other than and in addition to Debt permitted under clauses (a) through (q) above and (s) and (t) below) in an aggregate principal amount at any one time outstanding not to exceed, together with any Permitted Refinancing Debt in respect thereof, the greater of €265,000,000 and 3.5% of Total Assets;
- (s) Debt of any Person (i) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Parent Guarantor or another Restricted Subsidiary of the Parent Guarantor or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent Guarantor or any Restricted Subsidiary or (ii) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Parent Guarantor or a Restricted Subsidiary; *provided, however*, with respect to each of clause (s)(i) and (s)(ii), that at the time of such acquisition or other transaction (1) the Parent Guarantor would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant, after giving effect to the Incurrence of such Indebtedness pursuant to this clause (s) or (2) the Fixed Charge Coverage Ratio of the Parent Guarantor and its Restricted Subsidiaries would not be less than it was immediately prior to giving pro forma effect to such acquisition or other transaction; and
- (t) Contribution Debt.

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Debt of the same class will not be deemed to be an incurrence of Debt for purposes of this covenant.

- (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 an Issuer, the Parent Guarantor or a Subsidiary Guarantor may incur under this “Limitation on Debt” covenant.

- (4) For purposes of determining any particular amount of Debt under this “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 described under “—Limitation on Liens” will not be treated as Debt;
 - (c) accrual of 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 preferred stock or Debt will not be treated as Debt; and
 - (d) the reclassification of preferred stock as Debt due to a change in accounting principles 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 this “Limitation on Debt” covenant, the Parent Guarantor, 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 Parent Guarantor will be entitled to divide and classify an item of Debt in more than one of the types of Debt described in this “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 this “Limitation on Debt” covenant at any time.
- (6) The amount of any Debt outstanding as of any date will be:
 - (a) in the case of any Debt issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;
 - (b) the principal amount of the Debt, in the case of any other Debt; and
 - (c) in respect of Debt of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (i) the Fair Market Value of such assets at the date of determination; and
 - (ii) the amount of the Debt of the other Person.

Limitation on Restricted Payments

- (1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary 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 Parent Guarantor’s or any Restricted Subsidiary’s Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Parent Guarantor or any Restricted Subsidiary) (other than (i) to the Parent Guarantor or any Restricted Subsidiary 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 Parent Guarantor or a Restricted Subsidiary of dividends or distributions of greater value than the Parent Guarantor 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 other than the Parent Guarantor or a Restricted Subsidiary shall be included in the calculation of the aggregate amount of all Restricted Payments declared or made after the Issue Date for the purposes of

paragraph (2) of this “Limitation on Restricted Payments” covenant), except for dividends or distributions payable solely in shares of the Parent Guarantor’s Qualified Capital Stock or in options, warrants or other rights to acquire such shares of Qualified Capital Stock, or make any payment of cash interest on Deeply Subordinated Funding;

- (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 Parent Guarantor’s Capital Stock held by persons other than the Parent Guarantor or a Restricted Subsidiary (other than Capital Stock of any Restricted Subsidiary or any entity that becomes a Restricted Subsidiary 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 any Deeply Subordinated Funding; or
- (d) make any Investment (other than any Permitted 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 Parent Guarantor or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving pro forma effect to such proposed Restricted Payment:
 - (a) no Default or Event of Default has occurred and is continuing;
 - (b) the Parent Guarantor could incur at least €1.00 of additional Debt (other than Permitted Debt) pursuant to the covenant described under “—Limitation on Debt”; and
 - (c) the aggregate amount of all Restricted Payments declared or made after the Issue Date does not exceed the sum of:
 - (i) 50% of aggregate Consolidated Adjusted Net Income on a cumulative basis during the period beginning on July 1, 2014 and ending on the last day of the Parent Guarantor’s last fiscal quarter ending prior to the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Adjusted Net Income shall be a negative number, minus 100% of such negative amount); plus
 - (ii) the aggregate Net Cash Proceeds, and the Fair Market Value of property or assets or marketable securities, received by the Parent Guarantor after the Issue Date as a contribution to its common equity capital or from the issuance or sale (other than to any Subsidiary) of shares of the Parent Guarantor’s Qualified Capital Stock or Deeply Subordinated Funding (including upon the exercise of options, warrants or rights) or warrants, options or rights to purchase shares of the Parent Guarantor’s Qualified Capital Stock or Deeply Subordinated Funding (except, in each case to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Debt or Deeply Subordinated Funding as set forth in clause (b) or (c) of paragraph (3) below or constitute an Excluded Contribution or the proceeds of any Contribution Debt) (excluding the Net Cash Proceeds from the issuance of the Parent Guarantor’s Qualified Capital Stock or Deeply Subordinated Funding financed, directly or indirectly, using funds borrowed from the Parent Guarantor or any Subsidiary until and to the extent such borrowing is repaid and Excluded Contributions); plus

- (iii) (x) the amount by which the Parent Guarantor's Debt or Debt of any Restricted Subsidiary is reduced after the Issue Date upon the conversion or exchange (other than by the Parent Guarantor or its Subsidiary) of such Debt into the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding, and (y) the aggregate Net Cash Proceeds, and the Fair Market Value of property or assets or marketable securities, received after the Issue Date by the Parent Guarantor from the issuance or sale (other than to any Subsidiary) of Redeemable Capital Stock that has been converted into or exchanged for the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding, 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 Parent Guarantor at the time of such conversion or exchange (excluding the Net Cash Proceeds from the issuance of the Parent Guarantor's Qualified Capital Stock or Deeply Subordinated Funding financed, directly or indirectly, using funds borrowed from the Parent Guarantor 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 Payment made after the Issue Date, an amount (to the extent not included in Consolidated Adjusted Net Income) equal to the cash proceeds of such disposition or repayment or the Fair Market Value of property received by the Parent Guarantor or a Restricted Subsidiary thereof 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 as a Restricted Subsidiary (as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Parent Guarantor's interest in such Subsidiary; *provided* that such amount will not in any case exceed the amount of the Restricted Payment deemed made at the time that the Subsidiary was designated as an Unrestricted Subsidiary; plus
 - (v) €70,000,000.
- (3) Notwithstanding paragraphs (1) and (2) above, the Parent Guarantor and any Restricted Subsidiary may take the following actions so long as (with respect to clause (h), (k), (l) and (q) below) no Default or Event of Default has occurred and is continuing:
- (a) the payment of any dividend within 180 days after the date of its declaration if at such date of its declaration such payment would have been permitted by this "Limitation on Restricted Payments" covenant;
 - (b) the repurchase, redemption or other acquisition or retirement for value of any shares of the Parent Guarantor'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 the Parent Guarantor) of, shares of the Parent Guarantor's Qualified Capital Stock, options, warrants or other rights to acquire such Qualified Capital Stock or Deeply Subordinated Funding (other than any Excluded Contribution or the proceeds of any Contribution Debt);
 - (c) the repurchase, redemption, defeasance or other acquisition or retirement for value or payment of principal of any Subordinated Debt or Deeply Subordinated Funding in exchange for, or out of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary of the Parent Guarantor) of, shares of the Parent

Guarantor's Qualified Capital Stock or Deeply Subordinated Funding (other than any Excluded Contribution or the proceeds of any Contribution Debt);

- (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 Parent Guarantor's assets;
- (g) cash payments in lieu of issuing fractional shares pursuant to the exchange or conversion of any exchangeable or convertible securities;
- (h) cash payments, advances, loans or expense reimbursements made to any parent company of the Parent Guarantor to permit any such company to pay (i) general operating expenses, customary directors' fees, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of business in an amount not to exceed €20,000,000 in the aggregate in any fiscal year, and (ii) any taxes, duties or similar governmental fees of any such parent company to the extent such tax obligations are directly attributable to its ownership of the Parent Guarantor and its Restricted Subsidiaries;
- (i) any payments (including pursuant to a tax sharing agreement or similar arrangement) between the Parent Guarantor and any other Person or a Restricted Subsidiary and any other Person with which the Parent Guarantor or any of its Restricted Subsidiaries files a consolidated tax return or with which the Parent Guarantor or any of its Restricted Subsidiaries is part of a group for tax purposes (including a fiscal unity) or any tax advantageous group contribution made pursuant to applicable legislation; *provided, however*, that any such payments do not exceed the amounts of such tax that would have been payable by the Parent Guarantor and its Restricted Subsidiaries on a stand-alone basis and the related tax liabilities of the Parent Guarantor and its Restricted Subsidiaries are relieved thereby;
- (j) the repurchase, redemption or other acquisition or retirement, and any loans, advances, dividends or distributions by the Parent Guarantor to any direct or indirect parent company to repurchase, redeem or otherwise acquire or retire, for value of any Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any direct or indirect parent company held by any current or former officer, director, employee or consultant of the Parent Guarantor or any of its Restricted Subsidiaries; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed €7,500,000 plus an amount equal to €7,500,000 multiplied by the number of years that have elapsed since the Issue Date; and *provided, further*, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Capital Stock of the Parent Guarantor or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Parent Guarantor, any of its Restricted Subsidiaries or any of its direct or indirect parent

companies and (B) the cash proceeds of key man life insurance policies of the Parent Guarantor or a Restricted Subsidiary received by the Parent Guarantor or a Restricted Subsidiary after the Issue Date less any amount previously applied to the making of Restricted Payments pursuant to this clause (j), in each case, to the extent the cash proceeds have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of paragraph (2) above or clause (c) of this paragraph (3);

- (k) the declaration and payment by the Parent Guarantor of, or loans, advances, dividends or distributions to any parent company of the Parent Guarantor to pay, dividends on the common stock or common equity interests of the Parent Guarantor or any parent company following a Public Equity Offering, in an amount not to exceed in any fiscal year, 50% of aggregate Consolidated Adjusted Net Income on a cumulative basis during such fiscal year (the “Relevant Fiscal Year”); *provided* that such dividends shall be declared and paid no later than 180 days after the end of the Relevant Fiscal Year;
- (l) any Restricted Payment in connection with or in relation to or to permit or facilitate (including, but not limited to, payments to minority shareholders), directly or indirectly, the repayment, redemption, reduction, replacement or refinancing, in whole or in part, of the Senior PIK Notes; *provided* that (i) the Consolidated Leverage Ratio of the Parent Guarantor on a pro forma basis after giving effect to any such Restricted Payment made pursuant to this clause (l) but not including any Restricted Payment in connection with such repayment, redemption, reduction, replacement or refinancing made in reliance on paragraph (2) above or another clause of this paragraph (3) (other than this clause (l)) does not exceed 5.25 to 1.0; and (ii) the Qualified Capital Stock of the Parent Guarantor or a holding company or a controlled affiliate thereof is listed on an international securities exchange; *provided, further*, that the total amount of Restricted Payments made pursuant to this clause (l) shall not exceed the principal amount outstanding of the Senior PIK Notes on the Issue Date, plus the amount of all accreted interest thereon, plus all fees and expenses incurred in connection with such repayment, reduction, replacement or refinancing, less the total principal amount thereof repaid or redeemed with the proceeds received from the sale of such listed Capital Stock by the issuer of the Senior PIK Notes (or a parent entity or other affiliate thereof).
- (m) Restricted Payments in an amount equal to the amount of Excluded Contributions made;
- (n) the payment, purchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Debt of the Parent Guarantor and its Restricted Subsidiaries pursuant to provisions similar to those described under “—Change of Control” and “—Limitation on Sale of Certain Assets”; *provided* that, prior to such payment, purchase, redemption, defeasance or other acquisition or retirement for value, the Issuers or the Parent Guarantor has made a Change of Control Offer or Asset Sale Offer, as the case may be, with respect to the Notes as a result of such Change of Control or Asset Sale, as the case may be, and has repurchased all such Notes validly tendered and not withdrawn in connection with such Change of Control Offer or Asset Sale Offer, as the case may be;
- (o) the declaration and payment of dividends to holders of any class or series of Redeemable Capital Stock Incurred in accordance with the terms of the covenant described under “—Certain Covenants—Limitation on Debt”;
- (p) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries; and
- (q) any other Restricted Payment; *provided* that the total aggregate amount of Restricted Payments made under this clause (q) does not exceed the greater of €125,000,000 and 1.5% of Total Assets.

The actions described in clauses (a), (f), (k) and (q) 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 Payments under clause (c) of paragraph (2) above.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (a) through (q) above, or is permitted pursuant to the first paragraph of this covenant, the Parent Guarantor and its Restricted Subsidiaries will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant. The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Limitation on Transactions with Affiliates

The Parent Guarantor will not, and will not permit any Restricted Subsidiary 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 Parent Guarantor or any Restricted Subsidiary's Affiliate involving aggregate consideration in excess of €25,000,000 unless:

- (a) such transaction or series of transactions is on terms that, taken as a whole, are not materially less favorable to the Parent Guarantor or such Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable arm's-length transaction with third parties that are not Affiliates; and
- (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 €50,000,000, the Parent Guarantor 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 Parent Guarantor's board of directors.

Notwithstanding the foregoing, the restrictions set forth in this description will 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;
- (ii) any Restricted Payment not prohibited by the covenant described under "—Limitation on Restricted Payments" or the making of an Investment that is a Permitted Investment;
- (iii) agreements and arrangements existing on the Issue Date 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 Parent Guarantor and the Restricted Subsidiaries, as applicable, in any material respect than the original agreement or arrangement as in effect on the Issue Date;
- (iv) any payments or other transactions pursuant to a tax sharing agreement between the Parent Guarantor and any other Person or a Restricted Subsidiary and any other Person with which the Parent Guarantor or any of its Restricted Subsidiaries file a consolidated tax return or with which the Issuers are part of a consolidated group for tax purposes or any tax

advantageous group contribution made pursuant to applicable legislation *provided, however*, that any such payments do not exceed the amounts of such tax that would have been payable by the Parent Guarantor and its Restricted Subsidiaries on a stand-alone basis and the related tax liabilities of the Parent Guarantor and its Restricted Subsidiaries are relieved thereby;

- (v) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Parent Guarantor solely because the Parent Guarantor owns, directly or through a Restricted Subsidiary, Capital Stock in, or controls, such Person;
- (vi) 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 Parent Guarantor's board of directors;
- (vii) the granting and performance of registration rights for the Parent Guarantor's securities;
- (viii)(A) issuances or sales of Qualified Capital Stock of the Parent Guarantor or Deeply Subordinated Funding and (B) any amendment, waiver or other transaction with respect to any Deeply Subordinated Funding in compliance with the other provisions of the Indenture;
- (ix) pledges by the Parent Guarantor or any Restricted Subsidiary of the Capital Stock of an Unrestricted Subsidiary or a Permitted Joint Venture securing Debt owing by such Unrestricted Subsidiary or a Permitted Joint Venture;
- (x) transactions with a joint venture made in the ordinary course of business;
- (xi) transactions between or among the Parent Guarantor and the Restricted Subsidiaries or between or among Restricted Subsidiaries;
- (xii) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Parent Guarantor or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Parent Guarantor or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;
- (xiii) any transaction effected as part of a Permitted Receivables Financing;
- (xiv) pledges of Equity Interests of Unrestricted Subsidiaries; and
- (xv) any employment agreement, consultancy agreement or employee benefit arrangement with any employee, consultant, officer or director of the Parent Guarantor or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business.

Limitation on Liens

The Parent Guarantor will not, and will not permit any Restricted Subsidiary 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 Parent Guarantor's or any Restricted Subsidiary's property or assets, including any shares of stock or any Debt of any Restricted Subsidiary but excluding any Capital Stock, Debt or other securities of any Unrestricted Subsidiary, whether owned at or acquired after the Issue Date, or any income, profits or proceeds therefrom unless:

- (a) in the case of any Lien securing Subordinated Debt, the Issuers' obligations in respect of the Notes (or a Guarantee in the case of Liens securing Subordinated Debt of a Guarantor) 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 Issuers' obligations in respect of the Notes (or a Guarantee in the case of Liens securing Debt of a Guarantor), 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 Parent Guarantor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless:
 - (a) the consideration the Parent Guarantor or such Restricted Subsidiary receives for such Asset Sale is not less than the Fair Market Value of the assets sold (as determined in good faith by the Parent Guarantor's board of directors);
 - (b) at least 75% of the consideration the Parent Guarantor or such Restricted Subsidiary receives in respect of such Asset Sale consists of (i) cash (including any Net Cash Proceeds received from the conversion within 90 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 Parent Guarantor's Debt or Debt of any Restricted Subsidiary (other than Subordinated Debt) as a result of which neither the Parent Guarantor nor any of the Restricted Subsidiaries remains obligated in respect of such Debt or (y) Debt of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, if the Parent Guarantor and each other Restricted Subsidiary is released from any guarantee of such Debt as a result of such Asset Sale; (iv) Replacement Assets; (v) any Designated Non-cash Consideration received by the Parent Guarantor or such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (b), not to exceed the greater of €100,000,000 and 1.25% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value or (vi) a combination of the consideration specified in clauses (i) to (v); and
 - (c) the Parent Guarantor 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 Parent Guarantor or any Restricted Subsidiary consummates an Asset Sale, the Net Cash Proceeds from such Asset Sale, within 360 days after the consummation of such Asset Sale, may be used by the Parent Guarantor or such Restricted Subsidiary to (i) permanently repay or prepay any then outstanding Debt (other than Debt that is subordinated to the Notes or the Guarantees of the Notes) of the Parent Guarantor or any Restricted Subsidiary (and to effect a corresponding commitment reduction if such Debt is revolving credit borrowings) owing to a Person other than the Parent Guarantor or a Restricted Subsidiary or (ii) invest in any Replacement Assets, (iii) acquire all or substantially all the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary, or (iv) any combination of the foregoing; *provided* that in the case of clause (ii), if the Parent Guarantor or such Restricted Subsidiary, as the case may be, has entered into a binding commitment in definitive form within such 360-day period to so apply such Net Cash Proceeds with the good faith expectation that such Net Cash Proceeds will be applied to satisfy such commitment within

180 days of such commitment (an “Acceptable Commitment”), such binding commitment shall be treated as a permitted application of such Net Cash Proceeds; *provided, further*, that if any Acceptable Commitment is later cancelled or terminated for any reason before such Net Cash Proceeds are applied and after such initial 360-day period, then such Net Cash Proceeds shall constitute Excess Proceeds (as defined below). The amount of such Net Cash Proceeds not so used as set forth in this paragraph (2) constitutes “Excess Proceeds.” The Parent Guarantor may reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

- (3) The Parent Guarantor or the Issuers may also at any time, and the Parent Guarantor or the Issuers will within 20 Business Days after the aggregate amount of Excess Proceeds exceeds €50,000,000, make an offer to purchase (an “Excess Proceeds Offer”) from all holders of the 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 (expressed as an integral multiple of \$1,000) 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 aggregate 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 Parent Guarantor may use the amount of such Excess Proceeds not used to purchase the Notes and Pari passu Debt for general corporate purposes that are not otherwise prohibited by the Indenture. If the aggregate principal amount of the 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 the 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.

- (4) If the Parent Guarantor or the Issuers are obligated to make an Excess Proceeds Offer, the Parent Guarantor or the Issuers will purchase the Notes and Pari passu Debt, at the option of the holders thereof, in whole or in part (as an integral multiple of \$1,000), 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; *provided* that Notes of \$200,000 will be purchased in full.

If the Parent Guarantor or the Issuers are required to make an Excess Proceeds Offer, the Parent Guarantor and the Issuers 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 the requirements of any applicable securities exchange on which Notes or the Existing Ardagh Bonds 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 Guarantees of Debt by Restricted Subsidiaries

- (1) The Parent Guarantor will not permit any Restricted Subsidiary that is not an Issuer or a Guarantor, directly or indirectly, to guarantee, assume or in any other manner become liable for the payment of any Pari passu Debt or Subordinated Debt of either Issuer (other than the Notes), the Parent Guarantor or any Subsidiary Guarantor, unless:
 - (a) such Restricted Subsidiary 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
 - (b) with respect to any guarantee of Subordinated Debt by such Restricted Subsidiary, 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.

This paragraph (1) will not be applicable to any guarantees of any Restricted Subsidiary:

- (i) existing on the Issue Date, guaranteeing Debt under Credit Facilities permitted to be incurred pursuant to paragraphs (2)(b) and 2(m) of the covenant described under "—Limitation on Debt" or guaranteeing Debt in an aggregate principal amount that is less than €75,000,000;
 - (ii) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or
 - (iii) given to a bank or trust company 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 BBB+ or the equivalent thereof by S&P and at least Baa1 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Parent Guarantor's benefit or that of any Restricted Subsidiary.
- (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 Parent Guarantor or a Restricted Subsidiary of all of the Capital Stock owned by the Parent Guarantor and its other Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the Indenture); or
 - (b) (with respect to any Guarantee created after the Issue Date) the release by the holders of the applicable Issuer's, the Parent Guarantor's or the Subsidiary Guarantor's Debt described in paragraph (1) above, of 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), at a time when:
 - (i) no other Debt of either Issuer, the Parent Guarantor or any Subsidiary Guarantor has been guaranteed by such Restricted Subsidiary; or
 - (ii) the holders of all such other Debt that is guaranteed by such Restricted Subsidiary 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); or

- (c) the release of the Guarantees on the terms and conditions and in the circumstances described in “—Ranking of the Notes and the Guarantees; Subordination” and in “—The Guarantees—Release of the Guarantees.”

Notwithstanding the foregoing, the Parent Guarantor shall not be obligated to cause any such Restricted Subsidiary to guarantee the Notes to the extent that such Guarantee would reasonably be expected to give rise to or result in (A) any violation of applicable law, rule, regulation or order that cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor or such Restricted Subsidiary, (B) personal liability for the officers, directors or shareholders of such Restricted Subsidiary or (C) any significant cost, expense, liability or obligation (including with respect to any Taxes but excluding any reasonable guarantee or similar fee payable to the Parent Guarantor or a Restricted Subsidiary) other than any governmental or regulatory filings required as a result of, or any measures pursuant to clause (A) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Parent Guarantor or the Restricted Subsidiary; *provided, however*, that any Restricted Subsidiary who directly or indirectly, guarantees, assumes or in any other manner become liable for the payment of any obligations under the Existing Ardagh Bonds shall also be required to Guarantee payment of the Notes on the same terms as the guarantee of such obligations.

Each such additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose and corporate benefit, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary 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 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 Parent Guarantor or any other Restricted Subsidiary;
 - (c) make loans or advances to the Parent Guarantor or any other Restricted Subsidiary; or
 - (d) transfer any of its properties or assets to the Parent Guarantor or any other Restricted Subsidiary.
- (2) The provisions of the covenant described in paragraph (1) above will not apply to:
 - (a) encumbrances and restrictions imposed by the Notes, the Existing Ardagh Bonds and the New Secured Notes, the Indenture, any Credit Facility, the indentures governing the Existing Ardagh Bonds, the Intercreditor Agreement (or any Additional Intercreditor Agreement), the Senior PIK Notes and the security documents related thereto or by other indentures or agreements governing other Debt we incur ranking equally with the Notes;
 - (b) any customary encumbrances or restrictions created under any agreements with respect to Debt of the Parent Guarantor or any Restricted Subsidiary permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—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 or the Guarantees absent a default or event of default under such agreement;

- (c) encumbrances or restrictions contained in any agreement in effect on the Issue Date (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 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 Parent Guarantor or any Restricted Subsidiary is a party;
- (e) encumbrances or restrictions contained in any agreement or other instrument of a Person (including its Subsidiaries) acquired by the Parent Guarantor or any Restricted Subsidiary 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 (including its Subsidiaries);
- (f) encumbrances or restrictions contained in contracts for sales of Capital Stock or assets permitted by the covenant described under “—Limitation on Sale of Certain Assets” 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 Parent Guarantor’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 or any related document governing such Lien;
- (h) encumbrances or restrictions imposed by applicable law or regulation or by governmental licenses, concessions, franchises or permits;
- (i) encumbrances or restrictions on cash or other deposits or net worth imposed by customers under contracts entered into the ordinary course of business;
- (j) 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; *provided* that such encumbrance or restriction is applicable only to such Restricted Subsidiary and its Subsidiaries;
- (k) in the case of clause (1)(d) above, customary encumbrances or restrictions in connection with purchase money obligations, mortgage financings and Capitalized Lease Obligations for property acquired in the ordinary course of business;
- (l) any encumbrance or restriction arising by reason of customary non-assignment provisions in agreements;
- (m) 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;
- (n) encumbrances or restrictions with respect to a Restricted Subsidiary imposed pursuant to a Permitted Joint Venture;
- (o) encumbrances or restrictions incurred in accordance with the covenant described under “—Limitation on Liens”; or

- (p) 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) through (o); *provided* that the terms and conditions of any such encumbrances or restrictions are not materially less favorable, 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.

Limitation on Layered Debt

The Subsidiary Guarantors will not incur, create, issue, assume, guarantee or otherwise become liable for any Debt that is subordinate or junior in right of payment to any Senior Debt of the Subsidiary Guarantors and senior in any respect in right of payment to the Guarantees or any other Pari passu Debt of the Subsidiary Guarantors; *provided* that the foregoing limitation will not apply to distinctions between categories of Senior Debt that exist by reason of any Liens or guarantees arising or created in respect of some but not all of such Senior Debt or pursuant to the Intercreditor Agreement (and/or any Additional Intercreditor Agreement).

Additional Intercreditor Agreements

The Indenture will provide that, at the request and direction of the Parent Guarantor and without the consent of the holders of the Notes, in connection with the incurrence by the Parent Guarantor or its Restricted Subsidiaries of any Permitted Debt, the Parent Guarantor, the relevant Restricted Subsidiaries and the Trustee shall enter into with the holders of such Debt (or their duly authorized representatives) an intercreditor agreement (an “Additional Intercreditor Agreement”) or a restatement, amendment or other modification of the existing Intercreditor Agreement, in each case on substantially the same terms as the Intercreditor Agreement or terms not violating the terms of the Indenture (for such matters covered by the Indenture) or terms not affecting adversely the rights of the holders of the Notes in material respects (for such matters not covered by the Indenture), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the request and direction of the Parent Guarantor and without the consent of the holders of the Notes, the Trustee shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Debt covered by any such agreement that may be incurred by an Issuer or a Guarantor that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Debt ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (5) make any other change to any such agreement that does not violate the terms of the Indenture. The Parent Guarantor shall not otherwise direct the Trustee to enter into any amendment to any Intercreditor Agreement without the consent of the holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under “Amendments and Waivers,” and the Parent Guarantor may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee shall consent on behalf of the holders of the Notes to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under “—Limitation on Restricted Payments.”

The Indenture also will provide that each holder of the Notes, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the Listing Agent.

Designation of Unrestricted and Restricted Subsidiaries

The Parent Guarantor’s board of directors may designate any Subsidiary (including newly acquired or newly established Subsidiaries) to be an “Unrestricted Subsidiary” only if no Default has occurred and is continuing at the time of or after giving effect to such designation.

In the event of any such designation, the Parent Guarantor will be deemed to have made an Investment constituting a Restricted Payment pursuant to the covenant described under “—Limitation on Restricted Payments” for all purposes of the Indenture in an amount equal to the greater of (i) the net book value of the Parent Guarantor’s interest in such Subsidiary calculated in accordance with IFRS or (ii) the Fair Market Value of the Parent Guarantor’s interest in such Subsidiary.

The Parent Guarantor’s board of directors may designate any Unrestricted Subsidiary as a Restricted Subsidiary if (i) 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 (ii) (x) the Parent Guarantor could incur at least €1.00 of additional Debt under the first paragraph of the covenant described under “—Certain Covenants—Limitation of Indebtedness” or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation.

Any such designation as an Unrestricted Subsidiary or Restricted Subsidiary by the Parent Guarantor’s board of directors will be evidenced to the Trustee by filing a resolution of the Parent Guarantor’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 Parent Guarantor’s fiscal quarter in which such designation is made (or, in the case of a designation made during the last fiscal quarter of the Parent Guarantor’s fiscal year, within 90 days after the end of such fiscal year).

Reports to Holders

So long as any Notes are outstanding, the Issuers or the Parent Guarantor will furnish to the Trustee:

- (1) within 120 days after the end of each of the Parent Guarantor’s fiscal year’s annual reports containing the following information: (a) audited consolidated balance sheets of the Parent Guarantor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent Guarantor for the two most recent fiscal years, including footnotes to such financial statements and the report of the Parent Guarantor’s independent auditors on the financial statements; (b) an operating and financial

review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (c) a description of the business and management of the Parent Guarantor; and (d) material recent developments to the extent not previously reported;

- (2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Parent Guarantor's quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year-to-date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Parent Guarantor, together with condensed footnote disclosure; (b) operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Parent Guarantor and any material change between the current quarterly period and the corresponding period of the prior year; and (c) material recent developments to the extent not previously reported; and
- (3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Parent Guarantor and the Restricted Subsidiaries, taken as a whole, or any change of the entire board of directors, chairman of the board of directors, chief executive officer or chief financial officer at the Parent Guarantor or change in auditors of the Parent Guarantor, a press release containing a description of such event.

In addition, the Issuers or the Parent Guarantor shall furnish to the holders of the Notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Exchange Act by Persons who are not "affiliates" under the Securities Act.

The Issuers or the Parent Guarantor will also make available copies of all reports furnished to the Trustee (a) on the website of the Ardagh group of companies; and (b) through the newswire service of Bloomberg, or, if Bloomberg does not then operate, any similar agency.

Consolidation, Merger and Sale of Assets

The Parent Guarantor 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 Parent Guarantor's board of directors or shareholders with respect to a demerger or division pursuant to which the Parent Guarantor would dispose of, all or substantially all of the Parent Guarantor's properties and assets (other than Capital Stock, Debt or other securities of any Unrestricted Subsidiary) to any other Person or Persons and the Parent Guarantor will not permit any Restricted Subsidiary 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 (other than Capital Stock, Debt or other securities of any Unrestricted Subsidiary) of the Parent Guarantor and its Restricted Subsidiaries on a consolidated basis to any other Person or Persons. The previous sentence will not apply if:

- (a) at the time of, and immediately after giving effect to, any such transaction or series of transactions, either (i) the Parent Guarantor will be the continuing corporation or (ii) the Person (if other than the Parent Guarantor) 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 Parent Guarantor and the 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 or the European Economic Area, the United States of America, any state thereof, the District of Columbia, Canada, Switzerland, Australia or Bermuda and (y) will expressly assume, by a supplemental indenture in form satisfactory to the Trustee, the Parent Guarantor'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 Parent Guarantor or any Restricted Subsidiary incurred in connection with or as a result of such transaction or series of transactions as having been incurred by the Parent Guarantor 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 Parent Guarantor (or the Surviving Entity if the Parent Guarantor is not the continuing obligor under the Indenture) could incur at least €1.00 of additional Debt under the provisions of the covenant described under “—Limitation on Debt”;
- (d) any Subsidiary 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 Parent Guarantor's or any Restricted Subsidiary's property or assets would thereupon become subject to any Lien, the provisions of the covenant described under “—Limitation on Liens” are complied with; and
- (f) the Parent Guarantor or the Surviving Entity will have delivered to the Trustee, in form and substance satisfactory to the Trustee, an Officer's 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 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 Parent Guarantor under the Indenture, but, in the case of a lease of all or substantially all of the Parent Guarantor's assets, the Parent Guarantor will not be released from the obligation to pay the principal of, premium, if any, and interest, on the Notes.

Nothing in the Indenture will prevent (i) any Restricted Subsidiary from consolidating with, merging into or transferring all or substantially all of its properties and assets to the Parent Guarantor or any other Restricted Subsidiary or (ii) any Subsidiary Guarantor from consolidating with, merging into or transferring all or substantially all of its properties and assets to the Parent Guarantor, either Issuer or another Subsidiary Guarantor (and upon any such transfer, the Guarantee of the transferring Subsidiary Guarantor shall automatically be released).

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 Parent Guarantor 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.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: “—Limitation on Debt,” “—Limitation on Restricted Payments,” “—Limitation on Restrictions on Distributions from Restricted Subsidiaries,” “—Limitation on Transactions with Affiliates,” “—Limitation on Sale of Certain Assets,” “—Limitation on Guarantees of Debt by Restricted Subsidiaries,” “—Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries,” and the provisions of clause (c) of the first paragraph of the covenant described under “—Consolidation, Merger and Sale of Assets,” and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Parent Guarantor and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor properly taken during the continuance of the Suspension Event, and the “—Limitation on Restricted Payments” covenant will be interpreted as if it has been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Debt Incurred during the continuance of the Suspension Event will be classified, at the Parent Guarantor’s option, as having been Incurred pursuant to the first paragraph of the covenant described under “—Limitation on Debt” or one of the clauses set forth in the second paragraph of such covenant (to the extent such Debt would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Debt Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Debt would not be so permitted to be incurred under the first two paragraphs of the covenant described under “—Limitation on Debt,” such Debt will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (2)(c) of the second paragraph of the covenant described under “—Limitation on Debt.”

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), whether or not prohibited by the subordination provisions of the Indenture or the Intercreditor Agreement (and/or any Additional Intercreditor Agreement);
 - (c) failure to comply with the provisions of the covenant described under “—Certain Covenants—Consolidation, Merger and Sale of Assets”;
 - (d) failure to comply with any covenant or agreement of the Parent Guarantor or of any Restricted Subsidiary that is contained in the Indenture or any Guarantees (other than specified in clause (a), (b) or (c) above) and such failure continues for a period of 60 days or more, in each case after the written notice specified in clause (2) below;

- (e) default under the terms of any instrument evidencing or securing the Debt of the Parent Guarantor or any Restricted Subsidiary having an outstanding principal amount in excess of €75,000,000, in each case, 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 €75,000,000 or its equivalent at the time;
 - (f) any Guarantee ceases to be, or shall be asserted in writing by any Guarantor, or any Person acting on behalf of any Guarantor, not to be in full force and effect or enforceable in accordance with its terms (other than as provided for in the Indenture, any Guarantee, the Intercreditor Agreement or any Additional Intercreditor Agreement);
 - (g) one or more final judgments, orders or decrees (not subject to appeal and not covered by insurance) shall be rendered against the Parent Guarantor or any Material Subsidiary, either individually or in an aggregate amount, in excess of €75,000,000 or its equivalent at the time, and either a creditor shall have commenced an enforcement proceeding upon such judgment, order or decree or there shall have been a period of 60 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
 - (h) the occurrence of certain events of bankruptcy, insolvency, receivership or reorganization with respect to the Parent Guarantor or any Material Subsidiary.
- (2) If an Event of Default (other than as specified in clause (1)(h) above) occurs and is continuing, the Trustee or the holders of not less than 30% in aggregate principal amount of the Notes then outstanding by written notice to the Issuers and the Parent Guarantor (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)(h) 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 Issuers, the Parent Guarantor and the Trustee, may rescind such declaration and its consequences if:
- (a) the Parent Guarantor or either Issuer have 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 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 Note; or
 - (b) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holders of 90% of the outstanding Notes.
- (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 30% in aggregate principal amount of the outstanding Notes have made a written request to, and offered indemnity and/or security (including by way of pre-funding) reasonably satisfactory 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 indemnity or security 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 or interest 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 a responsible officer of 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 its trust officers in good faith determine that withholding the notice is in the interests of the holders of the Notes. Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense.
- (8) The Issuers and the Parent Guarantor are required to furnish to the Trustee annual statements as to the performance of the Issuers, the Parent Guarantor and the Restricted Subsidiaries under the Indenture and as to any default in such performance. The Issuers and the Parent Guarantor are also required to notify the Trustee within 15 Business Days of the

occurrence of any Default stating what action, if any, they are taking with respect to that Default.

- (9) In the event of a declaration of acceleration of the Notes because an Event of Default as described in clause (e) of paragraph (1) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to such clause (e) shall be remedied or cured, or waived by the holders of the Debt that gave rise to such Event of Default, or such Debt shall have been discharged in full, within 20 days after the Event of Default arose and if (1) the annulment of the acceleration (if applicable) of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Legal Defeasance or Covenant Defeasance

The Indenture will provide that the Issuers and the Parent Guarantor may, at their option and at any time prior to the Stated Maturity of the Notes, elect to have the obligations of the Issuers, the Parent Guarantor and the Subsidiary Guarantors discharged with respect to the outstanding Notes (“Legal Defeasance”). Legal Defeasance means that the Issuers 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 Issuers’ 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 Issuers, the Parent Guarantor and the Subsidiary Guarantors in connection therewith; and
- (d) the Legal Defeasance provisions of the Indenture.

In addition, the Issuers and the Parent Guarantor may, at their option and at any time, elect to have the obligations of the Issuers, the Parent Guarantor and the Subsidiary Guarantors 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 reorganization. The Issuers and the Parent Guarantor may exercise their Legal Defeasance option regardless of whether they previously exercised Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (a) the Issuers or the Parent Guarantor must irrevocably deposit or cause to be deposited in trust with the Trustee, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable U.S. Government Securities, or a combination of cash in U.S. dollars and U.S. Government Securities, in such amounts as will be sufficient, in the opinion of an internationally recognized 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 Issuers or the Parent Guarantor 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, premium, if any, or interest;
- (b) in the case of Legal Defeasance, the Issuers or the Parent Guarantor must have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee stating that (x) the Issuers have received from, or there has been published by, the U.S. Internal Revenue Service a ruling, or (y) since the Issue Date, there has been a change in applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. 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 Covenant Defeasance, the Issuers or the Parent Guarantor must have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee to the effect that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. 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;
- (d) 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;
- (e) such Legal Defeasance or Covenant Defeasance shall not cause the Trustee for the Notes to have a conflicting interest as defined in the Indenture;
- (f) 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 Parent Guarantor or any Restricted Subsidiary is a party or by which the Parent Guarantor or any Restricted Subsidiary is bound;
- (g) such defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the U.S. Investment Company Act of 1940 unless such trust shall be registered under such Act or exempt from registration thereunder;
- (h) the Issuers or the Parent Guarantor must have delivered to the Trustee an opinion of independent counsel in the country of each Issuer’s or the Parent Guarantor’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, reorganization 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;
- (i) the Issuers or the Parent Guarantor must have delivered to the Trustee an Officer’s Certificate stating that the deposit was not made by the Issuers or the Parent Guarantor with the intent of preferring the holders of the Notes over the other creditors of the Issuers or the Parent Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Issuers, the Parent Guarantor or others, or removing assets beyond the reach of the relevant creditors or increasing debts of the Issuers or the Parent Guarantor to the detriment of the relevant creditors;

- (j) no event or condition shall exist that would prevent the Issuers 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
- (k) the Issuers or the Parent Guarantor 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 Issuers and the Guarantors will remain liable for such payments.

Satisfaction and Discharge

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

- (a) the Issuers or the Parent Guarantor has irrevocably deposited or caused to be deposited with the Trustee as funds in trust for such purpose an amount in cash in U.S. dollars, U.S. Government Securities, or a combination of cash in U.S. dollars and U.S. Government Securities, 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 such 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 Issuers or the Parent Guarantor has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of such Notes at Maturity or on the redemption date, as the case may be and either:
 - (i) all 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 Issuers and thereafter repaid to the Issuers 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 Issuers' name, and at the Issuers' expense;
- (b) the Issuers or the Parent Guarantor has paid or caused to be paid all other amounts payable by the Issuers under the Indenture; and
- (c) the Issuers or the Parent Guarantor 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 all Notes under 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 governed by the laws

of the State of New York to which either Issuer or any Subsidiary is a party or by which either Issuer or any Subsidiary is bound.

Amendments and Waivers

The Indenture will contain provisions permitting the Issuers, the Guarantors 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 Issuers, the Guarantors and the Trustee are permitted to amend or supplement the Indenture; *provided* that, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of the holders of not less than a majority in principal amount of the then outstanding Notes of such series shall be required. However, no such modification or amendment may, without the consent of the holders of 90% of the outstanding Notes (*provided, however*, that if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of the holders of at least 90% of the aggregate principal amount of such series shall be required (and not the consent of at least 90% of the aggregate principal amount of all Notes then outstanding)), with respect to any such Notes held by a non-consenting holder:

- (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) reduce the principal amount of Notes whose holders must consent to any amendment, supplement or waiver of provisions of the Indenture;
- (f) 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;
- (g) make any change to the Intercreditor Agreement (and/or any Additional Intercreditor Agreement) or any provisions of the Indenture affecting the ranking of the Notes or the Guarantees, in each case in a manner that adversely affects the rights of the holders of the Notes; or
- (h) 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 Issuers or the Guarantors agree to pay Additional Amounts (if any) in respect thereof in the supplemental indenture.

Notwithstanding the foregoing, without the consent of any holder of the Notes, the Issuers, the Guarantors and the Trustee may modify, amend or supplement the Indenture:

- (i) to evidence the succession of another Person to the Parent Guarantor and the assumption by any such successor of the provisions in the Indenture and in the Notes; *provided* that such successor Person would have been permitted to so succeed in a transaction that would have complied with the provisions of “—Certain Covenants—Consolidation Merger and Sale of Assets”; *provided, further*, that such transaction need not be of a specific type identified in such covenant (it being understood that in the case of any other transaction, the requirements of such covenant shall apply *mutatis mutandis*);
- (ii) to add to the Issuers’ covenants and those of any Guarantor 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 Issuers or any Guarantor or any other obligor upon the Notes, as applicable, in the Indenture, in the Notes or in any Guarantees;
- (iii) to cure any ambiguity, or to correct or supplement any provision in the Indenture, the Notes or any Guarantees that may be defective or inconsistent with any other provision in the Indenture, the Notes or any Guarantees or make any other provisions with respect to matters or questions arising under the Indenture, the Notes or any Guarantees; *provided* that, in each case, such provisions shall not adversely affect the rights of the holders of the Notes in any material respect;
- (iv) to conform the text of the Indenture, the Guarantees or the Notes to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Guarantees or the Notes;
- (v) to release any Guarantor in accordance with and if permitted by the terms of and limitations set forth in the Indenture and to add a Subsidiary Guarantor or other guarantor under the Indenture (which will require execution of the relevant supplemental indenture only by the Issuers, the Parent Guarantor and such additional Subsidiary Guarantor(s) or other guarantor(s));
- (vi) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture;
- (vii) 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 Issuers’ and any Guarantor’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; or
- (viii) 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.

In formulating its opinion on such matters, the Trustee shall be entitled to require and rely on such evidence as it deems appropriate, including an opinion of counsel and an Officer’s Certificate.

The consent of the holders of the Notes will not be necessary under the Indenture to approve the particular form of any proposed amendment, waiver or consent. It is sufficient if such consent approves the substance of the proposed amendment, waiver or consent. A consent to any amendment or waiver under the Indenture by any holder of the Notes given in connection with a tender of such holder’s Notes will not be rendered invalid by such tender.

The Issuers will inform the Irish Stock Exchange of any material amendment to the Indenture or any supplement thereto. The Issuers 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) delivered to holders of the Notes electronically or mailed by first-class mail, postage prepaid; and
- (b) in the case of Notes which are represented by global certificates held on behalf of DTC, notices may be given by delivery of the relevant notices to DTC for communication to entitled account holders in substitution for the aforesaid mailing.

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.

The Trustee

The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee had written notice, the Trustee will perform only such duties as are set forth specifically in the Indenture. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will contain provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured (including by way of prefunding) to its satisfaction.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member or shareholder of the Parent Guarantor, either Issuer or any Subsidiary Guarantor will have any liability for any obligations of the Parent Guarantor, either Issuer or any Subsidiary Guarantor under the Notes, any Guarantee or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws.

Governing Law

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

Certain Definitions

“Acquired Business” means the properties, businesses, assets and liabilities acquired pursuant to the Equity and Asset Purchase Agreement and in connection therewith, including under any annexes, schedules and related documents.

“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 Parent Guarantor or any Restricted Subsidiary; 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 such Person.

“Acquisition” means the acquisition of the Acquired Business pursuant to the Equity and Asset Purchase Agreement.

“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.

“Agreed Security Principles” means the Agreed Security Principles as set forth in the Indenture (or a schedule thereto).

“Asset Sale” means 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 (other than directors’ qualifying shares or shares required by applicable law to be held by a Person other than the Parent Guarantor or a Restricted Subsidiary);
- (b) all or substantially all of the properties and assets of any division or line of business of the Parent Guarantor or any Restricted Subsidiary; or
- (c) any other of the Parent Guarantor’s or any Restricted Subsidiary’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 “—Purchase of Notes upon a Change of Control” or any transfer or disposition of assets consummated in connection with a Permitted Reorganization;
- (ii) any transfer or disposition of assets by the Parent Guarantor to the Issuers or any Restricted Subsidiary, or by any Restricted Subsidiary to the Parent Guarantor, the Issuers or any Restricted Subsidiary 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 Parent Guarantor’s and any Restricted Subsidiary’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) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (vi) the foreclosure, condemnation or any similar action with respect to any property or other assets;
- (vii) any unwinding or termination of hedging obligations not for speculative purposes;
- (viii) any single transaction or series of related transactions that involves assets or Capital Stock having a Fair Market Value of less than €25,000,000;
- (ix) for the purposes of the covenant described under “—Certain Covenants—Limitation on Sale of Certain Assets” only, the making of a Permitted Investment or a disposition permitted under the covenant described under “—Certain Covenants—Limitation on Restricted Payments”;
- (x) the sale, lease or other disposition of equipment, inventory, property or other assets in the ordinary course of business;
- (xi) the lease, assignment or sublease of any real or personal property in the ordinary course of business;
- (xii) an issuance of Capital Stock by a Restricted Subsidiary to the Parent Guarantor or to another Restricted Subsidiary;
- (xiii) a Permitted Investment or a Restricted Payment (or a transaction that would constitute a Restricted Payment but for the exclusions from the definition thereof) that is not prohibited by the covenant described under “—Certain Covenants—Limitation on Restricted Payments”;
- (xiv) any disposition of Capital Stock, Debt or other securities of any Unrestricted Subsidiary or a Permitted Joint Venture;
- (xv) sales of assets received by the Parent Guarantor or any Restricted Subsidiary upon the foreclosure on a Lien granted in favor of the Parent Guarantor or any Restricted Subsidiary;
- (xvi) sales or grants of licenses to use the patents, trade secrets, know-how and other intellectual property of the Parent Guarantor or any of its Restricted Subsidiaries to the extent that such license does not prohibit the Parent Guarantor or any of its Restricted Subsidiaries from using the technologies licensed (other than pursuant to exclusivity or non-competition arrangements negotiated on an arm’s-length basis) or require the Parent Guarantor or any of its Restricted Subsidiaries to pay any fees for any such use;
- (xvii) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business; or
- (xviii) sales, issuances, conveyances, transfers, leases or other dispositions to the extent constituting Permitted Liens.

“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.

“Business Day” means a day of the year on which banks are not required or authorized by law to close in Dublin, New York City or London.

“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 Issue Date.

“Capitalized 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 IFRS, and, for purposes of the Indenture, the amount of such obligation at any date will be the capitalized amount thereof at such date, determined in accordance with IFRS and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Cash Equivalents” means any of the following:

- (a) any evidence of Debt 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 of the European Union or European Economic Area, the United States of America, any state thereof or the District of Columbia, Canada, Switzerland, Australia or any agency or instrumentality thereof (each, an “Approved Jurisdiction”);
- (b) time deposit accounts, certificates of deposit, money market deposits or bankers’ acceptances with a maturity of 180 days or less from the date of acquisition issued by a bank or trust company 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 BBB+ or the equivalent thereof by S&P and at least Baa1 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 either Issuer’s or any Restricted Subsidiary’s Affiliate and is 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) or (b) above entered into with a financial institution meeting the qualifications described in clause (b) above;
- (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; or
- (f) any investments classified as cash equivalents under IFRS.

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

“Commission” means the U.S. 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” means, for any period, the Parent Guarantor’s and the Restricted Subsidiaries’ consolidated net income (or loss) for such period as determined in accordance with IFRS, 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 the Parent Guarantor or any Restricted Subsidiary that are not sold in the ordinary course of business;
- (c) the portion of net income or loss of any Person (other than the Parent Guarantor or a Restricted Subsidiary), including Unrestricted Subsidiaries, in which the Parent Guarantor or any Restricted Subsidiary has an equity ownership interest, except that the Parent Guarantor’s or a Restricted Subsidiary’s equity in the net income of such 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 the Parent Guarantor or any Restricted Subsidiary in cash dividends or other distributions during such period;
- (d) the net income or loss of any Restricted Subsidiary 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(b) of “—Certain Covenants—Limitation on Debt”);
- (e) any extraordinary, exceptional, unusual or nonrecurring loss, expense or charge (including severance, relocation, plant closure, operational improvement or restructuring costs or reserves or provisions therefor) relating to, or directly or indirectly resulting from, or incurred in connection with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative, or offering or refinancing of debt or equity securities;
- (f) the non-cash accounting effects of any acquisition, purchase, merger, reorganization or other similar transaction, including any increase in amortization or depreciation resulting from adjustments to tangible or intangible assets, the consequence of any revaluation of inventory or other non-cash charges or effects (including losses on derivatives);
- (g) the cumulative effect of a change in accounting principles after the Issue Date;
- (h) any charge or expense recorded for non-cash or capitalized interest on Deeply Subordinated Funding;
- (i) net after tax gains or losses attributable to (i) the termination of pension plans, (ii) the acquisition of securities or the extinguishment of debt or (iii) currency exchange transactions that are not in the ordinary course of business;
- (j) net income or loss attributable to discontinued operations; and

- (k) any restoration to net income of any contingency reserve, except to the extent it was provided for in a prior period.

“Consolidated Fixed Charge Coverage Ratio” of the Parent Guarantor 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 Net Interest Expense;
 - (ii) Consolidated Tax Expense; and
 - (iii) Consolidated Non-cash Charges, less all non-cash items increasing Consolidated Adjusted Net Income 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 in determining the Consolidated Fixed Charge Coverage Ratio in any prior period;
- (b) to the sum of:
 - (i) Consolidated Net Interest Expense; and
 - (ii) cash and non-cash dividends due (whether or not declared) on the Parent Guarantor’s and any Restricted Subsidiary’s Preferred Stock (to any Person other than the Parent Guarantor and any Wholly Owned Restricted Subsidiary), in each case for such period;

provided that in calculating the Consolidated Fixed Charge Coverage Ratio or any element thereof for any period, pro forma effect will be given to any realized or expected synergies, cost efficiencies and cost savings relating to, or directly or indirectly resulting from, or associated with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative that has occurred during the period included in the calculation or any prior period or would reasonably be expected to occur in connection with an acquisition or other transaction in relation to which “pro forma” effect is given as if such synergies, cost efficiencies or cost savings had been effective throughout the period included in the calculation;

provided, further, without limiting the application of the previous proviso, that:

- (w) if the Parent Guarantor or any Restricted Subsidiary 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 is an incurrence of Debt or both, Consolidated Adjusted Net Income and Consolidated Net Interest Expense 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, the Parent Guarantor or any Restricted Subsidiary shall have made any Asset Sale, Consolidated Adjusted Net Income for such period shall be reduced by an amount equal to the Consolidated Adjusted Net Income (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 (if negative) directly attributable thereto, for such period and the Consolidated Net Interest Expense for such period shall be reduced by an amount equal to the Consolidated Net Interest Expense directly attributable to any Debt of the Parent Guarantor or of any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Parent Guarantor and the continuing Restricted Subsidiaries in connection with such Asset Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Net Interest Expense

for such period directly attributable to the Debt of such Restricted Subsidiary to the extent the Parent Guarantor and the continuing Restricted Subsidiaries are no longer liable for such Debt after such sale);

- (y) if, since the beginning of such period, the Parent Guarantor or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) 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 and Consolidated Net Interest Expense 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 Person (that subsequently became a Restricted Subsidiary or was merged with or into the Parent Guarantor or any Restricted Subsidiary 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) above if made by the Parent Guarantor or a Restricted Subsidiary during such period, Consolidated Adjusted Net Income and Consolidated Net Interest Expense 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 Leverage Ratio” of the Parent Guarantor means, as of the date of determination, the ratio of (a) (i) the sum of consolidated Debt of the Parent Guarantor (other than working capital) less (ii) cash and Cash Equivalents on the most recent consolidated balance sheet of the Parent Guarantor which has been delivered in accordance with the provisions of the covenant described under “—Certain Covenants—Reports to Holders” to (b) the aggregate consolidated EBITDA of the Parent Guarantor for the period of the most recent four consecutive quarters for which financial statements are available under the covenant described under “—Certain Covenants—Reports to Holders,” in each case with such pro forma adjustments to consolidated Debt and consolidated EBITDA as are appropriate and consistent with the pro forma provisions set forth in the definition of “Consolidated Fixed Charge Coverage Ratio.”

“Consolidated Net Interest Expense” means, for any period, without duplication and in each case determined on a consolidated basis in accordance with IFRS, the sum of:

- (a) the Parent Guarantor’s and the Restricted Subsidiaries’ total interest expense for such period, including, without limitation:
 - (i) amortization of debt discount;
 - (ii) the net costs of Commodity Hedging Agreements, Interest Rate Agreements and Currency Agreements (including amortization 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; and
 - (iv) the interest portion of any deferred payment obligation and amortization of debt issuance costs; *plus*

- (b) the interest component of the Parent Guarantor's and the Restricted Subsidiaries' Capitalized Lease Obligations accrued and/or scheduled to be paid or accrued during such period other than the interest component of Capitalized Lease Obligations between or among the Parent Guarantor and any Restricted Subsidiary or between or among Restricted Subsidiaries; *plus*
- (c) the Parent Guarantor's and the Restricted Subsidiaries non-cash interest expenses and interest that was capitalized during such period; *plus*
- (d) the interest expense on Debt of another Person to the extent such Debt is guaranteed by the Parent Guarantor or any Restricted Subsidiary or secured by a Lien on the Parent Guarantor's or any Restricted Subsidiary's assets, but only to the extent that such interest is actually paid by the Parent Guarantor or such Restricted Subsidiary; *minus*
- (e) the interest income of the Parent Guarantor and the Restricted Subsidiaries during such period.

Notwithstanding any of the foregoing, Consolidated Net Interest Expense shall not include any of the following:

- (a) interest accrued, capitalized or paid in respect of Deeply Subordinated Funding;
- (b) gains, losses, expenses or charges associated with refinancing of debt;
- (c) gains, losses, expenses or charges associated with the total or partial extinguishment of debt;
- (d) gains, losses, expenses or charges resulting from "mark to market" provisions or fair value charges applied to or resulting from derivatives; or
- (e) any non-cash pension expense.

"Consolidated Non-cash Charges" means, for any period, the aggregate depreciation, amortization and other non-cash expenses of the Parent Guarantor and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with IFRS (excluding any such non-cash charge that requires an accrual of or reserve for cash charges for any future period).

"Consolidated Tax Expense" 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 the Parent Guarantor and the Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with IFRS.

"continuing" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"Contribution Debt" means Debt of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount not greater than the aggregate amount of cash contributions (other than Excluded Contributions and any such cash contributions that have been used to make a Restricted Payment or a Permitted Investment) made to the equity (other than through the issuance of Redeemable Capital Stock) of the Parent Guarantor or in the form of Deeply Subordinated Funding, in each case, after the Issue Date, *provided* that (without prejudice to the rights of the Parent Guarantor and the Restricted Subsidiaries, including the right to divide and/or classify and/or reclassify as described in "—Certain Covenants—Limitation on Debt") such Contribution Debt is so designated as Contribution Debt pursuant to an Officer's Certificate on the Incurrence date thereof.

"Credit Facility" or "Credit Facilities" means one or more debt facilities, indentures or other arrangements with banks, insurance companies, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financings, letters of credit or other forms of guarantees and assurances, or other Debt, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, repaid or refinanced (and whether in whole or in

part and whether or not with the original administrative agent or lenders or another administrative agent or agents or other bank or institutions and whether provided under one or more other credit or other agreements, indentures, financing agreements or otherwise) 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 Capitalized 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; and
- (g) 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;

if and to the extent any of the preceding items would appear as debt on a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS; *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 Parent Guarantor or any Restricted Subsidiary of Debt in respect of standby letters of credit, performance bonds or surety bonds provided by the Parent Guarantor 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 IFRS as at the Issue Date; (iv) any pension obligations of the Parent Guarantor or a Restricted Subsidiary; (v) Debt incurred by the Parent Guarantor or one of the Restricted Subsidiaries in connection with a transaction where (x) such Debt is borrowed from a bank or trust company 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 Parent Guarantor 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; and (vi) Deeply Subordinated Funding. In addition, “Debt” of the specified Person shall include all Debt of another Person secured by a Lien on any asset of the specified Person (whether or not such Debt is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of Debt of another Person, and Preferred Stock of any Restricted Subsidiary.

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.

“Deeply Subordinated Funding” means any funds provided to the Parent Guarantor pursuant to an agreement, note, security or other instrument, other than Capital Stock, that (i) is subordinated in right of payment to all Debt of the Parent Guarantor, (ii)(A) does not mature or require any amortization, redemption or other repayment of principal, (B) does not require payment of any cash interest or any similar cash amounts, and (C) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment (other than as a result of insolvency proceedings of the Parent Guarantor), in each case prior to the 90th day following the repayment in full of the Notes and all other amounts due under the Indenture, (iii) does not provide for or require any security interest or encumbrance over any asset of the Parent Guarantor or any Restricted Subsidiary and (iv) does not contain any covenants (financial or otherwise) other than a covenant to pay such Deeply Subordinated Funding.

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

“Designated Non-cash Consideration” means the Fair Market Value of non-cash consideration received by the Parent Guarantor or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, executed by the principal financial officer of the Parent Guarantor, less the amount of Cash Equivalents received in connection with a subsequent sale, redemption, repurchase of, or collection or payment on, such Designated Non-cash Consideration.

“Designated Senior Debt” means (a) any Debt outstanding under the Senior Credit Facilities and the Existing Secured Notes and (b) any other Senior Debt permitted under the Indenture the principal amount of which is €30,000,000 or more as of the date of determination and that has been designated by the Issuers, the Parent Guarantor or the relevant Restricted Subsidiary as “Designated Senior Debt.”

“Disinterested Director” means, with respect to any transaction or series of related transactions, a member of the Parent Guarantor’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 Parent Guarantor or any Restricted Subsidiary) who has any direct or indirect financial interest in or with respect to such transaction or series of related transactions; *provided* that no member of the Parent Guarantor’s board of directors shall be deemed to have any such direct or indirect financial interest solely as a result of such member’s ownership of Capital Stock of Ardagh Packaging Group S.A. or any successor or

holding company thereof or such member's serving on the board of directors of Ardagh Packaging Group S.A. or any successor or holding company thereof.

"Enforcement Action" means, in relation to any Debt of a Subsidiary Guarantor, any action (whether taken by the relevant creditor or creditors or an agent or trustee on its or their behalf) to:

- (a) demand payment, declare prematurely due and payable or otherwise seek to accelerate payment of all or any part of such Debt;
- (b) recover all or any part of such Debt (including, by exercising any rights of set-off or combination of accounts);
- (c) exercise or enforce any rights under or pursuant to any guarantee or other assurance given by such Subsidiary Guarantor in respect of such Debt;
- (d) exercise or enforce any rights under any security interest whatsoever which secures such Debt;
- (e) commence legal proceedings against any Person; or
- (f) commence, or take any other steps which could lead to the commencement of:
 - (i) any insolvency, liquidation, dissolution, winding-up, administration, receivership, compulsory merger or judicial re-organization of any Person;
 - (ii) the appointment of a trustee in bankruptcy, or insolvency conciliator, ad hoc official, judicial administrator, a liquidator or other similar officer in respect of any Person; or
 - (iii) any other similar process or appointment.

"Equity and Asset Purchase Agreement" means the definitive equity and asset purchase agreement in relation to the Acquisition as amended, modified or supplemented from time to time, together with all exhibits, schedules, annexes and other documents related thereto.

"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 that is two Business Days prior to such determination.

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

"Excluded Contribution" means Net Cash Proceeds or property or assets received by the Parent Guarantor as capital contributions (other than Contribution Debt and any contributions used to make a Restricted Payment or a Permitted Investment) to the equity (other than through the issuance of Redeemable Capital Stock) of the Parent Guarantor or in the form of Deeply Subordinated Funding, in each case, after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Parent Guarantor or any Subsidiary of the Parent Guarantor for the benefit of its employees to the extent funded by the Parent Guarantor or any Restricted Subsidiary) of Capital Stock (other than Redeemable Capital Stock) of the Parent Guarantor, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Parent Guarantor.

“Existing Ardagh Bonds” means (i) the Existing Secured Notes and (ii) the Existing Unsecured Notes and any other international debt securities of the Parent Guarantor or any of its Restricted Subsidiaries outstanding on the Issue Date.

“Existing Debt” means all Debt of the Parent Guarantor and its Restricted Subsidiaries outstanding on the Issue Date after giving effect to the issue of the Notes and the use of proceeds therefrom.

“Existing Secured Notes” means the July 2014 Secured Notes and May 2016 Secured Notes.

“Existing Unsecured Notes” means the February 2014 Senior Notes, the July 2014 Senior Notes and the May 2016 Senior Notes.

“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 Parent Guarantor’s board of directors.

“February 2014 Senior Notes” means the existing \$415,000,000 aggregate principal amount of 6.250% Senior Notes due 2019 and \$415,000,000 aggregate principal amount of 6.750% Senior Notes due 2021 that were issued by Ardagh Packaging Finance plc and Ardagh Holdings USA Inc. on February 5, 2014.

“Guarantee” means any guarantee of the Issuers’ obligations under the Indenture and the Notes by the Parent Guarantor, any Restricted Subsidiary or any other Person in accordance with the provisions of the Indenture, including the Guarantees by the Guarantors dated as of the Issue Date. When used as a verb, “Guarantee” shall have a corresponding meaning.

“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.

“IFRS” means International Financial Reporting Standards as adopted by the European Union, as in effect from time to time.

“Incremental Facility” means the incremental facility under the Term Loan Facilities Credit Agreement.

“Intercreditor Agreement” means the Intercreditor Agreement dated as of December 7, 2010, as amended, restated, modified or replaced from time to time, by and among the Issuers, the Parent Guarantor, the Subsidiary Guarantors party thereto, Citibank, N.A., London Branch, as Trustee for certain of the Existing Secured Notes and Existing Unsecured Notes, The Bank of New York Mellon, as trustee for certain of the Existing Unsecured Notes, Law Debenture Trust Company of New York, as trustee for certain of the Existing Secured Notes, Citibank, N.A., as the Senior Agent, and others.

“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 IFRS. In addition, the portion (proportionate to the Parent Guarantor’s equity interest in such Restricted Subsidiary) of the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary will be deemed to be an “Investment” that the Parent Guarantor made in such Unrestricted Subsidiary at such time. The portion (proportionate to the Parent Guarantor’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.

“Investment Grade Status” shall occur when the Notes receive both of the following:

- (1) a rating of “BBB –” or higher from S&P; and
- (2) a rating of “Baa3” or higher from Moody’s;

or the equivalent of such rating by either such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

“Issue Date” means , 2017.

“July 2014 Secured Notes” means the existing €1,155,000,000 aggregate principal amount of 4.250% First Priority Senior Secured Notes due 2022 and \$1,110,000,000 aggregate principal amount of First Priority Senior Secured Notes due 2019.

“July 2014 Senior Notes” means the existing \$440,000,000 aggregate principal amount of 6.000% Senior Notes due 2021.

“Lien” means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation, assignment for security, standard security, assignation in 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.

“Material Subsidiary” means any Restricted Subsidiary that represents 5% or more of the Total Assets or consolidated EBITDA of the Parent Guarantor, measured, in the case of Total Assets, as of the last day of the most recent fiscal quarter for which financial statements are available, and in the case of consolidated EBITDA, for the four fiscal quarters ended most recently for which financial statements are available.

“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.

“May 2016 Secured Notes” means the existing \$500,000,000 aggregate principal amount of Floating Rate Notes due 2021, the existing €440,000,000 aggregate principal amount of 4.125% Senior Secured Notes due 2023 and the existing \$1,000,000,000 aggregate principal amount of 4.625% Senior Secured Notes due 2023 issued by the Issuers on May 16, 2016.

“May 2016 Senior Notes” means the existing €750,000,000 aggregate principal amount of 6.750% Senior Notes due 2024 and the existing \$1,650,000,000 aggregate principal amount of 7.250% Senior Notes due 2024 issued by the Issuers on May 16, 2016.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Nationally Recognized Statistical Rating Organization” means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

“Net Cash Proceeds” means:

- (a) with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents including (x) 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 Parent Guarantor or any Restricted Subsidiary) and (y) any cash or Cash Equivalents received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, 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 IFRS as a result of such Asset Sale;
 - (iii) all distributions and other payments required to be made to any Person (other than the Parent Guarantor or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale; and
 - (iv) appropriate amounts required to be provided by the Parent Guarantor or any Restricted Subsidiary, as the case may be, as a reserve in accordance with IFRS against any liabilities associated with such Asset Sale and retained by the Parent Guarantor or any Restricted Subsidiary, 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 Officer’s 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 Parent Guarantor or any Restricted Subsidiary), 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 thereof.

“Officer’s Certificate” means a certificate signed by an officer of the Parent Guarantor, of either Issuer, a Guarantor or a Surviving Entity, as the case may be, and delivered to the Trustee.

“Pari passu Debt” means (a) any Debt of the applicable Issuer that ranks equally in right of payment with the Notes or (b) with respect to any Guarantee, any Debt that ranks equally in right of payment to such Guarantee.

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

“Permitted Holders” means (a) Yeoman Capital S.A., (b) any of Paul Coulson, Brendan Dowling, Houghton Fry, Edward Kilty, John Riordan or Niall Wall, and any trust created for the benefit of one or more of the foregoing or their respective natural person Affiliates, or the estate, executor, administrator, committee or beneficiaries of any thereof, and (c) 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 borrowed by or advances to, or debt securities issued by, the Parent Guarantor, (ii) a Restricted Subsidiary or (iii) another Person if as a result of such Investment such other Person becomes a Restricted Subsidiary or such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to, the Parent Guarantor or a Restricted Subsidiary;
- (d) Investments made by the Parent Guarantor or any Restricted Subsidiary as a result of or retained in connection with an Asset Sale that does not violate the covenant described under “—Certain Covenants—Limitation on Sale of Certain Assets”;
- (e) expenses or advances to cover payroll, travel, entertainment, moving, other relocation and similar matters;
- (f) Investments in the Notes and the Existing Ardagh Bonds;
- (g) Investments existing at the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased as required by the terms of such Investment existing on the Issue Date;
- (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 €10,000,000 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 Parent Guarantor or any Restricted Subsidiary made in the ordinary course of business and consistent with the Parent Guarantor’s past practices or past practices of the Restricted Subsidiaries, as the case may be, in an amount outstanding not to exceed at any one time €20,000,000;
- (k) Investments in a Person to the extent that the consideration therefor consists of the issue and sale (other than to any Subsidiary) of shares of the Parent Guarantor’s Qualified Capital Stock or Deeply Subordinated Funding or the net proceeds thereof (other than any Excluded Contribution or the proceeds of any Contribution Debt); *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) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business;
- (m) Investments of the Parent Guarantor or the Restricted Subsidiaries described under item (v) to the proviso to the definition of “Debt”;
- (n) Investments, 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 the sum of (x) the greater of €160,000,000 and 2.0% of Total Assets in the aggregate outstanding at any one time and (y) the sum of (i) the aggregate net after-tax amount returned in cash or through interest payments, principal payments, dividends or other distributions or payments on account of such Investment and (ii) the net after-tax cash proceeds received by the Parent Guarantor or any Restricted Subsidiary from the disposition of all or any portion of such Investments (other than to a Subsidiary); *provided, however*, that such net after-tax amounts have not been included in Consolidated Adjusted Net Income for the purpose of calculating clause (c)(i) of “—Certain Covenants—Limitation on Restricted Payments”;
- (o) Investments resulting from the acquisition of a Person that at the time of such acquisition held instruments constituting Investments that were not acquired in contemplation of the acquisition of such Person;
- (p) Investments by the Parent Guarantor or any Restricted Subsidiary in connection with a Permitted Receivables Financing;
- (q) loans or advances to (i) directors, officers or employees of the Parent Guarantor or any Restricted Subsidiary to pay for the purchase of Capital Stock of the Parent Guarantor or any direct or indirect parent company thereof pursuant to management equity plans or similar management or employee benefit arrangement or (ii) stock option plans, trust and similar asset pools to pay for the purchase of Capital Stock of the Parent Guarantor or any direct or indirect parent company thereof not to exceed €20,000,000 in the aggregate outstanding at any one time;
- (r) (i) stock, obligations or securities received in satisfaction of judgments, foreclosure of liens or settlement of debts or arbitration awards, 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 reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;
- (s) any Investments received in compromise or resolution of litigation, arbitration or other disputes;
- (t) any guarantee of Debt permitted to be incurred by the covenant described under “—Certain Covenants—Limitation on Debt,” performance guarantees and contingent obligations incurred in the ordinary course of business and creation of Liens on the assets of the Parent Guarantor or any Restricted Subsidiary in compliance with the covenant described under “—Certain Covenants—Liens”;
- (u) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under “—Certain Covenants—Transactions with Affiliates” (except transactions described in clauses (ii), (v) and (x));

- (v) advances, loans, rebates and extensions of credit (including the creation of receivables) to suppliers, customers and vendors, and advance payment made and deferred consideration and performance guarantees, in each case in the ordinary course of business; and
- (w) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business.

“Permitted Joint Venture” means any joint venture or similar combinations or other transaction pursuant to which the Parent Guarantor or any Restricted Subsidiary enters into, acquires or subscribes for any shares, stock, securities or other interest in or transfers any assets to any joint venture; *provided, however*, that the primary business of such joint venture is a Similar Business.

“Permitted Junior Securities” means, with respect to a Subsidiary Guarantor: (a) Capital Stock in such Subsidiary Guarantor or (b) debt securities of the Subsidiary Guarantor that are subordinated to all Senior Debt and any debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent than, the Notes are subordinated to Senior Debt pursuant to the Indenture.

“Permitted Liens” means the following types of Liens:

- (a) Liens existing as of the Issue Date;
- (b) Liens (i) securing Debt under Credit Facilities and any other Senior Debt permitted to be incurred pursuant to “—Certain Covenants—Limitations on Debt” and (ii) Liens on any property or assets of the Parent Guarantor or a Restricted Subsidiary to secure Debt permitted to be incurred pursuant to clause (b) of paragraph (2) of “—Certain Covenants—Limitation on Debt”;
- (c) 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 granted in favor of the Parent Guarantor or any Restricted Subsidiary;
- (e) Liens on any of the Parent Guarantor’s or any Restricted Subsidiary’s property or assets securing the Notes or any Guarantees;
- (f) any interest or title of a lessor under any Capitalized Lease Obligation and Liens to secure Debt (including Capitalized Lease Obligations) permitted under the covenant described 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 Parent Guarantor or any Restricted Subsidiary in the ordinary course of business;
- (h) statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, material men, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings 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 depository 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 for which a reserve or other

appropriate provision, if any, as shall be required in conformity with IFRS 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 Parent Guarantor 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 existing at the time such property is acquired or 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, the Parent Guarantor or any Restricted Subsidiary; *provided* that such Liens (i) do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than (A) the property or assets acquired or (B) the property or assets of the Person acquired, merged with or into or consolidated with the Parent Guarantor or Restricted Subsidiary and (ii) were created prior to, and not in connection with or in contemplation of such acquisition, merger or consolidation;
- (n) Liens securing the Parent Guarantor'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) or deposits to secure public or statutory obligations of such Person or deposits of cash or government bonds to secure performance, bid, surety or appeal bonds and completion bonds and guarantees to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;
- (p) Liens incurred in connection with a cash management program established in the ordinary course of business;
- (q) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Parent Guarantor or any Restricted Subsidiary, including rights of offset and set-off;
- (r) any extension, renewal or replacement, in whole or in part, of any Permitted Lien; *provided* that any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets;
- (s) Liens securing Debt incurred to refinance Permitted Refinancing Debt permitted to be incurred under the Secured Indenture; *provided* that any such Lien shall not extend to or

cover materially any assets not securing the Debt so refinanced plus improvements and accessions to such property and assets and proceeds and distributions thereof;

- (t) purchase money Liens to finance property or assets of the Parent Guarantor or any Restricted Subsidiary 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 Parent Guarantor or any Restricted Subsidiary other than the property and assets so acquired;
- (u) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;
- (v) Liens over the Capital Stock of an Unrestricted Subsidiary or Permitted Joint Venture that secures Debt of such Unrestricted Subsidiary or Permitted Joint Venture;
- (w) Liens incurred in the ordinary course of business of the Parent Guarantor or any Restricted Subsidiary with respect to an amount that does not exceed the greater of €115,000,000 and 1.5% of Total Assets at any one time outstanding and any replacements, extensions, modifications or renewals thereof;
- (x) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (y) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;
- (z) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third-party relating to such property or assets;
- (aa) Liens on equipment of the Issuer or any Restricted Subsidiary granted in the ordinary course of business;
- (bb) customary Liens on and in respect of deposits required in connection with the purchase of property, equipment and inventory, in each case incurred in the ordinary course of business; and
- (cc) (i) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Debt (or the underwriters or arrangers thereof) or (ii) Liens on cash set aside at the time of the incurrence of any Debt or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Debt and are held in escrow accounts or similar arrangements to be applied for such purpose.

"Permitted Receivables Financing" means any financing pursuant to which the Parent Guarantor or any Restricted Subsidiary 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 the Parent Guarantor or any Restricted Subsidiary; *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 the Parent Guarantor'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 Parent Guarantor's board of directors) at the time such financing is entered into, and (c) such financing shall be non-recourse to the Parent Guarantor or any Restricted Subsidiary 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 Parent Guarantor 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;
- (d) the new Debt is not senior in right of payment to the Debt that is being refinanced; and
- (e) such Debt is unsecured or is secured by a Silent Second Lien if the Debt being refinanced is unsecured.

“Permitted Reorganization” means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction, directly or indirectly, in one or a series of related transactions involving the Issuer or any of its Restricted Subsidiaries (a “Reorganization”) that is made on a solvent basis; provided that any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries. For the avoidance of doubt, the term “Permitted Reorganization” shall include the closure of bank accounts and the conversion of debt instruments into Capital Stock or other equity instruments.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization 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 Issue Date, and including, without limitation, all classes and series of preferred or preference stock of such Person.

“pro forma” means, with respect to any calculation made or required to be made pursuant to the terms of the Indenture, a calculation made in good faith by a responsible financial or accounting officer of the Parent Guarantor; *provided* that any such calculation shall (x) give effect to any realized or expected synergies, cost efficiencies and cost savings relating to, or directly or indirectly resulting from, or associated with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative that has occurred during the period included in the calculation or any prior period or would reasonably be expected to occur in connection with an acquisition or other transaction in relation to which “pro forma” effect is given, as if such synergies, cost efficiencies or cost savings had been effective throughout the period included in the calculation and (y) eliminate any extraordinary, exceptional, unusual or nonrecurring loss, expense or charge (including severance, relocation, plant closure, operational improvement or restructuring costs or reserves therefor) relating to, or directly or indirectly resulting from, or incurred in connection with, any Asset Sale, Investment, acquisition, reorganization, restructuring or operational improvement initiative, or offering of debt or equity securities.

“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 offer and sale of Qualified Capital Stock that are listed on an international securities exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“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 Parent Guarantor 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 favorable to the holders of such Capital Stock than the provisions contained in the covenants described under “—Certain Covenants—Limitation on Sale of Certain Assets” and “—Purchase of Notes upon a Change of Control” and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Parent Guarantor’s or the Issuers’ repurchase of such Notes as are required to be repurchased pursuant to the covenants described under “—Certain Covenants—Limitation on Sale 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 are, or will be, used in the Parent Guarantor’s business or in that of the Restricted Subsidiaries or in a Similar Business or any and all businesses that in the good faith judgment of the board of directors of the Parent Guarantor are reasonably related, and, in each case, any capital expenditure relating thereto.

“Restricted Investment” means any Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

“Reversion Date” means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

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

“Securities Act” means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“Security Agent” means Citibank, N.A., London Branch, and its successors, as security agent under the Intercreditor Agreement and any additional security agent or sub-agent.

“Senior Debt” means:

- (a) all Debt under any Credit Facility permitted to be incurred under the covenant described under “Certain Covenants—Limitation on Debt” 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 either Issuer, the Parent Guarantor or any Restricted Subsidiary that provides a Guarantee under the terms of the Indenture unless, with respect to such a Restricted Subsidiary, the instrument under which such Debt is incurred expressly provides that it is on a parity with or subordinated in right of payment to its Guarantee, 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 the Issuers or the Guarantors;
- (ii) any Debt that is incurred in violation of the Indenture or the terms of the Notes, as the case may be; or
- (iii) any trade payables.

“Senior PIK Notes” means the existing €845,000,000 aggregate principal amount of 6.625% / 7.375% Senior Secured Toggle Notes due 2023 and \$770,000,000 aggregate principal amount of 7.125% / 7.875% Senior Secured Toggle Notes due 2023 issued by Ardagh Finance Holdings S.A. and any replacements or refinancings thereof, directly or indirectly.

“Similar Business” means any business, service or other activity engaged in by the Parent Guarantor or any Restricted Subsidiaries of the Parent Guarantor on the Issue Date and any business, service or other activities that are reasonably similar, ancillary, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which the Parent Guarantor and the Restricted Subsidiaries are engaged on the Issue Date or any business that, in the good faith business judgment of the Parent Guarantor, constitutes a reasonable diversification of business conducted by the Parent Guarantor and its Subsidiaries.

“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.

“Subordinated Debt” means Debt of either Issuer or any of the Guarantors (other than the Existing Ardagh Bonds, the Incremental Facility and any Permitted Refinancing Debt in respect of the foregoing) that is subordinated in right of payment to the Notes or the Guarantees of such Guarantors, as the case may be; *provided* that no Debt will be deemed to be subordinated in right of payment to any other Debt solely by virtue of being unsecured or by virtue of being secured on a junior Lien basis.

“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).

“Subsidiary Guarantors” means any Restricted Subsidiary that provides a Guarantee in each case until it is released from its obligations under its Guarantee and the Indenture in accordance with the terms thereof.

“Term Loan Facilities Credit Agreement” means the credit agreement dated as of December 17, 2013, by and among, *inter alios*, Ardagh Holdings USA and Ardagh Packaging Finance S.A., as co-borrowers, the Parent Guarantor, as parent guarantor, the subsidiaries of the Parent Guarantor party thereto as subsidiary guarantors, the lenders from time to time party thereto, Citibank, N.A. as administrative agent and Citibank, N.A., London Branch, as security agent, in respect of the Term Loan Facilities and the Incremental Facility as amended or modified from time to time.

“Total Assets” means the consolidated total assets of the Parent Guarantor and its Restricted Subsidiaries as shown on the most recent consolidated balance sheet of the Parent Guarantor.

“Total Inventories” means, as of any date, the amount of raw materials, packaging materials, work-in-progress and finished goods of the Parent Guarantor and the Restricted Subsidiaries, net of any provisions in respect of the foregoing items, in each case, as of the date of the most recent consolidated balance sheet of the Parent Guarantor which has been delivered in accordance with the provisions of “—Certain Covenants—Reports to Holders.”

“Total Receivables” means, as of any date, (a) the amount of accounts receivable of the Parent Guarantor and the Restricted Subsidiaries plus (b) the amount of accounts receivable of the Parent Guarantor and the Restricted Subsidiaries that has been sold, conveyed or otherwise transferred in Permitted Receivables Financings and is outstanding, in each case, as of the date of the most recent consolidated balance sheet of the Parent Guarantor which has been delivered in accordance with the provisions of the covenant described under “—Certain Covenants—Reports to Holders.”

“Treasury Rate” means, as of any redemption date, the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the redemption date) of the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in Federal Reserve Statistical Release H.15 with respect to each applicable day during such week or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to _____, 2020; *provided, however*, that if the period from the redemption date to _____, 2020 is not equal to the constant maturity of a United States Treasury security for which such a yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to _____, 2020 is less than one year, the weekly average yield on actually traded United States Treasury securities (or other comparable benchmark) adjusted to a constant maturity of one year shall be used.

“Unrestricted Subsidiary” means:

- (a) any Subsidiary of the Parent Guarantor that at the time of determination is an Unrestricted Subsidiary (as designated by the Parent Guarantor’s board of directors pursuant to the covenant described under “—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries”); and
- (b) any Subsidiary of an Unrestricted Subsidiary.

“U.S. dollar” or “\$” means the lawful currency of the United States of America.

“U.S. Government Securities” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“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” means any Restricted Subsidiary, 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 the Parent Guarantor or by one or more other Wholly Owned Restricted Subsidiaries or by the Parent Guarantor and one or more other Wholly Owned Restricted Subsidiaries.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes sold to QIBs in reliance on Rule 144A will be in registered form represented by a global note without coupons attached (the “Rule 144A Global Notes”). The Notes sold to persons outside the United States to non-U.S. persons in reliance on Regulation S will be represented by a global note in registered form without interest coupons attached (the “Regulation S Global Notes”). The Rule 144A Global Notes and the Regulation S Global Notes are collectively referred to as the “Global Notes.”

The Rule 144A Global Notes and the Regulation S Global Notes will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee for DTC.

Ownership of interests in the Rule 144A Global Notes (the “Rule 144A Book-entry Interests”) and in the Regulation S Global Notes (the “Regulation S Book-entry Interests”) and, together with the Rule 144A Book-entry Interests, the “Book-entry Interests”) will be limited to persons who have accounts with DTC or persons who hold interests through such participants (including Euroclear and Clearstream Banking). DTC will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-entry Interests will not be held in definitive certificated form.

Book-entry Interests will be shown on, and transfers thereof will be done only through, records maintained in the book-entry form by DTC, 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, DTC, Euroclear and/or Clearstream Banking, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of DTC, Euroclear and/or Clearstream Banking, and indirect participants must rely on the procedures of DTC, 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 we nor the Trustee, the Principal Paying Agent, the U.S. Paying Agent or the Registrar will have any responsibility, or be liable, for any aspect of the records relating to the Book-entry Interests.

The articles of association of the Issuer do not allow conversion of registered notes into notes in bearer form.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, DTC, 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 DTC, 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 DTC, Euroclear and Clearstream Banking, if fewer than all of a series of Notes are to be redeemed at any time, DTC, 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 less than \$200,000 may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to DTC or its nominee, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, 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,” we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-entry Interests held through such participants.

Under the terms of the Indenture, the Issuers and the Trustee will treat the registered holder of the Global Notes (e.g., DTC or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuers, the Trustee, the Principal Paying Agent, the U.S. Paying Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for any aspect of the records of DTC or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of DTC or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or DTC or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Rule 144A Global Notes and the Regulation S Global Notes, will be paid to holders of interests in such Notes through DTC in U.S. dollars.

Action by Owners of Book-Entry Interests

DTC has advised the Issuers that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests 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. DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Indenture, DTC reserves the right to exchange the Global Notes for definitive registered notes in certificated form (“Definitive Registered Notes”) and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in DTC, Euroclear and Clearstream Banking will be effected in accordance with DTC, 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 that require physical delivery of securities or to pledge such Notes, such holder must transfer its interests in the Global Notes in accordance with the normal

procedures of DTC, Euroclear and Clearstream Banking and in accordance with the procedures set forth in the Indenture.

The Global Notes for Rule 144A Book-Entry Interests will have a legend to the effect set forth under “Notice to Investors.” Book-entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under “Notice to Investors.”

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the “Distribution Compliance Period”), Regulation S Book-entry Interests may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “Notice to Investors” and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the Distribution Compliance Period, Regulation S Book-entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-entry Interest without compliance with these certification requirements.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Notes and a corresponding increase in the principal amount of the Rule 144A Global Notes.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

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

- if DTC notifies either Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through DTC, 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 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 in a denomination less than \$200,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the applicable series of Notes, (ii) any date fixed for redemption of the applicable series of Notes or (iii) the date fixed for selection of the applicable series of Notes to be redeemed in part. Also, we are 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 applicable series of 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 the transfer agent, we will issue and the Trustee, upon receipt of an authentication order, will authenticate a replacement Definitive Registered Note if the Trustee's and our 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 us, the Trustee, the Principal Paying Agent or the U.S. 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 by the Issuer 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 "Notice to Investors."

So long as the Notes are listed on the Irish Stock Exchange and the rules of such exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Ireland (which we expect to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (<http://www.ise.ie>).

Information Concerning DTC, Euroclear and Clearstream Banking

DTC

DTC is:

- a limited purpose trust company organized under the New York Banking Law;
- a "banking organization" under the New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations such as the Initial Purchasers. Others, such as banks, brokers, dealers, trust companies and clearing corporations, that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Because DTC can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC system or otherwise take actions in respect of such interest may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC system will receive distributions attributable to the Rule 144A Global Note only through DTC participants.

The address of DTC in New York is 55 Water Street, New York, New York 10041.

Euroclear and Clearstream Banking

Our understanding with respect to the organization and operations of Euroclear and Clearstream Banking is as follows. Euroclear and Clearstream Banking hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in 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 organizations. Indirect access to Euroclear and 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.

Global Clearance and Settlement under the Book-Entry System

Subject to compliance with the transfer restrictions applicable to the Global Notes, cross market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream Banking participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream Banking by the common depositary; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream Banking by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream Banking will, if the transaction meets its settlement requirements, deliver instructions to the common depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream Banking participants may not deliver instructions directly to the common depositary.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream Banking participant, during the

securities settlement processing day (which must be a business day for Euroclear or Clearstream Banking, as the case may be) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream Banking as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream Banking participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Banking cash account only as of the business day for Euroclear or Clearstream Banking following DTC's settlement date.

Although DTC, Euroclear and Clearstream Banking are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear or Clearstream Banking, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Trustee, the Registrar or any Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream Banking or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisers 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 sale or redemption of the Notes or any interest thereon.

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 a custodian for, and registered in the name of, Cede & Co., as nominee for DTC.

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 published practice of the Revenue Commissioners as in effect on the date of this Offering Memorandum and both are subject to change possibly with retroactive effect. The following summary does not purport to be a complete analysis of all Irish tax considerations relating to the Notes. It relates to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of persons such as financial institutions, dealers and certain tax-exempt bodies. Holders of the Notes are advised to consult their own tax advisers regarding the taxation implications of acquiring, owning and disposing of the Notes.

Taxation of the Irish Issuer

The Irish Issuer has elected to be taxable as a securitization company pursuant to Section 110 of the Irish Taxes Consolidation Act 1997 (as amended) (the “TCA 1997”). Profits arising to the Irish Issuer shall be taxable at a rate of 25%. The rules applicable in order to calculate this tax are generally the same as those applicable to a regular trading company except in relation to certain payments of interest. Interest on the Notes would be deductible for Irish tax purposes, where certain conditions are met.

All expenses that are not capital in nature and are wholly and exclusively for the purposes of the Irish Issuer’s activities and are not specifically prohibited by statute will be deductible from income in order to determine taxable profits. Any losses incurred by the Irish Issuer will be available for set-off against its profits for any subsequent accounting period for so long as the Irish Issuer continues to be subject to the Section 110 taxation regime.

Withholding Tax on Interest

In general, withholding tax at the standard rate of tax (currently 20%) must be deducted from Irish source interest payments made by an Irish company. However, for so long as the Notes are listed on a recognized stock exchange such as the Global Exchange Market of the Irish Stock Exchange and the Notes carry a right to interest, the Notes will constitute “quoted Eurobonds” and 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 of the TCA 1997.

There is no obligation to withhold tax on interest arising on quoted Eurobonds provided they meet the following criteria:

- (a) they are held in a recognized clearing system,
- (b) the interest is paid by or through a person who is not in Ireland (“non-Irish paying agent”), or
- (c) the beneficial owner of the Notes is not resident in Ireland and has made all necessary declarations in the prescribed form.

As the Notes will constitute “quoted Eurobonds” and meet the above criteria, there will be no requirement to withhold tax.

There is also an exemption for interest paid by a qualifying company (within the meaning of Section 110 of the TCA 1997) to a person who is resident in another EU Member State or a country with which Ireland has a tax treaty, except in a case where the interest is paid to a company in relation to a business which that company carries on in Ireland through a branch or agency. The Irish Issuer has applied to be treated as such a qualifying company.

No Irish withholding tax is payable in respect of a repayment of any principal amount of the Notes. No Irish withholding tax is payable in respect of interest that does not have an Irish source and does not arise to an Irish resident.

Charge to Irish Tax

Persons (individuals and companies) tax resident in Ireland are generally liable to Irish tax on their worldwide income, including any income from the Notes.

In the case of persons that are individuals, interest will be liable to income tax at the marginal rate (up to 40%). Such income will also be liable to the Universal Social Charge at rates of up to 11% depending on the individual’s circumstances. Irish Social Security contributions may also be payable. In the case of corporate entities, the rate of corporation tax applying to the interest income is 25% (unless the income constitutes trading income).

Interest paid by an Irish resident company to persons resident outside Ireland and who are resident in a “relevant territory” is exempt from Irish income tax where the Notes constitute “quoted Eurobonds.” A “relevant territory” for this purpose is a Member State of the European Union (other than Ireland), or a territory with which Ireland has entered into a double tax treaty.

Where interest is paid to or income, gains or discounts are realized by a person tax resident outside a relevant territory, such Irish source income may be chargeable to Irish income tax. However, a company (wherever resident) under the control of persons who are resident in a relevant territory and not under the control of Irish residents should not be liable to Irish tax on interest arising on quoted Eurobonds. A company (wherever resident) whose principal class of shares are quoted on a recognized stock exchange is also not taxable on such interest on quoted Eurobonds. Ireland operates a self-assessment system in respect of income taxes, corporation taxes, social insurance and the universal social charge. Any person with Irish source income which is chargeable to Irish income tax comes within the scope of that system and may have to file a return. A person not tax resident in Ireland should not be liable to Irish tax on non-Irish source interest income.

Payments Under the Guarantee Arrangement

Any payments made by the Parent Guarantor under the Guarantee can be made without deduction of Irish withholding tax where the Notes are quoted Eurobonds and meet the criteria set out above.

Such payments should not be subject to Irish tax in the hands of a recipient who is not tax resident in Ireland and is resident in a relevant territory and where the amount received is not connected with a trade carried on in Ireland by the recipient through a branch or agency. Persons who are resident outside a relevant territory and in receipt of such payments may be chargeable to Irish tax. Any such person may come within the scope of the self-assessment system and may have to file a return.

Encashment Tax

If the Paying Agent is not in Ireland, which is the case, then there is no obligation to deduct encashment tax. If a person in Ireland were to pay the interest or receive the interest on behalf of a third-party, 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 nonresident declaration forms.

In general, an automatic exemption from encashment tax exists on foreign dividends belonging to the following Irish resident persons:

- (a) approved charities,
- (b) wholly exempt pension schemes,
- (c) an Investment Undertaking within the meaning of Section 739B TCA 1997.

Deposit Interest Retention Tax

The interest on the Notes will not be liable to Deposit Interest Retention Tax.

Capital Gains Tax

In the case of a person who is either tax resident or ordinarily tax resident in Ireland, the disposal or redemption of the Notes may be liable to Irish capital gains tax at a rate of 33%. If the person is neither resident nor ordinarily resident in Ireland, such person 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. Registered instruments will be deemed to be situated in Ireland if the register is located in Ireland at the time of the disposal or redemption.

Capital Acquisitions Tax

A gift or inheritance of the Notes will be within the charge to capital acquisitions tax where the donor or the beneficiary in relation to the gift/inheritance is tax resident or ordinarily tax resident in Ireland on the date of the gift or inheritance, or if the Notes are regarded as property situated in Ireland. Special rules with regard to tax residence apply where an individual is not domiciled in Ireland. Capital acquisitions tax is charged at a rate of 33% on the taxable value of the gift or inheritance above a tax-free threshold.

Value added Tax

There is no Irish Value added Tax (“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

No stamp duty is chargeable on a transfer of the Notes as they meet the following conditions for exemption under Irish tax legislation:

- (i) they 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;
- (ii) they 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;
- (iii) they are issued for a price which is not less than 90% of the nominal value; and
- (iv) they 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.

FATCA and the CRS

FATCA

The U.S. developed an intergovernmental approach to the implementation of FATCA (as discussed in “—United States Federal Income Taxation—Foreign Account Tax Compliance Act” below), which is intended to reduce the burden for Financial Institutions (“FIs”) of complying with FATCA. The Irish and U.S. governments signed an intergovernmental agreement (“Irish IGA”) on December 12, 2012. Under the Irish IGA, information about relevant U.S. investors will be provided on an annual basis by each Irish FI (unless the FI is exempted from the FATCA requirements) directly to the Irish Revenue Commissioners, who will then provide such information to the U.S. tax authorities.

CRS

The Common Reporting Standard (“CRS”) requires participating jurisdictions to exchange certain information held by financial institutions regarding their non-resident customers. Over 100 jurisdictions have committed to exchanging information under the CRS and a group, including Ireland, have committed to the early adoption of the CRS, with the first data exchanges taking place in September 2017. CRS does not impose any additional requirements to withhold tax on payments to investors.

Reporting obligations under FATCA and the CRS

A common feature of both FATCA and the CRS is that entities that are classified as “Financial Institutions” are required to identify their investors and in certain circumstances report information to their local tax authorities (for onward reporting to overseas tax authorities, in the case of CRS, and for onward reporting to the U.S. tax authorities, in the case of FATCA).

The Irish Revenue Commissioners have issued regulations and guidance notes making compliance with the Irish provisions implementing CRS and FATCA mandatory. As a result, Irish entities that are classified as “Financial Institutions” in accordance with FATCA and CRS have obligations in respect of the Irish law implementing CRS and FATCA.

On the basis that the Irish Issuer does not fall within the definition of “Financial Institution” for FATCA and CRS purposes, it should not have any reporting obligations under FATCA or CRS. However, there may be still FATCA or CRS reporting applicable to the Notes by persons other than the Irish Issuer but this will be dependent upon various factors such as the entities from which the Noteholders will directly receive interest on the Notes, the rules applicable in the jurisdictions of these entities, where the ultimate beneficial owners of the Notes are resident and their FATCA and CRS status.

United States Federal Income Taxation

The following summary describes certain U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Notes. This summary applies only to holders who purchase Notes for cash in this offering at the applicable price indicated on the cover of this Offering Memorandum and who will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, this summary does not address tax considerations applicable to holders that may be subject to special tax rules including, without limitation, the following: (i) banks or other financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies; (iv) tax-exempt entities; (v) persons who will hold Notes as part of a “hedging” or “conversion” transaction or as a position in a “straddle” or as part of a “synthetic security” or other integrated transaction for U.S. federal income tax purposes; (vi) U.S. Holders (as defined below) who have a “functional currency” other than the U.S. dollar; (vii) regulated investment companies; (viii) partnerships and other pass-through entities (and investors therein); and (ix) persons who have ceased to be U.S. citizens or lawful permanent residents of the United States. Further, this summary does not address alternative minimum tax consequences or any U.S. federal tax consequences other than U.S. federal income tax consequences (such as, U.S. federal estate and gift tax consequences, or the Medicare tax on certain investment income) or any U.S. state and local or foreign tax consequences of acquiring, owning or disposing of Notes.

This summary is based on the Code and U.S. Treasury regulations and judicial and administrative interpretations thereof, as of the date of this Offering Memorandum. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organized under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 20, 1996 and has properly elected to continue to be treated as a U.S. person.

For purposes of this summary, a “Non-U.S. Holder” is a beneficial owner of a Note that is neither a U.S. Holder nor a partnership (or other entity or arrangement that is treated as a partnership) for U.S. federal income tax purposes.

If any entity or arrangement treated as a partnership or other pass through entity for U.S. federal income tax purposes holds Notes, the tax treatment of a partner in or owner of the partnership or other pass-through entity will generally depend upon the status of the partner or owner and the activities of the entity. A person that is a partner in a partnership or other pass-through entity that is considering investing in Notes should consult its own tax adviser.

Each prospective investor should consult its own tax adviser with respect to the U.S. federal (including income, Medicare, estate and gift), state, local and foreign tax consequences of acquiring, owning and disposing of Notes. Holders should also review the discussion under “—Ireland Taxation” for the Irish tax consequences to a holder of the ownership of Notes.

In certain circumstances, we may be obligated to pay amounts in excess of stated principal on the Notes or retire the Notes before their stated maturity dates. Notwithstanding these possibilities, we do not believe that the Notes are contingent payment debt instruments for U.S. federal income tax purposes, and, consequently, we do not intend to treat the Notes as contingent payment debt

instruments. If, notwithstanding our view, the Notes were treated as contingent payment debt instruments, a holder subject to U.S. federal income taxation generally would be required to accrue ordinary income at a rate in excess of the stated interest rate on such Notes and to treat as ordinary income (rather than capital gain) any gain recognized on a sale or other taxable disposition of such Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

Source of Interest Payments

For certain U.S. federal income tax purposes (including for purposes of the foreign tax credit rules and the withholding tax rules (including FATCA), as discussed below), the source of the interest income received by a holder with respect to the Notes should depend on which Issuer makes the interest payment. However, the clearing systems require us to designate only one Issuer for U.S. federal withholding tax purposes, and we intend to designate Ardagh Holdings USA Inc. as the issuer of the Notes for this purpose. As such, an applicable withholding agent likely will treat all interest payments as U.S. source for U.S. federal withholding tax purposes.

U.S. Holders

Payments of Stated Interest

Stated interest paid on a Note will generally be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

For most U.S. Holders, interest income with respect to the Notes will constitute "passive category" income, which may be relevant in calculating the U.S. Holder's foreign tax credit limitation. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances.

Disposition of a Note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on such disposition (except to the extent any amount realized is attributable to accrued but unpaid stated interest, which is taxable as described under "—Payments of Stated Interest") and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis generally will be the cost at which a U.S. Holder acquires such Note.

Any gain or loss realized by a U.S. Holder on the disposition of a Note will be U.S. source capital gain or loss and will be treated as long-term capital gain or loss if the Note has been held for more than one year at the time of the disposition of the Note. For certain non-corporate holders (including individuals), any such long-term capital gain is subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations.

Foreign Financial Asset Reporting

Certain U.S. Holders may be required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their own tax advisers regarding the effect, if any, of this legislation on their ownership and disposition of the Notes including the significant penalties for non-compliance with this requirement.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to certain payments to U.S. Holders of interest on the Notes and to the proceeds of a sale, exchange or other taxable disposition (including a retirement or redemption) of a Note. Backup withholding (currently at a rate of 28%) may be required on such amounts if the U.S. Holder fails (i) to furnish the U.S. Holder's taxpayer identification number, (ii) to certify that such U.S. Holder is not subject to backup withholding as a result of a prior failure to report interest or dividends or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain exempt U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability (if any) and any excess may result in a refund, provided that the required information is timely furnished to the Internal Revenue Service (the "IRS").

Non-U.S. Holders

Payments of Stated Interest

As discussed above under "—Source of Interest Payments," an applicable withholding agent likely will treat all payments on the Notes as U.S. source. Subject to the discussion of backup withholding and FATCA below, to the extent that payments of interest on the Notes are treated as paid from U.S. sources for U.S. federal income tax purposes, neither U.S. federal income tax nor the 30% U.S. federal withholding tax on U.S. source interest will apply to any payment of interest on a Note to a Non-U.S. Holder provided that:

- interest paid on the Note is not effectively connected with the Non U.S. Holder's conduct of a trade or business in the United States;
- the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of Ardagh Holdings USA's stock that are entitled to vote within the meaning of section 871(h)(3) of the Code;
- the Non-U.S. Holder is not a bank whose receipt of interest on a Note is described in section 881(c)(3)(A) of the Code;
- the Non-U.S. Holder is not a controlled foreign corporation that is related to Ardagh Holdings USA (actually or constructively) through stock ownership; and
- (1) the Non-U.S. Holder provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person (which certification may be made on an IRS Form W-8BEN or other applicable form) or (2) the Non-U.S. Holder holds the Note through certain foreign intermediaries or certain foreign partnerships, and the Non-U.S. Holder and the foreign intermediary or foreign partnership satisfies the certification requirements of applicable U.S. Treasury regulations.

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest (to the extent treated as paid from U.S. sources for U.S. federal income tax purposes) will be subject to the 30% U.S. federal withholding tax, unless the Non-U.S. Holder provides us with a properly executed (1) IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI (or other applicable form) stating that interest paid on the Notes is not subject to withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on the Notes is effectively connected with the conduct of that trade or business, then, although the Non-U.S. Holder will be exempt from the 30% U.S. federal withholding tax (provided the requirement to deliver an IRS Form W-8ECI, or other appropriate IRS Form W-8, is satisfied), the Non-U.S. Holder will be subject to U.S. federal income tax on that interest on a net income basis generally in the same manner as if the Non-U.S. Holder were a U.S. Holder unless an applicable income tax treaty provides otherwise. In addition, if a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) on the portion of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

Disposition of a Note

Subject to the discussion of backup withholding and FATCA below, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a Non-U.S. Holder will not be subject to U.S. federal income tax or U.S. federal withholding tax on any gain recognized unless:

- (1) that gain is effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States; or
- (2) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met.

If a Non-U.S. Holder is described in clause (1) above, it will be subject to tax on the net gain derived from the sale, exchange, redemption, retirement or other taxable disposition (and possible branch profits tax) in generally the same manner as discussed above with respect to effectively connected interest. If a Non-U.S. Holder is an individual described in clause (2) above, such holder will be subject to a flat 30% tax on the gain derived from the sale, exchange, redemption, retirement or other taxable disposition, which may be offset by U.S. source capital losses (unless an applicable income tax treaty provides otherwise).

Backup Withholding and Information Reporting

Generally, the amount of U.S. source interest paid to Non-U.S. Holders and the amount of tax, if any, withheld with respect to those payments must be reported annually to the IRS and to Non-U.S. Holders. Copies of the information returns reporting such interest and withholding also may be made available to the tax authorities in the country in which a Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

In general, a Non-U.S. Holder will not be subject to backup withholding (currently at a rate of 28%) with respect to payments of interest on the Notes, provided the statement described above in the last bullet point under “—Payments of Stated Interest” has been received and we do not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, that is not an exempt recipient. In addition, a Non-U.S. Holder will be subject to information reporting and, depending on the circumstances, backup withholding with respect to payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a Note within the United States or conducted through certain U.S.-related financial intermediaries, unless the statement described above has been received, and we do not have actual knowledge or reason to know that a holder is a U.S. person, as defined under the Code, that is not an exempt recipient, or the Non-U.S. Holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder generally may be claimed as a credit against such U.S.

Holder's U.S. federal income tax liability (if any) and any excess may result in a refund, *provided* that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code and the regulations promulgated thereunder (such sections and regulations commonly referred to as "FATCA"), when applicable, will impose a U.S. federal withholding tax of 30% on certain types of payments, including payments of U.S. source interest and gross proceeds from the sale or other disposition of certain securities producing such U.S. source interest made to (i) a "foreign financial institution" (as the beneficial owner or as an intermediary for the beneficial owner) unless such institution agrees to collect and disclose to the IRS information regarding its direct and indirect U.S. account holders or (ii) a "non-financial foreign entity" (as the beneficial owner or as an intermediary for the beneficial owner) unless such entity certifies that it does not have any "substantial United States owners" (as defined in the Code) or furnish identifying information regarding each substantial United States owner (generally by providing an IRS Form W-8BEN-E). In certain circumstances, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from these rules, which exemption is typically evidenced by providing appropriate documentation (such as an IRS Form W-8BEN-E). In addition, an intergovernmental agreement between the United States and the jurisdiction of a foreign financial institution may modify these rules.

The withholding obligations described above generally will apply to payments of interest on the Notes, and to payments of gross proceeds from a sale or other disposition of the Notes occurring on or after January 1, 2019. You are urged to consult your own tax advisers regarding FATCA and the application of these requirements to your investment in the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Memorandum, the Initial Purchasers have severally agreed to purchase, and we have agreed to sell to the Initial Purchasers, the following respective principal amount of Notes:

<u>Initial Purchaser</u>	<u>Principal Amount of Notes to be Purchased</u>
Citigroup Global Markets Limited	\$
Deutsche Bank Securities Inc.	\$
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$
Total	<u>\$1,000,000,000</u>

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes.

The Initial Purchasers propose to resell the Notes at the offering prices set forth on the cover page of this Offering Memorandum within the United States to QIBs in reliance on Rule 144A and to non-U.S. persons outside the United States in reliance on Regulation S. The price at which the Notes are offered may be changed at any time without notice.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. See “Notice to Investors.”

The Initial Purchasers may use affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which they are otherwise not permitted.

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each Initial Purchaser has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by them in connection with the issuance or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or any Guarantor; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom.

Delivery of the Notes will be made against payment therefor on or about _____, 2017, which will be the _____ business day following the date of pricing of the Notes (such settlement being referred to as “T+_____”). Under Rule 15-c61 under the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the day of pricing or the succeeding _____ business days will be required, by virtue of the fact that the Notes will initially settle in T+_____ to specify an alternate settlement cycle at the time of such trade to prevent failed

settlement. Purchasers of the Notes who wish to trade the Notes on the day of pricing or the next succeeding business days should consult their own advisers.

Application will be made for listing particulars to be approved by the Irish Stock Exchange and for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market. We cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Exchange Act and may be limited. Accordingly, we cannot assure you that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with this offering, the Initial Purchasers are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients or for providing advice in relation to this offering.

Buyers of the Notes sold by the Initial Purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set forth on the cover of this Offering Memorandum.

In connection with the offering, the Initial Purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the Initial Purchasers of a greater number of Notes than it is required to purchase in the offering.
- Covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Initial Purchasers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time.

The Initial Purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have in the past, and may in the future, perform commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities

and instruments. Such investment and securities activities may involve our securities and instruments. The Initial Purchasers and their affiliates may receive allocations of the Notes.

Affiliates of Citigroup Global Markets Limited serve as trustee under the Existing Notes, security agent under the Existing Secured Notes and administrative agent under the Credit Agreement, and have received, or may in the future receive, customary fees and commissions for these transactions. One or more of the Initial Purchasers or their affiliates, as applicable, are or will be hedging counterparties with Ardagh. Typically, such Initial Purchasers or their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. An affiliate of one Initial Purchaser also provides the Bank of America Facility. The Initial Purchasers hold or in the future may hold certain of the Existing Notes to be repurchased with a portion of the proceeds of this offering and as a result may receive proceeds from the issuance of the Notes in their capacities as holders of such notes.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment hereto) contains a misrepresentation, *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

NOTICE TO INVESTORS

The Notes have not been registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

- (1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any applicable state securities law, are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A under the U.S. Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.
- (2) It is not an “affiliate” (as defined in Rule 144 under the U.S. Securities Act) of either Issuer or acting on either Issuer’s behalf and it is either:
 - (i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A and the acquisition of Notes will be for its own account or for the account of another QIB; or
 - (ii) a non-U.S. person purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.
- (3) It acknowledges that neither we nor the Initial Purchasers, nor any person representing us or the Initial Purchasers, have made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum 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 any of the Notes.
- (4) It is purchasing 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 for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, 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 Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.
- (5) Each holder of Notes issued in reliance on Regulation S (“Regulation S Notes”) agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes during the Distribution Compliance Period, only
 - (i) to an Issuer,
 - (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act,
 - (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a QIB that purchases for

its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales to non-U.S. persons that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, (v) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of US\$250,000, or (vi) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuers' and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv), (v) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

- (6) Each holder of the Notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the Issue Date and the last date on which the Issuers or the applicable Issuer or any of their respective affiliates was the owner of such Notes (or any predecessor thereto) only (i) to an Issuer; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act; (iv) pursuant to offers and sales that occur outside the United States to non-U.S. persons in compliance with Regulation S under the U.S. Securities Act; (v) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act) that is not a QIB and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of \$250,000; or (vi) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any 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 in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuers' and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv), (v) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.
- (7) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

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

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF

(1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS A NON-U.S. PERSON ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH AN ISSUER OR ANY AFFILIATE OF AN ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE DATE WHEN THE SECURITIES WERE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND THE DATE OF THE COMPLETION OF THE DISTRIBUTION] ONLY (A) TO AN ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES 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 IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO EACH ISSUER’S AND THE TRUSTEE’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

- (8) It acknowledges, represents and agrees that either (i) no assets of a Plan (as defined below) or non-U.S., governmental or church plan have been used to acquire such Notes or an interest therein or (ii) the purchase and holding of such Notes or an interest therein by it do not constitute a non-exempt prohibited transaction under ERISA (as defined below) or the Code or violation of Similar Law (as defined below). Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND

AGREED THAT (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (III) AN ENTITY OR ACCOUNT WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE OR (IV) A NON-U.S., GOVERNMENTAL, CHURCH OR OTHER BENEFIT PLAN WHICH IS SUBJECT TO ANY NON-U.S. OR U.S. FEDERAL, STATE, OR LOCAL LAW THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) (EACH OF (I), (II), (III) AND (IV), A “PLAN”), (B) NO ASSETS OF A PLAN HAVE BEEN USED TO ACQUIRE THIS NOTE (OR ANY INTEREST HEREIN) OR (C) ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST THEREIN) WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER TITLE I OF ERISA OR SECTION 4975 OF THE CODE FOR WHICH AN EXEMPTION IS NOT AVAILABLE OR VIOLATION OF ANY SIMILAR LAW.

- (9) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.
- (10) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.
- (11) It acknowledges that the Transfer Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth therein have been complied with.
- (12) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Note as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

Notice to Investors in the European Economic Area

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

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;

- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers nominated by the Issuers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuers, Guarantors or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EC) and includes any relevant implementing measure in the Relevant Member State.

LEGAL MATTERS

Certain legal matters with respect to the Notes and the Guarantees are being passed upon for us by Shearman & Sterling (London) LLP, U.S. federal and New York counsel to the Issuers and Guarantors, and William Fry, Irish counsel to the Issuers and the Guarantors. Certain legal matters with respect to the offering of the Notes will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel (UK) LLP, U.S. federal and New York counsel to the Initial Purchasers, and McCann Fitzgerald, Irish counsel to the Initial Purchasers.

INDEPENDENT ACCOUNTANTS

The audited non-statutory consolidated financial statements of the Ardagh Packaging Holdings and its subsidiaries as of and for the years ended December 31, 2015 and 2014 included in this Offering Memorandum have been audited by PricewaterhouseCoopers, Dublin, independent accountants, as stated in their reports appearing herein.

The audited financial statements of the Ball Carve-Out Business as of December 31, 2015 and 2014 and for each of the three years ended December 31, 2015 included in this Offering Memorandum have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

The audited financial statements of the Rexam Carve-Out Business as of and for the years ended December 31, 2015, 2014 and 2013 included in this Offering Memorandum have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

Ardagh Packaging Finance, a co-issuer of the Notes, and the Parent Guarantor of the Notes are incorporated under the laws of Ireland. Upon issuance, the Notes will be guaranteed by the Parent Guarantor and on or prior to the date required by the Indenture, the Notes will be guaranteed on a senior subordinated basis by the Subsidiary Guarantors. The Parent Guarantor and most of the Subsidiary Guarantors are incorporated under the laws of one of non-U.S. jurisdictions. Furthermore, most of the directors and executive officers of the Issuers and such Guarantors live outside the United States. Substantially all of the assets of Ardagh Packaging Finance and the Guarantors (other than the Subsidiary Guarantors in Delaware (United States)), and substantially all of the assets of their directors and executive officers, are located outside the United States. As a result, it may not be possible for you to serve process on such persons in the United States or to enforce judgments obtained in U.S. courts against them based on the civil liability provisions of the securities laws of the United States. In addition, local counsel have informed us that it is questionable whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced predicated solely upon U.S. federal securities laws.

If a judgment is obtained in a U.S. court against any Issuer, the Parent Guarantor, any Subsidiary Guarantor, or any of their respective directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant company or individual has assets. We have been advised by counsel that there is doubt that a lawsuit based upon United States federal or state securities laws could be brought in an original action in such foreign jurisdictions and that a foreign judgment based upon United States federal or state securities laws would be enforced in such jurisdictions. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based on United States federal or state securities laws, would not be automatically enforceable in such countries. You should consult with your own advisers in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The statute of limitations applicable to payment of interest and repayment of principal under New York law is six years.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

This Offering Memorandum contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is made to the actual agreements (copies of which will be made available upon request to us or the Initial Purchasers) for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference. While any Notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the U.S. Securities Act during any period in which we are not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Requests for such information and requests for the agreements summarized in this Offering Memorandum should be directed to John Sheehan, Investor Relations Director, Ardagh Packaging Holdings Limited, Ardagh House, South County Business Park, Leopardstown, Dublin 18, D18 PX68, Ireland. Our website can be found at www.ardaghgroup.com. Information contained on our website is not incorporated by reference into this Offering Memorandum and is not part of this Offering Memorandum.

LISTING AND GENERAL INFORMATION

1. Application will be made for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market in accordance with the rules of that exchange. This Offering Memorandum constitutes listing particulars for the purposes of such application. Notification of any optional redemption or change of control or any change in the rate of interest payable on the Notes will be provided by the respective Issuer to the Irish Stock Exchange.
2. Paper copies of the following documents (or copies thereof, translated into English, where relevant) will be available for physical inspection while the Notes remain outstanding and admitted to the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market at the registered office of the respective Issuer, the registered offices of the Guarantors and the registered office of the listing agent during normal business hours on any weekday:
 - (i) the organizational documents of the respective Issuers and the Guarantors;
 - (ii) the audited non-statutory consolidated financial statements published by the Parent Guarantor for the years ended December 31, 2015 and 2014; and
 - (iii) the Indenture (which includes the form of the Notes and the Guarantees).
3. We will maintain a listing agent in Ireland for as long as any of the Notes are listed on the Irish Stock Exchange. We reserve the right to vary such appointment and we will provide notice of such change of appointment to holders of the Notes and the Irish Stock Exchange.
4. The audited non-statutory consolidated financial statements of Ardagh Packaging Holdings will be available for inspection at the registered office of Ardagh Packaging Holdings.
5. The Irish Listing Agent is J&E Davy trading as Davy and the address of its registered office is Davy House, 49 Dawson Street, Dublin 2, Ireland.
6. The Trustee for the Notes is Citibank, N.A., London Branch and its address is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. Such Trustee will be acting in its capacity of trustee for the holders of the Notes and will provide services to the holders of the Notes as described in the Indenture.
7. The co-issuer of the Notes, Ardagh Packaging Finance, was incorporated in Ireland as an Irish public limited company on September 17, 2010 as a wholly owned subsidiary of Ardagh Packaging Holdings. Its corporate seat is in Dublin, Ireland and it is governed by the Irish Companies Act. Its registered office is at Ardagh House, South County Business Park, Leopardstown, Dublin 18, D18 PX68, Ireland, and its registration number is 489258. Its telephone number is +353 1 568 2000 and its website is at www.ardaghgroup.com. The information and other content on its website are not part of this Offering Memorandum. The address of its board of directors and senior management is the same as the address of its registered office.

The co-issuer of the Notes, Ardagh Holdings USA, was incorporated in Delaware on February 20, 2009. It is governed by the laws of the State of Delaware. Its registered office is maintained at the Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States, and its registration number is 4657855. Its telephone number is +1 412 429 5290 and its website is at www.ardaghgroup.com. The information and other content on its website are not part of this Offering Memorandum. The address of its board of directors and senior management is the same as the address of its registered office.

Ardagh Packaging Holdings was incorporated in Ireland as a private limited company on August 5, 2005 as a wholly owned subsidiary of Ardagh Packaging Group Holdings Limited. Its corporate seat is in Dublin, Ireland and it is governed by the Irish Companies Act. Its registered office is at

Ardagh House, South County Business Park, Leopardstown, Dublin 18, D18 PX68, Ireland, and its registration number is 406237. Ardagh Packaging Holdings' telephone number is +353 1 568 2000 and its website is at www.ardaghgroup.com. The information and other content on its website are not part of this Offering Memorandum. The address of its board of directors and senior management is the same as the address of its registered office.

8. The auditors of Ardagh Packaging Finance and Ardagh Packaging Holdings are PricewaterhouseCoopers of One Spencer Dock, North Wall Quay, Dublin 1, Ireland. PricewaterhouseCoopers is a member of the Institute of Chartered Accountants in Ireland.
9. The Notes sold in reliance on Rule 144A have been accepted for clearance through the book-entry facilities of DTC under the CUSIP and the ISIN US . The Notes sold in reliance on Regulation S have been accepted for clearance through the book-entry facilities of DTC under the CUSIP and the ISIN US .
10. The gross proceeds of the offering are estimated to be approximately €1,000 million.
11. The estimated amount of total expenses related to the admission of the Notes to the Global Exchange Market of the Irish Stock Exchange is approximately €15,000.
12. The following contracts (not being contracts entered into in the ordinary course of business) have been entered into, or will be entered into, by one or both of the Issuers, where applicable, in connection with this transaction, and are or may be material:
 - (i) a purchase agreement, dated , 2017, among the Issuers and the Initial Purchasers, pursuant to which the Issuers will sell the Notes to the Initial Purchasers; and
 - (ii) an indenture, dated , 2017, among, *inter alios*, Ardagh Packaging Finance, Ardagh Holdings USA, the Parent Guarantor and Citibank, N.A., London Branch, as trustee, relating to the Notes.
13. The consolidated non-statutory financial statements of Ardagh Packaging Holdings, each for the years ended December 31, 2015 and 2014 are presented in accordance with IFRS and IFRIC interpretations as adopted by the European Union.
14. Except as may otherwise be indicated in this Offering Memorandum, all authorizations, consents and approvals to be obtained by us for, or in connection with, the creation and issuance of the Notes, the performance of our obligations expressed to be undertaken by us and the distribution of this Offering Memorandum have been or will be obtained and are or will be in full force and effect at the pricing of the offering.
15. There has been no significant change in the financial position or prospects of Ardagh Packaging Holdings, the Subsidiary Guarantors, Ardagh Packaging Finance and Ardagh Holdings USA and no significant change in their financial position or trading position since December 31, 2015, except as may otherwise be indicated in this Offering Memorandum.
16. There has been no significant change in the financial position or trading position of Ardagh Packaging Holdings since December 31, 2015, except as may otherwise be indicated in this Offering Memorandum. Except as it may otherwise be indicated in this Offering Memorandum, none of Ardagh Packaging Finance, Ardagh Holdings USA, Ardagh Packaging Holdings or the Subsidiary Guarantors has been involved in any litigation, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers are aware) during the twelve months preceding the date of this Offering Memorandum which may have, or have had in the recent past, a significant effect on its financial position.

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ARDAGH PACKAGING HOLDINGS LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30, 2016

	Note	At September 30, 2016 Unaudited	At December 31, 2015 Audited
		(in € millions)	
Non-current assets			
Intangible assets	3	3,739	1,810
Property, plant and equipment	3	2,944	2,307
Deferred tax assets		240	178
Derivative financial instruments		66	—
Other non-current assets		17	14
		<u>7,006</u>	<u>4,309</u>
Current assets			
Inventories		1,112	825
Trade and other receivables		1,294	651
Restricted cash	4	28	11
Cash and cash equivalents	4	655	539
		<u>3,089</u>	<u>2,026</u>
TOTAL ASSETS		<u>10,095</u>	<u>6,335</u>
Equity attributable to owners of the parent			
Ordinary shares		—	—
Capital contribution	5	239	101
Other reserves		(249)	(243)
Retained earnings		(1,374)	(1,220)
		(1,384)	(1,362)
Non-controlling interests		2	2
Total equity		<u>(1,382)</u>	<u>(1,360)</u>
Non-current liabilities			
Borrowings	4	7,921	5,385
Employee benefit obligations		1,109	720
Deferred tax liabilities		617	451
Provisions		47	48
Derivative financial instruments		16	—
		<u>9,710</u>	<u>6,604</u>
Current liabilities			
Borrowings	4	8	7
Interest payable		108	75
Derivative financial instruments		—	7
Trade and other payables		1,499	878
Income tax payable		105	76
Provisions		47	48
		<u>1,767</u>	<u>1,091</u>
Total liabilities		<u>11,477</u>	<u>7,695</u>
TOTAL EQUITY and LIABILITIES		<u>10,095</u>	<u>6,335</u>

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

ARDAGH PACKAGING HOLDINGS LIMITED
CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

		Nine months ended September 30, 2016			Nine months ended September 30, 2015		
	Note	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
			Note 8			Note 8	
		(in € millions)					
Revenue	7	4,519	—	4,519	3,971	—	3,971
Cost of sales	—	(3,689)	(4)	(3,693)	(3,241)	(26)	(3,267)
Gross profit/(loss)		830	(4)	826	730	(26)	704
Sales, general and administration expenses		(217)	(82)	(299)	(205)	(18)	(223)
Intangible amortization	—	(96)	—	(96)	(81)	—	(81)
Operating profit/(loss)		517	(86)	431	444	(44)	400
Finance expense	9	(295)	(106)	(401)	(266)	(10)	(276)
Finance income	9	—	78	78	—	—	—
Profit/(loss) before tax	—	222	(114)	108	178	(54)	124
Income tax (charge)/credit	—	(82)	20	(62)	(61)	11	(50)
Profit/(loss) for the period		140	(94)	46	117	(43)	74
Loss attributable to:							
Owners of the parent				46			74
Non-controlling interests				—			—
Profit for the period				46			74

ARDAGH PACKAGING HOLDINGS LIMITED
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Note	Nine months ended	
		September 30, 2016	September 30, 2015
		(in € millions)	
Profit for the period		46	74
Other comprehensive income/(expense)			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Foreign currency translation adjustments			
—Arising in the period		19	(103)
		<u>19</u>	<u>(103)</u>
Effective portion of changes in fair value of cash flow hedges:			
—New fair value adjustments into reserve		(17)	38
—Movement out of reserve		(5)	(33)
—Movement in deferred tax		(3)	1
		<u>(25)</u>	<u>6</u>
<i>Items that will not be reclassified to profit or loss</i>			
—Re-measurements of employee benefit obligations	6	(267)	(8)
—Deferred tax movement on employee benefit obligations		67	7
		<u>(200)</u>	<u>(1)</u>
Total other comprehensive expense for the period		(206)	(98)
Total comprehensive expense for the period		(160)	(24)
Attributable to:			
Owners of the parent		(160)	(24)
Non-controlling interests		—	—
Total comprehensive expense for the period		(160)	(24)

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

ARDAGH PACKAGING HOLDINGS LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Note	Capital contribution	Retained earnings	Foreign currency translation adjustment	Cash flow hedges	Total	Non- Controlling Interests	Total equity
At January 1, 2016		101	(1,220)	(241)	(2)	(1,362)	2	(1,360)
Profit for the period		—	46	—	—	46	—	46
Other comprehensive (expense)/ income		—	(200)	19	(25)	(206)	—	(206)
Contribution from parent	5	138	—	—	—	138	—	138
At September 30, 2016		239	(1,374)	(222)	(27)	(1,384)	2	(1,382)
At January 1, 2015		101	(1,306)	(102)	(3)	(1,310)	2	(1,308)
Profit for the period		—	74	—	—	74	—	74
Other comprehensive (expense)/ income		—	(1)	(103)	6	(98)	—	(98)
At September 30, 2015		101	(1,233)	(205)	3	(1,334)	2	(1,332)

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

ARDAGH PACKAGING HOLDINGS LIMITED
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

		Nine months ended	
	Note	September 30, 2016	September 30, 2015
		(in € millions)	
Cash flows from operating activities			
Cash generated from operations	10	626	576
Interest paid		(246)	(234)
Income tax paid		(45)	(35)
Net cash from operating activities		335	307
Cash flows from investing activities			
Purchase of business net of cash acquired	11	(2,684)	—
Purchase of property, plant and equipment		(194)	(222)
Purchase of software and other intangibles		(8)	(7)
Proceeds from disposal of property, plant and equipment		2	8
Net cash used in investing activities		(2,884)	(221)
Cash flows from financing activities			
Proceeds from borrowings		3,950	—
Repayment of borrowings		(1,315)	(197)
Contribution from parent	5	138	—
Early redemption premium costs		(59)	(8)
Deferred debt issue costs		(74)	(2)
Net inflow/(outflow) from financing activities		2,640	(207)
Net increase/(decrease) in cash and cash equivalents		91	(121)
Cash and cash equivalents at beginning of the period		550	412
Exchange gains on cash and cash equivalents		42	4
Cash and cash equivalents at end of the period		683	295

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

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

1. Statement of directors' responsibilities

The Directors are responsible for preparing the Condensed Consolidated Interim Financial Statements. The Directors are required to prepare financial information for each financial period of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and to
- prepare the financial information on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Condensed Consolidated Interim Financial Statements.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors (the "Board") on October 27, 2016.

2. Summary of significant accounting policies

Basis of preparation

The Condensed Consolidated Interim Financial Statements for the nine months ended September 30, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The Condensed Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Annual Report for the year ended December 31, 2015, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), and on which the independent auditor's report was unqualified.

Income tax in interim periods is accrued using the effective tax rate expected to be applicable to annual earnings.

The accounting policies, presentation and methods of computation followed in the Condensed Consolidated Interim Financial Statements are the same as those applied in the Group's full year financial statements for the year ended December 31, 2015.

There are no new IFRS standards effective from January 1, 2016 which have a material effect on the Condensed Consolidated Interim Financial Statements. IFRS 15, 'Revenue from contracts with customers' is effective for annual periods beginning on or after January 1, 2018. IFRS 9, 'Financial instruments' becomes effective for annual periods commencing on or after January 1, 2018. IFRS 16, 'Leases' is effective for annual periods beginning on or after January 1, 2019. The impact of the accounting standard changes continues to be assessed by the Group.

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

3. Intangible assets and property, plant and equipment

	Note	2016		
		Goodwill	Other intangible assets	Property, plant and equipment
		(in € millions)		
Net book value At January 1,		1,047	763	2,307
Acquisitions	11	1,348	709	775
Additions		—	8	172
Charge for the period		—	(96)	(239)
Disposals		—	—	(2)
Impairment		—	—	(4)
Exchange		(26)	(14)	(65)
At September 30,		<u>2,369</u>	<u>1,370</u>	<u>2,944</u>

During the nine months ended September 30, 2016 the group impaired the carrying value of a plant in Metal Packaging Americas. This charge is classified as an exceptional restructuring cost (see Note 8).

The Group performs its annual impairment test in the fourth quarter and when circumstances indicate the carrying value of goodwill may be impaired. At the interim period end date, management undertakes a review of the indicators of impairment to identify whether an impairment test is required to be completed in relation to goodwill. No indicators of impairment were identified by this review as of September 30, 2016.

Other intangible assets primarily comprise customer relationships but also include technology, software and other intangible assets.

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

4. Financial assets and liabilities

At September 30, 2016, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at September 30, 2016		Undrawn amount
		Local currency (millions)			Local currency (millions)	€ (millions)	€ (millions)
4.250% First Priority Senior Secured Notes	EUR	1,155	15-Jan-22	Bullet	1,155	1,155	—
4.625% Senior Secured Notes	USD	1,000	15-May-23	Bullet	1,000	896	—
4.125% Senior Secured Notes	EUR	440	15-May-23	Bullet	440	440	—
First Priority Senior Secured Floating Rate Notes	USD	1,110	15-Dec-19	Bullet	1,110	995	—
Senior Secured Floating Rate Notes . .	USD	500	15-May-21	Bullet	500	448	—
6.000% Senior Notes	USD	440	30-Jun-21	Bullet	440	394	—
7.000% Senior Notes	USD	135	15-Nov-20	Bullet	135	121	—
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	372	—
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	372	—
7.250% Senior Notes	USD	1,650	15-May-24	Bullet	1,650	1,478	—
6.750% Senior Notes	EUR	750	15-May-24	Bullet	750	750	—
Term Loan B Facility	USD	665	17-Dec-19	Amortizing	665	596	—
HSBC Securitization Program	EUR	141	14-Jun-18	Revolving	—	—	141
Bank of America Facility	USD	155	11-Apr-18	Revolving	—	—	139
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	1	Rolling	Revolving	—	—	1
Finance lease obligations	GBP/EUR			Amortizing	9	9	—
Other borrowings	EUR	3		Amortizing	3	3	—
Total borrowings / undrawn facilities						8,029	281
Deferred debt issue costs and discounts						(100)	—
Net borrowings / undrawn facilities . .						7,929	281
Cash, cash equivalents and restricted cash						(683)	683
Derivative financial instruments used to hedge foreign currency and interest rate risk						(46)	—
Net debt / available liquidity						7,200	964

The fair value of the Group's borrowings at September 30, 2016 is € 8,256 million (December 31, 2015: €5,397 million).

Fair values are calculated on the notes and the Term Loan B based on quoted market prices. However, quoted market prices for the Term Loan B represent Level 2 inputs because the markets in which the Term Loan B trades are not active. The fair value of bank loans and other borrowings is equivalent to their carrying value.

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt.

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

4. Financial assets and liabilities (Continued)

Certain of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness (primarily maximum borrowings to Adjusted EBITDA and a minimum Adjusted EBITDA to net interest), payment of dividends and incurrence of liens.

At December 31, 2015, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at December 31, 2015		Undrawn amount
		Local currency (millions)			Local currency (millions)	€ (millions)	€ (millions)
4.250% First Priority Senior Secured Notes	EUR	1,155	15-Jan-22	Bullet	1,155	1,155	—
First Priority Senior Secured Floating Rate Notes	USD	1,110	15-Dec-19	Bullet	1,110	1,020	—
6.00% Senior Notes	USD	440	30-Jun-21	Bullet	440	404	—
9.250% Senior Notes	EUR	475	15-Oct-20	Bullet	475	475	—
9.125% Senior Notes	USD	920	15-Oct-20	Bullet	920	845	—
7.000% Senior Notes	USD	150	15-Nov-20	Bullet	150	138	—
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	381	—
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	381	—
Term Loan B Facility	USD	688	17-Dec-19	Amortizing	688	632	—
HSBC Securitization Program	EUR	129	14-Jun-18	Revolving	—	—	129
Bank of America Facility	USD	155	11-Apr-18	Revolving	—	—	143
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	1	Rolling	Revolving	—	—	1
Finance Lease Obligations	GBP/EUR			Amortizing	6	6	—
Other borrowings	EUR	3		Amortizing	3	3	—
Total borrowings / undrawn facilities .						5,440	273
Deferred debt issue costs and bond premiums and discounts						(48)	—
Net borrowings / undrawn facilities . .						5,392	273
Cash, cash equivalents and restricted cash						(550)	550
Derivative financial instruments used to hedge foreign currency and interest rate risk						—	—
Net debt / available liquidity						4,842	823

Financing activity

In April 2016, the Group made a restricted payment of €16 million under the terms of its Term Loan B Facility.

On May 16, 2016 the Group issued the following notes:

- \$1,000 million aggregate principal amount of 4.625% Senior Secured Notes due 2023;

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

4. Financial assets and liabilities (Continued)

- \$500 million aggregate principal amount of Senior Secured Floating Rate Notes due 2021 at a coupon of LIBOR plus 3.25%;
- €440 million aggregate principal amount of 4.125% Senior Secured Notes due 2023;
- \$1,650 million aggregate principal amount of 7.250% Senior Notes due 2024; and
- €750 million Senior Notes due 2024 at a coupon of 6.750%.

The net proceeds from the issuance and sale of these notes were used to finance the Beverage Can Acquisition and to repay the following notes:

- €475 million aggregate principal amount of 9.250% Senior Notes due 2020;
- \$920 million aggregate principal amount of 9.125% Senior Notes due 2020; and
- \$15 million aggregate principal amount of \$150 million 7.000% Senior Notes due 2020.

These notes were repaid on May 16, 2016.

The notes issued to finance the Beverage Can Acquisition were held in escrow from the issuance date to the acquisition completion date. Interest payable during this period has been classified as an exceptional finance expense (see Note 8).

Please refer to Note 15 for financing activity which has occurred in the period after the reporting date.

Cross currency interest rate swaps

In June 2016, the Group entered into cross currency interest rate swaps totaling \$1,300 million. These swaps were entered into in order to partially swap the U.S. dollar principal and interest repayments on the Group's \$1,650 million 7.250% Senior Notes due 2024 equally into euro and British pounds.

5. Capital contribution

The Company received a contribution of €138 million in cash from its parent company. There were no terms and conditions associated with the contribution. The proceeds from this contribution were mainly used to redeem the principal amount outstanding of the 7.000% Senior Notes due 2020 in accordance with their terms on November 15, 2016 (See Note 12).

6. Employee benefit obligations

Employee benefit obligations at September 30, 2016 have been updated to reflect the latest discount rates and asset valuations. Re-measurement losses of €267 million (2015: €8 million) have been recognized in the Consolidated Interim Statement of Comprehensive Income for the nine months ended September 30, 2016.

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

7. Segmental analysis

The Group's four reportable segments are Metal Packaging Europe, Metal Packaging Americas, Glass Packaging Europe and Glass Packaging North America. This reflects a change in the basis on which the Executive Committee of Ardagh Group S.A. reviews Group performance, following the acquisition of the Metal Beverage business. The prior period comparatives have been re-presented on this basis.

Reconciliation of profit before tax to EBITDA

	Nine months ended	
	30 Sep 2016	30 Sep 2015
	€m	€m
Profit before tax	108	124
Finance expense	401	276
Finance income	(78)	—
Operating profit	431	400
Depreciation and amortisation	335	286
Exceptional operating items	86	44
EBITDA	852	730

The segment results for the nine months ended 30 September are as follows:

	Revenue		EBITDA	
	2016	2015	2016	2015
	€m	€m	€m	€m
Metal Packaging Europe	1,578	1,279	268	210
Metal Packaging Americas	622	294	82	34
Glass Packaging Europe	1,053	1,096	230	225
Glass Packaging North America	1,266	1,302	272	261
Group	4,519	3,971	852	730

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

8. Exceptional items

The Group's consolidated income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that, in the Directors' judgment, should be disclosed by virtue of their size, nature or incidence.

	Nine months ended	
	September 30, 2016	September 30, 2015
	(in € millions)	
Past service credit	(21)	—
Restructuring costs	13	7
Non-cash inventory adjustment	7	—
Plant start-up costs	5	19
Exceptional items—cost of sales	4	26
Transaction related costs—Acquisition and IPO	83	17
Other	(1)	1
Exceptional items—sales, general and administration expenses	82	18
Debt refinancing and settlement costs	84	10
Interest payable on acquisition notes	15	—
Exceptional loss on derivative financial instruments	7	—
Exceptional items—finance expense	106	10
Exceptional gain on derivative financial instruments	(78)	—
Exceptional items—finance income	(78)	—
Total exceptional items	114	54

2016

Exceptional items of €114 million have been incurred in the nine months to September 30, 2016 and comprise mainly:

- €21 million past-service credit recognized in Glass North America following the amendment of certain defined benefit pension schemes arising from the conclusion of agreements with its unionized workforce. The credit was treated as a past service credit in accordance with IAS 19 Revised “Employee Benefits”.
- €83 million transaction related costs primarily comprise of costs directly attributable to the Beverage Can Acquisition.
- €84 million debt refinancing costs relate to the notes repaid in May and include premiums payable on the early redemption of the notes, accelerated amortization of deferred finance costs, debt issuance premiums and discounts and interest charges incurred in lieu of notice. See Note 4 for further details of the notes repaid during the period.

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

8. Exceptional items (Continued)

- €78 million exceptional gain on derivatives relates to the gain on fair value of the cross currency interest rate swaps which were entered into during the second quarter and for which hedge accounting had not been applied until the third quarter. The exceptional loss on derivative financial instruments of €7m relates to hedge ineffectiveness on the cross currency interest rate swaps. See Note 4 for further details of the cross currency interest rate swaps entered into during the period.

2015

Exceptional items of €54 million were incurred in the nine months to September 30, 2015 and comprise mainly:

- €19 million start-up costs related to two plants in Metal Packaging Americas.
- €17 million transaction and IPO related costs.
- €10 million finance costs comprising €8 million premium on redemption and €2m accelerated amortization of deferred finance costs, relating to the repayment in February 2015 of the €180 million 8¾% Senior Notes due 2020.
- Restructuring costs of €2 million and €5 million in Metal Packaging Europe and Glass Packaging North America respectively.

9. Finance income and expense

	Nine months ended	
	September 30, 2016	September 30, 2015
	(in € millions)	
Senior Secured and Senior Notes	249	219
Term Loan B	19	19
Other interest expense	5	5
Interest expense	<u>273</u>	<u>243</u>
Net pension interest costs	18	17
Foreign currency translation (gains)/losses	3	5
Other finance expense	1	1
Finance expense before exceptional items	<u>295</u>	<u>266</u>
Exceptional net finance expense (Note 8)	28	10
Net finance expense	<u>323</u>	<u>276</u>

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

10. Cash generated from operations

	Nine months ended	
	September 30, 2016	September 30, 2015
	(in € millions)	
Profit for the period	46	74
Income tax expense	62	50
Net finance expense (Note 9)	323	276
Depreciation and amortization	335	286
Exceptional operating items	86	44
Movement in working capital	(131)	(97)
Exceptional acquisition related, IPO and plant start-up costs paid	(86)	(35)
Exceptional restructuring costs paid	(9)	(22)
Cash from operating activities	<u>626</u>	<u>576</u>

11. Business combinations

On April 22, 2016 the Group entered into an agreement with Ball Corporation and Rexam PLC to acquire the Beverage Can Business. The acquisition was completed on June 30, 2016.

The acquired business comprises ten beverage can manufacturing plants and two end plants in Europe, seven beverage can manufacturing plants and one end plant in the United States, two beverage can manufacturing plants in Brazil and certain innovation and support functions in Germany, the UK, Switzerland and the United States. The acquired business has annual revenue of approximately €2.7 billion (\$3.0 billion).

This is a strategically important acquisition which is highly complementary to the Group's existing metal and glass business.

The following table summarizes the provisional consideration paid for the Beverage Can Business and the provisional fair value of assets acquired and liabilities assumed.

	(in € millions)
Cash and cash equivalents	11
Property, plant and equipment	775
Intangible assets	709
Inventories	281
Trade and other receivables	286
Trade and other payables	(372)
Net deferred tax liability	(151)
Employee benefit obligations	(180)
Provisions	(14)
Net other non-current assets	2
Total identifiable net assets	<u>1,347</u>
Goodwill	1,348
Total consideration	<u>2,695</u>

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

11. Business combinations (Continued)

The allocations above are based on management's preliminary estimate of the fair values at the acquisition date. The provision for impairment in respect of trade and other receivables shown above is not significant.

The net cash flow relating to the acquisition is summarized below:

	<u>(in € millions)</u>
Cash consideration paid	2,695
Cash and cash equivalents acquired	<u>(11)</u>
Net cash outflow for purchase of business	<u>2,684</u>

Goodwill arising from the acquisition reflects the anticipated synergies from integrating the acquired business into the Group and the skills and the technical talent of the Beverage Can workforce. Goodwill of €404 million which relates to the North American Beverage Can Business, is expected to be deductible for tax purposes.

If the Beverage Can Acquisition had occurred on January 1, 2016, Group revenue and adjusted EBITDA for the nine months to September 30, 2016 would have been €5,820 million and € 1,027 million respectively.

Since the date of acquisition, the Beverage Can Business has contributed revenue of €696 million and profit of €58 million.

As part of the acquisition the Group acquired several uncommitted accounts receivable factoring and related programs with various financial institutions for certain receivables, accounted for as true sales of receivables, without recourse to the Group. Receivables of €171 million were sold under these programs at September 30, 2016.

12. Related party transactions

Other than compensation paid to key management of €27 million, and the capital contribution received from parent (Note 5) there were no further transactions with related parties in the nine months ended September 30, 2016 that had a material effect on the financial position or the performance of the Group.

13. Contingencies and commitments

Legal matters

In 2015, the German competition authority (the Federal Cartel Office) initiated an investigation of the practices of metal packaging manufacturers in Germany, including Ardagh. The investigation is on-going, and there is at this stage no certainty as to the extent of any charge which may arise. Accordingly, no provision has been recognized.

With the exception of the above legal matter, the Group is involved in certain other legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, are expected to have a material adverse effect on its business, financial condition, results of operations or cash flows.

ARDAGH PACKAGING HOLDINGS LIMITED
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (Continued)

14. Seasonality of operations

The Group's revenue and cash flows are both subject to seasonal fluctuations. Demand for our metal products is largely related to agricultural harvest periods and following the Beverage Can Acquisition, to the seasonal demand of beverage consumption which peaks during the late spring and summer months and in the period prior to the winter holiday season. Demand for our glass products is typically strongest during the summer months and in the period prior to December because of the seasonal nature of beverage consumption. The investment in working capital for Metal Packaging Europe and Metal Packaging Americas generally follows with the seasonal pattern of operations. The investment in working capital for Glass Packaging Europe and Glass Packaging North America typically peaks in the first quarter. The Group manages the seasonality of working capital by supplementing operating cash flows with drawings under our securitization and revolving credit facilities.

15. Events after the reporting period

On October 3, 2016 the Group announced that it had agreed to extend the maturity of the Term Loan B facility by two years to December 2021.

On November 15, 2016 the Group redeemed in full the principal amount outstanding of the 7.000% Senior Notes due 2020 in accordance with their terms.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ARDAGH PACKAGING HOLDINGS LIMITED

Report on the non—statutory consolidated financial statements

Our opinion

In our opinion, APHL's non-statutory consolidated financial statements:

- give a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2015 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The financial statements comprise:

- the Consolidated Statement of Financial Position at 31 December 2015;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities for Financial Statements set out on page F-4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's Directors, as a body, in accordance with our engagement letter dated 16 November 2015 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, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We draw attention to the fact that these financial statements have not been prepared under section 293 of the Companies Act 2014 and are not the company's statutory consolidated financial statements.

PricewaterhouseCoopers
Chartered Accountants
Dublin

29 February 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for preparing the non-statutory financial statements in accordance with IFRS as adopted by the EU and for being satisfied that they give a true and fair view of the Group's assets, liabilities, and financial position at 31 December 2015 and of its profit and cash flows for the year then ended. In preparing these 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;
- state that the financial statements comply with IFRS as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at www.ardaghgroup.com.

These financial statements have been authorised for issue by the Directors on 29 February 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> €m	<u>2014</u> €m
Non-current assets			
Intangible assets	3	1,810	1,762
Property, plant and equipment	4	2,307	2,223
Derivative financial instruments	12	—	40
Deferred tax assets	6	178	184
Other non-current assets	5	14	10
		<u>4,309</u>	<u>4,219</u>
Current assets			
Inventories	7	825	770
Trade and other receivables	8	651	692
Derivative financial instruments	12	—	2
Cash and cash equivalents	9	539	403
Restricted cash	9	11	9
		<u>2,026</u>	<u>1,876</u>
TOTAL ASSETS		<u>6,335</u>	<u>6,095</u>
Equity attributable to owners of the parent			
Ordinary shares	10	—	—
Capital contribution		101	101
Other reserves		(243)	(105)
Retained earnings		<u>(1,220)</u>	<u>(1,306)</u>
		<u>(1,362)</u>	<u>(1,310)</u>
Non-controlling interests		2	2
Total equity		<u>(1,360)</u>	<u>(1,308)</u>
Non-current liabilities			
Borrowings	12	5,385	5,181
Employee benefit obligations	13	720	723
Deferred tax liabilities	6	451	455
Provisions	15	48	33
		<u>6,604</u>	<u>6,392</u>
Current liabilities			
Borrowings	12	7	4
Interest payable		75	80
Derivative financial instruments	12	7	7
Trade and other payables	14	878	803
Income tax payable		76	67
Provisions	15	48	50
		<u>1,091</u>	<u>1,011</u>
Total liabilities		<u>7,695</u>	<u>7,403</u>
TOTAL EQUITY and LIABILITIES		<u>6,335</u>	<u>6,095</u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015			2014		
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
		€m	€m Note 18	€m	€m	€m Note 18	€m
Revenue	16	5,199	—	5,199	4,733	—	4,733
Cost of sales		(4,285)	(37)	(4,322)	(3,970)	(122)	(4,092)
Gross profit/(loss)		914	(37)	877	763	(122)	641
Sales, general and administration expenses		(274)	(44)	(318)	(246)	(35)	(281)
Intangible amortisation	3	(109)	—	(109)	(88)	(33)	(121)
Loss on disposal of businesses		—	—	—	—	(159)	(159)
Operating profit/(loss)		531	(81)	450	429	(349)	80
Finance expense	19	(353)	(13)	(366)	(348)	(126)	(474)
Profit/(loss) before tax		178	(94)	84	81	(475)	(394)
Income tax (charge)/credit	20			(43)			3
Profit/(loss) for the year				41			(391)
Profit/(loss) attributable to:							
Owners of the parent				41			(391)
Non-controlling interests				—			—
Profit/(loss) for the year				41			(391)

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2015**

	<u>Note</u>	<u>2015</u> €m	<u>2014</u> €m
Profit/(loss) for the year		41	(391)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
<i>Foreign currency translation adjustments:</i>			
—Arising in the year		(139)	(148)
—Reclassification to income statement on disposal of businesses		—	(1)
		(139)	(149)
<i>Effective portion of changes in fair value of cash flow hedges</i>			
—New fair value adjustments into reserve		44	36
—Movement out of reserve		(43)	(34)
		1	2
Items that will not be reclassified to profit or loss			
—Re-measurements of employee benefit obligations	13	72	(123)
—Deferred tax movement on employee benefit obligations	6	(27)	31
		45	(92)
Other comprehensive expense for the year		(93)	(239)
Total comprehensive expense for the year		(52)	(630)
Attributable to:			
Owners of the parent		(52)	(630)
Non-controlling interests		—	—
Total comprehensive expense for the year		(52)	(630)

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2015**

	Attributable to owners of the parent						
	Capital contribution	Retained earnings	Foreign currency translation adjustment	Cash flow hedges	Total	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m
1 January 2015	101	(1,306)	(102)	(3)	(1,310)	2	(1,308)
Profit for the year	—	41	—	—	41	—	41
Other comprehensive income/(expense)	—	45	(139)	1	(93)	—	(93)
31 December 2015	101	(1,220)	(241)	(2)	(1,362)	2	(1,360)

	Attributable to owners of the parent						
	Capital contribution	Retained earnings	Foreign currency translation adjustment	Cash flow hedges	Total	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m
1 January 2014	101	(823)	47	(5)	(680)	2	(678)
Loss for the year	—	(391)	—	—	(391)	—	(391)
Other comprehensive (expense)/income	—	(92)	(149)	2	(239)	—	(239)
31 December 2014	101	(1,306)	(102)	(3)	(1,310)	2	(1,308)

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2015**

	<u>Note</u>	<u>2015</u> €m	<u>2014</u> €m
Cash flows from operating activities			
Cash generated from operations	21	950	701
Interest paid		(323)	(316)
Income tax paid		(59)	(35)
Net cash from operating activities		<u>568</u>	<u>350</u>
Cash flows from investing activities			
Purchase of business net of cash acquired		—	(1,038)
Proceeds received from disposal of businesses		—	397
Purchase of property, plant and equipment		(304)	(321)
Purchase of software and other intangibles		(8)	(10)
Proceeds from disposal of property, plant and equipment		8	17
Net cash used in investing activities		<u>(304)</u>	<u>(955)</u>
Cash flows from financing activities			
Repayment of borrowings		(198)	(2,591)
Proceeds from the termination of derivative financial instruments	12	81	—
Early redemption premium costs paid		(8)	(97)
Deferred debt issue costs paid		(1)	(56)
Proceeds from borrowings		—	3,469
Net (outflow)/inflow from financing activities		<u>(126)</u>	<u>725</u>
Net increase in cash and cash equivalents		<u>138</u>	<u>120</u>
Cash and cash equivalents at the beginning of the year	9	412	294
Exchange losses on cash and cash equivalents		—	(2)
Cash and cash equivalents at the end of the year	9	<u>550</u>	<u>412</u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

1. General information

APHL was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. Its ultimate parent company is Ardagh Group S.A..

The Company's Registered Office is:
4 Richview Office Park
Clonskeagh
Dublin 14
Ireland

These consolidated financial statements do not represent statutory financial statements as defined in Section 274 of the Irish Companies Act, 2014. Statutory financial statements for APHL for the year ended 31 December 2014, upon which the auditor has given an unqualified audit report, have been filed with the Irish Registrar of Companies. Statutory accounts for APHL for the year ended 31 December 2015 will be filed in due course.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with, and are in compliance with, IFRS as adopted by the EU and related interpretations. IFRS is comprised of standards and interpretations approved by the IASB and IAS and interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently approved by the IASB and remain in effect. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The consolidated financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- employee benefit obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets valued at fair value.

The preparation of consolidated financial information in accordance with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the process of applying Group accounting policies. These estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in the critical accounting estimates and judgements.

The consolidated financial statements for the Group were authorised for issue by the Board of Directors of APHL on 29 February 2016.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Reclassification of prior year comparative figures

Certain reclassifications of prior year amounts have been made to conform with the current year presentation, none of which are considered material to the financial statements taken as a whole.

Changes in accounting policy and disclosures

Adoption of International Financial Reporting Interpretations Committee (IFRIC) interpretations

IFRIC 21, 'Levies' sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37, 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. This standard is effective since 1 January 2015. The Group has noted no material impact on the results or the net assets of the Group.

Applicable accounting standards issued but not yet effective

The following standards and amendments to existing standards have been published and are mandatory, subject to EU endorsement, for the Group's accounting periods beginning on or after 1 January 2017 or later periods:

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue' and IAS 11, 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15, but it is not expected to be material. The Group will apply IFRS 15 subject to EU endorsement.

IFRS 9, 'Financial instruments'. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 has been completed in a number of phases and includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit loss model that replaces the incurred loss impairment model currently used as well as hedge accounting amendments. The Group is assessing the impact of IFRS 9, but it is not expected to be material. This standard becomes effective for annual periods commencing on or after 1 January 2018 however is subject to endorsement by the EU. The Group will apply IFRS 9 subject to EU endorsement.

IFRS 16, 'Leases', sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 replaces IAS 17, 'Leases', and later interpretations and will result in most operating leases being recorded on the Consolidated Statement of Financial Position. The Group is assessing the impact of IFRS 16, but it is not expected to be material. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement. The Group will apply IFRS 16 subject to EU endorsement.

There are no other accounting standards or IFRIC guidance that are not yet effective that would be expected to have a material impact on the Group.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Basis of consolidation

(i) Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is the consideration given in exchange for control of the identifiable assets, liabilities and contingent liabilities of the acquired legal entities. Directly attributable transaction costs are expensed and included as exceptional items within sales, general and administration expenses. The acquired net assets are initially measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired legal entity in the currency of the primary economic environment in which the legal entity operates (the “functional currency”). If the cost of acquisition is less than the fair value of the Group’s share of the net assets of the legal entity acquired, the difference is recognised directly in the Consolidated Income Statement. The Group considers obligations of the acquiree in a business combination that arise as a result of the change in control, to be cash flows arising from obtaining control of the controlled company, and classifies these obligations as investing activities in the Consolidated Statement of Cash Flows.

(ii) Transactions eliminated on consolidation

Transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Subsidiaries’ accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency

Items included in the financial statements of each of the Group’s entities are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except: (i) differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity (“net investment hedges”), which are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement; and (ii) differences on certain derivative financial instruments discussed under “Derivative financial instruments” below. Net investment hedges are accounted for in a similar manner to cash flow hedges. The gain or loss relating to the ineffective portion of a net investment hedge is recognised immediately in the income statement within finance income or expense.

The assets and liabilities of foreign operations are translated into euro at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to euro at average exchange rates for the year. Foreign exchange differences arising on retranslation and

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

settlement of such transactions are recognised in other comprehensive income. Gains and losses accumulated in other comprehensive income are recycled to the income statement when the foreign operation is sold.

Non-monetary items measured at fair value in foreign currency are translated using the exchange rates as at the date when the fair value is determined.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those groups of cash-generating units ("CGUs") that are expected to benefit from the business combination in which the goodwill arose for the purpose of assessing impairment. Goodwill is tested annually for impairment.

Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the intangible asset is separable or arises from contractual or other legal rights. They are initially recognised at cost which, for intangible assets arising in a business combination, is their fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets with finite useful economic lives are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortisation of intangible assets is calculated to write off the book value of finite lived intangible assets over their estimated useful economic lives on a straight-line basis on the assumption of zero residual value as follows:

Computer software	2-7 years
Customer relationships	5-15 years
Technology	8-15 years

(i) Computer software

Computer software development costs are recognised as assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(ii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful economic life and are carried at cost less accumulated amortisation.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(iii) Technology

Technology based intangibles acquired in a business combination are recognised at fair value at the acquisition date and reflect the Group's ability to add value through accumulated technological expertise surrounding product and process development.

(iv) Research and development costs

Research costs are expensed as incurred. Development costs relating to new products are capitalised if the new product is technically and commercially feasible. All other development costs are expensed as incurred.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for land which is shown at cost less impairment. Spare parts which form an integral part of plant and machinery and which have an estimated useful economic life greater than one year are capitalised. Spare parts which do not form an integral part of plant and machinery and which have an estimated useful economic life less than one year are included as consumables within inventory and expensed when utilised.

Where items of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing the component of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. When a component is replaced the old component is de-recognised in the period. All other costs are recognised in the income statement as an expense as incurred. When a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria above are met.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful economic lives are as follows:

Buildings	30-40 years
Plant and machinery	3-40 years
Moulds	2-3 years
Office equipment and vehicles	3-10 years

Assets' useful economic lives and residual values are adjusted if appropriate, at each balance sheet date.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and (i) represents a separate major line of business or geographical area of operations; (ii) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively with a view to resale.

Impairment of non-financial assets

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment or whenever indicators suggest that impairment may have occurred. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets excluding goodwill and long lived intangible assets, are grouped at the lowest levels at which cash flows are separately identifiable. Goodwill and long lived intangible assets are allocated to groups of CGUs. The groupings represent the lowest level at which the related assets are monitored for internal management purposes.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The recoverable amount of other assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their current location and condition. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Net realisable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Spare parts, including mould parts, which are deemed to be of a consumable nature, are included within inventories and expensed when utilised.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(ii) Securitised assets

The Group entered into a series of securitisation transactions involving certain of its trade receivables. The securitised assets are recognised on the Consolidated Statement of Financial Position, until all of the rights to the cash flows from those assets have expired or have been fully transferred outside the Group, or until substantially all of the related risks, rewards and control of the related assets have been transferred to a third party. No trade receivables were securitised at 31 December 2015 (2014: €nil).

(iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and call deposits held with banks. Cash and cash equivalents are carried at amortised cost.

Short term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at amortised cost.

(iv) Restricted Cash

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash is measured at amortised cost.

(v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Group's income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(vi) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income.

Amounts accumulated in other comprehensive income are recycled from equity to the income statement in the period during which the hedged item will affect the income statement. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognised when the forecast cash flow arises. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Fair value hedges

Derivative financial instruments are classified as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognised asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group income statement, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Employee benefits

(i) Defined benefit pension plans

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

(ii) Multi-employer pension plans

Multi-employer craft or industry based pension schemes (“multi-employer schemes”) have arrangements similar to those of defined benefit schemes. In each case it is not possible to identify the Group’s share of the underlying assets and liabilities of the multi-employer schemes and therefore in accordance with IAS 19 (revised), the Group has taken the exemption for multi-employer pension schemes to account for them as defined contribution schemes recognising the contributions payable in each period in the Consolidated Income Statement.

(iii) Other end of service employee benefits

In a number of countries, the Group pays lump sums to employees leaving service. These arrangements are accounted in the same manner as defined benefit pension plans.

(iv) Other long term employee benefits

The Group’s obligation in respect of other long term employee benefits plans represents the amount of future benefit that employees have earned in return for service in the current and prior periods and are included in the category of employee benefit obligations on the Consolidated Statement of Financial Position. The obligation is computed on the basis of the projected unit credit method and is discounted to present value using a discount rate equating to the market yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and estimated term of the obligations. Actuarial gains and losses are recognised in full in the Group’s Consolidated Statement of Comprehensive Income in the period in which they arise.

(v) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognised as employee benefit expense when they are due.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Revenue recognition

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, primarily on despatch of the goods. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Allowances for customer rebates are provided for in the same period as the related revenues are recorded. Revenue is included net of cash discounts and value added tax.

Exceptional items

The Group's income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in management's judgement need to be disclosed by virtue of their size, nature or incidence to provide additional information. Such items include, where significant, restructuring, redundancy and other costs relating to permanent capacity realignment or footprint reorganisation, directly attributable acquisition costs, profit or loss on disposal or termination of operations, start-up costs incurred in relation to new furnace or plant builds, major litigation costs and settlements and impairment of non-current assets. In this regard the determination of 'significant' as included in our definition uses qualitative and quantitative factors. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group income statement, and related notes as exceptional items. We consider columnar presentation to be appropriate in our income statement as it improves the clarity of the presentation, and is consistent with the way that financial performance is measured by management and presented to the Board of Directors of Ardagh Group S.A. (the "Board") and the Executive Committee of the Board of Directors of Ardagh Group S.A. (the "Executive Committee"). Exceptional restructuring costs are classified as restructuring provisions and all other exceptional costs when outstanding at the balance sheet date are classified as exceptional items payable.

Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets, and gains on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss.

Finance expense comprises interest expense on borrowings (including amortisation of deferred debt issuance costs), finance lease expenses, certain foreign currency translation related to financing, net interest cost on net pension plan liabilities, losses on extinguishment of borrowings, losses on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss and other finance expense.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of manufacturing plants that require a substantial period of time to build that would have been avoided if the expenditure on the qualifying asset had not been made.

Costs related to the issuance of new debt are deferred and amortised within finance expense over the expected terms of the related debt agreements by using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

The Executive Committee has been identified as the Chief Operating Decision Maker (“CODM”) for the Group.

Operating segments are identified on the basis of the internal reporting provided to the Executive Committee in order to allocate resources to the segment and assess its performance.

Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Estimated impairment of goodwill and other long lived assets

In accordance with IAS 36, ‘Impairment of assets’, the Group tests whether goodwill and other long lived assets have suffered any impairment in accordance with the accounting policies stated. The determination of recoverable amounts requires the use of estimates as outlined in Note 3. The Group’s judgements relating to the impairment of goodwill and other long lived assets are included in Notes 3 and 4.

ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Measurement of employee benefit obligations

The Group follows guidance of IAS 19 (revised), 'Employee Benefits', to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations, other long term employee benefits, and other end of service employee benefits which are subject to similar fluctuations in value in the long term. The Group uses professional actuaries to value such liabilities to ensure consistency in the quality of the key assumptions underlying the valuations. The critical assumptions and estimates applied are discussed in detail in Note 13.

iv) Establishing useful economic lives of property, plant and equipment and intangibles

Long lived assets, consisting primarily of property, plant and equipment, customer intangibles and technology intangibles, comprise a significant portion of the total assets. The annual depreciation and amortisation charges depend primarily on the estimated useful economic lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on the depreciation and amortisation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined and there are a significant number of asset lives in use.

v) Business combinations

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Intangible assets

	Goodwill	Customer relationships	Technology and other	Software	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2014	692	343	74	52	1,161
Acquisitions	387	456	81	2	926
Additions	—	—	4	7	11
Divestments	(183)	(87)	—	(5)	(275)
Impairment (Note 18)	(16)	(6)	—	(11)	(33)
Exchange	85	77	8	—	170
At 31 December 2014	<u>965</u>	<u>783</u>	<u>167</u>	<u>45</u>	<u>1,960</u>
Amortisation					
At 1 January 2014		(86)	(17)	(21)	(124)
Charge for the year		(65)	(15)	(8)	(88)
Divestments		15	—	2	17
Exchange		(3)	—	—	(3)
At 31 December 2014		<u>(139)</u>	<u>(32)</u>	<u>(27)</u>	<u>(198)</u>
Net book value					
At 31 December 2014	<u>965</u>	<u>644</u>	<u>135</u>	<u>18</u>	<u>1,762</u>
Cost					
At 1 January 2015	965	783	167	45	1,960
Acquisitions	3	—	—	—	3
Additions	—	—	7	1	8
Disposals	—	—	(1)	—	(1)
Transfers	—	—	(3)	3	—
Exchange	79	68	11	—	158
At 31 December 2015	<u>1,047</u>	<u>851</u>	<u>181</u>	<u>49</u>	<u>2,128</u>
Amortisation					
At 1 January 2015		(139)	(32)	(27)	(198)
Charge for the year		(83)	(19)	(7)	(109)
Disposals		—	1	—	1
Exchange		(11)	(1)	—	(12)
At 31 December 2015		<u>(233)</u>	<u>(51)</u>	<u>(34)</u>	<u>(318)</u>
Net book value					
At 31 December 2015	<u>1,047</u>	<u>618</u>	<u>130</u>	<u>15</u>	<u>1,810</u>

Fair value adjustments to goodwill of €3 million net of tax, were made in the twelve months to 31 December 2015 relating to the VNA acquisition within the measurement period allowed by IFRS 3R, 'Business Combinations'. The purchase price allocation is now finalised (Note 22).

Development costs of €12 million were included in technology and other intangible assets at 31 December 2015 (2014: €11 million).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Intangible assets (Continued)

Goodwill

Allocation of goodwill

Goodwill has been allocated to groups of CGUs for the purpose of impairment testing. The groupings represent the lowest level at which the related goodwill is monitored for internal management purposes.

The lowest level within the Group at which the goodwill is monitored for internal management purposes is Glass Packaging North America, Glass Packaging Europe, Metal Packaging Europe and Metal Packaging North America. This is unchanged from the previous year.

A summary of the goodwill allocation is presented below:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Glass Packaging North America	685	612
Glass Packaging Europe	62	59
Metal Packaging Europe	274	271
Metal Packaging North America	26	23
Total goodwill	<u><u>1,047</u></u>	<u><u>965</u></u>

Impairment tests for goodwill

The Group performs its impairment test of goodwill annually following approval of the annual budget.

Recoverable amount and carrying amount

The Group used the value in use (“VIU”) model for the purposes of the goodwill impairment testing as this reflects the Group’s intention to hold and operate the assets.

The VIU model uses the 2016 two year Long Range Plan (“LRP”) approved by the Board of Directors of Ardagh Group S.A.. This plan was then extended for a further three year period making certain assumptions including that capital expenditure equals depreciation and that any increase in input cost will be passed through to customers, in line with historic practice and contractual terms.

The terminal value assumed long term growth in line with long term local inflation and long term economic growth.

Cash flows considered in the VIU model included the cash inflows and outflows related to the continuing use of the assets over their remaining estimated useful economic lives, expected earnings, required maintenance capital expenditure, depreciation, tax and working capital. The model includes an apportionment of Group costs allocated into the entities across the projection period based on EBITDA weighting and other allocations deemed appropriate based on the nature of the cost.

The discount rate applied to post-tax cash flows in the VIU model was estimated using the Capital Asset Pricing Model with regard to the risks associated with the cash flows being considered (country, market, and specific risks of the asset).

The modelled cash flows take into account the Group’s established history of earnings, cash flow generation and the nature of the markets in which we operate, where product obsolescence is low. The

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Intangible assets (Continued)

key assumptions employed in modelling estimates of future cash flows are subjective and include projected EBITDA, discount rates and growth rates, replacement capital expenditure requirements, rates of customer retention and the ability to maintain margin through the pass through of input cost inflation.

A sensitivity analysis was performed reflecting potential variations in terminal growth rate and discount rate assumptions. In all cases the recoverable values calculated were in excess of the carrying values of the CGUs. The variation applied to terminal value growth rates and discount rates was a 50 basis points decrease and increase respectively.

The additional disclosures required under IAS 36 in relation to significant goodwill amounts arising in the groups of CGUs are as follows:

	<u>Glass Packaging</u>		<u>Metal Packaging</u>	
	<u>North America</u>	<u>Europe</u>	<u>Europe</u>	<u>North America</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
2015				
Carrying amount of goodwill	685	62	274	26
Excess of recoverable amount	1,916	1,720	1,612	521
Pre-tax discount rate applied	9.8%	9.0%	9.9%	9.6%
Growth rate applied for terminal value	<u>2.5%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.5%</u>
2014				
Carrying amount of goodwill	612	59	271	23
Excess of recoverable amount	643	1,842	1,178	126
Pre-tax discount rate applied	10.3%	10.0%	10.5%	10.4%
Growth rate applied for terminal value	<u>3.5%</u>	<u>2.5%</u>	<u>2.5%</u>	<u>3.5%</u>

Prior year impairment of goodwill

During the year ended 31 December 2014 the Group recognised an exceptional impairment charge to goodwill of €16 million and to customer related intangible assets of €6 million, following the closure of a plant in Glass Packaging North America.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment

	Land and buildings €m	Plant and machinery €m	Office equipment and vehicles €m	Total €m
Cost				
At 1 January 2014.....	662	2,427	62	3,151
Acquisitions	55	300	1	356
Additions	3	330	3	336
Divestment	(34)	(369)	(2)	(405)
Disposals	(7)	(128)	(17)	(152)
Impairment	(9)	(44)	—	(53)
Transfers	10	(7)	(3)	—
Exchange	16	105	(1)	120
At 31 December 2014	<u>696</u>	<u>2,614</u>	<u>43</u>	<u>3,353</u>
Depreciation				
At 1 January 2014.....	(134)	(892)	(38)	(1,064)
Charge for the year	(20)	(247)	(8)	(275)
Divestment	2	82	1	85
Disposals	1	128	16	145
Exchange	(2)	(20)	1	(21)
At 31 December 2014	<u>(153)</u>	<u>(949)</u>	<u>(28)</u>	<u>(1,130)</u>
Net book value				
At 31 December 2014	<u>543</u>	<u>1,665</u>	<u>15</u>	<u>2,223</u>
Cost				
At 1 January 2015.....	696	2,614	43	3,353
Additions	—	283	1	284
Disposals	(6)	(89)	(10)	(105)
Transfers	50	(66)	16	—
Exchange	21	113	1	135
At 31 December 2015	<u>761</u>	<u>2,855</u>	<u>51</u>	<u>3,667</u>
Depreciation				
At 1 January 2015.....	(153)	(949)	(28)	(1,130)
Charge for the year	(21)	(267)	(6)	(294)
Disposals	3	84	10	97
Exchange	(3)	(29)	(1)	(33)
At 31 December 2015	<u>(174)</u>	<u>(1,161)</u>	<u>(25)</u>	<u>(1,360)</u>
Net book value				
At 31 December 2015	<u>587</u>	<u>1,694</u>	<u>26</u>	<u>2,307</u>

Depreciation expense of €289 million (2014: €271 million) has been charged in cost of sales and €5 million (2014: €4 million) in sales, general and administration expenses.

Transfers primarily relate to the reclassification of construction in progress to the applicable classification within property, plant and equipment.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment (Continued)

Construction in progress at 31 December 2015 was €87 million (2014: €106 million).

Included in property, plant and equipment is an amount for land of €160 million (2014: €149 million).

No interest was capitalised in the year (2014: €nil).

Substantially all of the Group's property, plant and equipment are pledged as security under the terms and conditions of the Group's credit arrangements.

Finance leases

The depreciation charge for capitalised leased assets was €1 million (2014: €1 million) and the related finance charges were €nil (2014: €nil). The net carrying amount is €10 million (2014: €9 million).

Operating lease commitments

During the year the expense in respect of operating lease commitments was as follows:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Plant and machinery	5	8
Land and buildings	21	14
Office equipment and vehicles	8	10
	<u>34</u>	<u>32</u>

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

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Not later than one year	27	23
Later than one year and not later than five years	69	55
Later than five years	67	43
	<u>163</u>	<u>121</u>

Capital commitments

The following capital commitments in relation to property, plant and equipment were authorised by management, but have not been provided for in the consolidated financial statements:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Contracted for	30	67
Not contracted for	6	22
	<u>36</u>	<u>89</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other non-current assets

At 31 December 2015, other non-current assets of €14 million (2014: €10 million) include €7 million (2014: €7 million) relating to the Group's investment in joint ventures.

6. Deferred income tax

The movement in deferred tax assets and liabilities during the year, was as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
At 1 January 2014	203	(401)	(198)
Acquisitions	76	(296)	(220)
Credited to the income statement	26	20	46
Credited to other comprehensive income	31	—	31
Divestments	(17)	118	101
Exchange	25	(56)	(31)
At 31 December 2014	344	(615)	(271)
Acquisitions	3	—	3
Credited to the income statement	6	38	44
(Charged)/credited to other comprehensive income	(28)	1	(27)
Reclassification	46	(46)	—
Exchange	26	(48)	(22)
At 31 December 2015	<u>397</u>	<u>(670)</u>	<u>(273)</u>

The components of deferred income tax assets and liabilities are as follows:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Tax losses	35	47
Employee benefit obligations	158	164
Other	204	133
	<u>397</u>	<u>344</u>
Available for offset	(219)	(160)
Deferred tax assets	<u>178</u>	<u>184</u>
Accelerated depreciation and fair value adjustments	(628)	(595)
Other	(42)	(20)
	<u>(670)</u>	<u>(615)</u>
Available for offset	219	160
Deferred tax liabilities	<u>(451)</u>	<u>(455)</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Deferred income tax (Continued)

The tax credit relating to the income statement analyses as follows:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Tax losses	(17)	(4)
Employee benefit obligations	13	4
Other deferred tax assets	10	26
Accelerated depreciation and fair value adjustments	47	23
Other deferred tax liabilities	(9)	(3)
	<u>44</u>	<u>46</u>

Deferred tax assets are only recognised on tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable based on management's forecasts. The Group did not recognise deferred tax assets of €37 million (2014: €42 million) in respect of tax losses amounting to €148 million (2014: €158 million) that can be carried forward against future taxable income due to uncertainty regarding their utilisation.

No provision has been made for temporary differences applicable to investments in subsidiaries as the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Given that exemptions and tax credits would be available in the context of the Group's investments in subsidiaries in the majority of jurisdictions in which it operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognised would be immaterial.

7. Inventories

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Raw materials and consumables	200	206
Mould parts	42	33
Work-in-progress	77	83
Finished goods	506	448
	<u>825</u>	<u>770</u>

The amount recognised as a write down in inventories or as a reversal of a write down in the period was not significant.

No inventory is pledged as security for liabilities.

8. Trade and other receivables

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Trade receivables	608	613
Other receivables and prepayments	43	79
	<u>651</u>	<u>692</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Trade and other receivables (Continued)

The fair values of trade and other receivables approximate the amounts shown above.

Movements on the provision for impairment of trade receivables are as follows:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
At 1 January	14	13
Provision for receivables impairment	2	1
Receivables written off during the year as uncollectible	(2)	—
At 31 December	<u>14</u>	<u>14</u>

The majority of the provision above relates to balances which are more than six months past due.

The ageing analysis of trade receivables past due but not impaired is as follows:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Up to three months past due	29	50
Three to six months past due	3	1
Over six months past due	3	4
	<u>35</u>	<u>55</u>

9. Cash, cash equivalents and restricted cash

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Cash at bank and in hand	539	352
Short term bank deposits	—	51
	<u>539</u>	<u>403</u>

In addition to cash and cash equivalents, the Group had €11 million (2014: €9 million) of restricted cash at 31 December 2015.

10. Share capital

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Issued and fully paid: 2 ordinary shares of €1 each	—	—

11. Financial risk factors

Capital Structure and Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to the Group's stakeholders. The Group funds its operations primarily from the following sources of capital: borrowings, cash flow and shareholders' equity. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial risk factors (Continued)

material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources. The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

Financial risks are managed on the advice of Group Treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances. Group Treasury regularly reviews the level of cash and debt facilities required to fund the Group's activities, plans for repayments and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

One of the Group's key metrics is the ratio of consolidated net debt as a multiple of EBITDA. EBITDA is operating profit before depreciation, amortisation, non-exceptional impairment, and exceptional operating items. At 31 December 2015, the ratio for the Group was 5.2 times (2014: 6.1 times).

The Group's activities expose it to a variety of financial risks: interest rate risk, currency exchange risk, commodity price risk, credit risk, liquidity risk and capital risk.

Interest Rate Risk

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

At 31 December 2015, the Group's borrowings were 69.5% (2014: 71.7%) fixed with a weighted average interest rate of 5.8% (2014: 5.9%).

Holding all other variables constant, including levels of indebtedness, at 31 December 2015 a one percentage point increase in variable interest rates would increase interest payable by approximately €12 million (2014: €12 million).

Currency Exchange Risk

The Group operates in twenty countries, across four continents. The Group's main currency exposure in the year to 31 December 2015 was in relation to US dollar, British pounds, Swedish krona, Polish zloty and Danish krone. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Fluctuations in the value of these currencies with respect to the euro may have a significant impact on Ardagh's financial condition and results of operations as reported in euro. The Group believes that a strengthening of the euro exchange rate by 1% against all other foreign currencies from the

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial risk factors (Continued)

31 December 2015 rate would increase shareholders' equity by approximately €11 million (2014: €7 million).

Commodity Price Risk

The Group is exposed to changes in prices of its main raw materials, primarily steel and aluminium. Commodity price risk has been managed by Group Treasury. Furthermore, the relative price of oil and its related products may materially impact our business, affecting our production, transport, lacquer and ink costs. Steel has generally been obtained under one year contracts with prices that are usually fixed in advance. When such contracts are renewed in the future, our steel costs under such contracts will be subject to prevailing global steel and/or tinplate prices at the time of renewal, which may be different from historical prices. Unlike steel, where there is no functioning hedging market, aluminium is traded daily as a commodity (priced in US dollars) on the LME. The price and foreign currency risk on these aluminium purchases is hedged by entering into swaps under which the Group pays a fixed euro price.

The Group's main energy exposure is to the cost of gas and electricity. As a result of the volatility of gas and electricity prices the Group has either included energy pass through clauses in sales contracts, or developed an active hedging strategy to fix a significant proportion of its energy costs through contractual arrangements directly with its suppliers, where there is no energy clause in the sales contract.

Group policy is to purchase natural gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of its anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. We do not net settle, nor do we sell within a short period of time after taking delivery. As a result these contracts are treated as executory contracts under IAS 39. The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any natural gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. We have 73% of our energy risk for 2016 covered, 60% for 2017, and 52% for 2018.

Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognised and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' from at least two credit rating agencies are accepted, where possible.

The credit ratings of banks and financial institutions are monitored to ensure compliance with Group policy. Group policy is to extend credit to customers of good credit standing. Credit risk is managed, on an on-going basis by dedicated people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilisation of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended 31 December 2015, the Group's ten largest customers accounted for approximately 32% of total revenues (2014: 29%). There is no recent history of default with these customers.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial risk factors (Continued)

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To effectively manage liquidity risk, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes and contingency plans for managing liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and internal balance sheet ratios.

12. Financial assets and liabilities

At 31 December 2015, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 31 December 2015		Undrawn amount
					Local currency m	€m	
4.250% First Priority Senior Secured Notes	EUR	1,155	15-Jan-22	Bullet	1,155	1,155	—
First Priority Senior Secured Floating Rate Notes	USD	1,110	15-Dec-19	Bullet	1,110	1,020	—
6.00% Senior Notes	USD	440	30-Jun-21	Bullet	440	404	—
9.250% Senior Notes	EUR	475	15-Oct-20	Bullet	475	475	—
9.125% Senior Notes	USD	920	15-Oct-20	Bullet	920	845	—
7.000% Senior Notes	USD	150	15-Nov-20	Bullet	150	138	—
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	381	—
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	381	—
Term Loan B Facility	USD	688	17-Dec-19	Amortising	688	632	—
HSBC Securitisation Programme	EUR	129	14-Jun-18	Revolving	—	—	129
Bank of America Facility	USD	155	11-Apr-18	Revolving	—	—	143
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	1	Rolling	Revolving	—	—	1
Finance Lease Obligations	GBP/EUR	—	—	Amortising	6	6	—
Other borrowings	EUR	3	—	Amortising	3	3	—
Total borrowings / undrawn facilities						5,440	273
Deferred debt issue costs and bond premiums . .						(48)	—
Net borrowings / undrawn facilities						5,392	273
Cash, cash equivalents and restricted cash						(550)	550
Derivative financial instruments used to hedge foreign currency and interest rate risk						—	—
Net debt / available liquidity						4,842	823

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt.

Certain of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness (primarily maximum borrowings to EBITDA and a minimum EBITDA to net interest), payment of dividends and incurrence of liens.

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

	2015	2014
	€m	€m
Within one year or on demand	7	4
Between one and two years	8	4
Between two and five years	3,453	1,822
Greater than five years	1,924	3,355
	<u>5,392</u>	<u>5,185</u>

The table below analyses the Group's financial liabilities (including interest payable) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

At 31 December 2015	Borrowings	Derivative financial instruments	Trade and other payables
	€m	€m	€m
Within one year or on demand	323	7	878
Between one and two years	323	—	—
Between two and five years	4,245	—	—
Greater than five years	2,009	—	—

At 31 December 2014	Borrowings	Derivative financial instruments	Trade and other payables
	€m	€m	€m
Within one year or on demand	303	7	803
Between one and two years	303	—	—
Between two and five years	2,726	—	—
Greater than five years	3,682	—	—

The carrying amount and fair value of the Group's borrowings are as follows:

	Carrying Value			
	Amount drawn	Deferred debt issue costs and bond premiums	Total	Fair value
At 31 December 2015	€m	€m	€m	€m
Loan Notes	4,799	(47)	4,752	4,762
Term Loan	632	(1)	631	626
Finance leases	6	—	6	6
Bank loans, overdrafts and revolving credit facilities	3	—	3	3
	<u>5,440</u>	<u>(48)</u>	<u>5,392</u>	<u>5,397</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

Fair values are calculated on borrowings as follows:

At 31 December 2014	Carrying Value			Fair value
	Amount drawn	Deferred debt issue costs and bond premiums	Total	
	€m	€m	€m	€m
Loan Notes	4,651	(59)	4,592	4,656
Term Loan	572	(1)	571	559
Bank loans, overdrafts and revolving credit facilities	16	—	16	16
Finance leases	6	—	6	6
	<u>5,245</u>	<u>(60)</u>	<u>5,185</u>	<u>5,237</u>

- (i) Senior Secured and Senior Notes—calculated based on quoted market prices.
- (ii) Term Loan—based on quoted market prices; however, these quoted market prices represent Level 2 inputs because the markets in which the Term Loan trades were not active.
- (iii) Bank loans, overdrafts and revolving credit facilities—based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.
- (iv) Finance leases—assumed that the carrying amount is a reasonable approximation of fair value.

Financing activity

On 12 February 2015, Ardagh repaid in full the principal amount outstanding of its €180 million 8¾% Senior Notes due 2020. Costs associated with the early redemption have been classified as exceptional in the Consolidated Income Statement.

On 1 September 2015, Ardagh repaid €11 million in full settlement of the amounts drawn under the US Equipment and Real Estate Financing Facilities.

These repayments were funded from the Group's internal resources.

The effective interest rates of borrowings at the reporting date are as follows:

	2015		2014	
	USD	EUR	USD	EUR
4.250% First Priority Senior Secured Notes due 2022	—	4.52%	—	4.53%
First Priority Senior Secured Floating Rate Notes due 2019	3.49%	—	3.48%	—
6.00% Senior Notes due 2021	6.38%	—	6.37%	—
8¾% Senior Notes due 2020	—	—	—	9.46%
9.250% Senior Notes due 2020	—	9.69%	—	9.69%
9.125% Senior Notes due 2020	9.90%	—	9.90%	—
7.000% Senior Notes due 2020	7.53%	—	7.53%	—
6.250% Senior Notes due 2019	7.25%	—	7.24%	—
6.750% Senior Notes due 2021	7.45%	—	7.44%	—
Term Loan B Facility due 2019	4.16%	—	4.16%	—
US financing facilities	—	—	8.50%	—

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The carrying amounts of the Group's net borrowings are denominated in the following currencies:

	2015	2014
	€m	€m
Euro	1,624	1,799
US dollar	3,766	3,384
British pounds	2	2
	<u>5,392</u>	<u>5,185</u>

The Group has the following undrawn floating rate borrowing facilities:

	2015	2014
	€m	€m
Expiring within one year	1	1
Expiring beyond one year	272	278
	<u>273</u>	<u>279</u>

Derivative financial instruments

The Group uses the following hierarchy of valuation techniques for determining and disclosing the fair value of financial instruments:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Assets		Liabilities	
	Fair values	Contractual or notional amounts	Fair values	Contractual or notional amounts
	€m	€m	€m	€m
<i>Fair Value Derivatives</i>				
LME aluminium futures	—	—	3	36
Cross currency interest rate swap	—	405	—	—
Nymex gas swaps	—	—	3	18
Interest rate swap	—	—	1	5
At 31 December 2015	<u>—</u>	<u>405</u>	<u>7</u>	<u>59</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

	Assets		Liabilities	
	Fair values	Contractual or notional amounts	Fair values	Contractual or notional amounts
	€m	€m	€m	€m
<i>Fair Value Derivatives</i>				
LME aluminium futures	2	25	—	—
Cross currency interest rate swap	40	323	—	—
Forward foreign exchange contracts	—	33	—	—
Nymex gas swaps	—	—	6	23
Interest rate swap	—	—	1	6
At 31 December 2014	42	381	7	29

All derivative liabilities mature within one year, with the exception of the Cross Currency Interest Rate Swap (“CCIRS”) which matures in 2019. There were no transfers between Level 1 and Level 2 during the year.

Aluminium derivatives

The Group hedges a substantial portion of its anticipated aluminium purchases. Excluding conversion and freight costs, the physical aluminium deliveries are priced based on the average price of aluminium on the LME for the relevant month.

Fair values have been based on LME-quoted market prices and there has been no change in the valuation techniques (Level 1). The fair value of these contracts when initiated is €nil; no premium is paid or received.

Energy derivatives

The Group hedges a portion of its Glass Packaging North America anticipated energy purchases on the New York Mercantile Exchange (“NYMEX”).

Fair values have been based on NYMEX-quoted market prices and Level 1 valuation techniques have been applied. The fair value of these contracts when initiated is €nil; no premium is paid or received.

Cross currency interest rate swap

The Group hedges \$440 million of its external debt and the interest payable thereon using a CCIRS. In December 2015 the Group terminated its existing CCIRS due for maturity June 2019, and replaced it with a new CCIRS with a maturity date of June 2019. The Group received proceeds of €81 million in consideration of the termination. The fair value of the CCIRS is based on Level 1 techniques.

13. Employee benefit obligations

The Group operates defined benefit and defined contribution pension schemes in most of its countries of operation. The principal funded defined benefit schemes, which are funded by contributions to separate administered funds, are in the US, the Netherlands and the United Kingdom.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations (Continued)

Other defined benefit schemes are unfunded and the provision is recognised in the Consolidated Statement of Financial Position. The principal unfunded schemes are in Germany.

The contribution rates to the funded plans are agreed with the Trustee boards, plan actuaries and the local pension regulators periodically. The contributions paid in 2015 were those recommended by the actuaries.

In addition, the Group has other employee benefit obligations in certain territories.

Total employee obligations recognised in the Consolidated Statement of Financial Position of €720 million (2014: €723 million) include other employee benefit obligations of €82 million (2014: €91 million).

Defined benefit pension schemes

The amounts recognised in the Consolidated Income Statement are:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
<i>Current service cost and administration costs</i>		
Cost of sales	(40)	(32)
Sales, general and administration expenses	(5)	(3)
	<u>(45)</u>	<u>(35)</u>
Finance income and expense (Note 19)	(23)	(20)
	<u>(68)</u>	<u>(55)</u>

The amounts recognised in the Consolidated Statement of Comprehensive Income are:

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
<i>Re-measurement of defined benefit obligation</i>		
Actuarial gain/(loss) arising from changes in demographic assumptions	8	(27)
Actuarial gain/(loss) arising from changes in financial assumptions	99	(227)
Actuarial gain arising from changes in experience	30	7
	<u>137</u>	<u>(247)</u>
<i>Re-measurements of plan assets</i>		
Actual return less expected return on plan assets	(81)	129
Actuarial gain/(loss) for the year on pension benefits	56	(118)
Actuarial gain/(loss) on other end of service employee benefits	16	(5)
	<u>72</u>	<u>(123)</u>

The actual return on plan assets resulted in a loss of €9 million in 2015 (2014: €191 million gain).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations (Continued)

Movement in the defined benefit obligations and assets:

	Obligations		Assets	
	2015	2014	2015	2014
	€m	€m	€m	€m
At 1 January 2015	(2,557)	(1,303)	1,925	891
Disposed	—	10	—	(11)
Interest income (Note 19)	—	—	72	62
Acquired	—	(826)	—	763
Current service cost	(45)	(35)	—	—
Past service gain	—	2	—	—
Interest cost (Note 19)	(93)	(79)	—	—
Administration expenses paid from plan assets	—	—	(3)	(3)
Re-measurements	137	(247)	(81)	129
Assets extinguished on settlements	—	5	—	(1)
Employer contributions	—	—	38	36
Employee contributions	(5)	(6)	5	6
Benefits paid	109	81	(109)	(81)
Exchange	(160)	(159)	129	134
At 31 December 2015	(2,614)	(2,557)	1,976	1,925

The present value of defined benefit obligations above includes €240 million (2014: €245 million) of unfunded obligations.

Interest income and interest cost in the table above does not include interest cost of €2 million (2014: €3 million) relating to other employee benefit obligations.

Plan assets at 31 December 2015 comprised:

	2015	2015	2014	2014
	€m	%	€m	%
Equities	1,196	61	546	28
Target return funds	180	9	494	26
Bonds	415	21	576	30
Cash/other	185	9	309	16
	1,976	100	1,925	100

The pension assets do not include any of the Company's ordinary shares, other securities or other Group assets.

Investment strategy

The choice of investments takes account of the expected maturity of the future benefit payments. The plans invest in diversified portfolios consisting of an array of asset classes that attempt to maximise returns while minimising volatility. The asset classes include national and international equities, fixed income government and non-government securities and real estate as well as cash.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations (Continued)

Assumptions and sensitivities

The principal pension assumptions used in the preparation of the financial statements take account of the different economic circumstances in the countries of operations and the different characteristics of the respective plans including the length of duration of liabilities.

The ranges of the principal assumptions applied in estimating defined benefit obligations were:

	US		Eurozone		UK	
	2015	2014	2015	2014	2015	2014
	%	%	%	%	%	%
Rate of inflation	3.00	3.00	1.70-1.75	1.80-2.00	3.00	3.10
Rate of increase in salaries	3.00	3.00	1.70-2.50	2.00-2.50	3.00	3.10
Discount rate	4.70	4.10	0.50-2.72	0.50-2.40	3.90	3.80

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. The average life expectancy in years for a pensioner retiring at age 65 is set out below.

	US		Eurozone		UK	
	2015	2014	2015	2014	2015	2014
	Years	Years	Years	Years	Years	Years
Life expectancy, current pensioners	21	21	21-24	21-23	20	21
Life expectancy, future pensioners	23	23	24-26	24-26	22	22

Were the discount rate to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €204 million lower or €205 million higher, holding all other assumptions constant.

Were the inflation rate to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €84 million lower or €67 million higher, holding all other assumptions constant.

If the salary rate of increase were to differ by 50 basis points from management estimates, the carrying amount of pension obligations would be an estimated €88 million lower or €70 million higher, holding all other assumptions constant.

The impact of increasing the expected longevity by one year would result in an increase in the Group's liability of €60 million at 31 December 2015, holding all other assumptions constant.

The Group's best estimate of contributions expected to be paid to defined benefit plans in 2016 is €21 million.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations (Continued)

The principal defined benefit schemes are described briefly below:

Nature of the schemes	Glass Packaging				Metal Packaging		
	Europe UK Funded	Europe Germany Unfunded	Europe Netherlands Funded	North America Funded	Europe UK Funded	Europe Germany Unfunded	Europe Netherlands Funded
2015							
Active members	—	956	571	4,068	118	648	875
Deferred members	1,527	690	636	2,661	412	513	1,906
Pensioners including dependents	744	738	457	6,185	344	871	2,964
Weighted average duration (years)	21	14	21	13	21	16	17
2014							
Active members	1,406	995	604	4,030	118	700	921
Deferred members	236	702	556	2,734	412	502	2,038
Pensioners including dependents	656	769	490	6,086	344	839	3,139
Weighted average duration (years)	23	14	20	14	21	17	16

The expected total benefit payments over the next five years are:

	2016	2017	2018	2019	2020	Subsequent five years
	€m	€m	€m	€m	€m	€m
Benefits	113	111	113	116	120	640

The Group also has defined contribution plans. The contribution expense associated with these plans for 2015 was €14 million (2014: €12 million). The Group's best estimate of the contributions expected to be paid to these plans in 2016 is €15 million.

Other employee benefits

	2015	2014
	€m	€m
End of service employee benefits	23	25
Long term employee benefits	59	66
	82	91

End of service employee benefits comprise principally amounts due to be paid to employees leaving the Group's service in France and Italy.

Long term employee benefit obligations comprise amounts due to be paid under post retirement medical schemes in Glass Packaging North America, partial retirement contracts in Germany and other obligations to pay benefits primarily related to long service awards.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Trade and other payables

	2015	2014
	€m	€m
Trade payables	532	440
Other payables and accruals	308	322
Other tax and social security payables	21	29
Payables and accruals for exceptionals	17	12
	<u>878</u>	<u>803</u>

15. Provisions for other liabilities and charges

	2015	2014
	€m	€m
Current	48	50
Non-current	48	33
	<u>96</u>	<u>83</u>

	Restructuring	Other provisions	Total provisions
	€m	€m	€m
At 1 January 2015	26	57	83
Acquisitions	—	6	6
Provided	18	24	42
Released	(5)	(8)	(13)
Paid	(22)	(11)	(33)
Reclassification	—	6	6
Exchange	1	4	5
At 31 December 2015	<u>18</u>	<u>78</u>	<u>96</u>

	Restructuring	Other provisions	Total provisions
	€m	€m	€m
At 1 January 2014	10	21	31
Acquisitions	—	32	32
Disposals	(4)	(8)	(12)
Provided	37	28	65
Released	(2)	(3)	(5)
Paid	(16)	(17)	(33)
Exchange	1	4	5
At 31 December 2014	<u>26</u>	<u>57</u>	<u>83</u>

The restructuring provision relates to redundancy and other restructuring costs. Other provisions relate to probable environmental penalties, workers compensation, customer quality claims, and onerous leases.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Segmental analysis

Following the disposal of the Group's Metal Packaging operations in Australia and New Zealand on 31 December 2014, the Executive Committee reviews the operating results of Metal Packaging as a single operating segment. Metal Packaging Europe and Metal Packaging North America are treated as a single operating segment, labelled Metal Packaging.

The three reportable segments for the year ended 31 December 2015 are Glass Packaging North America, Glass Packaging Europe and Metal Packaging. The prior period comparatives have been re-presented to include Metal Packaging North America and Metal Packaging Asia Pacific within the Metal Packaging segment.

Reconciliation of profit/(loss) before tax to EBITDA

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Profit/(loss) before tax	84	(394)
Finance expense	366	474
Operating profit	450	80
Depreciation and amortisation	403	363
Exceptional operating items	81	349
EBITDA	<u>934</u>	<u>792</u>

The segment results for the year ended 31 December 2015 are:

	<u>Glass Packaging North America</u>	<u>Glass Packaging Europe</u>	<u>Metal Packaging</u>	<u>Group</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Revenue	1,707	1,452	2,040	5,199
EBITDA	346	284	304	934
Capital expenditure	134	109	61	304
Total assets	<u>2,305</u>	<u>1,762</u>	<u>2,268</u>	<u>6,335</u>

The segment results for the year ended 31 December 2014 are:

	<u>Glass Packaging North America</u>	<u>Glass Packaging Europe</u>	<u>Metal Packaging</u>	<u>Group</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Revenue	1,353	1,406	1,974	4,733
EBITDA	265	277	250	792
Capital expenditure	78	86	150	314
Total assets	<u>2,113</u>	<u>1,734</u>	<u>2,248</u>	<u>6,095</u>

One customer accounted for greater than 10% of total revenue in 2015 (2014: one customer).

Finance income and expense are not allocated to segments as these are reviewed by the CODM on a group-wide basis. Segmental operating performance is assessed on EBITDA. Segmental revenues are derived from sales to external customers. Inter-segmental revenue is not material.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Segmental analysis (Continued)

Total revenue and non-current assets, excluding financial instruments, taxes, pensions and goodwill arising on acquisitions, in countries which account for more than 10% of total revenue or non-current assets are as follows:

<u>Revenue</u>	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
USA	1,997	1,528
United Kingdom	662	610
Germany	573	653
 <u>Non-current assets</u>	 <u>2015</u>	 <u>2014</u>
	<u>€m</u>	<u>€m</u>
USA	1,431	1,356
Germany	356	381
United Kingdom	271	253

APHL is domiciled in Ireland. During the year the Group had sales of €18 million (2014: €16 million) to customers in Ireland. Non-current assets located in Ireland were €nil (2014: €nil).

Within each reportable segment our packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing, we do not consider that they constitute separate product lines and thus additional disclosure relating to product lines is not necessary.

17. Employee costs

	<u>2015</u>	<u>2014</u>
	<u>€m</u>	<u>€m</u>
Wages and salaries	927	849
Social security costs	133	126
Defined benefit plan pension costs (Note 13)	45	35
Defined contribution plan pension costs	14	12
	<u>1,119</u>	<u>1,022</u>
 <u>Employees at 31 December</u>	 <u>2015</u>	 <u>2014</u>
Production	17,068	16,928
Administration	1,789	1,900
	<u>18,857</u>	<u>18,828</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Exceptional items

	2015	2014
	€m	€m
Plant start-up costs	27	19
Restructuring costs	12	27
Exceptional impairment—working capital	(2)	8
Exceptional impairment—property, plant and equipment	—	53
Non-cash inventory adjustment	—	15
Exceptional items—cost of sales	37	122
Transaction related costs—IPO, acquisition and disposals	41	22
Restructuring costs	2	12
Other	1	1
Exceptional items—sales, general and administration expenses	44	35
Exceptional impairment—intangible assets	—	33
Exceptional items—loss on disposal of businesses	—	159
Deferred issue costs written-off and other debt settlement costs	13	—
Debt refinancing costs	—	116
Interest payable on VNA acquisition notes	—	10
Exceptional items—finance expenses	13	126
	94	475

19. Finance income and expense

	2015	2014
	€m	€m
Senior Secured and Senior Notes	290	296
Term Loan	26	28
Other interest expense	8	7
Interest expense	324	331
Net pension interest cost (Note 13)	23	20
Foreign currency translation losses/(gains)	4	(5)
Other finance expense	2	3
Finance expense before exceptional items	353	349
Exceptional finance expense (Note 18)	13	126
Total finance expense	366	475
Finance income	—	(1)
Net finance expense	366	474

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Income tax

	2015	2014
	€m	€m
Current tax	54	44
Adjustment in respect of prior years	33	(1)
Total current tax	87	43
Deferred tax	7	(52)
Adjustment in respect of prior years	(51)	6
Total deferred tax (Note 6)	(44)	(46)
Income tax charge/(credit)	43	(3)
	2015	2014
	€m	€m
Profit/(loss) before tax	84	(394)
Profit/(loss) on ordinary activities multiplied by the standard rate of Irish corporation tax:		
12.5% (2014:12.5%)	11	(49)
Tax losses for which no deferred income tax asset was recognised	2	10
Re-measurement of deferred taxes	(5)	—
Adjustment in respect of prior years	(18)	5
Income subject to other taxes	11	17
Profits/(losses) taxed at rates other than standard tax rates	14	(73)
Non-deductible items	32	77
Other	(4)	10
Income tax charge/(credit)	43	(3)

21. Cash generated from operating activities

	2015	2014
	€m	€m
Profit/(loss) before tax	84	(394)
Adjustments		
Depreciation	294	275
Amortisation	109	88
Amortisation of capital grants	—	(1)
Net finance expense before exceptional items (Note 19)	353	348
Non-exceptional impairment charges	—	1
Exceptional items (Note 18)	94	475
EBITDA	934	792
Movement in working capital	90	6
Movement in non-working capital payables	—	2
Exceptional acquisition-related, disposal and plant start-up costs paid	(54)	(77)
Exceptional restructuring paid	(20)	(22)
Cash from operating activities	950	701

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Acquisitions and disposals

VNA acquisition

On 11 April 2014 the Group completed the purchase of 100% of the equity of VNA from Compagnie de Saint-Gobain for a consideration of €1.1 billion.

Fair value adjustments to assets acquired of €3 million net of tax, were made in the year to 31 December 2015. The purchase price allocation is now finalised. The fair value of identifiable assets acquired was €656 million and acquired goodwill was €390 million.

Disposal of former Anchor Glass plants

On 30 June 2014 the Group completed the sale of six former Anchor Glass plants and certain related assets for a consideration of €319 million, on which the Group recognised a loss on disposal of €124 million.

Other disposals

During the year ended 31 December 2014 the Group disposed of a small business in the Metal Packaging division and also of its Metal Packaging operations in Australia and New Zealand for a total consideration of €78 million, on which the Group recognised a combined loss of €35 million.

23. Related party transactions

(i) Interests of Mr. Paul Coulson

At 31 December 2015, a company owned by Paul Coulson, the Chairman of the Board of Directors of Ardagh Group S.A., owned approximately 21% of the issued share capital of Ardagh Group S.A. and, through its investment in the Yeoman group of companies, had an interest in a further approximate 39% of the issued share capital of Ardagh Group S.A..

(ii) Yeoman Capital S.A.

At 31 December 2015, Yeoman Capital S.A. owned approximately 39% of the ordinary shares of Ardagh Group S.A.. During 2015, the Group incurred costs of €nil (2014: €1 million) for fees charged by the Yeoman group of companies. The amount outstanding at year end was €nil (2014: €1 million).

(iii) Common directorships

Three of the APhL existing directors, Messrs. Paul Coulson, Niall Wall and David Matthews are also members of the Board of Directors of Ardagh Group S.A.. Four of the Ardagh Group S.A. directors, Messrs. Coulson, Dowling, Baertz and Troskie, also serve as directors in the Yeoman group of companies.

(iv) Joint ventures

At 31 December 2015, the Group owed €2 million (2014: €1 million) to Eura Glasrecycling GmbH & Co. KG. During 2015, the Group received a dividend of €nil (2014: €1 million) from Eura Glasrecycling GmbH & Co. KG and incurred €4 million (2014: €4 million) for purchases of raw materials. At 31 December 2015, the Group owed €1 million (2014: €1 million) to Copal SAS. During 2015, the Group incurred €3 million (2014: €4 million) for raw materials purchased from Copal SAS.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Related party transactions (Continued)

(v) Key management compensation

Key management are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management are comprised of the members who served on the Board of Directors of Ardagh Group S.A. and the Group's Global Leadership Team during the reporting period. The amount outstanding at year end was €4 million (2014: €4 million).

	2015	2014
	€m	€m
Salaries and other short term employee benefits	12	12
Post-employment benefits	1	1
	<u>13</u>	<u>13</u>

(vi) Pension schemes

The pension schemes are related parties. For details of all transactions during the year, please read Note 13 "Employee benefit obligations".

(vii) Subsidiaries

The principal subsidiary undertakings at 31 December 2015 and 31 December 2014 are detailed below, all of which are included in the consolidated financial statements.

Company	Country of incorporation	Activity	Portion of shares held %
Ardagh Metal Packaging Czech Republic s.r.o. .	Czech Republic	Metal Packaging	100
Ardagh Glass Holmegaard A/S	Denmark	Glass Packaging	100
Ardagh Aluminium Packaging France SAS	France	Metal Packaging	100
Ardagh MP West France SAS	France	Metal Packaging	100
Ardagh Metal Packaging France SAS	France	Metal Packaging	100
Ardagh Glass GmbH	Germany	Glass Packaging	100
Heye International GmbH	Germany	Glass Engineering	100
Ardagh Metal Packaging Germany GmbH	Germany	Metal Packaging	100
Ardagh Germany MP GmbH	Germany	Metal Packaging	100
Ardagh Glass Sales Limited	Ireland	Glass Packaging	100
Ardagh Group Italy S.r.l.	Italy	Glass and Metal Packaging	100
Ardagh Aluminium Packaging Netherlands B.V.	Netherlands	Metal Packaging	100
Ardagh Glass Dongen B.V	Netherlands	Glass Packaging	100
Ardagh Glass Moerdijk B.V.	Netherlands	Glass Packaging	100
Ardagh Metal Packaging Netherlands B.V. . . .	Netherlands	Metal Packaging	100
Ardagh Glass S.A.	Poland	Glass Packaging	100
Ardagh Metal Packaging Poland Sp.Z.o.o. . . .	Poland	Metal Packaging	100
Ardagh Glass Limmared AB	Sweden	Glass Packaging	100
Ardagh Glass Limited	United Kingdom	Glass Packaging	100
Ardagh Metal Packaging UK Limited	United Kingdom	Metal Packaging	100
Ardagh Metal Packaging USA Inc.	United States	Metal Packaging	100
Ardagh Glass Inc.	United States	Glass Packaging	100

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Contingencies

Environmental issues

The Group is regulated under various national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the operation of installations for manufacturing of container glass, metal packaging and surface treatment using solvents;
- the generation, storage, handling, use and transportation of hazardous materials;
- the emission of substances and physical agents into the environment;
- the discharge of waste water and disposal of waste;
- the remediation of contamination; and
- the design, characteristics, and recycling of its products.

The Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations and permit requirements. It does not believe it will be required, under both existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amount accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Group arising under environmental laws are pending.

Legal matters

The German competition authority (the Federal Cartel Office) has initiated an investigation of the practices in Germany of metal packaging manufacturers including Ardagh. The investigation is at an early stage. At this stage, there is no certainty as to the extent of any charge which may arise and, accordingly, no provision has been recognised.

With the exception of the above legal matter, the Group is involved in certain other legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, is expected to have a material adverse effect on its business financial condition results of operations or cash flows.

25. Events after the reporting period

There have been no material events subsequent to 31 December 2015 which would require disclosure in this Annual Report.

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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ARDAGH PACKAGING HOLDINGS LIMITED

We have audited the non-statutory consolidated financial statements of Ardagh Packaging Holdings Limited for the year ended 31 December 2014 which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in the preparation of these non-statutory consolidated financial statements is International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page F-3, the Directors are responsible for the preparation of the non-statutory consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the non-statutory consolidated financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's Directors as a body and for no other person. We do not, in giving this opinion, accept or assume responsibility 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.

Scope of the audit of the non-statutory consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory consolidated financial statements sufficient to give reasonable assurance that the non-statutory consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the non-statutory consolidated financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited non-statutory consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory consolidated financial statements

In our opinion the non-statutory consolidated financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 December 2014 and of the loss and cash flows of the Group for the year then ended.

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ARDAGH
PACKAGING HOLDINGS LIMITED (Continued)**

Emphasis of matter—non-statutory consolidated financial statements

In forming our opinion on the non-statutory consolidated financial statements, which is not modified, we draw attention to the fact that these non-statutory consolidated financial statements have not been prepared under Section 148 of the Companies Act 1963 and are not the Parent Company's statutory financial statements.

PricewaterhouseCoopers
Chartered Accountants
Dublin, Ireland

9 March 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for preparing the non-statutory consolidated financial statements (“consolidated financial statements”) in accordance with IFRS, as adopted by the EU and for being satisfied that they give a true and fair view of the state of the Group’s affairs at the end of the financial year and of the profit or loss and cash flows of the Group for the financial year. In preparing these consolidated 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;
- state that the consolidated financial statements comply with IFRS as adopted by the European Union; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group’s website at www.ardaghgroup.com.

These consolidated financial statements have been authorised for issue by the Directors on 9 March 2015.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014**

	Note	2014 €m	2013 €m
Non-current assets			
Intangible assets	3	1,762	1,037
Property, plant and equipment	4	2,223	2,087
Derivative financial instruments	12	40	—
Deferred tax assets	6	184	97
Other non-current assets	5	10	16
		<u>4,219</u>	<u>3,237</u>
Current assets			
Inventories	7	770	680
Trade and other receivables	8	692	657
Derivative financial instruments	12	2	—
Restricted cash	9	9	1,072
Cash and cash equivalents	9	403	285
		<u>1,876</u>	<u>2,694</u>
TOTAL ASSETS		<u>6,095</u>	<u>5,931</u>
Equity attributable to owner of the parent			
Ordinary shares	10	—	—
Capital contribution		101	101
Other reserves		(105)	42
Retained earnings		(1,306)	(823)
		<u>(1,310)</u>	<u>(680)</u>
Non-controlling interests		2	2
Total equity		<u>(1,308)</u>	<u>(678)</u>
Non-current liabilities			
Borrowings	12	5,181	3,911
Employee benefit obligations	13	723	459
Deferred tax liabilities	6	455	295
Provisions	15	33	21
		<u>6,392</u>	<u>4,686</u>
Current liabilities			
Borrowings	12	4	1,075
Interest payable		80	58
Derivative financial instruments	12	7	12
Trade and other payables	14	803	715
Income tax payable		67	53
Provisions	15	50	10
		<u>1,011</u>	<u>1,923</u>
Total liabilities		<u>7,403</u>	<u>6,609</u>
TOTAL EQUITY and LIABILITIES		<u>6,095</u>	<u>5,931</u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014			2013		
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
		€m	Note 18 €m	€m	€m	Note 18 €m	€m
Revenue	16	4,733	—	4,733	4,043	—	4,043
Cost of sales		(3,970)	(122)	(4,092)	(3,441)	(115)	(3,556)
Gross profit		763	(122)	641	602	(115)	487
Sales, general and administration expenses		(246)	(35)	(281)	(235)	(37)	(272)
Intangible amortisation	3	(88)	(33)	(121)	(42)	(11)	(53)
Loss on disposal of businesses		—	(159)	(159)	—	—	—
Operating profit/(loss)		429	(349)	80	325	(163)	162
Finance expense	19	(349)	(126)	(475)	(381)	(125)	(506)
Finance income	19	1	—	1	2	31	33
Share of profit of joint venture		—	—	—	1	—	1
Profit/(loss) before tax		81	(475)	(394)	(53)	(257)	(310)
Income tax credit/(charge)	20			3			(4)
Loss for the year				(391)			(314)
Loss attributable to:							
Owners of the parent				(391)			(314)
Non-controlling interests				—			—
Loss for the year				(391)			(314)

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2014**

	<u>Note</u>	<u>2014</u> €m	<u>2013</u> €m
Loss for the year		(391)	(314)
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss			
<i>Foreign currency translation adjustments:</i>			
—Arising in the year		(148)	23
—Reclassification to income statement on disposal of businesses		(1)	—
		<u>(149)</u>	<u>23</u>
<i>Effective portion of changes in fair value of cash flow hedges:</i>			
—New fair value adjustments into reserve		(34)	(9)
—Movement out of reserve		36	9
		<u>2</u>	<u>—</u>
<i>Available for sale financial assets:</i>			
—New fair value adjustment into reserve		—	30
—Movement out of reserve		—	(30)
		<u>—</u>	<u>—</u>
Items that will not be reclassified to profit or loss			
—Re-measurements of employee benefit obligations	13	(123)	(21)
—Deferred tax movement on employee benefit obligations	6	31	—
		<u>(92)</u>	<u>(21)</u>
Other comprehensive (expense)/income for the year		(239)	2
Total comprehensive expense for the year		<u>(630)</u>	<u>(312)</u>
Attributable to:			
Owners of the parent		(630)	(312)
Non-controlling interest		—	—
Total comprehensive expense for the year		<u>(630)</u>	<u>(312)</u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2014**

	Attributable to owners of the parent					Non-controlling interests	Total equity
	Capital contribution	Retained earnings	Foreign currency translation adjustment	Cash flow hedges	Total		
	€m	€m	€m	€m	€m		
1 January 2014	101	(823)	47	(5)	(680)	2	(678)
Loss for the year	—	(391)	—	—	(391)	—	(391)
Other comprehensive (expense)/income	—	(92)	(149)	2	(239)	—	(239)
31 December 2014	101	(1,306)	(102)	(3)	(1,310)	2	(1,308)

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Capital contribution	Retained earnings	Foreign currency translation adjustment	Cash flow hedges	Total			
	€m	€m	€m	€m	€m	€m		
1 January 2013	101	(488)	24	(5)	(368)	2	(366)	
Loss for the year	—	(314)	—	—	(314)	—	(314)	
Other comprehensive (expense)/income . . .	—	(21)	23	—	2	—	2	
31 December 2013	101	(823)	47	(5)	(680)	2	(678)	

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2014**

	<u>Note</u>	<u>2014</u> €m	<u>2013</u> €m
Cash flows from operating activities			
Cash generated from operations	21	701	516
Interest paid		(317)	(378)
Interest received		1	1
Income tax paid		(35)	(29)
Net cash from operating activities		350	110
Cash flows from investing activities			
Purchase of business net of cash acquired	22	(1,038)	—
Proceeds received from disposal of businesses	22	397	6
Purchase of property, plant and equipment		(321)	(272)
Purchase of software and other intangibles		(10)	(19)
Proceeds from disposal of property, plant and equipment		17	6
Proceeds from disposal of financial asset		—	43
Net cash used in investing activities		(955)	(236)
Cash flows from financing activities			
Proceeds from borrowings		3,469	663
Repayment of borrowings		(2,591)	(438)
Early redemption premium costs paid		(97)	(16)
Deferred debt issue costs paid		(56)	(17)
Net proceeds from financing activities		725	192
Net increase in cash and cash equivalents		120	66
Cash and cash equivalents at the beginning of the year	9	294	232
Exchange losses on cash and cash equivalents		(2)	(4)
Cash and cash equivalents at the end of the year	9	412	294

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Ardagh Packaging Holdings Limited (“APHL” or the “Company”, and collectively with its subsidiaries the “Group”) was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. Its ultimate parent company is Ardagh Group S.A..

Ardagh Packaging Holdings Limited is the reporting entity to present the consolidated financial statements to satisfy the reporting requirements of the indentures of Ardagh Packaging Holdings Limited and its subsidiaries and under the Senior Secured Term Loan B Facility.

The Company’s Registered Office is:
4 Richview Office Park
Clonskeagh
Dublin 14
Ireland

These consolidated financial statements do not represent statutory accounts within the meaning of Section 19 of the Irish Companies (Amendment Act), 1986. Statutory accounts for Ardagh Packaging Holdings Limited for the year ended 31 December 2013, upon which the auditor has given an unqualified audit report, have been filed with the Irish Registrar of Companies. Statutory accounts for Ardagh Packaging Holdings Limited for the year ended 31 December 2014 will be filed in due course.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with, and are in compliance with, IFRS as adopted by the EU and related interpretations. IFRS is comprised of standards and interpretations approved by the IASB and IAS and interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently approved by the IASB and remain in effect. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The consolidated financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- employee benefit obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets valued at fair value.

The preparation of consolidated financial information in accordance with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the process of applying Group accounting policies. These estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in the critical accounting estimates and judgements.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

The consolidated financial statements for the Group were authorised for issue by the Board of Directors of APHL on 9 March 2015.

Reclassification of prior year comparative figures

In accordance with IAS 12 'Income Taxes', deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. During the year the Group reclassified €106 million of deferred tax assets from non-current assets to non-current liabilities in the Consolidated Statement of Financial Position as at 31 December 2013. There is no impact on the previously reporting earnings.

The Consolidated Income Statement has been re-presented to reflect intangible amortisation as a separate line item below gross profit on the basis that we consider this presentation to be an improvement on the previous presentation and of greater informational benefit to users of the consolidated financial statements. This re-presentation does not have any impact on previously reported earnings.

The Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows have been re-presented to reflect certain reclassifications, none of which have any impact on previously reported net assets, cash flows from operating activities or net increase in cash and cash equivalents.

Changes in accounting policy and disclosures

(a) *New standards, amendments, improvements and interpretations which are effective for the financial year beginning 1 January 2014 that are applicable to the Group.*

The following new standards, amendments and interpretations became effective in 2014:

- The Group has applied IFRS 10, 'Consolidated financial statements'. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principle of control and establishes controls as the basis for consolidation. It sets out how to apply the principles of control to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the accounting requirements for the preparation of consolidated financial statements. The Group has noted no material impact on the results or the net assets of the Group.
- The Group has applied IFRS 11, 'Joint arrangements'. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group does not, at present, have any joint arrangements which are being proportionally consolidated, therefore the Group has noted no material impact on the results or the net assets of the Group.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

- The Group has applied IFRS 12, 'Disclosures of interests in other entities'. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

b) *New standards, amendments, improvements and interpretations which are effective for financial periods beginning 1 January 2015 that are applicable to the Group, none of which have been early adopted.*

The following standards and amendments to existing standards have been published and are mandatory, subject to EU endorsement, for the Group's accounting periods beginning on or after 1 January 2015 or later periods:

IFRS 9, 'Financial instruments'. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group does not expect this to materially impact the results or the net assets of the Group. This standard becomes effective for annual periods commencing on or after 1 January 2018 however is subject to endorsement by the EU. The Group will apply IFRS 9 subject to EU endorsement.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15, but it is not expected to be material.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. This standard becomes effective for annual periods commencing on or after 1 January 2015. The Group does not expect this to materially impact the results or the net assets of the Group.

There are no other accounting standards or International Financial Reporting Interpretations Committee (IFRIC) guidance that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power, directly or indirectly, to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. The existence of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is the consideration given in exchange for control of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. Directly attributable transaction costs are expensed and included as exceptional items within sales, general and administration expenses. The acquired net assets are initially measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired subsidiary in the currency of the primary economic environment in which the subsidiary operates (the “functional currency”). If the cost of acquisition is less than the fair value of the Group’s share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. The Group considers obligations of the acquiree in a business combination that arise as a result of the change in control, to be cash flows arising from obtaining control of the subsidiary, and classifies these obligations as investing activities in the Consolidated Statement of Cash Flows.

(ii) Transactions eliminated on consolidation

Transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Subsidiaries’ accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each of the Group’s entities are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except: (i) differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement; and (ii) differences on certain derivative financial instruments discussed under “Derivative financial instruments” below. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates as at the date when the fair value is determined.

The consolidated financial statements are presented in euro, which is the Group’s presentation currency.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into euro at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to euro at average exchange rates for the year. Foreign exchange differences arising on retranslation are recognised in the Consolidated Statement of Comprehensive Income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings as hedges of such investments (net investment hedges), are taken to other comprehensive income. The gain or loss relating to the ineffective portion of a net investment

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

hedge is recognised immediately in the Group income statement within finance income or expense respectively. Gains and losses accumulated in other comprehensive income are recycled to the Group income statement when the foreign operation is sold.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those groups of cash-generating units (“CGUs”) that are expected to benefit from the business combination in which the goodwill arose for the purpose of assessing impairment. Goodwill is tested annually for impairment.

Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the intangible asset is separable or arises from contractual or other legal rights. They are initially recognised at cost which, for intangible assets arising in a business combination, is their fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets with finite useful lives are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortisation of intangible assets is calculated to write off the book value of finite lived intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value.

(i) Computer software

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed seven years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(ii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships which range from 5 to 15 years.

(iii) Technology

Technology based intangibles acquired in a business combination are recognised at fair value at the acquisition date and reflect the Group’s ability to add value through accumulated technological expertise surrounding product and process development. Amortisation is calculated using the straight-line method over an estimated useful life of between 8 and 15 years.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(iv) Research and development costs

Research costs are expensed as incurred. Development costs relating to new products are capitalised if the new product is technically and commercially feasible. All other development costs are expensed as incurred.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for land which is shown at cost less impairment. Spare parts which form an integral part of plant and equipment are capitalised, and those spare parts which do not form an integral part of plant and machinery are included as consumables within inventory and expensed when utilised.

Where items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing the component of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. When a component is replaced the old component is de-recognised in the period. All other costs are recognised in the income statement as an expense as incurred. When a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria above are met.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	30-40 years
Plant and machinery	3-40 years
Moulds	2-3 years
Office equipment and vehicles	3-10 years

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Assets' useful lives and residual values are adjusted if appropriate, at each balance sheet date.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and (i) represents a separate major line of business or geographical area of operations; (ii) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively with a view to resale.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or whenever indicators suggest that impairment may have occurred. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels and are allocated to groups of CGUs. The groupings represent the lowest level at which the related assets are monitored for internal management purposes. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The recoverable amount of other assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their current location and condition. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity.

Net realisable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Spare parts, including mould parts, which are deemed to be of a consumable nature, are included within inventories and expensed when utilised.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(ii) Securitised assets

The Group entered into a series of securitisation transactions involving certain of its trade receivables. The securitised assets were recognised on the Group Consolidated Statement of Financial Position, until all of the rights to the cash flows from those assets have expired or have been fully transferred outside the Group, or until substantially all of the related risks, rewards and control of the related assets have been transferred to a third party.

(iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, certain restricted cash balances and call deposits held with banks. Cash and cash equivalents are carried at amortised cost.

Short term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at amortised cost.

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash is measured at amortised cost.

(iv) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Group's income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(v) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods when the hedged item will affect profit or loss.

(ii) Fair value hedges

Derivative financial instruments are classified as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognised asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group income statement, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Employee benefits

(i) Defined benefit pension plans

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income.

(ii) Multi-employer pension plans

Multi-employer craft or industry based pension schemes ("multi-employer schemes") have arrangements similar to those of defined benefit schemes. In each case it is not possible to identify the Group's share of the underlying assets and liabilities of the multi-employer schemes and therefore in accordance with IAS 19 (revised), the Group has taken the exemption for multi-employer pension schemes to account for them as defined contribution schemes recognising the contributions payable in each period in the Consolidated Income Statement.

(iii) Other end of service employee benefits

In a number of countries, the Group pays lump sums to employees leaving service. These arrangements are accounted in the same manner as defined benefit pension plans.

(iv) Other long term employee benefits

The Group's obligation in respect of other long term employee benefits plans represents the amount of future benefit that employees have earned in return for service in the current and prior periods and are included in the category of employee benefit obligations on the Consolidated Statement of Financial Position. The obligation is computed on the basis of the projected unit credit

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

method and is discounted to present value using a discount rate equating to the market yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and estimated term of the obligations. Actuarial gains and losses are recognised in full in the Group's Consolidated Statement of Comprehensive Income in the period in which they arise.

(v) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognised as employee benefit expense when they are due.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Revenue recognition

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, primarily on despatch of the goods. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. Allowances for customer rebates are provided for in the same period as the related revenues are recorded. Revenue is included net of cash discounts and value added tax.

Exceptional items

The Group's income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in management's judgement need to be disclosed by virtue of their size, nature or incidence.

The Group believes that this presentation provides additional analysis as it highlights exceptional items. Such items include, where significant, restructuring, redundancy and other costs relating to permanent capacity realignment or footprint reorganisation, directly attributable acquisition costs, profit or loss on disposal or termination of operations, start-up costs incurred in relation to new furnace or plant builds, major litigation costs and settlements and impairment of non-current assets. In this regard the determination of 'significant' as included in our definition uses qualitative and quantitative factors. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group income statement, and related notes as exceptional items. We consider columnar presentation to be appropriate in our income statement as it improves the clarity of the presentation, and is consistent with the way that financial performance is measured by management and presented to the Board of Directors of Ardagh Group S.A. (the "Board") and the Executive Committee of the Board of Directors of Ardagh Group S.A. (the "Executive Committee"). Exceptional restructuring costs are classified as restructuring provisions and all other exceptional costs when outstanding at the balance sheet date are classified as exceptional items payable.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets, and gains on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss.

Finance expense comprises interest expense on borrowings (including amortisation of deferred debt issuance costs), finance lease expenses, certain foreign currency translation related to financing, net interest cost on net pension plan liabilities, losses on extinguishment of borrowings, losses on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss and other finance expense.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of manufacturing plants that require a substantial period of time to build.

Costs related to the issuance of new debt are deferred and amortised within finance expense over the expected terms of the related debt agreements by using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Segment reporting

The Executive Committee has been identified as the Chief Operating Decision Maker for the Group.

Operating segments are identified on the basis of the internal reporting provided to the Executive Committee in order to allocate resources to the segment and assess its performance.

Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Estimated impairment of goodwill and other long lived assets

In accordance with IAS 36, 'Impairment of assets', the Group tests whether goodwill and other long lived assets have suffered any impairment in accordance with the accounting policies stated. The determination of recoverable amounts requires the use of estimates as outlined in Note 3. The Group's judgements relating to the impairment of goodwill and other long lived assets are included in Notes 3 and 4.

ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Measurement of employee benefit obligations

The Group follows guidance of IAS 19 (revised), 'Employee Benefits', to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations, other long term employee benefits, and other end of service employee benefits which are subject to similar fluctuations in value in the long term. The Group uses professional actuaries to value such liabilities designed to ensure consistency in the quality of the key assumptions underlying the valuations. The critical assumptions and estimates applied are discussed in detail in Note 13.

iv) Establishing lives for depreciation and amortisation purposes of property, plant and equipment and intangibles

Long lived assets, consisting primarily of property, plant and equipment, customer intangibles and technology intangibles, comprise a significant portion of the total assets. The annual depreciation and amortisation charges depend primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on the depreciation and amortisation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined and there are a significant number of asset lives in use.

v) Business combinations

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Intangible assets

	Goodwill	Customer relationships	Technology and other	Software	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2013	729	350	70	37	1,186
Additions	—	—	4	16	20
Disposals	—	—	—	(1)	(1)
Impairment (Note 18)	(11)	—	—	—	(11)
Exchange	(26)	(7)	—	—	(33)
At 31 December 2013	<u>692</u>	<u>343</u>	<u>74</u>	<u>52</u>	<u>1,161</u>
Amortisation					
At 1 January 2013		(52)	(12)	(19)	(83)
Charge for the year		(34)	(5)	(3)	(42)
Disposals		—	—	1	1
Exchange		—	—	—	—
At 31 December 2013		<u>(86)</u>	<u>(17)</u>	<u>(21)</u>	<u>(124)</u>
Net book value					
At 31 December 2013	<u>692</u>	<u>257</u>	<u>57</u>	<u>31</u>	<u>1,037</u>
Cost					
At 1 January 2014	692	343	74	52	1,161
Acquisitions (Note 22)	387	456	81	2	926
Additions	—	—	4	7	11
Divestments	(183)	(87)	—	(5)	(275)
Impairment (Note 18)	(16)	(6)	—	(11)	(33)
Exchange	85	77	8	—	170
At 31 December 2014	<u>965</u>	<u>783</u>	<u>167</u>	<u>45</u>	<u>1,960</u>
Amortisation					
At 1 January 2014		(86)	(17)	(21)	(124)
Charge for the year		(65)	(15)	(8)	(88)
Divestments		15	—	2	17
Exchange		(3)	—	—	(3)
At 31 December 2014		<u>(139)</u>	<u>(32)</u>	<u>(27)</u>	<u>(198)</u>
Net book value					
At 31 December 2014	<u>965</u>	<u>644</u>	<u>135</u>	<u>18</u>	<u>1,762</u>

Development costs of €11 million were included in other intangible assets at 31 December 2014 (2013: €9 million).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Intangible assets (Continued)

Goodwill

An operating segment-level summary of the goodwill allocation is presented below:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Glass Packaging North America	612	343
Glass Packaging Europe	59	57
Metal Packaging Europe	271	271
Metal Packaging North America	23	21
Total goodwill	<u>965</u>	<u>692</u>

Impairment tests for goodwill

The Group performs its impairment test of goodwill annually following approval of the annual budget.

Allocation of goodwill

Goodwill has been allocated to groups of CGUs for the purpose of impairment testing. The groupings represent the lowest level at which the related goodwill is monitored for internal management purposes.

Following changes to our management structure in the year ended 31 December 2014, we have reassessed the lowest level within the Group at which the goodwill in respect of Glass Packaging Europe and Metal Packaging Europe is monitored for internal management purposes and determined that Glass Packaging Europe and Metal Packaging Europe are no longer monitored on a territory basis but are monitored on an operating segment basis resulting in Glass Packaging Europe being identified as a single group of CGUs (2013: five) and Metal Packaging Europe being identified as a single group of CGUs (2013: six) as of the reporting date.

At 31 December 2014 and 2013, the Glass Packaging North America operating segment constituted a single CGU group for goodwill impairment testing. At 31 December 2014 as a result of the disposal of Metal Packaging Asia Pacific, the Metal North America CGU is the only CGU in the Metal Packaging Other reporting segment.

Recoverable amount and carrying amount

The Group used the value in use (“VIU”) model for the purposes of the goodwill impairment testing as this reflects the Group’s intention to hold and operate the assets.

The VIU model uses the 2015 two year Long Range Plan (“LRP”) approved by the Board. This plan was then extended for a further three year period making certain assumptions including capital expenditure equal to depreciation and that any increase in input cost will be passed through to customers, in line with historic practice and contractual terms.

The terminal value assumed long term growth in line with long term local inflation and long term economic growth.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Intangible assets (Continued)

Cash flows considered in the VIU model included the cash inflows and outflows related to the continuing use of the assets over their remaining useful lives, expected earnings, required maintenance capital expenditure, depreciation, tax and working capital. The model includes an apportionment of Group costs allocated into the entities across the projection period based on EBITDA weighting and other allocations deemed appropriate based on the nature of the cost.

The discount rate applied to post-tax cash flows in the VIU model was estimated using the Capital Asset Pricing Model with regard to the risks associated with the cash flows being considered (country, market, and specific risks of the asset).

Key assumptions include management's estimates of future profitability, replacement capital expenditure requirements, discount rates, customer retention/replacement and the ability to maintain margin through the pass through of input cost inflation. The values applied to each of the key assumptions are derived from a combination of internal and external factors based on historical experience and take into account the stability of cash flows typically associated with these groups of CGUs.

Impairment of goodwill

As described in Note 22, following the acquisition of VNA on 11 April 2014 the Group sold six former Anchor Glass plants and certain related assets. Net assets disposed of €446 million included €183 million of goodwill attributable to these plants.

Following the acquisition and disposal, the Group closed one of the remaining three former Anchor Glass plants resulting in an impairment of goodwill of €16 million and impairment of customer related intangible assets of €6 million. Refer to Note 18 for further details.

In 2013, the Group recorded impairment of the goodwill allocated to Metal Packaging Europe—Aluminium Packaging, reflecting difficult trading conditions. Accordingly, an impairment charge of €11 million was recorded in the year ended 31 December 2013.

The additional disclosures required under IAS 36 in relation to significant goodwill amounts arising in the groups of CGUs are as follows:

	<u>Glass Packaging</u>		<u>Metal Packaging</u>	
	<u>North America</u>	<u>Europe</u>	<u>North America</u>	<u>Europe</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
2014				
Carrying amount of goodwill	612	59	23	271
Excess of recoverable amount	643	1,842	126	1,178
Pre-tax discount rate applied	10.3%	10.0%	10.4%	10.5%
Growth rate applied for terminal value	<u>3.5%</u>	<u>2.5%</u>	<u>3.5%</u>	<u>2.5%</u>
2013				
Carrying amount of goodwill	343	57	21	271
Excess of recoverable amount	38	921	32	757
Pre-tax discount rate applied	12.4%	11.7%	12.4%	11.9%
Growth rate applied for terminal value	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>

If the estimated growth rates applied for terminal values or discount rates were reduced or increased by +/- 50 basis points respectively, there would be no goodwill impairment.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment

	Land and buildings	Plant and machinery	Office equipment and vehicles	Total
	€m	€m	€m	€m
Cost				
At 1 January 2013	648	2,417	66	3,131
Additions	22	262	3	287
Disposals	(3)	(75)	(9)	(87)
Impairment	—	(113)	—	(113)
Transfers	4	(9)	3	(2)
Exchange	(9)	(55)	(1)	(65)
At 31 December 2013	662	2,427	62	3,151
Depreciation				
At 1 January 2013	(119)	(756)	(36)	(911)
Charge for the year	(18)	(224)	(9)	(251)
Disposals	1	73	6	80
Transfers	—	—	—	—
Exchange	2	15	1	18
At 31 December 2013	(134)	(892)	(38)	(1,064)
Net book value				
At 31 December 2013	528	1,535	24	2,087
Cost				
At 1 January 2014	662	2,427	62	3,151
Acquisitions (Note 22)	55	300	1	356
Additions	3	330	3	336
Divestment	(34)	(369)	(2)	(405)
Disposals	(7)	(128)	(17)	(152)
Impairment (Note 18)	(9)	(44)	—	(53)
Transfers	10	(7)	(3)	—
Exchange	16	105	(1)	120
At 31 December 2014	696	2,614	43	3,353
Depreciation				
At 1 January 2014	(134)	(892)	(38)	(1,064)
Charge for the year	(20)	(247)	(8)	(275)
Divestment	2	82	1	85
Disposals	1	128	16	145
Exchange	(2)	(20)	1	(21)
At 31 December 2014	(153)	(949)	(28)	(1,130)
Net book value				
At 31 December 2014	543	1,665	15	2,223

Depreciation expense of €271 million (2013: €245 million) has been charged in cost of sales and €4 million (2013: €6 million) in sales, general and administration expenses.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment (Continued)

Transfers primarily relate to the reclassification of construction in progress to the applicable classification within property, plant and equipment.

Construction in progress at 31 December 2014 was €106 million (2013: €94 million).

Included in property, plant and equipment is an amount for land of €149 million (2013: €144 million).

No interest was capitalised in the year (2013: €nil).

Substantially all of the Group's property, plant and equipment are pledged as security under the terms and conditions of the Group's credit arrangements.

Finance leases

The depreciation charge for capitalised leased assets was €1 million (2013: €2 million) and the related finance charges were €nil (2013: €nil). The net carrying amount is €9 million (2013: €9 million).

Operating lease commitments

During the year, the expense in respect of operating lease commitments was as follows:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Plant and machinery	8	5
Land and buildings	14	19
Office equipment and vehicles	10	9
	<u>32</u>	<u>33</u>

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

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Not later than one year	23	25
Later than one year and not later than five years	55	64
Later than five years	43	50
	<u>121</u>	<u>139</u>

Capital commitments

The following capital commitments in relation to property, plant and equipment were authorised by management, but have not been provided for in the consolidated financial statements:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Contracted for	67	136
Not contracted for	22	24
	<u>89</u>	<u>160</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other non-current assets

At 31 December 2014, other non-current assets of €10 million (2013: €16 million) include €7 million (2013: €7 million) relating to the Group's investment in joint ventures.

6. Deferred income tax

The movement in deferred tax assets and liabilities during the year was as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
At 1 January 2013	213	(455)	(242)
Credited to the income statement	1	36	37
Reclassification	(7)	7	—
Exchange	(4)	11	7
At 31 December 2013	203	(401)	(198)
Acquisitions (Note 22)	76	(296)	(220)
Credited to the income statement	26	20	46
Credited to other comprehensive income	31	—	31
Divestments	(17)	118	101
Exchange	25	(56)	(31)
At 31 December 2014	344	(615)	(271)

The components of deferred income tax assets and liabilities are as follows:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Tax losses	47	44
Employee benefit obligations	164	75
Other	133	84
	344	203
Available for offset	(160)	(106)
Deferred tax assets	184	97
Accelerated depreciation and fair value adjustments	(595)	(377)
Other	(20)	(24)
	(615)	(401)
Available for offset	160	106
Deferred tax liabilities	(455)	(295)

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Deferred income tax (Continued)

The tax credit relating to the income statement is as follows:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Tax losses	(4)	(21)
Employee benefit obligations	4	(5)
Other deferred tax assets	26	27
Accelerated depreciation and fair value adjustments	23	39
Other deferred tax liabilities	<u>(3)</u>	<u>(3)</u>
	<u>46</u>	<u>37</u>

Deferred tax assets are only recognised on tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable based on management's forecasts. The Group did not recognise deferred tax assets of €42 million (2013: €111 million) in respect of tax losses amounting to €158 million (2013: €337 million) that can be carried forward against future taxable income due to uncertainty regarding their utilisation. This decrease of €69 million in unrecognised deferred tax assets primarily relates to the disposal of the six former Anchor Glass plants.

No provision has been made for temporary differences applicable to investments in subsidiaries as the Group is in a position to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Given that exemptions and tax credits would be available in the context of the Group's investments in subsidiaries in the majority of jurisdictions in which it operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognised would be immaterial.

7. Inventories

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Raw materials and consumables	228	192
Mould parts	51	42
Work-in-progress	83	75
Finished goods	<u>408</u>	<u>371</u>
	<u>770</u>	<u>680</u>

The amount recognised as a write down in inventories or as a reversal of a write down in the period was not significant.

No inventory is pledged as security for liabilities.

8. Trade and other receivables

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Trade receivables	613	591
Other receivables and prepayments	<u>79</u>	<u>66</u>
	<u>692</u>	<u>657</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Trade and other receivables (Continued)

The fair values of trade and other receivables approximate the amounts shown above.

Movements on the provision for impairment of trade receivables are as follows:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
At 1 January	13	7
Provision for receivables impairment	1	9
Unused amounts reversed	—	(3)
At 31 December	<u>14</u>	<u>13</u>

The majority of the provision above relates to balances which are more than six months past due.

The ageing analysis of trade receivables past due but not impaired is as follows:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Up to three months past due	50	50
Three to six months past due	1	6
Over six months past due	4	20
	<u>55</u>	<u>76</u>

9. Cash, cash equivalents and restricted cash

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Cash at bank and in hand	352	193
Short term bank deposits	51	92
	<u>403</u>	<u>285</u>

In addition to cash and cash equivalents, the Group had €9 million (2013: €1,072 million) of restricted cash at 31 December 2014.

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Restricted cash	9	9
Restricted cash held in escrow	—	1,063
Total restricted cash	<u>9</u>	<u>1,072</u>

The €1,063 million held in escrow at 31 December 2013 were the proceeds from the bonds issued in January 2013, as part of the financing for the acquisition of VNA. Please refer to Note 12 for additional information on these notes.

The non-escrow restricted cash balance of €9 million at 31 December 2014 and 31 December 2013 primarily relates to bank guarantees in the United States and early retirement plans in Germany. For the purposes of the cash flow statement, cash and cash equivalents includes the non-escrow restricted cash.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Called up share capital

	2014	2013
	€m	€m
Issued and fully paid: 2 ordinary shares of €1 each	—	—

11. Financial risk factors

Capital Structure and Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to the Group's stakeholders. The Group funds its operations primarily from the following sources of capital: operating borrowings, cash flow and shareholders' equity. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources. The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

The financial risk management activities of the Group are subject to controls imposed by the Executive Committee. The overall objective of the Executive Committee 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. Financial risks are managed, on an on-going basis, by the Executive Committee on the advice of group treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances.

The Group regularly reviews the level of cash and debt facilities required to fund its activities, plans for repayments and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

One of the Group's key metrics is the ratio of consolidated net debt as a multiple of EBITDA. EBITDA is operating profit before depreciation, amortisation, impairment, and exceptional operating items. The Executive Committee sets minimum ratio levels, although the Group does not have any externally imposed capital requirements. At 31 December 2014, the ratio for the Group was 6.1 times (2013: 5.8 times).

The Group's activities expose it to a variety of financial risks: interest rate risk, currency exchange risk, commodity price risk, credit risk, liquidity risk and capital risk.

Interest Rate Risk

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

At 31 December 2014, the Group's borrowings were 71.7% (2013: 90.3%) fixed with a weighted average interest rate of 5.9% (2013: 7.2%).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial risk factors (Continued)

Holding all other variables constant, including levels of indebtedness, at 31 December 2014 a one percentage point increase in variable interest rates would not have a material impact on pre-tax interest expense.

Currency Exchange Risk

The Group operates in twenty one countries, across four continents. The Group's main currency exposure in the year to 31 December 2014, was in relation to US dollar, British pounds, Australian and New Zealand dollars, Polish zloty, Danish kroner and Swedish krona. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. Part of the transactional exposure is hedged via forward contracts to mitigate the effect on the Group's trading results.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Fluctuations in the value of these currencies with respect to the euro may have a significant impact on Ardagh's financial condition and results of operations as reported in euro. The Group believes that a strengthening of the euro exchange rate by 1% against all other foreign currencies from the 31 December 2014 rate would increase shareholders' equity by approximately €7 million (2013: €10 million).

Commodity Price Risk

The Group is exposed to changes in prices of its main raw materials, primarily energy, steel and aluminium. The Group's main energy exposure is to the cost of gas and electricity. As a result of the volatility of gas and electricity prices the Group has either included energy pass through clauses in sales contracts, or developed an active hedging strategy to fix a significant proportion of its energy costs through contractual arrangements directly with its suppliers, where there is no energy clause in the sales contract.

Group policy is to purchase natural gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of its anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. We do not net settle, nor do we sell within a short period of time after taking delivery. As a result these contracts are treated as executory contracts under IAS 39. The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any natural gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. We have 85% of our energy risk for 2015 covered, 64% for 2016, and 53% for 2017.

Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognised and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted, where possible. The credit ratings of banks and financial institutions are monitored to ensure compliance with Group policy.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial risk factors (Continued)

Group policy is to extend credit to customers of good credit standing. Credit risk is managed, on an on-going basis by dedicated people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilisation of credit limits is regularly monitored.

Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

For the year ended 31 December 2014, the Group's ten largest customers accounted for approximately 29% of total revenues (2013: 27%). There is no recent history of default with these customers.

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To achieve this objective, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes and contingency plans for managing liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities

At 31 December 2014, the Group's available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 31 December 2014		Undrawn amount
		Local currency m			Local currency m	€m	€m
4.250% First Priority Senior Secured Notes	EUR	1,155	15-Jan-22	Bullet	1,155	1,155	—
First Priority Senior Secured Floating Rate Notes	USD	1,110	15-Dec-19	Bullet	1,110	914	—
6.00% Senior Notes	USD	440	30-Jun-21	Bullet	440	362	—
8¾% Senior Notes	EUR	180	01-Feb-20	Bullet	180	180	—
9.250% Senior Notes	EUR	475	15-Oct-20	Bullet	475	475	—
9.125% Senior Notes	USD	920	15-Oct-20	Bullet	920	758	—
7.000% Senior Notes	USD	150	15-Nov-20	Bullet	150	123	—
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	342	—
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	342	—
USD Term Loan B Facility	USD	695	17-Dec-19	Amortising	695	572	—
HSBC Securitisation Programme . .	EUR	150	15-Jun-16	Revolving	—	—	150
Bank of America Facility	USD	155	11-Apr-18	Revolving	—	—	128
US Equipment Financing Facility .	USD	8	01-Sep-17	Amortising	8	7	—
US Real Estate Financing Facility .	USD	6	01-Sep-21	Amortising	6	5	—
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	1	Rolling	Revolving	—	—	1
Finance Lease Obligations	GBP/EUR			Amortising	6	6	—
Other borrowings	EUR	4		Amortising	4	4	—
Total borrowings / Undrawn facilities						5,245	279
Deferred debt issue costs and bond premiums						(60)	—
Net borrowings / Undrawn facilities						5,185	279
Derivative financial instruments used to hedge foreign currency and interest rate risk						(40)	—
Cash, cash equivalents and restricted cash						(412)	412
Net debt / Available liquidity						4,733	691

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

Certain of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness (primarily maximum borrowings to EBITDA and a minimum EBITDA to net interest), payment of dividends and incurrence of liens.

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

	2014	2013
	€m	€m
Within one year or on demand	4	1,075
Between one and two years	4	3
Between two and five years	1,822	2,014
Greater than five years	3,355	1,894
	<u>5,185</u>	<u>4,986</u>

The table below analyses the Group's financial liabilities (including interest payable) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2014	Borrowings	Derivative financial instruments	Trade and other payables
	€m	€m	€m
Within one year or on demand	303	6	803
Between one and two years	303	1	—
Between two and five years	2,726	—	—
Greater than five years	3,682	—	—

At 31 December 2013	Borrowings	Derivative financial instruments	Trade and other payables
	€m	€m	€m
Within one year or on demand	1,379	11	715
Between one and two years	306	1	—
Between two and five years	2,753	—	—
Greater than five years	2,154	—	—

The carrying amount and fair value of the Group's borrowings are as follows:

	Carrying Value			
At 31 December 2014	Amount drawn	Deferred debt issue costs and bond premiums	Total	Fair value
	€m	€m	€m	€m
Loan Notes	4,651	(59)	4,592	4,656
Term Loans	572	(1)	571	559
Bank loans, overdrafts and revolving credit facilities . . .	16	—	16	16
Finance leases	6	—	6	6
	<u>5,245</u>	<u>(60)</u>	<u>5,185</u>	<u>5,237</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

At 31 December 2013	Carrying Value			Total	Fair value
	Amount drawn	Special mandatory redemption premium	Deferred debt issue costs		
	€m	€m	€m	€m	€m
Loan Notes	4,534	11	(65)	4,480	4,761
Term Loans	490	—	(6)	484	495
Bank loans, overdrafts and revolving credit facilities	17	—	(2)	15	17
Finance leases	7	—	—	7	7
	<u>5,048</u>	<u>11</u>	<u>(73)</u>	<u>4,986</u>	<u>5,280</u>

Fair values are calculated on borrowings as follows:

- (i) Senior Secured and Senior Notes—calculated based on quoted market prices.
- (ii) Term Loans—based on quoted market prices; however, these quoted market prices represent Level 2 inputs because the markets in which the term loans trade were not active.
- (iii) Bank loans, overdrafts and revolving credit facilities—based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.
- (iv) Invoice discounting facilities and finance leases—assumed that the carrying amount is a reasonable approximation of fair value.

Financing activity

In January 2014, the Group redeemed the notes issued in January 2013 (the proceeds of which were held in escrow), namely:

- \$420 million aggregate principal amount of 4.875% First Priority Senior Secured Notes due 2022;
- €250 million aggregate principal amount of 5.000% First Priority Senior Secured Notes due 2022; and
- \$700 million in aggregate principal amount of the \$850 million 7.000% Senior Notes due 2020.

In February 2014, the Group raised a total of \$1,530 million to finance the acquisition of VNA. This comprised:

- \$415 million aggregate principal amount of 6.250% Senior Notes due 2019;
- \$415 million aggregate principal amount of 6.750% Senior Notes due 2021; and
- \$700 million of Senior Secured Term Loan B at a coupon of LIBOR plus 3.000% (with a LIBOR floor of 1.000%) due 2019.

In July 2014, the Group issued the following notes:

- €1,155 million aggregate principal amount of 4.250% First Priority Senior Secured Notes due 2022;

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

- \$1,110 million aggregate principal amount of First Priority Senior Secured Floating Rate Notes due 2019 at a coupon of LIBOR plus 3.000%; and
- \$440 million aggregate principal amount of 6.000% Senior Notes due 2021.

The net proceeds from the issuance and sale of these notes, together with the net proceeds from the Anchor Divestment and related payments were used to repay in full the following notes and term loans:

- €310 million aggregate principal amount of 7.125% Senior Notes due 2017;
- €1,085 million and \$860 million aggregate principal amounts of 7.375% First Priority Senior Secured Notes due 2017; and
- \$500 million and €130 million aggregate principal amounts of Senior Secured Term Loan B due 2019.

In April 2014, the Bank of America Anchor Glass Facility was amended to reduce the facility size to \$60 million and was subsequently cancelled following the Anchor Divestment on 30 June 2014. Ardagh also entered into a \$200 million four year Bank of America facility to support the enlarged Glass North America business after completing the VNA acquisition. The maximum amount drawable under the facility at 31 December 2014 was \$155 million.

The effective interest rates of borrowings at the reporting date are as follows:

	2014		2013	
	USD	EUR	USD	EUR
4.250% First Priority Senior Secured Notes due 2022	—	4.53%	—	—
First Priority Senior Secured Floating Rate Notes due 2019	3.48%	—	—	—
6.00% Senior Notes due 2021	6.37%	—	—	—
8¾% Senior Notes due 2020	—	9.46%	—	9.46%
9.250% Senior Notes due 2020	—	9.69%	—	9.69%
9.125% Senior Notes due 2020	9.90%	—	9.90%	—
7.000% Senior Notes due 2020	7.53%	—	7.60%	—
6.250% Senior Notes due 2019	7.24%	—	—	—
6.750% Senior Notes due 2021	7.44%	—	—	—
7.375% First Priority Senior Secured Notes due 2017	—	—	—	7.94%
7.375% First Priority Senior Secured Notes due 2017	—	—	7.79%	—
5.000% First Priority Senior Secured Notes due 2022	—	—	—	5.53%
4.875% First Priority Senior Secured Notes due 2022	—	—	5.35%	—
7.125% Senior Notes due 2017	—	—	—	8.10%
USD Term Loan B Facility due 2019	—	—	4.89%	—
EUR Term Loan B Facility due 2019	—	—	—	4.76%
USD Term Loan B Facility due 2019	4.16%	—	—	—
US financing facilities	8.50%	—	8.50%	—

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2014	2013
	€m	€m
Euro	1,799	2,429
US dollar	3,384	2,555
British pounds	2	2
	<u>5,185</u>	<u>4,986</u>

The Group has the following undrawn borrowing facilities:

	2014	2013
	€m	€m
Floating rate:		
Expiring within one year	1	43
Expiring beyond one year	278	203
	<u>279</u>	<u>246</u>

The facilities expiring within one year are facilities subject to review at various dates during 2015.

Derivative financial instruments

The Group uses the following hierarchy of valuation techniques for determining and disclosing the fair value of financial instruments:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Assets		Liabilities	
	Fair values	Contractual or notional amounts	Fair values	Contractual or notional amounts
	€m	€m	€m	€m
<i>Fair Value Derivatives</i>				
LME aluminium futures	2	25	—	—
Cross currency interest rate swap	40	323	—	—
Forward foreign exchange contracts	—	33	—	—
Nymex gas swaps	—	—	6	23
Interest rate swap	—	—	1	6
At 31 December 2014	<u>42</u>	<u>381</u>	<u>7</u>	<u>29</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

	Assets		Liabilities	
	Fair values	Contractual or notional amounts	Fair values	Contractual or notional amounts
	€m	€m	€m	€m
<i>Fair Value Derivatives</i>				
LME aluminium futures	—	—	4	37
Forward foreign exchange contracts	—	—	7	245
Interest rate swap	—	—	1	6
At 31 December 2013	—	—	12	288

All derivative liabilities mature within one year. There were no transfers between level 1 and level 2 during the year.

Aluminium derivatives

The Group hedges a substantial portion of its anticipated aluminium purchases on the London Metal Exchange (“LME”). Excluding conversion and freight costs, the physical aluminium deliveries are priced based on the average price of aluminium on the LME for the relevant month. The price risk on these aluminium purchases is hedged by buying fixed-price aluminium futures for the month of physical delivery, and selling averaging aluminium futures in the month that will form the basis for pricing the physical deliveries. Both the bought and sold futures contracts will be for the same volume of metal, this being a portion of the Group’s total requirement for any one month.

Fair values have been based on LME-quoted market prices and there has been no change in the valuation techniques (level 1). The fair value of these contracts when initiated is nil; no premium is paid or received.

Energy derivatives

The Group hedges a portion of its Glass Packaging North America anticipated energy purchases on New York Mercantile Exchange (NYMEX).

Fair values have been based on NYMEX-quoted market prices and Level 1 valuation techniques have been applied. The fair value of these contracts when initiated is nil; no premium is paid or received.

Foreign exchange contracts

The operations of the Group are conducted by entities in many countries, and accordingly, the results of operations of the Group are subject to currency translation risk and currency transaction risk.

Cross currency interest rate swap

The Group hedges \$440 million of its external debt and the interest payable thereon using a cross currency interest rate swap, which matures in June 2019.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations

The Group operates defined benefit and defined contribution pension schemes in most of its countries of operation. The principal funded defined benefit schemes, which are funded by contributions to separate administered funds, are in the US, the Netherlands and the United Kingdom. Other defined benefit schemes are unfunded and the provision is recognised in the Consolidated Statement of Financial Position. The principal unfunded schemes are in Germany.

The contribution rates to the funded plans are agreed with the Trustee boards, plan actuaries and the local pension regulators periodically. The contributions paid in 2014 were those recommended by the actuaries.

In addition, the Group has other employee benefit obligations in certain territories.

Total employee obligations recognised in the Consolidated Statement of Financial Position of €723 million (2013: €459 million) include other employee benefit obligations of €91 million (2013: €47 million).

Defined benefit pension schemes

The amounts recognised in the Consolidated Income Statement are:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
<i>Current service cost and administration costs:</i>		
Cost of sales	(32)	(16)
Sales, general and administration expenses	(3)	(3)
	<u>(35)</u>	<u>(19)</u>
Exceptional item (Note 18)	—	11
Finance income and expense (Note 19)	(20)	(16)
	<u>(55)</u>	<u>(24)</u>

The amounts recognised in the Consolidated Statement of Comprehensive Income are:

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
<i>Re-measurement of defined benefit obligation:</i>		
Actuarial loss arising from changes in demographic assumptions	(27)	(10)
Actuarial loss arising from changes in financial assumptions	(227)	(37)
Actuarial gain arising from changes in experience	7	3
	<u>(247)</u>	<u>(44)</u>
<i>Re-measurements of plan assets:</i>		
Actual loss on expected return on plan assets	129	21
Actuarial loss for the year on pension benefits	(118)	(23)
Actuarial (loss)/gain on other end of service employee benefits	(5)	2
	<u>(123)</u>	<u>(21)</u>

The actual return on plan assets resulted in a gain of €191 million in 2014 (2013: €52 million).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations (Continued)

Movement in the defined benefit obligation and assets:

	Obligations		Assets	
	2014	2013	2014	2013
	€m	€m	€m	€m
Beginning of year	(1,303)	(1,260)	891	857
Disposed	10	—	(11)	—
Interest income (Note 19)	—	—	62	31
Acquired (Note 22)	(826)	—	763	—
Current service cost	(35)	(17)	—	—
Past service gain	2	—	—	—
Exceptional item (Note 18)	—	11	—	—
Interest cost (Note 19)	(79)	(47)	—	—
Administration expenses paid from plan assets	—	—	(3)	(3)
Re-measurements	(247)	(44)	129	21
Assets extinguished on settlements	5	—	(1)	—
Employer contributions	—	—	36	25
Employee contributions	(6)	(7)	6	7
Benefits paid	81	47	(81)	(40)
Exchange	(159)	14	134	(7)
End of year	<u>(2,557)</u>	<u>(1,303)</u>	<u>1,925</u>	<u>891</u>

The defined benefit obligations above include €245 million (2013: €199 million) of unfunded obligations.

The movement in interest income and interest cost in the table above does not include movements in our other employee benefit obligations of €3 million (2013: €nil).

Plan assets at 31 December 2014 comprised:

	2014	2014	2013	2013
	€m	%	€m	%
Equities	546	28	312	35
Target return funds	494	26	264	30
Bonds	576	30	192	22
Cash/other	309	16	123	13
	<u>1,925</u>	<u>100</u>	<u>891</u>	<u>100</u>

The pension assets do not include any of the Company's ordinary shares, other securities or other Group assets.

Investment strategy

The choice of investments takes account of the expected maturity of the future benefit payments. The plans invest in diversified portfolios consisting of an array of asset classes that attempt to maximise returns while minimising volatility. The asset classes include national and international equities, fixed income government and non-government securities and real estate, as well as cash.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations (Continued)

Assumptions and sensitivities

The principal pension assumptions used in the preparation of the accounts take account of the different economic circumstances in the countries of operations and the different characteristics of the respective plans, including the length of duration of liabilities.

The ranges of the principal assumptions applied in estimating defined benefit obligation were:

	US		Eurozone		UK and Other	
	2014	2013	2014	2013	2014	2013
	%	%	%	%	%	%
Rate of inflation	3.00	N/A	1.80-2.00	2.00	3.10	2.25-2.60
Rate of increase in salaries	3.00	N/A	2.00-2.50	2.50	3.10	3.50
Discount rate	4.10	N/A	0.50-2.40	2.00-3.80	3.80	4.50-4.90

Mortality assumptions for the countries with the most significant defined benefit plans are described below:

	US		Eurozone		UK and Other	
	2014	2013	2014	2013	2014	2013
	Years	Years	Years	Years	Years	Years
Life expectancy, current pensioners:	20	N/A	21-22	20-23	21	21
Life expectancy, future pensioners:	20	N/A	24-25	23-24	22	22

Were the discount rate to differ by 50 basis points from management's estimates, the carrying amount of pension obligations would be an estimated €151 million lower or €173 million higher.

Were the inflation rate to differ by 50 basis points from management's estimates, the carrying amount of pension obligations would be an estimated €85 million lower or €92 million higher.

If the salary rate of increase were to differ by 50 basis points from management's estimates, the carrying amount of pension obligations would be an estimated €78 million lower or €90 million higher.

The impact of increasing the expected longevity by one year would result in an increase in the Group's liability of €50 million at 31 December 2014.

The Group's best estimate of contributions expected to be paid to defined benefit plans in 2015 is €36 million.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Employee benefit obligations (Continued)

The principal defined benefit schemes are described briefly below:

Nature of the schemes	Glass Packaging				Metal Packaging		
	Europe UK Funded	Europe Germany Unfunded	Europe Netherlands Funded	North America US Funded	Europe UK Funded	Europe Germany Unfunded	Europe Netherlands Funded
2014							
Active members	1,406	995	604	4,030	118	700	921
Deferred members	236	702	556	2,734	412	502	2,038
Pensioners including dependents	656	769	490	6,086	344	839	3,139
Weighted average duration (years)	23	14	20	14	21	17	16
2013							
Active members	437	1,029	604	N/A	118	742	921
Deferred members	1,140	714	556	N/A	412	511	2,038
Pensioners including dependents	624	843	490	N/A	344	791	3,139
Weighted average duration (years)	23	14	19	N/A	19	16	16

The expected total benefit payments over the next five years are:

	2015	2016	2017	2018	2019	Subsequent five years
	€m	€m	€m	€m	€m	€m
Benefits	<u>102</u>	<u>99</u>	<u>102</u>	<u>105</u>	<u>108</u>	<u>580</u>

The Group also has defined contribution plans; the contribution expense associated with these plans for 2014 was €12 million (2013: €20 million). The Group's best estimate of the contributions expected to be paid to these plans in 2015 is €13 million.

Other employee benefits

	2014	2013
	€m	€m
End of service employee benefits	(25)	(20)
Long term employee benefits	(66)	(27)
	<u>(91)</u>	<u>(47)</u>

End of service employee benefits comprise principally, amounts due to be paid to employees leaving the Group's service in France and Italy.

Long term employee benefit obligations comprise amounts due to be paid under partial retirement contracts in Germany, post retirement medical plans in Glass North America and other obligations to pay benefits primarily related to long service awards.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Trade and other payables

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Trade payables	440	398
Other payables and accruals	322	242
Other tax and social security payables	29	28
Payables and accruals for exceptionals	12	47
	<u>803</u>	<u>715</u>

15. Provisions for other liabilities and charges

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Current	50	10
Non-current	33	21
	<u>83</u>	<u>31</u>

	<u>Restructuring</u>	<u>Other provisions</u>	<u>Total provisions</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
At 1 January 2013	26	25	51
Provided	7	7	14
Released	(1)	(6)	(7)
Paid	(21)	(6)	(27)
Exchange	(1)	1	—
At 31 December 2013	<u>10</u>	<u>21</u>	<u>31</u>

	<u>Restructuring</u>	<u>Other provisions</u>	<u>Total provisions</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
At 1 January 2014	10	21	31
Acquired (Note 22)	—	32	32
Disposed	(4)	(8)	(12)
Provided	37	28	65
Released	(2)	(3)	(5)
Paid	(16)	(17)	(33)
Exchange	1	4	5
At 31 December 2014	<u>26</u>	<u>57</u>	<u>83</u>

The restructuring provision relates to redundancy and other restructuring costs. Other provisions relate to probable environmental penalties, workers compensation, customer quality claims, and onerous leases.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Segmental analysis

Metal Packaging Asia Pacific and Metal Packaging North America do not meet the thresholds for separate disclosure as reportable segments and therefore, in accordance with IFRS 8, are combined and disclosed in an all others segments category labelled as Metal Packaging Other.

Finance income and expense are not allocated to segments as these are reviewed on a Group wide basis. Performance of the operating segments is assessed based on EBITDA. EBITDA is defined as operating profit before depreciation, amortisation, impairment, and exceptional operating items.

Reconciliation of loss before tax to EBITDA

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Loss before tax	(394)	(310)
Net finance expense	474	473
Share of profit of joint venture	—	(1)
Operating profit	80	162
Depreciation, amortisation, and non-exceptional impairment	363	298
Exceptional operating items	349	163
EBITDA	<u>792</u>	<u>623</u>

The segment results for the year ended 31 December 2014 are:

	<u>Glass Packaging North America</u>	<u>Glass Packaging Europe</u>	<u>Metal Packaging Europe</u>	<u>Metal Packaging Other</u>	<u>Group</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>	<u>€m</u>
Revenue	1,353	1,406	1,668	306	4,733
EBITDA	265	277	223	27	792
Depreciation, amortisation and non-exceptional impairment	(152)	(116)	(79)	(16)	(363)
Exceptional operating items	(215)	(12)	(61)	(61)	(349)
Operating profit	(102)	149	83	(50)	80
Capital expenditure	80	100	62	105	347
Segment assets	<u>2,113</u>	<u>1,216</u>	<u>2,348</u>	<u>418</u>	<u>6,095</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Segmental analysis (Continued)

The segment results for the year ended 31 December 2013 are:

	Glass Packaging North America	Glass Packaging Europe	Metal Packaging Europe	Metal Packaging Other	Group
	€m	€m	€m	€m	€m
Revenue	663	1,389	1,663	328	4,043
EBITDA	137	273	183	30	623
Depreciation, amortisation and non-exceptional impairment	(73)	(117)	(96)	(12)	(298)
Exceptional operating items	(37)	(3)	(119)	(4)	(163)
Operating profit	27	153	(32)	14	162
Capital expenditure	46	131	66	64	307
Segment assets	975	1,216	2,341	336	4,868
Restricted cash held in escrow	—	—	—	—	1,063

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables, cash and cash equivalents and deferred tax.

Capital expenditure comprises additions to intangible assets (Note 3), and property, plant and equipment (Note 4).

One customer accounted for greater than 10% of total revenue in 2014 (2013: No customer).

Total revenue and non-current assets, excluding financial instruments, taxes, pensions and goodwill arising on acquisitions, in countries which account for more than 10% of total revenue or non-current assets are as follows:

<u>Revenue</u>	<u>2014</u>	<u>2013</u>
	€m	€m
USA	1,528	830
Germany	653	644
United Kingdom	610	561
	<u> </u>	<u> </u>
<u>Non-current assets</u>	<u>2014</u>	<u>2013</u>
	€m	€m
USA	1,356	618
Germany	381	391
United Kingdom	253	260
	<u> </u>	<u> </u>

APHL is domiciled in Ireland. During the year the Group had sales of €16 million (2013: €12 million) to customers in Ireland.

Within each reportable segment our packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing we do not consider that they constitute separate product lines and thus additional disclosure relating to product lines is not necessary.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Employee costs

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Wages and salaries	786	721
Social security costs	121	116
Defined benefit plan pension costs (Note 13)	35	19
Defined contribution plan pension costs	12	20
	<u>954</u>	<u>876</u>

Employees at 31 December

	<u>2014</u>	<u>2013</u>
Production	16,928	14,696
Administration	1,900	2,478
	<u>18,828</u>	<u>17,174</u>

18. Exceptional items

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Impairment—property, plant and equipment	(53)	(107)
Impairment—working capital	(8)	—
Restructuring costs	(27)	(10)
Plant start-up costs	(19)	(5)
Non-cash inventory adjustment	(15)	—
Past service credit	—	8
Impairment—other	—	(1)
Exceptional items—cost of sales	<u>(122)</u>	<u>(115)</u>
Acquisition related costs	(22)	(38)
Exceptional restructuring costs	(12)	(2)
Past service credit	—	3
Other	(1)	—
Exceptional items—sales, general and administration expenses	<u>(35)</u>	<u>(37)</u>
Exceptional impairment—intangible assets (Note 3)	<u>(33)</u>	<u>(11)</u>
Exceptional items—loss on disposal of businesses (Note 22)	<u>(159)</u>	<u>—</u>
Debt refinancing costs	(116)	—
Interest payable on VNA acquisition notes	(10)	(100)
Extinguishment of 2009 Secured Notes	—	(18)
Deferred issue costs written-off and other debt settlement costs	—	(7)
Exceptional items—finance expense (Note 19)	<u>(126)</u>	<u>(125)</u>
Gain on disposal of financial assets	—	30
Interest payable on VNA acquisition notes	—	1
Exceptional items—finance income (Note 19)	<u>—</u>	<u>31</u>
Total exceptional items	<u>(475)</u>	<u>(257)</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Exceptional items (Continued)

2014

Exceptional impairment charges incurred include €39 million relating to a plant closure in Glass Packaging North America, comprising impairments to property, plant and equipment of €17 million, goodwill of €16 million, and customer relationships of €6 million. Exceptional impairment charges of €44 million were incurred in the Metal Packaging division relating to €36 million of specific property, plant and equipment that is no longer in use and the €8 million impairment of working capital. Exceptional impairment charges of €11 million were also incurred relating to intangible assets no longer in use.

Exceptional finance expense of €126 million includes €116 million relating to the borrowings that were repaid in July 2014 and €10 million relating to the notes issued to finance the VNA acquisition. Refer to Note 12 for information on the refinancing during the year.

The non-cash inventory adjustment of €15 million relates to the VNA acquisition and is a non-recurring adjustment arising as a result of the fair value exercise carried out in accordance with IFRS 3R 'Business Combinations'.

2013

The VNA acquisition exceptional items comprised €100 million in finance expense and €38 million in sales, general and administration expenses.

The €100 million in exceptional finance expense related to the notes issued in January 2013 to finance the acquisition of VNA, which were repaid, in accordance with their terms, on 17 January 2014 using the proceeds that had been held in escrow, and comprised:

- €61 million of interest incurred on the notes since the date of issuance;
- €18 million relating to the accelerated amortisation of debt issue costs;
- €11 million relating to a Special Mandatory Redemption Premium (that was paid in January 2014); and
- €10 million relating to foreign exchange forward contracts previously designated as hedges.

Further details on the VNA acquisition are provided in Note 22.

The following exceptional items were also recorded in the year ended 31 December 2013:

- €118 million of exceptional impairment of long lived assets in the Metal Packaging Europe segment, with most of charge being recorded in South East (€62 million) and Aluminium (€41 million, including €11 million relating to goodwill) reflecting difficult trading conditions;
- €12 million of restructuring costs primarily relating to the reorganisation of the Metal Packaging division;
- €18 million primarily relating to the early redemption premium for the 9.250% First Priority Senior Secured Notes due 2016;
- €30 million gain from the disposal of an investment in ORG, a listed Chinese metal packaging company; and
- €11 million past service credit relating to the Group's principal pension plans in the Netherlands.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Finance income and expense

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Senior Secured and Senior Notes	(296)	(324)
Term loans	(28)	—
Other interest expense	(7)	(9)
Interest expense	(331)	(333)
Net pension interest costs (Note 13)	(20)	(16)
Foreign currency translation gains/(losses)	5	(29)
Other finance expense	(3)	(3)
Finance expense before exceptional items	(349)	(381)
Exceptional finance expense (Note 18)	(126)	(125)
Total finance expense	(475)	(506)
Finance income	1	2
Exceptional finance income (Note 18)	—	31
Net finance expense	(474)	(473)

20. Income tax

	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Current tax:		
Current tax for the year	44	42
Adjustments in respect of prior years	(1)	(1)
Total current tax	43	41
Deferred tax:		
Deferred tax for the year	(52)	(44)
Adjustments in respect of prior years	6	7
Total deferred tax (Note 6)	(46)	(37)
Income tax (credit)/charge	(3)	4
	<u>2014</u>	<u>2013</u>
	<u>€m</u>	<u>€m</u>
Loss before tax	(394)	(310)
Loss on ordinary activities multiplied by the standard rate of Irish corporation tax: 12.5% (2013:12.5%)	(49)	(39)
Reversal of previously recognised tax losses on which deferred income tax assets were recognised	—	6
Tax losses for which no deferred income tax asset was recognised	10	26
Re-measurement of deferred taxes	—	(1)
Adjustment in respect of prior years	5	6
Income subject to other taxes	17	14
Losses taxable at non-standard rates	(73)	(52)
Non-deductible items	77	31
Other	10	13
Total tax (credit)/charge for the year	(3)	4

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Cash generated from operations

	2014	2013
	€m	€m
Loss before tax	(394)	(310)
Adjustments:		
Depreciation (Note 4)	275	251
Amortisation (Note 3)	88	42
Amortisation of capital grants	(1)	(1)
Net finance expense before exceptional items (Note 19)	348	379
Share of profit of joint venture	—	(1)
Non-exceptional impairment charges (Note 16)	1	6
Exceptional items (Note 18)	475	257
EBITDA	792	623
Movement in working capital	6	(48)
Movement on non-working capital payables	2	1
Exceptional acquisition-related, disposal and plant start-up costs paid	(77)	(35)
Exceptional restructuring paid	(22)	(25)
Cash generated from operations	701	516

22. Acquisitions and disposals

In January 2013, Ardagh Group signed a contract with Compagnie de Saint-Gobain to purchase from it the VNA business. In July 2013, the FTC informed Ardagh that it had issued an administrative complaint alleging that the acquisition of VNA was anticompetitive in relation to the sale of glass containers for beer and spirits.

On 8 April 2014, the FTC preliminarily approved a decision and order requiring the divestiture of certain assets as a condition of permitting the VNA acquisition to proceed (the “FTC Consent Decree”) and the acquisition completed on 11 April 2014.

On 12 April 2014, pursuant to the FTC Consent Decree, Ardagh entered into a share purchase agreement with an affiliate of KPS to divest six plants and related assets. The sale was completed on 30 June 2014.

(a) VNA acquisition

On 11 April 2014, Ardagh Group completed the purchase of 100% of the equity of VNA, from Compagnie de Saint-Gobain for a consideration of \$1.5 billion.

VNA, which has its headquarters in Muncie, Indiana, is the second largest glass container manufacturer in the United States, serving the North American food and beverage industries. It produces approximately nine billion containers annually from its 13 facilities located throughout the United States and employs approximately 4,400 people. VNA has annual revenues of approximately \$1.6 billion (€1.2 billion).

The acquisition of VNA is strategically important for the Group. It further expands the glass manufacturing footprint in North America, strengthens existing customer relationships and increases the Group’s product portfolio. Further, the combination of VNA and the Group’s existing North

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Acquisitions and disposals (Continued)

American business provides opportunities for logistics savings, production improvements and other cost efficiencies.

VNA contributed revenue of approximately €896 million and EBITDA of approximately €165 million to the Group's results for the year ended 31 December 2014.

The following table summarises the consideration paid for VNA, and the provisional fair value of assets acquired and liabilities assumed.

	<u>€m</u>
Cash and cash equivalents	8
Property, plant and equipment	356
Intangible assets	539
Inventories	161
Trade and other receivables	94
Trade and other payables	(144)
Net deferred tax liability	(220)
Provisions	(32)
Employee benefit obligations	(103)
Total identifiable net assets	659
Goodwill	387
Total consideration	<u>1,046</u>

The allocations above are based on management's preliminary estimate of the fair values at the acquisition date.

Total consideration for the acquisition of VNA is comprised of the following:

	<u>€m</u>
Cash consideration paid	1,083
Contingent cash consideration received*	(37)
Total consideration	<u>1,046</u>

* Contingent consideration of €37 million (\$50 million) was received from Compagnie de Saint-Gobain (relating to the Anchor Divestment) in July 2014. In accordance with IFRS 3R, this amount has been treated as an adjustment to the purchase consideration for VNA rather than as consideration for the Anchor Divestment.

In the year ended 31 December 2014, the net cash flow relating to the VNA acquisition comprised the following;

	<u>€m</u>
Cash consideration paid	1,083
Contingent cash consideration received	(37)
Cash and cash equivalents acquired	(8)
Total net cash outflow	<u>1,038</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Acquisitions and disposals (Continued)

A detailed exercise has been performed to assess the fair value of assets acquired and liabilities assumed, with the use of third party experts where appropriate. If new information obtained within one year of the acquisition date regarding facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, then the acquisition accounting will be revised.

Goodwill of €387 million arising on the acquisition of VNA (which is not expected to be tax deductible) includes anticipated synergies from integrating VNA into the Group, and the skills and technical talent of the VNA workforce.

Deferred tax is principally recognised on the temporary timing differences created by the fair value adjustments.

The fair value of trade and other receivables was €94 million and included trade receivables with a fair value of €83 million.

Acquisition related costs of €22 million (2013: €38 million) were incurred and classified as exceptional items in the Consolidated Income Statement for the year ended 31 December 2014.

(b) Disposal of Former Anchor Glass Plants

On 30 June 2014, Ardagh Group completed the sale of six former Anchor Glass plants and certain related assets to an affiliate of KPS. The Group recognised a net loss on disposal of €124 million.

	<u>€m</u>
Consideration*	319
Net assets disposed	(446)
Disposal costs	(5)
Cumulative foreign exchange differences	8
Loss on disposal	<u>(124)</u>

* Consideration of €319 million excludes €37 million (\$50 million) received from Compagnie de Saint-Gobain in relation to the divestment, as explained above. Total cash received relating to the divestment including the contingent cash consideration from Compagnie de Saint-Gobain is \$486 million (€356 million).

Prior to the divestment, the six former Anchor Glass plants contributed revenue of €205 million and EBITDA of €40 million to the Group's results for the year ended 31 December 2014.

(c) Other disposals

During the year ended 31 December 2014 the Group disposed of a small business in the Metal Packaging division and also of its Metal packaging operations in Australia and New Zealand. Total cash

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Acquisitions and disposals (Continued)

consideration of €78 million was received and a combined loss of €35 million was incurred in respect of these disposals.

	<u>€m</u>
Consideration	78
Net assets disposed	(102)
Disposal costs	(4)
Cumulative foreign exchange differences	(7)
Loss on disposal	<u>(35)</u>

Prior to the divestment, the Other Disposals contributed revenue of €158 million and EBITDA of €15 million to the Group's results for the year ended 31 December 2014.

If the acquisition of VNA, the Anchor Divestment and the Other Disposals had occurred on 1 January 2014 revenue and EBITDA for the Group for the year ended 31 December 2014 would have been €4,684 million and €782 million, respectively.

23. Related party transactions

(i) Interests of Mr Paul Coulson

At 31 December 2014, a company owned by Paul Coulson, the Chairman of the Board of Directors of Ardagh Group S.A., owned approximately 21% of the issued share capital of Ardagh Group S.A. and, through its investment in the Yeoman Group of companies, had an interest in a further approximate 39% of the issued share capital of Ardagh Group S.A..

(ii) Yeoman Capital S.A.

At 31 December 2014, Yeoman Capital S.A. owned approximately 39% of the ordinary shares of Ardagh Group S.A.. During 2014, the Group incurred costs of €1 million (2013: €1 million) for fees charged by the Yeoman Group of companies.

(iii) Common directorships

Three of the APhL existing directors, Messrs. Paul Coulson, Niall Wall and David Matthews are also members of the Board of Directors of Ardagh Group S.A.. Four of the Ardagh Group S.A. directors, Messrs. Coulson, Dowling, Baertz and Troskie, also serve as directors in the Yeoman group of companies.

(iv) Joint ventures

At 31 December 2014, the Group owed €1 million (2013: €1 million) to Eura Glasrecycling GmbH & Co. KG. During 2014 the Group received a dividend of €1 million (2013: €1 million) from Eura Glasrecycling GmbH & Co. KG and incurred €4 million (2013: €3 million) for purchases of raw materials. At 31 December 2014, the Group owed €1 million (2013: €1 million) to Copal SAS. During 2014, the Group incurred €4 million (2013: €4 million) for raw materials purchased from Copal SAS.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Related party transactions (Continued)

(v) Pension scheme

The pension schemes are related parties. For details of all transactions during the year, please read Note 13 “Employee benefit obligations”.

Other than as noted above, there were no related party transactions or changes to transactions with related parties as disclosed in the 2014 financial statements that had a material effect on the financial position or the performance of the Group.

24. Contingencies

Environmental issues

The Group is regulated under various national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the operation of installations for manufacturing of container glass, metal packaging and surface treatment using solvents;
- the generation, storage, handling, use and transportation of hazardous materials;
- the emission of substances and physical agents into the environment;
- the discharge of waste water and disposal of waste;
- the remediation of contamination; and
- the design, characteristics, and recycling of its products.

The Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations and permit requirements. It does not believe it will be required, under both existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amount accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Group arising under environmental laws are pending.

Legal Matters

The Group is involved in certain legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, is expected to have a material adverse effect on its business financial condition results of operations or cash flows.

25. Events after the reporting period

On 12 February 2015 Ardagh redeemed in full the principal amount outstanding of its €180 million 8¾% Senior Notes due 2020. The notes were redeemed from existing cash resources.

26. Key management compensation

Key management are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management are comprised of the members

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Key management compensation (Continued)

who served on the Board of Directors of Ardagh Group S.A. and the Group's Global Leadership Team during the reporting period.

	2014	2013
	€m	€m
Salaries and other short term employee benefits	12	20
Post-employment benefits	1	1
	<u>13</u>	<u>21</u>

27. Subsidiary undertakings

The principal subsidiary undertakings at 31 December 2014 are detailed below, all of which are included in the consolidated financial statements.

Company	Country of incorporation	Activity	Portion of shares held %
Ardagh Metal Packaging Czech Republic S.r.O.	Czech Republic	Metal Packaging	100
Ardagh Glass Holmegaard A/S	Denmark	Glass Packaging	100
Ardagh Aluminium Packaging France SAS .	France	Metal Packaging	100
Ardagh MP West France SAS	France	Metal Packaging	100
Ardagh Metal Packaging France SAS	France	Metal Packaging	100
Ardagh Glass GmbH	Germany	Glass Packaging	100
Heye International GmbH	Germany	Glass Engineering	100
Ardagh Metal Packaging Germany GmbH .	Germany	Metal Packaging	100
Ardagh Germany MP GmbH	Germany	Metal Packaging	100
Ardagh Glass Sales Limited	Ireland	Glass Packaging	100
Ardagh Group Italy S.r.l.	Italy	Glass and Metal Packaging	100
Ardagh Aluminium Packaging Netherlands B.V.	Netherlands	Metal Packaging	100
Ardagh Glass Dongen B.V.	Netherlands	Glass Packaging	100
Ardagh Glass Moerdijk B.V.	Netherlands	Glass Packaging	100
Ardagh Metal Packaging Netherlands B.V. .	Netherlands	Metal Packaging	100
Ardagh Glass S.A.	Poland	Glass Packaging	100
Ardagh Metal Packaging Poland Sp. Z o.o.	Poland	Metal Packaging	100
Ardagh Glass Limmared AB	Sweden	Glass Packaging	100
Ardagh Glass Limited	United Kingdom	Glass Packaging	100
Ardagh Metal Packaging UK Limited	United Kingdom	Metal Packaging	100
Ardagh Metal Packaging USA Inc.	United States	Metal Packaging	100
Ardagh Glass Inc.	United States	Glass Packaging	100

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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF ARDAGH PACKAGING HOLDINGS LIMITED

We have audited the non-statutory consolidated financial statements of Ardagh Packaging Holdings Limited for the year ended 31 December 2013 which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in the preparation of these non-statutory consolidated financial statements is International Financial Reporting Standards (“IFRSs”) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page F-3, the directors are responsible for the preparation of the non-statutory consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the non-statutory consolidated financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the company's directors as a body and for no other person. We do not, in giving this opinion, accept or assume responsibility 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.

Scope of the audit of the non-statutory consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory consolidated financial statements sufficient to give reasonable assurance that the non-statutory consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the non-statutory consolidated financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited non-statutory consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory consolidated financial statements

In our opinion the non-statutory consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2013 and of the loss and cash flows of the group for the year then ended.

Emphasis of matter—non-statutory consolidated financial statements

In forming our opinion on the non-statutory consolidated financial statements, which is not modified, we draw attention to the fact that these non-statutory consolidated financial statements have not been prepared under Section 148 of the Companies Act 1963 and are not the parent company's statutory financial statements.

PricewaterhouseCoopers
Chartered Accountants
Dublin, Ireland

14 March 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The directors are responsible for preparing the non-statutory consolidated financial statements (“consolidated financial statements”) in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union and for being satisfied that they give a true and fair view of the state of the Group’s affairs at the end of the financial year and of the profit or loss and cash flows of the Group for the financial year. In preparing these consolidated 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;
- State that the consolidated financial statements comply with IFRS as adopted by the European Union; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group’s website at www.ardaghgroup.com.

These non-statutory consolidated financial statements have been authorised for issue by the Directors on 14 March 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	<u>Note</u>	<u>2013</u> €m	<u>2012</u> Restated €m
Non-current assets			
Goodwill	3	692	729
Intangible assets	3	345	374
Property, plant and equipment	4	2,087	2,220
Other financial assets	5	8	11
Other non-current assets		8	6
Deferred tax assets	6	203	213
		<u>3,343</u>	<u>3,553</u>
Current assets			
Inventories	7	680	694
Trade and other receivables	8	657	687
Cash and cash equivalents	9	285	223
Restricted cash	9	1,072	9
		<u>2,694</u>	<u>1,613</u>
TOTAL ASSETS		<u><u>6,037</u></u>	<u><u>5,166</u></u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 (Continued)

	<u>Note</u>	<u>2013</u> <u>€m</u>	<u>2012</u> <u>Restated</u> <u>€m</u>
Equity attributable to owner of the parent			
Ordinary shares	10	—	—
Capital contribution		101	101
Other reserves		42	19
Retained earnings		(823)	(488)
		(680)	(368)
Non-controlling interests		2	2
Total equity		<u>(678)</u>	<u>(366)</u>
Non-current liabilities			
Borrowings	12	3,911	3,665
Deferred income	13	5	6
Employee benefit obligations	14	459	457
Deferred tax liability	6	401	455
Provisions for other liabilities and charges	16	21	26
Derivative financial instruments	12	1	—
		<u>4,798</u>	<u>4,609</u>
Current liabilities			
Borrowings	12	1,075	78
Interest payable		58	72
Deferred income	13	2	2
Trade and other payables	15	660	694
Exceptional payables	15	47	10
Payables to parent company		1	1
Derivative financial instruments	12	11	4
Provisions for other liabilities and charges	16	10	25
Current income tax payable		53	37
		<u>1,917</u>	<u>923</u>
TOTAL EQUITY and LIABILITIES		<u>6,037</u>	<u>5,166</u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Before exceptional items 2013 €m	Exceptional items 2013 Note 19 €m	Total 2013 €m	Before exceptional items 2012 Restated €m	Exceptional items 2012 Note 19 €m	Total 2012 Restated €m
Revenue	17	4,043	—	4,043	3,705	—	3,705
Cost of sales	18	(3,475)	(126)	(3,601)	(3,115)	(185)	(3,300)
Gross profit		568	(126)	442	590	(185)	405
Sales, general and administration expenses	18	(243)	(37)	(280)	(234)	(46)	(280)
Operating profit		325	(163)	162	356	(231)	125
Finance expense	20	(381)	(125)	(506)	(359)	(12)	(371)
Finance income	20	2	31	33	2	—	2
Share of profit of joint venture		1	—	1	1	—	1
Loss before tax		<u>(53)</u>	<u>(257)</u>	<u>(310)</u>	<u>—</u>	<u>(243)</u>	<u>(243)</u>
Income tax (charge)/credit	21			(4)			16
Loss for the year				<u>(314)</u>			<u>(227)</u>
Loss attributable to:							
Owners of the parent				(314)			(227)
Non-controlling interests				<u>—</u>			<u>—</u>
				<u>(314)</u>			<u>(227)</u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<u>Note</u>	<u>31 Dec 2013</u>	<u>31 Dec 2012 Restated</u>
		<u>€m</u>	<u>€m</u>
Loss for the year		(314)	(227)
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss			
<i>Foreign currency translation adjustments:</i>			
—Arising in the period		(15)	30
—Net Investment hedge of foreign operations		38	25
		<u>23</u>	<u>55</u>
<i>Effective portion of changes in fair value of cash flow hedges:</i>			
—New fair value adjustments into reserve		(9)	(2)
—Movement out of reserve		9	2
—Movement in deferred tax		<u>—</u>	<u>—</u>
		<u>—</u>	<u>—</u>
<i>Available for sale financial assets:</i>			
—New fair value adjustment into reserve		30	—
—Movement out of reserve		<u>(30)</u>	<u>—</u>
		<u>—</u>	<u>—</u>
Items that will not be reclassified to profit or loss			
—Re-measurements of employee benefit obligations	14	(21)	(80)
—Deferred tax movement on employee benefit obligations	6	<u>—</u>	<u>19</u>
		<u>(21)</u>	<u>(61)</u>
Other Comprehensive Income for the period		<u>2</u>	<u>(6)</u>
Total Comprehensive Income for the period		<u>(312)</u>	<u>(233)</u>
Attributable to:			
Owners of the parent		(312)	(233)
Non-controlling interest		<u>—</u>	<u>—</u>
Total Comprehensive Income for the year		<u>(312)</u>	<u>(233)</u>

Items in the statement above are disclosed gross of tax.

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Attributable to owners of the parent							
	Note	Capital contribution	Retained earnings	Foreign currency translation adjustment	Cash flow hedges	Total	Non-controlling interests	Total Equity
		€m	€m	€m	€m	€m	€m	€m
Balance as at 1 January 2013		101	(488)	24	(5)	(368)	2	(366)
Comprehensive income								
Loss for the year		—	(314)	—	—	(314)	—	(314)
Other comprehensive income:								
Foreign currency translation adjustments		—	—	23	—	23	—	23
Re-measurements of employee benefit obligations (net of tax)	14	—	(21)	—	—	(21)	—	(21)
Cash flow hedges movement out of reserves (net of tax)		—	—	—	—	—	—	—
Total other comprehensive income		—	(21)	23	—	2	—	2
Total comprehensive income		—	(335)	23	—	(312)	—	(312)
Balance as at 31 December 2013		101	(823)	47	(5)	(680)	2	(678)

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	Attributable to owners of the parent					Non-controlling interests	Total Equity
		Capital contribution	Retained earnings	Foreign currency translation adjustment	Cash flow hedges	Total		
		€m	€m	€m	€m	€m	€m	€m
Balance as at 1 January 2012		<u>101</u>	<u>(199)</u>	<u>(31)</u>	<u>(5)</u>	<u>(134)</u>	<u>2</u>	<u>(132)</u>
Comprehensive income								
Loss for the year		<u>—</u>	<u>(227)</u>	<u>—</u>	<u>—</u>	<u>(227)</u>	<u>—</u>	<u>(227)</u>
Other comprehensive income:								
Foreign currency translation adjustments		<u>—</u>	<u>—</u>	<u>55</u>	<u>—</u>	<u>55</u>	<u>—</u>	<u>55</u>
Re-measurements of employee benefit obligations (net of tax)	14	<u>—</u>	<u>(61)</u>	<u>—</u>	<u>—</u>	<u>(61)</u>	<u>—</u>	<u>(61)</u>
Cash flow hedges movement out of reserves (net of tax)		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other comprehensive income		<u>—</u>	<u>(61)</u>	<u>55</u>	<u>—</u>	<u>(6)</u>	<u>—</u>	<u>(6)</u>
Total comprehensive income		<u>—</u>	<u>(288)</u>	<u>55</u>	<u>—</u>	<u>(233)</u>	<u>—</u>	<u>(233)</u>
Repurchase of non controlling interest		<u>—</u>	<u>(1)</u>	<u>—</u>	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(1)</u>
Balance as at 31 December 2012		<u><u>101</u></u>	<u><u>(488)</u></u>	<u><u>24</u></u>	<u><u>(5)</u></u>	<u><u>(368)</u></u>	<u><u>2</u></u>	<u><u>(366)</u></u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<u>Note</u>	<u>2013</u> <u>€m</u>	<u>2012</u> <u>€m</u>
Cash flows from operating activities			
Cash generated from operations	22	516	423
Interest paid		(378)	(285)
Interest received		1	—
Income tax paid		(29)	(17)
<i>Net cash from operating activities</i>		<u>110</u>	<u>121</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(272)	(200)
Purchase of software and other intangibles		(19)	(11)
Proceeds from disposal of property, plant and equipment		6	3
Proceeds from disposal of financial asset		43	—
Proceeds from disposal of business		6	—
Dividend received		1	—
Business combinations		—	(576)
Cash in acquired subsidiary	23	—	11
<i>Net cash used in investing activities</i>		<u>(235)</u>	<u>(773)</u>
Cash flows from financing activities			
Proceeds from borrowings		663	1,080
Repayment of borrowings		(438)	(414)
Deferred debt issue costs paid		(12)	(37)
Early redemption costs paid		(16)	—
Other financial expenses paid		(6)	(3)
Other short term debt		—	(26)
Acquisition of non-controlling interest		—	(1)
<i>Net proceeds from financing activities</i>		<u>191</u>	<u>599</u>
Net increase/(decrease) in cash and cash equivalents		66	(53)
Cash and cash equivalents at beginning of the year	9	232	291
Exchange losses on cash and bank overdrafts		(4)	(6)
Cash and cash equivalents at the end of the year	9	<u>294</u>	<u>232</u>

The notes to the non-statutory consolidated financial statements are an integral part of these consolidated financial statements.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Ardagh Packaging Holdings Limited (“APHL”, and collectively with its subsidiaries “the Group”) was incorporated and registered in the Republic of Ireland as a private company on 5 August 2005. Its ultimate parent company is Ardagh Group S.A..

A company owned by Mr. Paul Coulson, the Chairman of the board of directors of Ardagh Group S.A., directly owns 21% of the share capital of Ardagh Group S.A.. Mr Coulson is a member of the board of directors of, and has an investment in, the Yeoman group of companies and therefore has an interest in an additional 39.3% of the issued share capital of Ardagh Group S.A. (Note 24).

APHL is a holding company for the Group’s Glass Packaging and Metal Packaging businesses and was the parent guarantor for the following bonds/loans as at 31 December 2013:

Issuer

Ardagh Packaging Finance plc	\$350 million 7.375% First Priority Senior Secured Notes due 2017
Ardagh Packaging Finance plc and Ardagh Holdings USA Inc	\$510 million 7.375% First Priority Senior Secured Notes due 2017
Ardagh Packaging Finance plc	€825 million 7.375% First Priority Senior Secured Notes due 2017
Ardagh Packaging Finance plc and Ardagh Holdings USA Inc	€260 million 7.375% First Priority Senior Secured Notes due 2017
Ardagh Glass Finance plc	€310 million 7.125% Senior Notes due 2017
Ardagh Glass Finance plc	€180 million 8¾% Senior Notes due 2020
Ardagh Packaging Finance plc	€475 million 9.250% Senior Notes due 2020
Ardagh Packaging Finance plc	\$450 million 9.125% Senior Notes due 2020
Ardagh Packaging Finance plc and Ardagh Holdings USA Inc	\$470 million 9.125% Senior Notes due 2020
Ardagh Packaging Finance plc and Ardagh Holdings USA Inc	€250 million 5.000% First Priority Senior Secured Notes due 2022*
Ardagh Packaging Finance plc and Ardagh Holdings USA Inc	\$420 million 4.875% First Priority Senior Secured Notes due 2022*
Ardagh Packaging Finance plc and Ardagh Holdings USA Inc	\$850 million 7.000% Senior Notes due 2020*
Ardagh Holdings USA Inc. and Ardagh Packaging Finance S.A.	\$500 million Term Loan B Facility due 2019
Ardagh Holdings USA Inc. and Ardagh Packaging Finance S.A.	€130 million Term Loan B Facility due 2019

* The €250.0 million 5.000% First Priority Senior Secured Notes due 2022, the \$420.0 million 4.875% First Priority Senior Secured Notes due 2022, and \$700.0 million of the 7.000% Senior Notes due 2020 were repaid, in accordance with their terms, on 17 January 2014.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. General information (Continued)

Ardagh Packaging Holdings Limited is the reporting entity to present the consolidated financial statements to satisfy the reporting requirements of the indentures for the Group's notes and under the Senior Secured Term Loan B Facility.

The Company's Registered Office is:
4 Richview Office Park
Clonskeagh
Dublin 14

These consolidated financial statements do not represent statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act, 1986. Statutory accounts for Ardagh Packaging Holdings Limited for the year ended 31 December 2012, upon which the auditors have given an unqualified audit report, have been filed with the Registrar of Companies. Statutory accounts for Ardagh Packaging Holdings Limited for the year ended 31 December 2013 will be filed in due course.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with, and are in compliance with, International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and related interpretations. IFRS is comprised of standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards and interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently approved by the IASB and remain in effect. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

The consolidated financial statements, which are presented in Euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- employee benefit obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets valued at fair value.

The preparation of consolidated financial information in conformity with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the process of applying Group accounting policies. These estimates, assumptions and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in the critical accounting estimates and judgements.

The Consolidated Financial Statements for the Group were authorised for issue by the Board of Directors of Ardagh Packaging Holdings Limited on 14 March 2014.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Changes in accounting policy and disclosures

- (a) *New standards, amendments, improvements and interpretations which are effective for the financial year beginning 1 January 2013 that are applicable to the Group.*

The following new standards, amendments and interpretations became effective in 2013:

- The Group has applied the amendments to IAS 19, 'Employee Benefits' from 1 January 2013. The revised standard requires that the interest cost be determined by reference to the net pension liability (or asset) and the discount rate and that the costs of administering the pension schemes in the year be charged to the income statement directly rather than as an addition to service cost or a reduction of the expected return on assets. The application of the revised standard has resulted in a restatement of the comparative amounts in the Consolidated Income Statement as follows: an increase in cost of sales of €1 million; a decrease in finance expense of €35 million; a decrease in finance income of €39 million; a decrease in the tax charge of €1 million; an overall increase in reported net loss of €4 million. In addition, the 31 December 2012 comparative amounts in the consolidated balance sheet have been restated to decrease non-current provisions by €17 million and increase non-current employee benefit obligations by €17 million, and the re-measurement of employee benefit obligations (net of tax) for the year ended 31 December 2012 in the consolidated statement of comprehensive income is €4 million lower as a result of the restatement. The net impact on equity is nil.
 - The Group has applied IFRS 13, 'Fair value measurement'. IFRS 13 does not result in material changes to the Group's results or net assets, rather the standard sought to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements of the standard did not extend the use of fair value accounting but provided guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.
 - The Group has applied the amendments to IAS 1, 'Presentation of Financial Statements'. The revised standard which requires the grouping of items of other comprehensive income that may be reclassified to profit or loss at a future point in time separately from those items which will never be reclassified affects presentation only and does not impact the Group's financial position or performance. The Group has adopted the revised standard with effect from 1 January 2013.
- (b) *New standards, amendments, improvements and interpretations which are effective for financial periods beginning 1 January 2014 that are applicable to the Group, none of which have been early adopted.*

The following standards and amendments to existing standards have been published and are mandatory, subject to EU endorsement, for the Group's accounting periods beginning on or after 1 January 2014 or later periods.

IFRS 9, 'Financial instruments'. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group does not expect this to materially impact the results or the net assets of the Group. This standard becomes effective for annual periods commencing on or after 1 January 2015

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

however is subject to endorsement by the EU. The Group will apply IFRS 9 subject to EU endorsement.

IFRS 10, 'Consolidated financial statements'. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principle of control and establishes controls as the basis for consolidation. It sets out how to apply the principles of control to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the accounting requirements for the preparation of consolidated financial statements. The Group does not expect this to materially impact on the results or the net assets of the Group. This standard was endorsed by the EU on 11 December 2012 and becomes effective for annual periods commencing on or after 1 January 2014. The Group will apply IFRS 10 from 1 January 2014.

IFRS 11, 'Joint arrangements'. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group does not, at present, have any joint arrangements which are being proportionally consolidated, therefore the Group does not expect this to materially impact on the results or the net assets of the Group. This standard was endorsed by the EU on 11 December 2012 and becomes effective for annual periods commencing on or after 1 January 2014. The Group will apply IFRS 11 from 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities'. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group does not expect this to result in additional disclosures being required as it does not have joint arrangements. This standard was endorsed by the EU on 11 December 2012 and becomes effective for annual periods commencing on or after 1 January 2014. The Group will apply IFRS 12 from 1 January 2014.

There are no other accounting standards or IFRIC's that are not yet effective that would be expected to have a material impact on the Group.

IFRS 3R Business Combinations—measurement window fair value adjustments

In accordance with IFRS 3R 'Business Combinations', fair value adjustments for the Anchor acquisition (Note 23) were made in the year ended 31 December 2013 in relation to the provisional purchase price allocation during the measurement window. While this did not result in a change to the overall goodwill value previously reported the following fair value adjustments were recorded; increases in property, plant and equipment of €9 million, provisions of €2 million, deferred tax liabilities of €2 million; and a decrease in inventory of €5 million. The purchase price allocation is complete.

Reclassification of prior year comparative figures

The Group has performed a reassessment of the income statement classification relating to certain labour costs which has resulted in a change in classification being applied to the previously disclosed income statement. This change has resulted in the reclassification between cost of sales and sales,

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

general and administration expenses of €29 million in the twelve month period ended 31 December 2012. This reclassification has no impact on the consolidated statement of financial position or profits as previously reported.

Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power, directly or indirectly, to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existences of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is the consideration given in exchange for control of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. Directly attributable transaction costs are expensed and included as exceptional items within sales, general and administrative expenses. The acquired net assets are initially measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired subsidiary in the functional currency of that subsidiary. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. The Group considers obligations of the acquiree in a business combination that arise as a result of the change in control to be cash flows arising from obtaining control of the subsidiary and classifies these obligations as investing activities in the Consolidated Statement of Cash Flows.

(ii) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as adjustments to equity with no recognition of goodwill or gains and losses.

(iii) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(iv) Transactions eliminated on consolidation

Transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except: (i) differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement; and (ii) differences on certain derivative financial instruments discussed under "derivative financial instruments" below. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as of the date when the fair value is determined.

The consolidated financial statements are presented in Euro which is the Group's presentation currency.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euro at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Euro at average exchange rates for the year. Foreign exchange differences arising on retranslation are recognised in the Consolidated Statement of Comprehensive Income ("foreign currency translation adjustment").

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and the effective currency instruments designated as hedges of such investments, are taken to other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose for the purpose of assessing impairment. Goodwill is tested annually for impairment. In

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

The excess of the acquirer's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities over cost, arising on an acquisition, is recognised directly in the income statement.

Intangible assets

Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the intangible asset is separable or arises from contractual or other legal rights. They are initially recognised at cost which, for intangible assets arising in a business combination, is their fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets with finite useful lives are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortisation of intangible assets is calculated to write off the book value of finite lived intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. In general, finite lived intangible assets are amortised over periods ranging from 3 to 15 years, depending on the nature of the intangible asset as detailed below. The useful lives and method of amortisation of intangible assets are re-assessed at each reporting date.

(i) Computer software

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(ii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships which range from 5 to 15 years.

(iii) Technology intangible

Technology based intangibles acquired in a business combination are recognised at the fair value at the acquisition date and recognise the Group's ability to add value through accumulated technological expertise surrounding product and process development. Amortisation is calculated using the straight line method over the estimated useful life of 15 years.

(iv) Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised when the Group can demonstrate: (i) the technical feasibility of completing the intangible asset such that it will be available for use internally; (ii) how the asset will generate future economic benefits; (iii) the availability of resources to complete the development; and

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(iv) the ability to measure reliably the expenditure during such development. Development costs have a finite life and are amortised over the estimated useful life of the project. Amortisation periods have been estimated at between 3 and 10 years. These estimates are reviewed on an annual basis to establish whether they need to be revised.

(v) Other Intangible assets

An intangible asset is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for land which is shown as cost less impairment. Spare parts which form an integral part of plant and equipment are capitalised and those spare parts which do not form an integral part of plant and machinery are included as consumables within inventory and expenses when utilised.

Where items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. If spare parts are directly linked to a specific plant and machinery, the useful lives are deemed to be the same as the plant and machinery unless a different useful life is warranted.

(ii) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period using the effective interest method so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing the component of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. When a component is replaced the old component is de-recognised in the period. All other costs are recognised in the income statement as an expense as incurred. When a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria above are met.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	30-40 years
Plant and machinery	3-40 years
Moulds	2-3 years
Office equipment and vehicles	3-10 years

The net book amount and useful lives of assets are reviewed and adjusted if appropriate. At the end of each reporting period, an asset's carrying amount is written down to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

(v) Disposals

Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount of the relevant asset at the date of disposal and are included in operating profit in the period in which they are disposed.

(vi) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(vii) Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of manufacturing plants that require a substantial period of time to build. The borrowing costs are included as part of the costs of the asset. The capitalisation of borrowing costs is suspended upon periods when active development is interrupted and ceases when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The capitalised borrowing costs are amortised in line with the life of the asset.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Moulds and mould parts

Moulds included in property, plant and equipment are depreciated over two to three years. Mould parts are included in inventories and are valued at the lower of cost and net realisable value.

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or whenever indicators suggest that an impairment may have occurred. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

A reversal of impairments arises when indicators exist that suggest an impairment loss recognised in a prior period no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill cannot be reversed.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their current location and condition. Raw materials are valued on the basis of purchase cost on a first-in, first out basis. In the case of finished goods and work-in-progress, cost includes, direct materials, direct labour and attributable overheads based on normal operating capacity, transfer from other comprehensive income of gains and losses on qualifying cash flow hedges in respect of raw materials purchases and excludes borrowing costs.

Net realisable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution. Full provision is made for all damaged, deteriorated, obsolete and unusable materials and consumables.

Spare parts which are deemed to be of a consumable nature are included within inventories and expensed when utilised.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Group's contractual rights to the cash flows from the financial assets expire, are extinguished, or if the Group transfers the financial asset to another party and transfers all the risks and rewards of ownership of the asset, or does not retain control and transfers substantially all the risks and rewards of ownership of the asset. Purchases and sales of financial assets are accounted for at trade date i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contracts expire, are discharged or cancelled.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost using the effective interest method less any provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than ninety days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement within sales, general and administrative expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

(ii) Securitised assets

The Group entered into a series of securitisation transactions involving certain of its trade receivables. The securitised assets were recognised on the Group Consolidated Statement of Financial Position until all of the rights to the cash flows from those assets have expired or have been fully transferred outside the Group, or until substantially all of the related risks, rewards and control of the related assets have been transferred to a third party.

(iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, restricted cash and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position. Cash and cash equivalents are carried at amortised cost.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(iv) Short term bank deposits

Short term bank deposits of greater than three months maturity which do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at amortised cost.

(v) Restricted cash

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash is measured at amortised cost.

(vi) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Group's income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(vii) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges as they are hedges of highly probable future cash flows attributable to a recognised liability.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The Group uses forward foreign exchange contracts or foreign exchange swaps to manage foreign currency risk for the purposes of cash flow hedging. It uses interest rate hedging instruments (swaps, caps and collars) as cash flow hedges to reduce the Group's exposure to fluctuations in interest rates. Interest rate differentials under these arrangements are recognised in the income statement in the period in which the differential arises. It also uses aluminium futures as cash flow hedges, to manage the risk of price volatility for a portion of its forecast aluminium purchases.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance expense.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

At points in time the Group may elect to de-designate a portion of the hedging instrument in a hedging relationship. Once a hedging relationship is de-designated, the portion of the hedge which was de-designated cannot be re-designated over its remaining life.

(ii) Fair value hedges

Derivative financial instruments are classified as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognised asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group income statement, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Derivative financial instruments qualifying for fair value hedge accounting are principally interest rate swaps and cross currency swaps.

(iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Any gain or loss on the hedging instruments relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Group income statement within finance income or expense respectively. Gains and losses accumulated in other comprehensive income are recycled to the Group income statement when the foreign operation is sold.

(iv) Trading derivatives

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as trading derivatives at fair value through profit or loss, and changes in the fair value of these derivative instruments are recognised in the income statement.

Employee benefits

Employee benefit obligations

The Group has defined benefit, multi-employer defined benefit, defined contribution and other long term employee related plans.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(i) Defined benefit pension plans

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The schemes are either funded through payments trustee-administered funds, determined by periodic actuarial calculations or, in the case of unfunded plans, the liabilities are carried in the statement of financial position and benefits are paid by the Group as they fall due.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income.

(ii) Multi-employer pension plans

Multi-employer craft or industry based pension schemes (“multi-employer schemes”) have arrangements similar to those of defined benefit schemes. In each case it is not possible to identify the Group’s share of the underlying assets and liabilities of the multi-employer schemes and therefore in accordance with IAS 19 (as revised), the Group has taken the exemption for multi-employer pension schemes to account for them as defined contribution schemes recognising the contributions payable in each period in the Consolidated Income Statement.

(iii) Other end of service employee benefits

In a number of countries, the Group pays lump sums to employees leaving service. These arrangements are accounted in the same manner as defined benefit pension plans.

(iv) Other long term employee benefits

The Group’s obligation in respect of other long term employee benefits plans represents the amount of future benefit that employees have earned in return for service in the current and prior periods and are included in the category of employee benefit obligations on the Consolidated Statement of Financial Position. These plans include jubilee plans and specific short term partial retirement plans in Germany under which eligible employees receive compensation for up to three years after ceasing employment. The obligation is computed on the basis of the projected unit credit method and is discounted to present value using a discount rate equating to the market yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and estimated term of the obligations. Actuarial gains and losses are recognised in full in the Group’s income statement in the period in which they arise.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

(v) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provisions

Provisions for redundancy and capacity realignment, environmental restoration, and legal claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Emission rights and obligations

Certain jurisdictions in which the Group operates regulate the emissions of carbon dioxide and other pollutants through the operation of a “cap and trade” type scheme, whereby a participating entity must deliver emission certificates to a third party, for example a regulator, to be able to emit pollutants legally. The government grants a certain number of emission certificates to an entity for use during a compliance period. Emission rights granted by governments and other similar bodies under cap and trade and other similar schemes are recognised at their nominal amount. Where additional allowances are purchased from third parties, the Group measures such credits at cost on initial recognition with no subsequent revaluation.

Liabilities arising in relation to emission obligations under such schemes are recognised only in circumstances where emission rights granted have been exceeded and the differential between actual and permitted emissions will have to be remedied through the purchase of the required additional rights at fair value. Liabilities arising from such shortfalls are measured at the current market value of the certificates necessary to meet the obligations and classified as provisions.

Where excess certificates are sold to third parties, the Group recognises the fair value of the consideration received in cost of sales in the income statement offset by the carrying value of the units derecognised. The Group has a policy of only selling certificates where the level of projected emissions over the relevant compliance period has been reliably estimated and the allowances available to offset such emissions is greater than those projected emissions.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Revenue recognition

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, primarily on despatch of the goods. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. Allowances for customer rebates are provided for in the same period as the related revenues are recorded. Revenue is included net of cash discounts and value added tax. Pallet deposits are not recognised in revenue.

(ii) Construction contracts in Glass Engineering

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, pre-payments or other assets, depending on their nature.

The Group presents as an asset, the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(iii) Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with any related conditions. Grants that compensate the Group for expenses incurred are recognised in the Group income statement on a systematic basis in the same periods in which the related expenses are incurred and are offset against the related expenses. Grants that compensate the Group for the cost of an asset are recognised in the Group income statement in cost of sales on a systematic basis over the useful life of the asset.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Royalty income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Exceptional items

The Group's income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in our judgement need to be disclosed by virtue of their size, nature or incidence.

The Group believes that this presentation provides additional analysis as it highlights exceptional items. Such items include where significant, restructuring, redundancy and other costs relating to permanent capacity realignment or footprint reorganisation, directly attributable acquisition costs, profit or loss on disposal or termination of operations, start-up costs incurred in relation to new furnace or plant builds, major litigation costs and settlements, profit or loss on disposal of assets and impairment of non-current assets. In this regard the determination of 'significant' as included in our definition uses qualitative and quantitative factors. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group income statement and related notes as exceptional items. We consider columnar presentation to be appropriate in our income statement as it improves the clarity of the presentation and is consistent with the way that financial performance is measured by management and presented to the Board and the CODM. Exceptional restructuring costs are classified as restructuring provisions and all other exceptional costs when outstanding at the balance sheet date are classified as exceptional items payable. Further, exceptional items that have no cash impact are shown separately from those that are ultimately to be settled in cash and the cash movement on exceptional items is shown in the relevant category within the cash generated from operations note disclosure.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before normal retirement date or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If the effect is material, benefits payable are recognised at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Finance expense

Finance expense comprises interest expense on borrowings (including amortisation of deferred debt issuance costs), finance lease expenses, certain foreign currency translation related to financing, net interest cost on net pension plan liabilities, losses on extinguishment of borrowings, losses on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss and other finance expense.

Deferred debt issuance costs

Costs related to the issuance of new debt are deferred and amortised within finance expense over the expected terms of the related debt agreements by using the effective interest rate method.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

Finance income

Finance income comprises interest income on funds invested, gains on disposal of financial assets and gains on derivative instruments that are not designated as hedging instruments and are recognised in profit or loss.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of the Ardagh Group S.A. (“ASA”) board.

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Estimated impairment of goodwill and other long lived assets

In accordance with IAS 36 the Group tests whether goodwill and other long lived assets have suffered any impairment in accordance with the accounting policies stated. The determination of recoverable amounts requires the use of estimates as outlined in Note 3. The Group's judgements relating to the impairment of goodwill and other long lived assets are included in Notes 3 and 4.

ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Where the actual final outcome (on the judgement areas) would differ by 10% from management's estimates, the Group would need to:

- increase the income tax liability by €4 million and the deferred tax liability by €nil, if unfavourable; or
- decrease the income tax liability by €4 million and the deferred tax liability by €nil, if favourable.

The Group recognises tax assets where there is a probable expectation that the assets will be recovered. The assessment of the recoverability of deferred tax assets involves significant judgement. The main deferred tax asset recognised by the Group relates to retirement benefit obligations. The Directors assess the recoverability of tax losses by reference to future profitability and group tax planning. These calculations require the use of estimates as outlined in Note 6.

iii) Measurement of employee benefit obligations

The Group follows guidance of IAS 19 (as revised) to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations, other long term employee benefits, and other end of service employee benefits which are subject to similar fluctuations in value in the long term. The Group uses professional actuaries to value such liabilities designed to ensure consistency in the quality of the key assumptions underlying the valuations. The critical assumptions and estimates applied are discussed in detail in Note 14.

iv) Establishing lives for depreciation and amortisation purposes of property, plant and equipment and intangibles

Long lived assets, consisting primarily of property, plant and equipment, customer intangibles and technology intangibles, comprise a significant portion of the total assets. The annual depreciation and

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of significant accounting policies (Continued)

amortisation charges depend primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on the depreciation and amortisation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined and there are a significant number of asset lives in use. Details of the useful lives are included in the accounting policy. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

v) Business combinations

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

Identifiable intangible assets acquired as part of a business combination must initially be recorded at fair value. Recent acquisitions have resulted in the recognition of significant non-contractual customer relationships and technology intangibles. These customer intangible assets have been valued using the income approach.

vi) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Please refer to Note 12.

Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group has recognised revenue amounting to €4,043 million for sales of goods and services during 2013. Customers have the right to rescind the sale if the goods are damaged. The Group believes that, based on past experience, the rate of customer returns is less than 1% of revenue and it is therefore appropriate to recognise all revenue net of returns. If the estimated returns differ by 1%, revenue will be reduced/increased by less than €0.3 million.

Impairment of long lived assets and goodwill

The Group has made certain judgements relating to the impairment of long lived assets including goodwill. Please refer to Notes 3 and 4.

Employee benefit obligations

The Group has made certain judgements relating to mortality. Please refer to Note 14.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Goodwill and Intangible assets

	Goodwill	Software	Technology and Other	Customer Related	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2012	358	23	66	193	640
Acquired (Note 23)	389	4	—	167	560
Additions	—	7	4	—	11
Disposals	—	—	—	—	—
Transfers	—	3	—	—	3
Exchange movement	(18)	—	—	(10)	(28)
At 31 December 2012 (Restated)	<u>729</u>	<u>37</u>	<u>70</u>	<u>350</u>	<u>1,186</u>
Amortisation					
At 1 January 2012	—	(16)	(7)	(27)	(50)
Charge for the year	—	(3)	(5)	(25)	(33)
Disposals	—	—	—	—	—
Transfers	—	—	—	—	—
Exchange movement	—	—	—	—	—
At 31 December 2012	<u>—</u>	<u>(19)</u>	<u>(12)</u>	<u>(52)</u>	<u>(83)</u>
Net book value					
At 31 December 2012 (Restated)	<u>729</u>	<u>18</u>	<u>58</u>	<u>298</u>	<u>1,103</u>
Cost					
At 1 January 2013 (Restated)	729	37	70	350	1,186
Additions	—	16	4	—	20
Disposals	—	(1)	—	—	(1)
Impairment (Note 18 and 19)	(11)	—	—	—	(11)
Exchange movement	(26)	—	—	(7)	(33)
At 31 December 2013	<u>692</u>	<u>52</u>	<u>74</u>	<u>343</u>	<u>1,161</u>
Amortisation					
At 1 January 2013	—	(19)	(12)	(52)	(83)
Charge for the year	—	(3)	(5)	(34)	(42)
Disposals	—	1	—	—	1
Exchange movement	—	—	—	—	—
At 31 December 2013	<u>—</u>	<u>(21)</u>	<u>(17)</u>	<u>(86)</u>	<u>(124)</u>
Net book value					
At 31 December 2013	<u>692</u>	<u>31</u>	<u>57</u>	<u>257</u>	<u>1,037</u>

The useful lives of intangible assets other than goodwill are finite and range from three to fifteen years.

Amortisation expense of €34 million (2012: €26 million) has been charged in cost of sales and €8 million (2012: €7 million) in sales, general and administration expenses.

Development costs of €9 million were included in other intangible assets at 31 December 2013 (2012: €4 million).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Goodwill and Intangible assets (Continued)

Goodwill

A segment-level summary of the goodwill allocation is presented below:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Glass packaging—Europe	57	58
Glass packaging—North America	343	359
Metal packaging—Europe	271	290
Metal packaging—North America	21	22
Total Goodwill	<u>692</u>	<u>729</u>

Impairment tests for goodwill

The Group performs its impairment test of goodwill annually following approval of the annual budget.

Allocation of goodwill

Goodwill has been allocated to groups of cash-generating units (“CGUs”) for the purpose of impairment testing. The groupings represent the lowest level at which the related goodwill is monitored for internal management purposes. CGUs are grouped at a territory level (for example, Metal Packaging—Europe—North-West) and are not larger than the operating segments determined in accordance with IFRS 8 ‘Operating Segments’.

A total of five groups of CGUs have been identified for the Glass Packaging Europe operating segment in the current year (2012: five). All territories other than the North-West individually account for less than 20% of the carrying amount and are not regarded as individually significant. In the years ended 31 December 2012 and 2013, the Glass Packaging North America operating segment constituted a single CGU group for goodwill impairment testing.

A total of six groups of CGUs for the Metal Packaging Europe segment were identified (2012: six). Two groups of CGUs are included within Metal Packaging Other (2012: two) representing the Metal Packaging—North America and the Metal Packaging—Asia Pacific operating segments.

Recoverable amount and carrying amount

The recoverable amount of a group of CGUs is the higher of its fair value less cost to sell (“FVLCTS”) or its value in use (“VIU”). For the purposes of the goodwill impairment test recoverable amount is determined by VIU calculations as this reflects the Group’s intention to hold and operate the assets.

The VIU model uses the 2014 three year Long Range Plan (“LRP”) approved by the Board. Management determined budgeted cash flows based on past performance and its expectations for the market development. This plan was then extrapolated using projections based on a ten year period in order to appropriately model the use of assets and the long term alignment of capital expenditure and depreciation. In line with the LRP, the projections were built on a stable EBITDA assumption, on the basis that any increase in input cost will be passed through revenue to our customers, in line with our historic practice and contractual terms.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Goodwill and Intangible assets (Continued)

Within the model, the terminal value was based on the long term growth model which projects that the disposal value of an asset is at least equal to the cash flows generated from the asset during its life. An assumed growth rate in line with long term local inflation has been used beyond the detail forecast from the end of 2023 onwards.

Cash flows considered in the VIU model included the cash inflows and outflows related to the continuing use of the assets over their remaining useful lives as at 31 December 2013, expected earnings, required maintenance capital expenditure, depreciation, tax and working capital. The effects of future changes in the business, such as future acquisition and uncommitted restructuring have been excluded from the model. Potential further growth related to the benefit of cost efficiency from projects not yet initiated was not included. The model includes an apportionment of group costs allocated into the entities across the projection period based on EBITDA weighting and other allocations deemed appropriate based on the nature of the cost.

The VIU was determined based on post-tax cash flows using a post-tax discount rate. This was then converted into a pre-tax discount rate by considering pre-tax cash flows and the VIU being determined as described above. The discount rate was estimated with regard to the risks associated with the cash flows being considered (country, market, specific risks of the asset). The Capital Asset Pricing Model ("CAPM") methodology was used to estimate the discount rates of the assets.

Key assumptions include management's estimates of future profitability, replacement capital expenditure requirements, discount rates, customer retention/replacement and the ability to maintain margin through the pass-through of input cost inflation. The values applied to each of the key assumptions are derived from a combination of internal and external factors based on historical experience and take into account the stability of cash flows typically associated with these groups of CGUs.

Impairment of goodwill

Following the approval of the annual budget and performance of impairment testing, the Group determined that an impairment of the goodwill allocated to Metal Packaging—Europe—Aluminium Packaging has occurred, reflecting difficult trading conditions for this group of CGUs since acquisition by the Group. Accordingly, an impairment charge of €11 million has been recorded in the year ended 31 December 2013 representing the entire goodwill balance for this group of CGUs. In addition, impairment charges of €30 million have been recorded relating to certain property, plant and equipment in Metal Packaging—Europe—Aluminium Packaging. The growth rate and discount rate used to determine the recoverable amount of Metal Packaging—Europe—Aluminium Packaging were 2.0% and 10.1% respectively. Refer to Note 4 for additional information on this impairment.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Goodwill and Intangible assets (Continued)

The additional disclosures required under IAS 36 'Impairment of Assets' in relation to significant goodwill amounts arising in the groups of CGUs are as follows:

	Glass Packaging		Metal Packaging			
	North America	Europe North West	Europe North West	Europe Central	Europe South West	North America
2013 (€m)						
Carrying amount of goodwill	343	39	154	75	41	21
Excess of recoverable amount	38	395	571	51	135	32
Model used for the determination of the recoverable amount	VIU	VIU	VIU	VIU	VIU	VIU
Pre-tax discount rate applied	12.4%	11.3%	11.3%	11.9%	13.2%	12.4%
Growth rate applied for terminal value	2.0%	2.0%	2.0%	1.6%	2.0%	2.0%
2012 (€m)						
Carrying amount of goodwill	359	41	163	75	41	22
Excess of recoverable amount	93	260	431	40	115	21
Model used for the determination of the recoverable amount	FVLCTS	VIU	VIU	VIU	VIU	VIU
Pre-tax discount rate applied	12.0%	11.5%	11.0%	10.9%	13.4%	13.3%
Growth rate applied for terminal value	n/a	2.0%	2.0%	1.6%	2.0%	1.9%
EBITDA multiple applied	6.5					

If the estimated growth rates applied for terminal values or discount rates were adjusted by +/- 25 basis points, there would be no goodwill impairment. If the estimated discount rate was 12.7% or the estimated growth rate applied for the terminal values was 1.6% for Glass Packaging—North America, this would result in a nil excess of recoverable amount for this group of CGUs.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment

	Land and buildings	Plant and machinery	Moulds	Office equipment and vehicles	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2012	588	1,918	36	63	2,605
Acquired (Note 23)	51	419	9	2	481
Additions	3	182	17	3	205
Disposals	(1)	(31)	(14)	(1)	(47)
Impairment (Note 19)	(1)	(116)	—	—	(117)
Transfers	5	(10)	5	(2)	(2)
Exchange movement	3	2	—	1	6
At 31 December 2012 (Restated)	<u>648</u>	<u>2,364</u>	<u>53</u>	<u>66</u>	<u>3,131</u>
Depreciation					
At 1 January 2012	(99)	(596)	(15)	(27)	(737)
Charge for the year	(18)	(152)	(23)	(9)	(202)
Disposals	—	31	13	1	45
Transfers	—	—	—	—	—
Exchange movement	(2)	(14)	—	(1)	(17)
At 31 December 2012 (Restated)	<u>(119)</u>	<u>(731)</u>	<u>(25)</u>	<u>(36)</u>	<u>(911)</u>
Net book value					
At 31 December 2012 (Restated)	<u>529</u>	<u>1,633</u>	<u>28</u>	<u>30</u>	<u>2,220</u>
Cost					
At 1 January 2013	648	2,364	53	66	3,131
Additions	22	247	15	3	287
Disposals	(3)	(58)	(17)	(9)	(87)
Impairment (Note 17 and 19)	—	(113)	—	—	(113)
Transfers	4	(16)	7	3	(2)
Exchange movement	(9)	(54)	(1)	(1)	(65)
At 31 December 2013	<u>662</u>	<u>2,370</u>	<u>57</u>	<u>62</u>	<u>3,151</u>
Depreciation					
At 1 January 2013	(119)	(731)	(25)	(36)	(911)
Charge for the year	(18)	(200)	(24)	(9)	(251)
Disposals	1	56	17	6	80
Transfers	—	—	—	—	—
Exchange movement	2	14	1	1	18
At 31 December 2013	<u>(134)</u>	<u>(861)</u>	<u>(31)</u>	<u>(38)</u>	<u>(1,064)</u>
Net book value					
At 31 December 2013	<u>528</u>	<u>1,509</u>	<u>26</u>	<u>24</u>	<u>2,087</u>

Depreciation expense of €245 million (2012: €198 million) has been charged in cost of sales and €6 million (2012: €4 million) in sales, general and administration expenses.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment (Continued)

Transfers primarily relate to the reclassification of construction in progress to the applicable classification within property, plant and equipment, and the reclassification of moulds between property, plant and equipment and inventories.

Construction in progress at 31 December 2013 was €94 million (2012: €93 million).

Included in property, plant and equipment is an amount for land of €144 million (2012: €140 million).

Included in the closing net book values for property, plant and equipment at 31 December 2013 was €nil (2012: €nil) for interest capitalised in the year.

Substantially all of the Group's property, plant and equipment are pledged as security under the terms and conditions of the Group's credit arrangements.

Impairment

The Group has recognised total impairment charges of €113 million relating to property plant and equipment for the year ended 31 December 2013 (2012:€117 million) to adjust certain items of plant and equipment to their recoverable amount.

The impairments for the year ended 31 December 2013 include exceptional charges of €107 million in the Metal Packaging division (all in Metal Packaging Europe) (2012: €117 million; Metal Packaging Europe €111 million, Metal Packaging Other €6 million). These charges have been recorded in South East €62 million, Aluminium €30 million, and North East €15 million reflecting the difficult trading conditions in those areas. In 2012, the Metal Packaging Europe impairment charges were mainly recorded in South East (€59 million) and South West (€35 million).

The additional disclosures required by IAS36 are provided below:

	Growth rate	Pre-tax discount rate
South East	2.4%	13.0%
Aluminium	2.0%	10.1%
North East	2.7%	12.4%

If the estimated growth rates applied for terminal values or discount rates were adjusted by a range of +/- 25 basis points the impact on the level of impairment recorded would not be material.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment (Continued)

Finance leases

The depreciation charge for capitalised leased assets was €2 million (2012: €4 million) and the related finance charges amounted to €nil (2012: €1 million). The net carrying amount by class of assets at each reporting date is as follows:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Land and buildings	8	8
Plant and machinery	1	5
Office equipment and vehicles	<u>—</u>	<u>1</u>
	<u>9</u>	<u>14</u>

Operating lease commitments

During the year the operating lease commitments relating to the following class of assets were recognised in the income statement:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Plant and machinery	5	7
Land and buildings	19	20
Office equipment and vehicles	<u>9</u>	<u>9</u>
	<u>33</u>	<u>36</u>

At 31 December 2013 the Group had annual commitments under non-cancellable operating leases which expire:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Not later than one year	25	23
Later than one year and not later than five years	64	59
Later than five years	<u>50</u>	<u>77</u>
	<u>139</u>	<u>159</u>

Capital commitments

The following capital commitments in relation to property, plant and equipment were authorised by management, but have not been provided for in the consolidated financial statements:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Contracted for	136	34
Not contracted for	<u>24</u>	<u>87</u>
	<u>160</u>	<u>121</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other financial assets

As at 31 December 2013, other financial assets of €8 million (2012: €11 million) includes €7 million (2012: €7 million) related to the Group's investments in joint ventures.

6. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<u>2013</u> €m	<u>2012</u> Restated €m
Total deferred tax assets		
Deferred tax asset to be recovered within 12 months	21	39
Deferred tax asset to be recovered after more than 12 months	<u>182</u>	<u>174</u>
Total deferred tax assets	<u>203</u>	<u>213</u>
Total deferred tax liability		
Deferred tax liability to be charged within 12 months	(18)	(20)
Deferred tax liability to be charged after more than 12 months	<u>(383)</u>	<u>(435)</u>
Total deferred tax liability	<u>(401)</u>	<u>(455)</u>
Net deferred tax	<u>(198)</u>	<u>(242)</u>

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

	<u>Assets</u> €m	<u>Liabilities</u> €m	<u>Total</u> €m
At 1 January 2012	127	(301)	(174)
Acquired (Note 23)	60	(195)	(135)
Credited to the income statement	11	31	42
Credited to other comprehensive income	19	—	19
Reclassification	(3)	3	—
Exchange movement	<u>(1)</u>	<u>7</u>	<u>6</u>
At 31 December 2012	213	(455)	(242)
Credited to the income statement	1	36	37
Charged to other comprehensive income	—	—	—
Reclassification	(7)	7	—
Exchange movement	<u>(4)</u>	<u>11</u>	<u>7</u>
At 31 December 2013	203	(401)	(198)

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Deferred income tax (Continued)

The components of deferred income tax assets and liabilities are as follows:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Assets		
Tax losses	44	66
Employee benefit obligations	75	75
Other	84	72
Liabilities		
Accelerated depreciation and fair value adjustments	(377)	(437)
Other	(24)	(18)
	<u>(198)</u>	<u>(242)</u>

The tax credit relating to the income statement is as follows:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Tax losses	(21)	(16)
Employee benefit obligations	(5)	14
Other deferred tax assets	27	14
Accelerated depreciation and fair value adjustments	39	30
Other deferred tax liabilities	(3)	—
	<u>37</u>	<u>42</u>

The tax charge relating to components of other comprehensive income is as presented on page F-7. The deferred income tax charged to other comprehensive income during the year was € nil (2012: €19 million credit).

Deferred tax assets are only recognised on tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable based on management's forecasts. The Group did not recognise deferred income tax assets of €111 million (2012: €90 million) in respect of tax losses amounting to €337 million (2012: €265 million) that can be carried forward against future taxable income due to uncertainty regarding their utilisation. The increase of €21 million in unrecognised deferred income tax assets primarily relates to tax losses realised in the current year not recognised, in addition to a reversal of tax losses previously recognised of €6 million (2012: €9 million).

No provision has been made for temporary differences applicable to investments in subsidiaries as the Group is in a position to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Given that exemptions and tax credits would be available in the context of the Group's investments in subsidiaries in the majority of jurisdictions in which it operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognised would be immaterial.

Relevant deferred tax balances have been re-measured due to changes in substantively enacted tax rates as at 31 December 2013 compared to 31 December 2012 in the UK (23% to 20%), Denmark (25% to 22%), Canada (25% to 27%) and Ukraine (19% to 16%).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories

	2013	2012
	<u>€m</u>	<u>Restated</u>
	<u>€m</u>	<u>€m</u>
Raw materials and consumables	192	184
Mould parts	42	25
Work in progress	75	77
Finished goods	371	408
	<u>680</u>	<u>694</u>

	2013	2012
	<u>€m</u>	<u>€m</u>
The amount of any write down of inventories recognised as an expense in the period	14	17
The amount of any reversal of any write down recognised in the income statement in the period	8	9
The carrying amount of inventories pledged as security for liabilities	—	—

The reversal of inventory write downs related to materials that could be consumed in other plants in the Group, materials that could be sold as a result of sorting and materials that could be sold as scrap.

8. Trade and other receivables

	2013	2012
	<u>€m</u>	<u>€m</u>
Trade receivables	604	626
Less: provision for impairment of trade receivables	(13)	(7)
Trade receivables—net	591	619
Other receivables and prepayments	66	68
	<u>657</u>	<u>687</u>

The fair values of trade and other receivables approximate the amounts shown above.

As of 31 December 2013, trade receivables of €591 million (2012: €619 million) were considered fully collectible.

The Group has recognised a provision of €13 million (2012: €7 million) for the impairment of its trade receivables at the year ended 31 December 2013. The creation and usage of provision for impaired receivables has been included in ‘sales, general and administration expenses’ in the income statement.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Trade and other receivables (Continued)

The ageing of balances provided is as follows:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Up to three months past due	1	—
Three to six months past due	—	1
Over six months past due	12	6
	<u>13</u>	<u>7</u>

Movements on the provision for impairment of trade receivables are as follows:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
At 1 January	7	2
Provision for receivables impairment	9	8
Receivables written off during the year as uncollectible	—	(2)
Unused amounts reversed	(3)	(1)
Exchange movement	—	—
At 31 December	<u>13</u>	<u>7</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

Provisions against specific balances

Significant balances are assessed for evidence that the customer is in significant financial difficulty. Examples of facts to consider are high probability of bankruptcy, breaches of contract or major concession being sought by the customer. Instances of significant single customer related bad debts are very rare and there is no significant concentration of risk associated with particular customers.

Providing against the remaining population of customers

Historic data is monitored and applied as the primary source of evidence to assess the level of losses incurred, although impairments cannot yet be identified with individual receivables. Adverse changes in the payment status of customers in the Group, or national or local economic conditions that correlate with defaults on receivables in the Group, may also provide a basis for increase of the level of provision above historic losses. However, the fact that payments are made late by customers does not automatically provide evidence that a provision should be recognised.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Trade and other receivables (Continued)

As of 31 December 2013, trade receivables of €76 million (2012: €77 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Up to three months past due	50	54
Three to six months past due	6	11
Over six months past due	<u>20</u>	<u>12</u>
	<u>76</u>	<u>77</u>

9. Cash, cash equivalents and restricted cash

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Cash at bank and in hand	193	213
Short term bank deposits	<u>92</u>	<u>10</u>
	<u>285</u>	<u>223</u>

As at 31 December 2013 the effective interest rate on short-term bank deposits was 0.05% (2012: 0.7%); these deposits have an average maturity of 2.6 days (2012: 1.6 days).

In addition to cash and cash equivalents, the Group had €1,072 million (2012: €9 million) of restricted cash at 31 December 2013.

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Restricted cash	9	9
Restricted cash held in escrow	<u>1,063</u>	<u>—</u>
Total restricted cash	<u>1,072</u>	<u>9</u>

The €1,063 million held in escrow at 31 December 2013 were the proceeds from the bonds issued in January 2013 to finance the acquisition of VNA, namely the \$420.0 million 4.875% First Priority Senior Secured Notes due 2022, the €250.0 million 5.000% First Priority Senior Secured Notes due 2022 and \$700.0 million of the 7.000% Senior Notes due 2020. These bonds were repaid, in accordance with their terms, on 17 January 2014 using the proceeds that had been held in escrow. Please refer to Note 12 for additional information on these notes.

The non-escrow restricted cash balance of €9 million at 31 December 2013 primarily relates to bank guarantees in the United States and early retirement plans in Germany.

For the purposes of the cash flow statement, cash and cash equivalents at 31 December 2013 includes the non-escrow restricted cash of €9 million (2012: €9 million).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Called up share capital

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Authorised		
1,000,000 ordinary shares of €1 each	1	1
Issued		
2 ordinary shares of €1 each	—	—

11. Financial Risk Factors

Capital Structure and Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to the Group's stakeholders. The Group funds its operations primarily from the following sources of capital: operating cash flow, borrowings and shareholders' equity. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium-term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources. The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

The Executive Committee of the Board of Directors of Ardagh Group S.A. has been identified as the Chief Operating Decision Maker ("CODM") for the Group. The financial risk management activities of the Group are subject to controls imposed by the CODM. The overall objective of the CODM 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. Financial risks are managed, on an on-going basis, by the CODM on the advice of group treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances.

The Group regularly reviews the level of cash and debt facilities required to fund its activities, plans for repayments/refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

One of the Group's key metrics is the ratio of consolidated net borrowings as a multiple of EBITDA. EBITDA is operating profit before depreciation, amortisation, impairment of property, plant and equipment and intangible assets, and exceptional items. The CODM sets minimum ratio levels. The Group does not have any externally imposed capital requirements. At 31 December 2013, the ratio for the group was 5.8 times (2012: 5.9 times). In the prior year, this number does not include the full reporting period earnings of acquired entities and thus a pro forma ratio of 5.2 at 31 December 2012 includes full year earnings of the acquired entities, Anchor, Leone and Boxal (Note 23).

The Group's activities expose it to a variety of financial risks: interest rate risk, currency exchange risk, commodity price risk, credit risk, liquidity risk and capital risk.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial Risk Factors (Continued)

Interest Rate Risk

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

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to variability in cash flows. During 2013 and 2012, the Group's borrowings at variable rate were denominated in Euro, Sterling, New Zealand dollar, the Australian dollar and the US dollar.

The Group manages its variability in cash flows by using floating-to-fixed interest rate swaps, when deemed appropriate. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. When the Group raises long term borrowings at floating rates it may swap them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

At 31 December 2013, the Group's borrowings were 90.3% (2012: 97.7%) fixed with a weighted average interest rate of 7.2% (2012: 8.1%).

Holding all other variables constant, including levels of indebtedness, at 31 December 2013 a one percentage point increase in variable interest rates would have no estimated material impact on pre-tax interest expense.

Currency Exchange Risk

The Group operates in twenty four countries, across five continents. The international spread exposes the Group to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar, British Pounds, Australian and New Zealand dollars, and the Japanese yen. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. Part of the transactional exposure is hedged via forward contracts to mitigate the effect on the Group's trading results.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Fluctuations in the value of these currencies with respect to the Euro may have a significant impact on Ardagh's financial condition and results of operations as reported in Euro. The Group believes that a strengthening of the Euro exchange rate by 1% against all other foreign currencies from the 31 December 2013 rate would increase shareholders' equity by approximately €10 million (2012: €10 million).

Commodity Price Risk

The Group is exposed to changes in prices of its main raw materials, primarily energy, steel and aluminium. Production costs in the Glass Packaging division are sensitive to the price of energy. The Group's main energy exposure is to the cost of gas and electricity. These energy costs have experienced significant volatility in recent years with a corresponding effect on Group production costs. In terms of

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial Risk Factors (Continued)

gas, which represents 70% of our energy costs, there is a continuous de-coupling between cost of gas and oil, whereby now only significant changes in the price of oil have an impact on the price of gas. The volatility in gas pricing is driven by shale gas development (US only), lack of LNG in Europe as it is diverted to Asia and storage levels. Volatility in the price of electricity is caused by the German Renewable Energy policy, phasing out of nuclear generating capacity, fluctuations in the price of gas and the influence of carbon dioxide costs on electricity prices. As a result of the volatility of gas and electricity prices the Group has either included energy pass through clauses in sales contracts or developed an active hedging strategy to fix a significant proportion of its energy costs through contractual arrangements directly with its suppliers, where there is no energy clause in the sales contract.

Group policy is to purchase natural gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of its anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. We do not net settle, nor do we sell within a short period of time after taking delivery. As a result these contracts are treated as executory contracts under IAS 39. The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any natural gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. We have 81% of our energy risk for 2014 covered and 55% for 2015.

Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognised and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted, where possible. The credit ratings of banks and financial institutions are monitored to ensure compliance with Group policy.

Group policy is to extend credit to customers of good credit standing. Credit risk is managed, on an on-going basis by dedicated people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilisation of credit limits is regularly monitored.

Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

For the year ended 31 December 2013, the Group's ten largest customers accounted for approximately 27% of total revenues (2012: 26%). There is no recent history of default with these customers.

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short-term and long term debt obligations and derivative transactions. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Financial Risk Factors (Continued)

To achieve this objective, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes and contingency plans for managing liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits with appropriate maturities to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Group had placed €92 million (2012: €10 million) on deposit.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities

At 31 December 2013, the Group's rolling liquidity reserve (which comprises cash and undrawn committed facilities and which represents the amount of available liquidity in the Group's funding structure) was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 31 December 2013		Undrawn Amount
		Local currency (millions)			Local currency (millions)	€ (millions)	€ (millions)
7.375% First Priority Senior Secured Notes due 2017	EUR	1,085	15-Oct-17	Bullet	1,091	1,091	—
7.375% First Priority Senior Secured Notes due 2017	USD	860	15-Oct-17	Bullet	871	631	—
5.000% First Priority Senior Secured Notes due 2022*	EUR	250	15-Nov-22	Bullet	250	250	—
4.875% First Priority Senior Secured Notes due 2022*	USD	420	15-Nov-22	Bullet	420	305	—
7.125% Senior Notes due 2017	EUR	310	15-Jun-17	Bullet	310	310	—
8¾% Senior Notes due 2020	EUR	180	01-Feb-20	Bullet	180	180	—
9.250% Senior Notes due 2020	EUR	475	15-Oct-20	Bullet	483	483	—
9.125% Senior Notes due 2020	USD	920	15-Oct-20	Bullet	920	667	—
7.000% Senior Notes due 2020*	USD	850	15-Nov-20	Bullet	850	617	—
USD Term Loan B Facility due 2019 . . .	USD	500	17-Dec-19	Amortising	498	361	—
EUR Term Loan B Facility due 2019 . . .	EUR	130	17-Dec-19	Amortising	129	129	—
GE Commercial Finance Facility	GBP	35	30-Jun-14	Revolving	—	—	42
HSBC Securitisation Programme	EUR	144	30-Jun-15	Revolving	—	—	144
Bank of America Facility	USD	82	15-Feb-17	Revolving	—	—	59
US Equipment Financing Facility	USD	11	01-Sep-17	Amortising	11	8	—
US Real Estate Financing Facility	USD	6	01-Sep-21	Amortising	6	5	—
Unicredit Working Capital and Performance Guarantee Credit Lines . .	EUR	1	Rolling	Revolving	—	—	1
Finance Lease Obligations	GBP/EUR/ PLN/SEK			Amortising Amortising/ Revolving	7	7	—
Other borrowings	EUR	4			4	4	—
Total borrowings drawn / Undrawn facilities						5,048	246
Special Mandatory Redemption Premium*						11	—
Deferred debt issue costs						(73)	—
Borrowings less deferred debt issue costs .						4,986	246
Cash, cash equivalents and restricted cash						(294)	294
Net borrowings / Available liquidity before restricted cash held in escrow . .						4,692	540
Restricted cash held in escrow						(1,063)	
Net borrowings						3,629	

* The €250.0 million 5.000% First Priority Senior Secured Notes due 2022, the \$420.0 million 4.875% First Priority Senior Secured Notes due 2022, and \$700.0 million of the 7.000% Senior Notes due 2020 were repaid, in accordance with their terms, on 17 January 2014. As at 31 December 2013, a Special Mandatory Redemption Premium of €11 million has been recorded in relation to these notes. Refer to Note 19 for additional information.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

As at 31 December 2013, the Group had undrawn credit lines of up to €246 million at its disposal together with cash, cash equivalents and restricted cash (excluding restricted cash held in escrow) of €294 million giving rise to available liquidity of €540 million.

Certain of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness (the primary ones being maximum borrowings to EBITDA and a minimum EBITDA to net interest), payment of dividends and incurrence of liens. The main facility where financial maintenance covenants were in place was the BOSI facility which was repaid on 22 February 2013.

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

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Within one year or on demand	1,075	78
Between one and two years	3	4
Between two and five years	2,014	2,332
Greater than five years	1,894	1,329
	<u>4,986</u>	<u>3,743</u>

The table below analyses the Group's financial liabilities (including interest payable) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

<u>At 31 December 2013</u>	<u>Borrowings</u>	<u>Derivative financial instrument</u>	<u>Trade and other payables</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
Within one year or on demand	1,379	11	660
Between one and two years	306	1	—
Between two and five years	2,753	—	—
Greater than five years	2,154	—	—

<u>At 31 December 2012</u>	<u>Borrowings</u>	<u>Derivative financial instrument</u>	<u>Trade and other payables</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
Within one year or on demand	382	4	694
Between one and two years	308	—	—
Between two and five years	3,229	—	—
Greater than five years	1,717	—	—

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The carrying amount and fair value of the Group's borrowings are as follows:

	Carrying Value				Fair Value
	Amount drawn	Special Mandatory Redemption Premium	Deferred debt issue costs	Total	
	€m	€m	€m	€m	€m
At 31 December 2013					
Senior Secured and Senior Notes	4,534	11	(65)	4,480	4,761
Term Loans	490	—	(6)	484	495
Bank loans, overdrafts and revolving credit facilities	17	—	(2)	15	17
Finance leases	7	—	—	7	7
	<u>5,048</u>	<u>11</u>	<u>(73)</u>	<u>4,986</u>	<u>5,280</u>
	Carrying Value				Fair Value
	Amount drawn	Deferred debt issue costs	Total		
	€m	€m	€m	€m	€m
At 31 December 2012					
Senior Secured and Senior Notes	3,728	(88)	3,640		4,007
Bank loans, overdrafts and revolving credit facilities	95	—	95		95
Finance leases	8	—	8		8
	<u>3,831</u>	<u>(88)</u>	<u>3,743</u>		<u>4,110</u>

Fair values are calculated on borrowings as follows:

- (i) Senior Secured and Senior Notes—The fair value for debt securities in issue is calculated based on quoted market prices.
- (ii) Term Loans—The fair value of our term loans are based on quoted market prices; however, these quoted market prices represent Level 2 inputs because the markets in which the term loans trade were not active.
- (iii) Bank loans, overdrafts and revolving credit facilities—The estimated value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.
- (iv) Invoice discounting facilities and finance leases—The carrying amount of invoice discounting facilities and finance leases is a reasonable approximation of fair value.

The following is a summary 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.

7.375% First Priority Senior Secured Notes due 2017 (EUR and USD)

In October 2010, Ardagh Packaging Finance plc (“APF”) issued €825 million 7.375% First Priority Senior Secured Notes due 2017 and \$350 million 7.375% First Priority Senior Secured Notes due 2017 (the “2010 Senior Secured Notes”).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The 2010 Senior Secured Notes are governed by an indenture among APF, as issuer, Citibank N.A., London Branch, as trustee for the holders, APHL, as parent guarantor, and certain of the wholly owned subsidiaries of APHL.

In January 2012, APF, issued \$160 million 7.375% First Priority Senior Secured Notes due 2017 (the “January 2012 Senior Secured Notes”).

In July 2012, APF, jointly and severally with Ardagh Holdings USA Inc (“AHU”), issued, €260 million 7.375% First Priority Senior Secured Notes due 2017 and \$350 million 7.375% First Priority Senior Secured Notes due 2017 (the “July 2012 Senior Secured Notes”). The July 2012 Senior Secured Notes constitute a single class of notes with the 2010 Senior Secured Notes and January 2012 Senior Secured Notes.

The 2010 Senior Secured Notes, the January 2012 Senior Secured Notes and the July 2012 Senior Secured Notes are APF’s senior obligations and will rank equally in right of payment with all existing and future indebtedness of APF that is not subordinated in right of payment to the 2010 Senior Secured Notes. The 2010 Senior Secured Notes, the January 2012 Senior Secured Notes and the July 2012 Senior Secured Notes are guaranteed on a senior basis by APHL and on a senior secured basis by certain of the wholly owned subsidiaries of APHL. The guarantee of the 2010 Senior Secured Notes, the January 2012 Senior Secured Notes and the July 2012 Senior Secured Notes will rank equally in right of payment with all existing and future indebtedness of such guarantor that is not subordinated in right of payment to such secured guarantee, will be senior in right of payment to any and all of the existing and future indebtedness of such guarantor that is subordinated in right of payment to such secured guarantee, and will be effectively senior to such guarantor’s existing and future unsecured indebtedness to the extent of the value of the collateral securing such secured guarantee and structurally subordinated to all existing and future indebtedness of any such guarantor’s subsidiaries that do not guarantee 2010 Senior Secured Notes, the January 2012 Senior Secured Notes and the July 2012 Senior Secured Notes.

5.000% First Priority Senior Secured Notes due 2022, 4.875% First Priority Senior Secured Notes due 2022 and 7.000% Senior Notes due 2020

In January 2013, The Group raised \$1,270 million, through the issue of \$420 million 4.875% First Priority Senior Secured Notes, due 2022, and \$850 million 7.000% Senior Notes, due 2020, as well as €250 million through the issue of Euro denominated 5.000% First Priority Senior Secured Notes, due 2022. The proceeds from the issue and sale of the Notes were raised to pay the cash consideration for the acquisition of the entire issued share capital of VNA, and for general corporate purposes, including repayment of existing debt. The proceeds that were to be used to purchase the entire issued share capital of VNA were to remain in escrow until completion of the acquisition.

On 17 January 2014, the notes issued to finance the acquisition of VNA (the proceeds of which were held in escrow), namely the \$420 million 4.875% First Priority Senior Secured Notes due 2022, the €250 million 5.000% First Priority Senior Secured Notes due 2022, and \$700 million of the 7.000% Senior Notes due 2020 were repaid, in accordance with their terms. As at 31 December 2013, a Special Mandatory Redemption Premium of €11 million has been recorded in relation to these notes. Refer to Note 19 for additional information.

The \$150 million of the 7.000% Senior Notes, due 2020, raised for general corporate purposes remain in issue. These notes were issued by APF and AHU and guaranteed by APHL on a senior subordinated basis by certain of its wholly owned subsidiaries.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

7.125% Senior Notes due 2017

In June 2007, Ardagh Glass Finance plc (“AGF”), issued €310 million 7.125% Senior Notes due 2017 (the “2007 Senior Notes”). The 2007 Senior Notes are governed by an indenture entered into by AGF as issuer, The Bank of New York Mellon, as trustee for the holders, APHL, as parent guarantor, and certain of the parent guarantor’s wholly owned subsidiaries, as subsidiary guarantors.

The 2007 Notes are general unsecured obligations of AGF and rank senior in right of payment to all unsecured debt of AGF that is subordinated in right of payment to the 2007 Senior Notes; rank equally in right of payment to all unsecured debt of AGF that is not subordinated in right of payment to the 2007 Senior Notes; and are effectively subordinated to all secured debt of the issuer, to the extent of the assets securing such debt. The 2007 Senior Notes are guaranteed on a senior basis by APHL and on a senior subordinated basis by certain wholly owned subsidiaries of APHL. The guarantee by each such subsidiary is subordinated in right of payment to any existing or future senior indebtedness of such subsidiary, including its obligations under the existing secured notes.

8¾% Senior Notes due 2020

In January 2010, AGF, issued €180 million 8¾% Senior Notes due 2020 (the “January 2010 Senior Notes”). The January 2010 Senior Notes are governed by an indenture entered into by AGF, as issuer, The Bank of New York Mellon, as trustee for the holders, APHL, as parent guarantor, and certain of the parent guarantor’s wholly owned subsidiaries, as subsidiary guarantors.

The January 2010 Senior Notes are general unsecured obligations of AGF and rank senior in right of payment to all unsecured debt of AGF that is subordinated in right of payment to the January 2010 Senior Notes; rank equally in right of payment to all unsecured debt of AGF that is not subordinated in right of payment to the January 2010 Senior Notes; and are subordinated in right of payment to all secured debt of AGF, to the extent of the assets securing such debt. The January 2010 Senior Notes are guaranteed on a senior basis by APHL and on a senior subordinated basis by certain wholly owned subsidiaries of APHL. The guarantee by each such subsidiary is subordinated in right of payment to any existing or future senior indebtedness of such subsidiary, including its obligations under the existing secured notes.

9.250% Senior Notes due 2020 and 9.125% Senior Notes due 2020

In October 2010, APF issued €275 million 9.250% Senior Notes due 2020 and \$450 million 9.125% Senior Notes due 2020 (the “October 2010 Senior Notes”). The October 2010 Senior Notes are governed by an indenture among APF, as issuer, Citibank N.A., London Branch, as trustee for the holders, APHL, as parent guarantor, and certain of the wholly owned subsidiaries of APHL.

In February 2011, APF issued €200 million 9.250% Senior Notes due 2020 (the “February 2011 Senior Notes”). The February 2011 Senior Notes constitute a single class of notes with the €275 million 9.250% Senior Notes issued in October 2010.

In January 2012, APF, jointly and severally with AHU, issued \$260 million 9.125% Senior Notes due 2020 (the “January 2012 Senior Notes”).

In July 2012, APF, jointly and severally with AHU, issued \$210 million 9.125% Senior Notes due 2020 (the “July 2012 Senior Notes”). The July 2012 Senior Notes constitute a single class of notes with the \$450 million 9.125% Senior Notes issued in October 2010.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The 2010 Senior Secured Notes, January 2012 Senior Secured Notes and the July 2012 Senior Secured Notes are APF's senior obligations and will rank equally in right of payment with all existing and future indebtedness of APF that is not subordinated in right of payment to the October 2010 Senior Notes, February 2011 Senior Notes, January 2012 Senior Notes and the July 2012 Senior Notes, and will be senior in right of payment to all existing and future indebtedness of APF that is subordinated in right of payment to 2010 Senior Secured Notes, January 2012 Senior Secured Notes and the July 2012 Senior Secured Notes. The October 2010 Senior Notes, February 2011 Senior Notes, January 2012 Senior Notes and the July 2012 Senior Notes are guaranteed on a senior basis by APHL and on a senior subordinated basis by certain of the subsidiaries of APHL. The guarantee of the October 2010 Senior Notes, February 2011 Senior Notes, January 2012 Senior Notes and the July 2012 Senior Notes by APHL will rank equally in right of payment with all existing and future indebtedness of APHL that is not subordinated in right of payment to such guarantee and will be senior in right of payment to any and all of the existing and future indebtedness of APHL that is subordinated in right of payment to such guarantee. Each guarantee by a subsidiary guarantor in connection with October 2010 Senior Notes, February 2011 Senior Notes, January 2012 Senior Notes and the July 2012 Senior Notes will rank junior in right of payment with all existing and future indebtedness of such subsidiary guarantor that is senior indebtedness, and will rank equally with all existing and future indebtedness of such subsidiary guarantor that is not subordinated in right of payment to its subsidiary guarantee. The October 2010 Senior Notes, February 2011 Senior Notes, January 2012 Senior Notes and the July 2012 Senior Notes and the guarantees thereof will also be effectively subordinated to all of APF's and APHL's existing and future secured debt to the extent of the value of the assets securing such debt and to all existing and future debt of all APHL's subsidiaries that do not guarantee October 2010 Senior Notes, February 2011 Senior Notes, January 2012 Senior Notes and the July 2012 Senior Notes.

Term Loan Facilities

On 17 December 2013, Ardagh Holdings USA and Ardagh Packaging Finance S.A., borrowed (a) US dollar term loans in an initial aggregate principal amount of \$500 million and (b) Euro term loans in an initial aggregate amount of €130 million under a Senior Secured Term Loan B Facility.

The term loan facilities are governed by a credit agreement, between Ardagh Holdings USA, as U.S. borrower, Ardagh Packaging Finance S.A., as co-borrower, APHL, as parent guarantor, certain subsidiary guarantors, certain lenders, from time to time party thereto, Citibank, N.A., as administrative agent, and Citibank N.A., London Branch, as security agent.

As of 17 December 2013, certain subsidiaries have provided guarantees of the term loan facilities. The remaining subsidiaries of Ardagh that are guarantors of the existing notes are required to provide guarantees no later than 14 March 2014 and VNA is required to provide guarantees no later than the 30th day following the closing of the VNA acquisition.

The term loan facilities will mature on 17 December 2019 and will amortise in equal quarterly instalments of 0.25%, with the balance due at maturity.

Annual interest on borrowings under the term loan facilities accrue (i) in the case of the dollar term loans, at the option of the borrowers, (x) adjusted LIBOR (subject to a floor of 1.00%) plus 3.25% or (y) the alternate base rate (subject to a floor of 2.00%) plus 2.25% and (ii) in the case of the Euro term loans, adjusted LIBOR (subject to a floor of 1.00%) plus 3.25%.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The term loan facilities are subject to customary affirmative covenants, incurrence-based negative covenants that are substantially similar to the indentures governing our existing secured notes and no financial maintenance covenants.

Securitisation Programme

On 1 March, 2012, APHL entered into a trade receivables securitisation programme for an amount of up to €150 million with an issuer of asset-backed commercial paper that is sponsored by HSBC Bank plc. Under the securitisation programme, all trade receivables originated by certain operating subsidiaries of APHL who have acceded to the securitisation programme are sold by the sellers to a special purpose vehicle, Ardagh Receivables Finance Ltd (ARFL), which is a wholly owned subsidiary of APHL.

ARFL has granted security under the securitisation programme over all of its receivables and collection accounts. The securitisation programme contains customary terms and conditions applicable to trade receivables securitisation facilities of this nature. The securitisation programme contains incurrence-type covenants that are substantially similar to the covenants contained in our existing Indentures.

The securitisation programme is intended to be used as the primary committed revolving credit facility for the Group and over time the intention is to increase the size of the facility as additional sellers are added.

Bank of America Facility

Upon acquisition, Anchor had in place a revolving credit facility with Bank of America N.A. which was modified and taken over by Ardagh Glass Inc. On 15 February 2013, this facility was replaced by a \$100 million amended and restated loan and security agreement. The new facility which matures on 15 February 2017 also includes a \$40 million letter of credit sub limit and is secured by a first priority lien over inventory and accounts receivable for Ardagh Glass Inc. The new facility was put in place to support the working capital needs of the Ardagh Glass Inc. While the new facility contains affirmative and negative covenants and restrictions on transactions it is much more in tune with the needs of the business, provides a greater degree of flexibility and does not contain any financial maintenance covenants.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The effective interest rates of borrowings at the reporting date are as follows:

	2013			2012		
	AUD	USD	EUR	AUD	USD	EUR
9.25% First Priority Senior Notes due 2016	—	—	—	—	—	10.97%
7.375% First Priority Senior Secured Notes due 2017 . . .	—	—	7.94%	—	—	7.97%
7.375% First Priority Senior Secured Notes due 2017 . . .	—	7.79%	—	—	7.81%	—
5.000% First Priority Senior Secured Notes due 2022 . . .	—	—	5.53%	—	—	—
4.875% First Priority Senior Secured Notes due 2022 . . .	—	5.35%	—	—	—	—
7.125% Senior Notes due 2017	—	—	8.10%	—	—	8.10%
8¾% Senior Notes due 2020	—	—	9.46%	—	—	9.46%
9.250% Senior Notes due 2020	—	—	9.69%	—	—	9.65%
9.125% Senior Notes due 2020	—	9.90%	—	—	10.18%	—
7.000% Senior Notes due 2020	—	7.60%	—	—	—	—
USD Term Loan B Facility due 2019	—	4.89%	—	—	—	—
EUR Term Loan B Facility due 2019	—	—	4.76%	—	—	—
US financing facilities	—	8.50%	—	—	8.50%	—
Invoice discounting	—	—	—	—	—	—
Bank borrowings	—	—	9.21%	8.49%	—	4.85%

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2013	2012
	€m	€m
Euro	2,429	2,333
US Dollar	2,555	1,337
Australian Dollar	—	71
British Pounds	2	2
	<u>4,986</u>	<u>3,743</u>

The Group has the following undrawn borrowing facilities:

	2013	2012
	€m	€m
Floating rate:		
—Expiring within one year	43	63
—Expiring beyond one year	<u>203</u>	<u>90</u>
	<u>246</u>	<u>153</u>

The facilities expiring within one year are facilities subject to review at various dates during 2014.

Derivative Financial Instruments

The Group uses the following hierarchy of valuation techniques for determining and disclosing the fair value of financial instruments:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities;

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

Level 2—Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3—Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial derivatives are recognised on the face of the Consolidated Statement of Financial Position at fair values as follows:

	<u>2013</u> €m	<u>2012</u> €m
Fair value liabilities		
—Forward exchange contracts	7	—
—Aluminium contracts	4	1
—Energy derivatives	—	—
—Interest rate hedge contracts	1	3
	<u>12</u>	<u>4</u>

The maturity analysis of the Group's derivative liabilities is as follows:

	<u>2013</u> €m	<u>2012</u> €m
Within one year or on demand	11	4
Greater than one year	1	—
	<u>12</u>	<u>4</u>

Interest rate hedging derivatives

As part of the obligations under the Australasian Senior Bank Facility, the Group entered into interest rate swaps in order to reduce part of the exposure on this facility. The Australasian Senior Bank Facility was repaid on 22 February 2013 and all interest rate swaps have been terminated in 2013.

Fair values as at the end of the reporting periods have been estimated based on the interbank interest rate market as at those dates (Level 2).

<u>Type</u>	<u>Currency</u>	<u>Inception/Maturity</u>	<u>Nature</u>	<u>31 December</u> <u>2012</u> (notional amount in € millions)
Variable to fixed (7.945%)	NZD	January 2008/December 2013	Bullet	30
Variable to fixed (7.19%)	AUD	January 2008/December 2013	Bullet	30

The impact of interest rate hedging instruments for the year to 31 December 2012 was to decrease the interest payable by €3 million below what would otherwise have been paid on the Group's debt at the prevailing market interest rates.

Aluminium derivatives

The Group hedges a substantial portion of its anticipated aluminium purchases on the London Metal Exchange ("LME"). Excluding conversion and freight costs, the physical aluminium deliveries

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

are priced based on the average price of aluminium on the LME for the relevant month. The price risk on these aluminium purchases is hedged by buying fixed-price aluminium futures for the month of physical delivery, and selling averaging aluminium futures in the month that will form the basis for pricing the physical deliveries. Both the bought and sold futures contracts will be for the same volume of metal, this being a portion of the Group's total requirement for any one month.

Since aluminium is normally traded in US dollars, while sales of aluminium products are mostly priced in Euros, the Group normally arranges corresponding Euro/US dollar hedging contracts in parallel to its aluminium hedges, such that the related aluminium purchases are effectively hedged in Euros.

The Group held aluminium futures for hedging purposes as detailed in the table below:

<u>LME Aluminium futures</u>	<u>31 December 2013</u> (in € millions)	<u>31 December 2012</u> (in € millions)
Contract/notional amount	37	35
Estimated fair value	(4)	(1)

The contracts held at 31 December 2013 are due to mature in 2014 and 2015. The related cash flows are to be expected in the same periods.

Fair values have been based on LME-quoted market prices and there has been no change in the valuation techniques (level 1). The fair value of these contracts when initiated is nil; no premium is paid or received.

Energy derivatives

The Group hedges a portion of its anticipated energy purchases on The New York Mercantile Exchange (NYMEX). The Group did not hold any material energy derivatives at 31 December 2013.

The contracts held at 31 December 2013 are due to mature in 2014. The related cash flows are to be expected in the same periods.

Fair values have been based on NYMEX-quoted market prices and Level 1 valuation techniques have been applied. The fair value of these contracts when initiated is nil; no premium is paid or received.

Foreign Exchange Contracts

The operations of the Group are conducted by entities in many countries, and accordingly, the results of operations of the Group are subject to currency translation risk and currency transaction risk.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Financial assets and liabilities (Continued)

The following tables give details of the Group's forward foreign exchange contracts at 31 December 2013 that are held for hedging purposes based on Level 2 fair value hierarchy techniques. All the contracts held at 31 December 2013 are due to mature in 2014.

31 December 2013	Fair value hedges	
	Contract /	Fair value of
	nominal amount	asset/(liability)
	(in € millions)	
Buy USD, sell AUD	3	—
Buy USD, sell NZD	2	—
Buy USD, sell Euro	240	(7)
Total	245	(7)

The Group has no forward foreign exchange contracts held for trading purposes at either reporting date.

The amount that has been recognised in profit and loss due to ineffectiveness is €10 million (2012: €nil).

31 December 2012	Cash flow hedges		Fair value hedges	
	Contract/	Fair value of	Contract/	Fair value of
	nominal amount	asset/(liability)	nominal amount	asset/(liability)
	(in € millions)		(in € millions)	
Buy USD, sell AUD	11	—	3	—
Buy USD, sell NZD	5	—	5	—
Buy USD, sell Euro	31	—	—	—
Total	47	—	8	—

Net investment hedge in foreign operations

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Included in long term debt at 31 December 2013 was an amount of \$1,147 million (2012: \$1,147 million) which has been designated and used to hedge the exposure to foreign exchange risk on the net investment in subsidiaries with US dollar exposure.

Hedges of net investments in foreign operations are accounted whereby any gain or loss on the hedging instruments relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to an ineffective portion is recognised immediately in the Group income statement within finance income or expense respectively. Gains and losses accumulated in other comprehensive income are recycled to the Group income statement when the foreign operation is sold. The amount that has been recognised in profit and loss due to ineffectiveness is €nil (2012: €nil).

13. Deferred income

Deferred income is €7 million at 31 December 2013 (2012: €8 million), and primarily relates to government grants received by manufacturing operations in Germany, United Kingdom, and Italy. Government grants are credited to cost of sales in the income statement.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations

The Group operates defined benefit and defined contribution pension schemes in most of its countries of operation. The principal funded defined benefit schemes, which are funded by contributions to separate administered funds, are in the Netherlands and the United Kingdom. Other defined benefit schemes are unfunded and the provision is recognised in the Consolidated Statement of Financial Position. The principal unfunded schemes are in Germany.

The contribution rates to the funded plans are agreed with the Trustee boards, plan actuaries and the local pension regulators periodically. The contributions paid in 2013 have been those recommended by the actuaries.

In addition, the Group has other employee benefit obligations in certain territories.

The amounts recognised in the Consolidated Statement of Financial Position are:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>Restated</u>
Defined benefit pension schemes	(412)	(403)
Other employee benefit obligations	(47)	(54)
Total employee benefit obligations	<u>(459)</u>	<u>(457)</u>

Defined benefit pension schemes

The amounts recognised in the Consolidated Statement of Financial Position are:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Present value of funded obligations	(1,104)	(1,044)
Fair value of plan assets	891	857
	(213)	(187)
Present value of unfunded obligations	(199)	(216)
Year-end obligations for defined benefit pension schemes	<u>(412)</u>	<u>(403)</u>

The amounts recognised in the Consolidated Statement of Income are:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Current service cost and administration costs		
Cost of sales	(16)	(13)
Sales, general and administration expenses	(3)	(4)
	(19)	(17)
Exceptional item (Note 19)	11	(56)
Finance income and expense	(16)	(12)
	<u>(24)</u>	<u>(85)</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations (Continued)

Administrative expenses of €2 million are included within cost of sales and sales, general and administrative expenses.

<u>Remeasurements</u>	<u>2013</u> €m	<u>2012</u> Restated €m
<i>Remeasurement of Defined Benefit Obligation:</i>		
Actuarial losses arising from changes in demographic assumptions	(10)	—
Actuarial losses arising from changes in financial assumptions	(37)	(139)
Actuarial gains arising from changes in experience	3	3
	<u>(44)</u>	<u>(136)</u>
<i>Remeasurements of Plan Assets:</i>		
Return on plan assets (excluding interest income)	21	61
Actuarial loss on year end obligations for pension benefits recognised in the Consolidated Statement of Comprehensive Income	(23)	(75)
Actuarial gain/(loss) on other end of service employee benefits recognised in the Consolidated Statement of Comprehensive Income	2	(5)
The cumulative actuarial losses recognised in the Consolidated Statement of Comprehensive Income	<u>(187)</u>	<u>(166)</u>

The actual return on plan assets resulted in a gain of €53 million in 2013 (2012: €96 million).

Movement in the defined benefit obligation over the year:

	<u>2013</u> €m	<u>2012</u> €m
Beginning of the year	(1,260)	(963)
Acquired (Note 23)	—	(15)
Current service cost (Note 18)	(17)	(17)
Exceptional item (Note 19)	11	(114)
Interest cost (Note 20)	(47)	(47)
Remeasurements	(44)	(136)
Liabilities extinguished on settlements	—	2
Employee contributions	(7)	(6)
Benefits paid from plans	40	35
Benefits paid directly by employer	7	6
Exchange differences	14	(5)
End of the year	<u>(1,303)</u>	<u>(1,260)</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations (Continued)

Movement in the fair value of plan assets over the year:

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Beginning of the year	857	706
Interest income (Note 20)	31	35
Exceptional Item (Note 19)	—	58
Remeasurements	21	61
Assets distributed on settlements	—	(2)
Employer contributions	25	25
Administration expenses paid from plan assets	(3)	(2)
Employee contributions	7	6
Benefits paid	(40)	(35)
Exchange differences	(7)	5
End of the year	<u>891</u>	<u>857</u>

Plan assets at 31 December 2013 comprised:

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>€m</u>	<u>%</u>	<u>€m</u>	<u>%</u>
Equities	312	35	304	35
Target return funds	264	30	97	12
Bonds	192	22	282	33
Cash/other	123	13	174	20
	<u>891</u>	<u>100%</u>	<u>857</u>	<u>100%</u>

The pension assets do not include any of the Group's ordinary shares, other securities or other Group assets.

Investment Strategy

The plan assets of the principal funded defined benefit plans, which are in the United Kingdom and the Netherlands, are managed by trustee or management boards acting on independent advice. The boards, whose composition includes senior financial and operational management of the Group companies, use professional investment managers to invest plan assets based on specific investment guidelines.

The choice of investments takes account of the expected maturity of the future benefit payments. The Plans invest in diversified portfolios consisting of an array of asset classes that attempt to maximise returns while minimising volatility. The asset classes include national and international equities, fixed income government and non-government securities and real estate as well as cash.

Assumptions and Sensitivities

The principal pension assumptions used in the preparation of the accounts take account of the different economic circumstances in the countries of operations and the different characteristics of the respective plans including the length of duration of liabilities.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations (Continued)

The ranges of the principal assumptions applied in estimating defined benefit obligation were;

	Euro-zone		UK and Other	
	2013	2012	2013	2012
	%	%	%	%
Rate of inflation	2.00	2.00	2.25-2.60	1.75-3.00
Rate of increase in salaries	2.50	2.50	3.50	3.00-3.50
Discount rate	2.00-3.80	3.20-3.40	4.50-4.90	2.90-4.55

Were the discount rate to differ by fifty basis points from management's estimates, the carrying amount of pension obligations would be an estimated €112 million lower or €128 million higher.

Were the inflation rate to differ by fifty basis points from management estimates, the carrying amount of pension obligations would be an estimated €64 million lower and €74 million higher.

If the salary rate of increase were to differ by fifty basis points from management estimates, the carrying amount of pension obligations would be an estimated €3 million lower and €5 million higher.

The Group has made assumptions relating to mortality, the age at which members retire or leave the schemes, the proportion of members who are married, etc. Generally, the schemes do not have sufficient members to determine most of these assumptions reliably based on their own experience; therefore the Group has used statistics based on larger populations or from published national and regional tables and the advice of its actuaries in determining the most appropriate assumptions to use.

Mortality assumptions for the countries with the most significant defined benefit plans are based on the following post-retirement mortality tables: (i) Netherlands: AG 2012-2062; (ii) United Kingdom: The base tables applied by the Glass schemes are the S1NA tables, while the Metal scheme has used the S1PA tables; and (iii) Germany: Richttafeln 2005 G von Dr. Klaus Heubeck.

While allowance has been made for continuing improvements in life expectancy, allowance has also been made to reflect the location of the plants, the nature of the members' occupations and the experience of mortality in the regions where the employees/former employees are located compared to the average life expectancy for the jurisdiction in which the plants are located. The impact of increasing the expected longevity by one year would result in an increase in the Group's liability of €39 million at 31 December 2013.

Mortality assumptions for the countries with the most significant defined benefit plans are described briefly below:

	2013 UK	2013 Netherlands	2013 Germany
Life expectancy, current pensioners:	21	23	20
Life expectancy, future pensioners:	22	24	23
	2012 UK	2012 Netherlands	2012 Germany
Life expectancy, current pensioners:	21	23	19
Life expectancy, future pensioners:	22	23	21

The Group's best estimate of contributions expected to be paid to funded defined benefit plans in 2014 is €24 million.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations (Continued)

The expected total benefit payments over the next five years are:

	2014	2015	2016	2017	2018	Subsequent five years
	€m	€m	€m	€m	€m	€m
Benefits	46	46	47	47	49	265

The Group also has defined contribution plans; the contribution expense associated with these plans for 2013 was €20 million (2012: €10 million). The Group's best estimate of the contributions expected to be paid to these plans in 2014 is €21 million.

The Group believes the following information is pertinent in understanding the impact of the pension arrangements on the Group's financial condition and cash flows.

Glass Packaging—Europe

The principal defined benefit schemes are described briefly below:

United Kingdom

Until 31 March 2013, the Group operated two defined benefit schemes within the Glass Packaging division in the United Kingdom, the Rockware scheme and the Redfearn scheme.

The Rockware scheme was accounted as a shared cost scheme, by agreement with the Trustees and members, until the end of 2012.

In late 2012, the Group took the decision to propose several mutually dependant changes to the Rockware Scheme to make it sustainable for both the Group and the members, such that (i) the scheme would be closed to future benefit accrual, (ii) the Group would assume the full liability and (iii) the scheme would be replaced with a defined contribution scheme in respect of future service. The proposals were sent out in a letter to the scheme members in early January 2013 and in a ballot on 4 March 2013 the members voted in favour of the proposal. The Rockware scheme closed to future accrual with effect from 31 March 2013 and all active members at that date became deferred members. There was no curtailment gain or loss.

On the basis that the group took the decision to propose these changes in 2012, it was considered that at 31 December 2012 it was no longer appropriate to account for the scheme on a split cost basis and the full liability was recognised on the balance sheet at year end. The movement in the liability of €56 million was recorded in the 2012 income statement as an exceptional item. The Redfearn scheme remained open at 31 December 2013.

At 31 December 2013, the plans had 437 active members, 1,140 deferred members and 624 pensioners (including dependants). At 31 December 2012, the plans had 1,353 active members, 224 deferred members and 624 pensioners (including dependants).

The weighted average duration of the liabilities in United Kingdom's defined benefit pension plan is 23 years.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations (Continued)

Germany

In accordance with normal practice in Germany, the defined benefit scheme operated within the Glass Packaging division in Germany is unfunded. Benefits are paid directly to pensioners and the liability is recognised in the Consolidated Statement of Financial Position.

At 31 December 2013, the plans had 1,029 active members, 714 deferred members and 843 pensioners (including dependants). At 31 December 2012, the plans had 1,225 active members, 752 deferred members and 908 pensioners (including dependants). The weighted average duration of the liabilities in Germany's defined benefit pension plan is 14 years.

Netherlands

The majority of the Group's employees in the Netherlands within the Glass Division are members of the Ardagh Glass BV pension plan. This plan is funded and held in an independent body managed by trustees.

At 31 December 2013, the plans had 604 active members, 556 deferred members and 490 pensioners (including dependants). At 31 December 2012, the plans had 609 active members, 578 deferred members and 420 pensioners (including dependants).

The weighted average duration of the liabilities in the Netherlands' defined benefit pension plan is 19 years.

Metal Packaging—Europe

The principal defined benefit schemes are described briefly below:

United Kingdom

The Group operates one defined benefit scheme in Metal Packaging in the United Kingdom. The Metal Packaging schemes have a limited impact on the Group Financial Statements.

The Metal Packaging defined benefit pension plan provides a pension based on final salary and has been closed to new entrants since April 2005. The triennial valuation as at 5 April 2010 was completed during 2012. Under the new recovery plan agreed with the trustees the Group increased its contributions by €1 million per annum.

At 31 December 2013, the plan had 118 active members, 412 deferred members and 344 pensioners (including dependants). At 31 December 2012, the plan had 120 active members, 415 deferred members and 354 pensioners (including dependants).

The weighted average duration of the liabilities in the United Kingdom's defined benefit pension plan is 19 years.

Germany

In accordance with normal practice in Germany, the defined benefit schemes operated in Germany, of which the Ardagh Metal Packaging Germany GmbH (which closed to new members in 2003) is the most significant, are unfunded. Benefits are paid directly to pensioners and the liability is recognised in the Consolidated Statement of Financial Position.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations (Continued)

At 31 December 2013, the plans had 742 active members, 511 deferred members and 791 pensioners (including dependants). At 31 December 2012, the plans had 870 active members, 503 deferred members and 674 pensioners (including dependants).

The weighted average duration of the liabilities in Germany's defined benefit pension plan is 16 years.

Netherlands

The majority of the Group's employees in the Metal division are members of the Ardagh Metal Packaging Netherlands BV pension plan. This plan is funded and held in an independent body managed by trustees.

At 31 December 2013, the plan had 921 active members, 2,038 deferred members and 3,139 pensioners (including dependants). At 31 December 2012, the plan had 1,009 active members, 1,991 deferred members and 3,198 pensioners (including dependants).

The weighted average duration of the liabilities in the Netherlands defined benefit pension plan is 16 years.

Multi-employer pension plans

Certain employees of one of the Group's subsidiaries in the United States and employees of one of the Group's subsidiaries in the Netherlands are members of multi-employer craft or industry based pension schemes ("the multi-employer schemes") which have arrangements similar to those of defined benefit schemes.

In each case it is not possible to identify the Group's share of the underlying assets and liabilities of the multi-employer schemes and therefore in accordance with IAS 19 (as revised), the Group has taken the exemption for multi-employer pension schemes to account for them as defined contribution schemes recognising the contributions payable in each period in the Consolidated Income Statement. Contributions charged to the Consolidated Income Statement in the year in respect of these multi-employer schemes were €8 million. (2012: €2 million). The expected contributions for 2014 are €9 million.

United States

Employees of the Group's subsidiaries in the United States currently participate in two multi-employer schemes: the GMP & Employers Pension ("GMP") and the Steelworkers Pension Trust ("SPT"). The reported regulatory funding positions according to government filings were:

	US—GMP	US—SPT
Funding level	106%	82%

Under the terms of the schemes and relevant legislation in the United States any deficits in the schemes may be reduced through increased contributions from participating employees and employers and/or reductions in benefits, including benefits in payment. At 31 December 2013, the Group was unable to obtain valuations of the multi-employer schemes full surpluses or deficits.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employee benefit obligations (Continued)

Netherlands

The Group's participation in the multi-employer scheme in the Netherlands is less than 0.1%. The regulatory funding level of the plan was 104.8%. In the event of a deficit in the Netherlands plan, a recovery plan is produced by the plan management board which may involve reductions in benefits or the rate of increase in benefits. The Group is not obliged to make good any deficit which might arise.

Other employee benefits

	2013	2012
	€m	Restated €m
Other end of service employee benefits	(20)	(23)
Other long term employee benefits	(27)	(31)
	<u>(47)</u>	<u>(54)</u>

Other end of service employee benefits

The Group has obligations to provide other end of service employee benefits. These liabilities comprise principally, amounts due to be paid to employees leaving the Group's service in France and Italy.

Other long term employee benefits

Other long term employee benefit obligations comprise amounts due to be paid under partial retirement contracts in Germany and other obligations to pay benefits primarily related to long service awards.

The actuarial loss recognised in the Consolidated Income Statement for 2013 was €1 million (2012: €2 million).

15. Trade and other payables

	2013	2012
	€m	€m
Trade payables	398	462
Other payables and accruals	224	204
Customer deposits	9	3
Amounts owed to joint venture and associates	1	1
Other tax and social security payable	28	24
Trade and other payables	<u>660</u>	<u>694</u>
Payables and accruals for acquisition costs	23	10
Payables and accruals for acquisition financing costs	24	—
Total exceptional payables	<u>47</u>	<u>10</u>

The fair values of trade and other payables approximate the amounts shown above.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Provisions for other liabilities and charges

	2013	2012
	€m	Restated €m
Current	10	25
Non-current	21	26
	<u>31</u>	<u>51</u>

	Restructuring	Other	Total
	€m	provisions €m	provisions €m
At 1 January 2012	22	17	39
Acquired during the year	—	11	11
Provided during the year	31	6	37
Released during the year	(2)	(2)	(4)
Reclassifications	—	(1)	(1)
Paid during the year	(25)	(6)	(31)
Exchange movements	—	—	—
At 31 December 2012 (Restated)	<u>26</u>	<u>25</u>	<u>51</u>
At 1 January 2013 (Restated)	26	25	51
Provided during the year	7	7	14
Released during the year	(1)	(6)	(7)
Paid during the year	(21)	(6)	(27)
Exchange movements	(1)	1	—
At 31 December 2013	<u>10</u>	<u>21</u>	<u>31</u>

The fair values of provisions for other liabilities and charges approximate the amounts shown above.

Restructuring

This provision relates to redundancy and other restructuring costs and is comprised of €9 million for the Metal division (2012: €25 million) and €1 million for the Glass division (2012: €1 million).

Other

Other provisions relate to onerous leases, probable environmental penalties, and customer quality claims.

17. Segmental analysis

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision-Maker (CODM) that are used to make strategic decisions.

The three reportable segments are Metal Packaging Europe, Glass Packaging Europe and Glass Packaging North America for the year ended 31 December 2013.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Segmental analysis (Continued)

Metal Packaging Asia Pacific and Metal Packaging North America do not meet the thresholds for separate disclosure as reportable segments and therefore, in accordance with IFRS 8, are combined and disclosed in an all others segments category labelled as Metal Packaging Other.

Finance income and expense are not allocated to segments as these are reviewed by the CODM on a Group wide basis. The CODM assesses the performance of the operating segments based on EBITDA. EBITDA is defined as operating profit/ (loss) before depreciation, amortisation, impairment of property, plant and equipment and intangible assets, and exceptional items.

Reconciliation of operating profit to EBITDA

	12 months ended	
	31 December 2013	31 December 2012 Restated
	€m	€m
Group operating profit	162	125
Add back depreciation and amortisation (1)	292	234
Add back non-exceptional impairment charges	6	—
Add back exceptional items (2)	163	231
EBITDA	<u>623</u>	<u>590</u>

(1) Depreciation and amortisation less capital grant amortisation.

(2) Exceptional items do not include the exceptional finance expense.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Segmental analysis

The segment results for the year ended 31 December 2013 are as follows:

	Glass Packaging North America	Glass Packaging Europe	Metal Packaging Europe	Metal Packaging Other	Total
	€m	€m	€m	€m	€m
Revenue	663	1,389	1,663	328	4,043
EBITDA	<u>137</u>	<u>273</u>	<u>183</u>	<u>30</u>	623
Depreciation (Note 4)					(251)
Amortisation—intangible assets (Note 3)					(42)
Amortisation—government grants					1
Non exceptional impairment charges					(6)
Exceptional items—COS (Note 19)					(126)
Exceptional items—SG&A (Note 19)					(37)
Exceptional items—finance expense (Note 19)					(94)
Finance expense (Note 20)					(381)
Finance income (Note 20)					2
Share of profit of joint venture					<u>1</u>
Loss before income tax					(310)
Income tax charge (Note 21)					<u>(4)</u>
Loss after income tax					<u><u>(314)</u></u>

The restated segment results for the year ended 31 December 2012 are as follows:

	Glass Packaging North America	Glass Packaging Europe	Metal Packaging Europe	Metal Packaging Other	Total
	€m	€m	€m	€m	€m
Revenue	273	1,364	1,720	348	3,705
EBITDA	56	269	223	42	590
Depreciation (Note 4)					(202)
Amortisation—intangible assets (Note 3)					(33)
Amortisation—government grants					1
Exceptional items—COS (Note 19)					(185)
Exceptional items—SG&A (Note 19)					(46)
Exceptional items—finance expense (Note 19)					(12)
Finance expense (Note 20)					(359)
Finance income (Note 20)					2
Share of profit of joint venture					<u>1</u>
Loss before income tax					(243)
Income tax credit (Note 21)					<u>16</u>
Loss after income tax					<u><u>(227)</u></u>

Inter-segment sales are not material.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Segmental analysis (Continued)

The segment assets at 31 December 2013 and capital expenditure for the year then ended are as follows:

	Glass Packaging North America	Glass Packaging Europe	Metal Packaging Europe	Metal Packaging Other	Total
	€m	€m	€m	€m	€m
Segment assets	1,037	1,233	2,354	343	4,967
Investment in joint venture	—	4	3	—	7
	<u>1,037</u>	<u>1,237</u>	<u>2,357</u>	<u>343</u>	<u>4,974</u>
Restricted cash held in escrow (Note 9)					1,063
Total assets					<u>6,037</u>
Capital expenditure*	<u>46</u>	<u>131</u>	<u>66</u>	<u>64</u>	<u>307</u>

The restated segment assets at 31 December 2012 and capital expenditure for the year then ended are as follows:

	Glass Packaging North America	Glass Packaging Europe	Metal Packaging Europe	Metal Packaging Other	Total
	€m	€m	€m	€m	€m
Segment assets	1,105	1,506	2,199	348	5,158
Investment in joint venture	—	5	3	—	8
Total assets	<u>1,105</u>	<u>1,511</u>	<u>2,202</u>	<u>348</u>	<u>5,166</u>
Capital expenditure*	<u>26</u>	<u>104</u>	<u>67</u>	<u>19</u>	<u>216</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables, cash and cash equivalents and deferred tax.

* Capital expenditure comprises additions to intangible assets (Note 3), and property, plant and equipment (Note 4).

No one customer accounted for greater than 10% of total revenue in either 2013 or 2012.

Total revenue and non-current assets in countries which account for more than 10% of total revenue or non-current assets are as follows:

Revenue

	2013	2012
	€m	€m
Germany	644	679
United Kingdom	561	572
Netherlands	391	359
USA	830	450

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Segmental analysis (Continued)

Non-current assets excluding financial instruments, taxes, pensions and goodwill arising on acquisitions.

	2013	2012
	€m	€m
Germany	391	401
United Kingdom	260	217
Netherlands	297	328
USA	618	620

The entity is domiciled in Ireland. During the year the Group had sales of €12 million (2012: €14 million) to customers in Ireland.

Within each reportable segment our packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing we do not consider that they constitute separate product lines and thus additional disclosure relating to product lines is not necessary.

18. Expenses by nature

	2013	2012
	€m	Restated €m
Depreciation (Note 4)	(251)	(202)
Amortisation (Note 3)	(42)	(33)
Amortisation of government grants	1	1
Exceptional items (Note 19)	(163)	(231)
Non exceptional impairment (Note 4)	(6)	—
Changes in inventories of finished goods and work in progress	52	69
Raw materials and consumables	(1,914)	(1,757)
Conversion, storage and delivery	(344)	(317)
Wages and salaries	(721)	(649)
Social security costs	(116)	(107)
Defined benefit plan pension costs (Note 14)	(19)	(17)
Defined contribution plan pension costs	(20)	(10)
Other	(338)	(327)
Total cost of sales and sales, general and administration expenses	<u>(3,881)</u>	<u>(3,580)</u>
Employees as at 31 December	2013	2012
Production	14,696	14,686
Administration	2,478	2,477
	<u>17,174</u>	<u>17,163</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Exceptional items

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Exceptional impairment—long lived assets	(118)	(117)
Exceptional restructuring costs	(10)	(26)
Plant start-up costs	(5)	—
Exceptional impairment—other assets	(1)	(1)
IFRS 3 non-cash inventory adjustment	—	(7)
Re-recognition of previously derecognised portion of UK Rockware pension scheme deficit (Note 14)	—	(34)
Negative past service cost	8	—
Exceptional items—cost of sales (Note 17)	(126)	(185)
Acquisition costs	(38)	(22)
Exceptional restructuring costs	(2)	(2)
Negative past service cost	3	—
Re-recognition of previously derecognised portion of UK Rockware pension scheme deficit (Note 14)	—	(22)
Exceptional items—sales, general and administration expenses (Note 17)	(37)	(46)
VNA acquisition notes	(100)	—
Extinguishment of 2009 Secured Notes	(18)	—
Deferred issue costs written-off and other debt settlement cost	(7)	(12)
Exceptional items—finance expense (Note 20)	(125)	(12)
	30	—
Gain on the disposal of financial assets		
VNA acquisition notes	1	—
Exceptional items—finance income (Note 20)	31	—
Total exceptional items	(257)	(243)

2013

Exceptional items of €257 million were included in the income statement for the year ended 31 December 2013, including €142 million related to the VNA acquisition and €118 million of exceptional impairment charges.

VNA acquisition

The VNA acquisition exceptional items were comprised of €100 million in finance expense and €42 million in sales, general and administrative expenses.

The €100 million in exceptional finance expense related to the notes issued in January 2013 to finance the acquisition of VNA, which were repaid, in accordance with their terms, on 17 January 2014 using the proceeds that had been held in escrow, and was comprised of:

- €61 million of interest incurred on the notes since the date of issuance.
- €18 million relating to the accelerated amortisation of debt issue costs.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Exceptional items (Continued)

- €11 million relating to a Special Mandatory Redemption Premium (that was paid in January 2014).
- €10 million relating to foreign exchange forward contracts previously designated as hedges.

Further details on the VNA acquisition are provided in Note 26.

Impairment charges and other significant items

The following exceptional items were also recorded in the year ended 31 December 2013:

- €118 million of exceptional impairment of long lived assets in the Metal Packaging Europe segment, with most of charge being recorded in South East (€62 million) and Aluminium (€41 million, including €11 million relating to goodwill) reflecting difficult trading conditions.
- €12 million of restructuring costs primarily relating to the reorganisation of the Metal business.
- €18 million primarily relating to the early redemption premium for the 9.250% First Priority Senior Secured Notes due 2016.
- €30 million gain from the disposal of an investment in ORG, a listed Chinese metal packaging company.
- €11 million negative past service cost relating to the Group's principal pension plans in the Netherlands.
- €4 million credit to acquisition costs, primarily related to finalisation of the Anchor acquisition costs and the completion of closing procedures.

2012

The following exceptional items were recorded in the year ended 31 December 2012:

- €117 million of exceptional impairment of long lived assets. The Metal Europe segment accounted for the majority of this impairment with €59 million recorded in South East and €35 million recorded in South West €35 million, reflecting difficult trading conditions in those regions.
- €56 million of a non-cash expense related to the re-recognition of the previously derecognised portion of UK Rockware pension scheme deficit (Note 14).
- €26 million of exceptional restructuring costs primarily within the Metal Packaging division.
- €22 million of directly attributable acquisition costs.
- €7 million relating to non-cash inventory adjustments arising on the Leone and Anchor acquisitions. This non-recurring adjustment arises as a result of the fair value exercise carried out in accordance with IFRS 3R—Business Combinations.
- €9 million of costs related to the settlement of Anchor's debt.
- €3 million relating to debt issue costs and other associated financing costs written off, primarily relating to the cancellation of the revolving credit facility.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Finance income and expense

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>Restated</u>
		<u>€m</u>
Finance expense:		
Senior Secured and Senior Notes	(324)	(286)
Term loans	—	—
Bank loans, overdrafts and revolving credit facilities	(5)	(13)
Invoice discounting and securitisation facilities	(4)	(1)
Finance leases	—	(1)
Interest expense	(333)	(301)
Net interest costs on net pension plan liabilities	(16)	(12)
Foreign currency translation losses	(29)	(38)
Other finance expense	(3)	(8)
Other finance expense	(48)	(58)
Finance expense before exceptional items	(381)	(359)
VNA acquisition notes	(100)	—
Extinguishment of 9.25% First Priority Senior Secured Notes due 2016	(18)	—
Finance raising costs written off	(4)	—
Settlement of BOSI debt facility	(3)	—
Unamortised deferred debt issue costs written off	—	(3)
Anchor debt settlement	—	(9)
Exceptional items—finance expenses (Note 19)	(125)	(12)
Total finance expense	(506)	(371)
Finance income:		
Interest Income	1	2
Other finance income	1	—
Finance income before exceptional items	2	2
Gain on the disposal of financial assets	30	—
VNA acquisition notes	1	—
Exceptional items—finance income (Note 19)	31	—
Total finance income	33	2
Net finance expense	(473)	(369)

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Income tax

	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>Restated</u>
	<u>€m</u>	<u>€m</u>
Current tax:		
Current tax for the year	42	27
Adjustments in respect of prior years	(1)	(1)
Total current tax	<u>41</u>	<u>26</u>
Deferred tax:		
Deferred tax for the year	(44)	(38)
Adjustments in respect of prior years	7	(4)
Total deferred tax (Note 6)	<u>(37)</u>	<u>(42)</u>
Income tax charge/(credit) (Note 17)	<u>4</u>	<u>(16)</u>
	<u>2013</u>	<u>2012</u>
	<u>€m</u>	<u>€m</u>
Loss before tax	<u>(310)</u>	<u>(243)</u>
Loss on ordinary activities multiplied by the standard rate of Irish corporation tax: 12.5% (2012:12.5%)	(39)	(31)
Utilisation of tax losses	—	—
Reversal of previously recognised tax losses on which deferred income tax assets were recognised (Note 6)	6	9
Tax losses for which no deferred income tax asset was recognised	26	19
Re-measurement of deferred taxes	(1)	(1)
Adjustment in respect of prior years	6	(5)
Income subject to other taxes	14	8
Losses taxable at non-standard rates	(52)	(18)
Non-deductible items	31	8
Other	<u>13</u>	<u>(5)</u>
Total tax charge/(credit) for the financial year (Note 17)	<u>4</u>	<u>(16)</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Cash generated from operations

	2013	2012
	€m	Restated €m
Loss before tax	(310)	(243)
Adjustments:		
Depreciation (Note 4)	251	202
Amortisation (Note 3)	42	33
Amortisation of capital grants	(1)	(1)
Net finance expenses (Note 20)	379	357
Share of profit of joint venture	(1)	(1)
Non exceptional impairment charges (Note 17)	6	—
Exceptional items cash	149	51
Exceptional items non cash	108	192
EBITDA	<u>623</u>	<u>590</u>
Changes in working capital:		
Inventories	(6)	(13)
Trade and other receivables	18	(51)
Trade and other payables	(38)	(45)
Movement on non-working capital payables	1	(3)
Movement on provisions	(22)	(14)
Movement in investing payables including for acquisition related costs and plant start-up costs	(35)	(18)
Exceptional restructuring paid	(25)	(23)
Cash generated from operations	<u>516</u>	<u>423</u>

23. Business combinations

Anchor Acquisition

On 20 August 2012, Ardagh Group completed the purchase of 100% of the equity of US-based Anchor Glass Container Corporation (since renamed Ardagh Glass Inc. “AGI”) from private investment funds managed by Wayzata Investment Partners LLC. AGI, which is headquartered in Tampa, Florida, is a technologically advanced manufacturer of glass containers serving the North American food and beverage industries. AGI is the third largest glass container manufacturer in the US. It produces approximately 5.6 billion containers annually from its eight facilities located in the United States and employs approximately 2,700 people. AGI has annual revenues of approximately US\$800.0 million.

The acquisition represented a strategic investment and a very significant step in developing the Group’s operations in the US and increased the size of the Group’s global Glass Packaging division by almost 50%. It resulted in some 21% of Group sales revenue being generated from the US, and also placed the Group in a leading position in the US glass industry.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Business combinations (Continued)

The total disbursement for the Anchor acquisition was as follows:

	<u>\$m</u>	<u>€m</u>
Consideration paid for the purchase of the equity interest	440	358
Repayment of indebtedness	453	368
Purchase consideration	<u>893</u>	<u>726</u>

The purchase price has been allocated to assets acquired and liabilities assumed based on fair values. The purchase price allocation is complete.

The assets and liabilities recognised as a result of the acquisition were determined to be as follows:

	<u>€m</u>
Cash and cash equivalents	6
Property, plant and equipment	363
Intangible assets	139
Deferred tax asset	57
Inventories	79
Trade and other receivables	46
Trade and other payables	(66)
Borrowings	(359)
Deferred tax liability	(172)
Other provisions and other charges	(11)
Employee benefit obligations	(11)
Employee end of service obligations	(1)
Total identifiable net assets	70
Add Goodwill	288
Net assets acquired	<u>358</u>

The allocations set forth above were based on management's estimate of the fair values. The detailed reviews of the fair values of land and buildings, plant and equipment and intangible assets involving outside specialists are complete.

The goodwill arising on the acquisition is disclosed within the Glass Packaging North America segment (Note 17). The goodwill arising from the acquisition is attributable to acquired workforce, manufacturing and process know-how and market position. The goodwill recognised is not expected to be deductible for income tax purposes.

The fair value of trade and other receivables was €46 million and included trade receivables with a fair value of €43 million.

The revenue included in the consolidated statement of comprehensive income for the year ended 31 December 2012 contributed by Anchor was €198 million. Anchor also contributed EBITDA of €38 million for the same period.

Had Anchor been consolidated using consistent accounting policies, from 1 January 2012, the consolidated statement of comprehensive income would include pro forma revenue of €594 million and pro forma EBITDA of €118 million.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Business combinations (Continued)

Leone Acquisition

On 23 March 2012, Ardagh Group completed the purchase of 100% of the equity of US based Leone Industries (“Leone”) from the Leone family. The acquisition of Leone has increased the size of Ardagh’s Glass Packaging division by approximately 7%. Leone was founded in 1966 and is a technologically advanced manufacturer of glass containers serving the US food and beverage markets. It produces more than five hundred million containers per annum from its state of the art facility in Bridgeton, New Jersey.

The acquisition represents a strategic investment in expanding the Group’s US activities into the glass container market and was an important step in developing the Group’s international glass franchise.

Since the closing of the Anchor acquisition on 20 August 2012, Leone has been fully integrated with the AGI operations in North America.

The total disbursement for the Leone acquisition was €167 million (including settlement on closing of net debt of €38 million).

The purchase price has been allocated to assets acquired and liabilities assumed based on fair values. The purchase price allocation is complete.

	<u>€m</u>
Consideration paid in cash for the purchase of the equity interest	129
	<u>129</u>

The assets and liabilities recognised as a result of the acquisition have been determined as at 31 December 2012 as follows:

	<u>€m</u>
Cash and cash equivalents	—
Property, plant and equipment	51
Intangible assets	32
Inventories	16
Trade and other receivables	7
Trade and other payables	(10)
Borrowings	(38)
Deferred tax liability	(15)
Employee benefit obligations	(4)
Income tax payable	—
Total identifiable net assets	39
Add Goodwill	90
Net assets acquired	129

The allocations set forth above are based on management’s estimate of the fair values. The detailed reviews of the fair values of land and buildings, plant and equipment and intangible assets involving outside specialists are complete.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Business combinations (Continued)

The goodwill arising on the acquisition is disclosed within the Glass Packaging North America segment (Note 17). The goodwill arising from the acquisition is attributable to acquired workforce, manufacturing and process know-how and establishing a market presence in the US glass container market. The goodwill recognised is expected to be deductible for income tax purposes.

The fair value of trade receivables was €7 million.

The revenue included in the consolidated statement of comprehensive income for the year ended 31 December 2012 contributed by the Leone, was €75 million. Leone also contributed EBITDA of €19 million for the same period.

Had Leone been consolidated using consistent accounting policies, from 1 January 2012, the consolidated statement of comprehensive income would include pro forma revenue of €97 million and pro forma EBITDA of €25 million.

Boxal Acquisition

On 1 March 2012, Ardagh Group completed the purchase of 100% of the equity of Boxal France SAS, Boxal Netherlands BV and the assets of Szenna Pack Kft. from Exal Corporation (referred to collectively “Boxal”). Boxal is a technically advanced aluminium container manufacturer supplying aerosols and bottles to a wide variety of industries including cosmetics, pharmaceutical, food and beverages. It is a recognised world leader in packaging solutions with manufacturing plants principally in France and the Netherlands with a total annual capacity of nine hundred million containers. Boxal’s state-of-the-art facilities serve a suite of global brands including L’Oreal, Coca-Cola, Heineken, Dove, Pantene and Nivea. Szenna Pack Kft. has a single facility also making aluminium containers and is located in Hungary.

The acquisition represents a strategic investment in diversifying into the aluminium can market, enhancing our product offering and adding value to our current activities.

Since the closing of the Boxal acquisition on 1 March 2012, we have progressed the integration of Boxal with our existing metal operations in Europe. These integration initiatives relate to, among other things, the manufacturing, sales and marketing, distribution, finance, information technology systems, and administration operations of Boxal.

The purchase price has been allocated to assets acquired and liabilities assumed based on fair values. The purchase price allocation is complete.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Business combinations (Continued)

Cash consideration of €84 million was paid for the purchase of Boxal. The assets and liabilities recognised as a result of the acquisition have been determined as at 31 December 2012 as follows:

	<u>€m</u>
Cash and cash equivalents	5
Property, plant and equipment	67
Deferred tax assets	3
Investment in joint ventures	3
Inventories	18
Trade and other receivables	26
Trade and other payables	(33)
Other employee benefit obligations	(3)
Employee end of service obligations	(1)
Borrowings	(1)
Income tax payable	(3)
Deferred tax liabilities	(8)
Total identifiable net assets	73
Add Goodwill	11
Net assets acquired	84

The allocations set forth above are based on management's estimate of the fair values. The detailed reviews of the fair values of land and buildings, plant and equipment and intangible assets involving outside specialists are complete.

The goodwill arising on the acquisition is disclosed within the Metal Packaging Europe segment (Note 17). The goodwill arising from the acquisition is attributable to acquired workforce, market position in aluminium packaging as well as anticipated synergies from a more cost effective manufacturing foot-print through Szenna-Pack. The goodwill recognised is not expected to be deductible for income tax purposes.

The fair value of trade and other receivables was €26 million and included trade receivables with a fair value of €16 million.

The revenue included in the consolidated statement of comprehensive income for the year ended 31 December 2012 contributed by Boxal, was €93 million. Boxal also contributed EBITDA of €4 million for the same period.

Had Boxal been consolidated using consistent accounting policies, from 1 January 2012, the consolidated statement of comprehensive income would include pro forma revenue of €115 million and pro forma EBITDA of €5 million.

Had Anchor, Leone and Boxal been consolidated using consistent accounting policies on a pro forma basis, from 1 January 2012, the Consolidated Statement of Comprehensive Income would show pro forma revenue of €4,144 million and pro forma EBITDA of €679 million.

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Related party transactions

The following transactions were carried out with related parties:

(i) Yeoman Capital S.A.

As at 31 December 2013, Yeoman Capital S.A. owned 39.3% of the ordinary shares of ASA. Three of APHL's directors, Messrs' Coulson, Dowling and Baertz, also serve as directors of companies within the Yeoman Group of companies. During 2013, the Group incurred costs of €1 million (2012: €1 million) for fees charged by the Yeoman Group of companies.

(ii) Joint ventures

As at 31 December 2013, the Group owed €1 million (2012: €1 million) to EuraGlasrecycling GmbH. During 2013 the Group received a dividend of €1 million (2012: €nil) from EuraGlasrecycling GmbH and incurred €3 million (2012: €4 million) for purchases of raw materials. At 31 December 2013, the Group owed €1 million (2012: €Nil) to Copal SAS. During 2013, the Group incurred €4 million (2012: €4 million) for raw materials purchased from Copal.

(iii) Pension scheme

The pension schemes are related parties. For details of all transactions during the year, please read Note 14 "Employee Benefit Obligations".

Other than as noted above, there were no related party transactions or changes to transactions with related parties as disclosed in the 2013 financial statements that had a material effect on the financial position or the performance of the Group.

25. Contingent liabilities

Environmental issues

The Group is regulated under various European Union, North American, national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the generation, storage, handling, and transportation of hazardous materials;
- the emission and discharge of materials into the environment;
- the remediation of contamination associated with the release of hazardous substances, and
- the design, characteristics, and recycling of its products.

The Group has established proactive policies with respect to environmental matters. The Group has engaged outside consultants to audit its environmental activities and has created environmental management teams, information systems, education and training programmes, and environmental assessment procedures for new processes and suppliers.

As a result of environmental reviews, the Group established a reserve for environmental costs. In general, the Group accrues the maximum amount of the estimated potential cost of items identified. The utilisation and adequacy of this reserve is monitored annually.

The amount provided was €6 million as of 31 December 2013 (2012: €7 million). This is included in the Consolidated Statement of Financial Position in provisions for other liabilities and charges (see Note 16).

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Contingent liabilities (Continued)

There was no material amount charged to the income statement in respect of environmental expenses in the years ended 31 December 2013, and 2012, the increase in 2012 was driven mainly by the acquisition of Anchor.

The Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations. It does not believe it will be required, under both existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amount accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Group arising under environmental laws are pending.

Legal Matters

The Group is involved in certain legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, is expected to have a material adverse effect on its business financial condition results of operations or cash flows.

26. Events after the reporting period

VNA Acquisition

On 17 January 2013, Ardagh Group signed a contract with Compagnie de Saint Gobain to purchase from it the VNA business. The total consideration will be approximately \$1.7 billion (€1.3 billion), which will be adjusted to effect customary pre-closing and post-closing adjustments, while all of the cash flows generated by the VNA business since 1 January 2013 will be to the account of Ardagh through a locked box mechanism. VNA, which has its headquarters in Muncie, Indiana, is the second largest glass container manufacturer in the US, serving the North American food and beverage industries. It produces approximately 9 billion containers annually from its 13 facilities located throughout the United States and employs approximately 4,400 people. VNA has annual revenues of approximately \$1.6 billion (€1.2 billion).

On 1 July 2013, the FTC informed Ardagh that it had issued an administrative complaint alleging that the acquisition of VNA is anticompetitive in so far as it relates to the sale of glass containers for beer and spirits.

Ardagh and the FTC have reached agreement on the basic terms of a proposed consent agreement. Under the proposed consent agreement, Ardagh will divest six of its current U.S. glass container manufacturing plants located, respectively, in Elmira, New York; Henryetta, Oklahoma; Jacksonville, Florida; Lawrenceburg, Indiana; Shakopee, Minnesota; and Warner Robins, Georgia; its mould facility in Zanesville, Ohio; its engineering facility in Streator, Illinois; its U.S. headquarters in Tampa, Florida; and key managers, employees, contracts, and other assets (together, the “Divestiture Business”). The Divestiture Business serves the beer, liquor, and food and beverage markets. Ardagh has engaged Citi to market the Divestiture Business and the sale process is well underway. Multiple potential buyers have submitted initial indications of interest in the Divestiture Business. Ardagh and Counsel for the FTC have filed a joint motion to withdraw this matter from adjudication so that the Commissioners can consider the consent proposal.

To enable the settlement negotiations with the FTC to be concluded and the acquisition of VNA to proceed, Ardagh and Saint Gobain agreed to extend the final closing date under the share purchase

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Events after the reporting period (Continued)

agreement from 13 January 2014 to 30 April 2014. Ardagh expects to complete the acquisition of VNA by 30 April 2014.

Financing Activity

On 17 January 2014, Ardagh redeemed the bonds issued in January 2013 to finance the acquisition of VNA (the proceeds of which were held in escrow), namely \$420 million aggregate principal amount of 4.875% First Priority Senior Secured Notes due 2022, €250 million aggregate principal amount of 5.000% First Priority Senior Secured Notes due 2022 and \$700 million in aggregate principal amount of the \$850 million 7.000% Senior Notes due 2020.

In January 2014, the Group raised a total of \$1.53 billion to finance the acquisition of VNA. This comprised the syndication of an incremental Term Loan B Facility (“Incremental Term Loan B Facility”) in an aggregate principal amount of \$700 million at a coupon of LIBOR plus 3.00% (with a LIBOR floor of 1.00%) which will have a maturity date of 17 December 2019. In addition the Group issued \$415 million aggregate principal amount of 6.25% Senior Notes due 2019 and \$415 million aggregate principal amount of 6.75% Senior Notes due 2021 (the proceeds of which will be held in escrow pending completion of the acquisition of VNA).

27. Key management compensation

Key management are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management are comprised of the members who served on the board of directors of Ardagh Group S.A. and the Group’s Global Leadership Team during the reporting period.

	2013	2012
	€m	€m
Salaries and other short term employee benefits	20	18
Post-employment benefits	1	1
	<u>21</u>	<u>19</u>

NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Subsidiary undertakings

The principal subsidiary undertakings as of 31 December 2013 are detailed below, all of which are included in the consolidated financial statements.

Company	Country of incorporation	Activity	Portion of shares held %
Ardagh Australia Pty Ltd	Australia	Metal Packaging	100
Ardagh Metal Packaging Canada Ltd	Canada	Metal Packaging	100
Ardagh Metal Packaging Czech Republic sro	Czech Republic	Metal Packaging	100
Ardagh Glass Holmegaard A/S	Denmark	Glass Packaging	100
Ardagh Metal Packaging Hjørring A/S	Denmark	Metal Packaging	100
Ardagh Aluminium Packaging France SAS	France	Metal Packaging	100
Ardagh MP West France SAS	France	Metal Packaging	100
Ardagh Metal Packaging France SAS	France	Metal Packaging	100
Ardagh Glass GmbH	Germany	Glass Packaging	100
Heye International GmbH	Germany	Glass Engineering	100
UniMould GmbH	Germany	Glass Engineering	100
Ardagh Metal Packaging Germany GmbH	Germany	Metal Packaging	100
Ardagh Germany MP GmbH	Germany	Metal Packaging	100
Ardagh Aluminium Packaging Hungary Kft	Hungary	Metal Packaging	100
Ardagh Metal Packaging Hungary Kft	Hungary	Metal Packaging	100
Ardagh Glass Sales Limited	Ireland	Glass Packaging	100
Ardagh Group Italy S.r.l.	Italy	Glass and Metal Packaging	99.99
Ardagh Metal Packaging Latvia SIA	Latvia	Metal Packaging	100
Ardagh Metal Packaging Morocco SAS	Morocco	Metal Packaging	100
Ardagh Aluminium Packaging Netherlands B.V.	Netherlands	Metal Packaging	100
Ardagh Glass Dongen B.V.	Netherlands	Glass Packaging	100
Ardagh Glass Moerdijk B.V.	Netherlands	Glass Packaging	100
Ardagh Metal Packaging Netherlands B.V.	Netherlands	Metal Packaging	100
Ardagh NZ Ltd	New Zealand	Metal Packaging	100
Ardagh Glass S.A.	Poland	Glass Packaging	100
UniMould S.A.	Poland	Glass Packaging	100
Ardagh Metal Packaging Poland Sp. z o.o.	Poland	Metal Packaging	100
Ardagh Metal Packaging Buftea SA	Romania	Metal Packaging	100
Ardagh Metal Packaging Kuban LLC	Russia	Metal Packaging	100
Ardagh Metal Packaging Rus LLC	Russia	Metal Packaging	100
Ardagh Metal Packaging (Seychelles) Ltd	Seychelles	Metal Packaging	100
Ardagh Metal Packaging Korea Chusik Hoesa	South Korea	Metal Packaging	100
Ardagh Metal Packaging Iberica S.A.	Spain	Metal Packaging	100
Ardagh Glass Limmared AB	Sweden	Glass Packaging	100
Borisat Royal Ardagh Chamkad (Royal Ardagh Limited)	Thailand	Metal Packaging	55
Ardagh Metal Packaging Ukraine LLC	Ukraine	Metal Packaging	100
Ardagh Glass Limited	United Kingdom	Glass Packaging	100
Ardagh Metal Packaging UK Limited	United Kingdom	Metal Packaging	100
Ardagh Metal Packaging USA Inc.	United States	Metal Packaging	100
Ardagh Glass Inc.	United States	Glass Packaging	100

COMBINED FINANCIAL STATEMENTS
Certain Beverage Can Operations of Ball Corporation
As of June 30, 2016 and for the six months ended
June 30, 2016 and 2015

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION

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CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
UNAUDITED CONDENSED COMBINED STATEMENTS OF EARNINGS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(\$ in millions)	<u>2016</u>	<u>2015</u>
Net sales	\$ 937.1	\$ 970.2
Costs and expenses		
Cost of sales (excluding depreciation and amortization)	(722.1)	(776.3)
Depreciation and amortization	(42.5)	(40.1)
Selling, general and administrative	(77.5)	(80.5)
Business consolidation and other activities	(14.4)	(7.3)
	<u>(856.5)</u>	<u>(904.2)</u>
Earnings before interest and taxes	80.6	66.0
Interest expense	(6.0)	(1.3)
Earnings before taxes	74.6	64.7
Tax provision	(15.4)	(16.9)
Net earnings	59.2	47.8
Less net (earnings) loss attributable to noncontrolling interests	—	0.8
Net earnings attributable to certain metal beverage packaging operations of Ball Corporation	<u>\$ 59.2</u>	<u>\$ 48.6</u>

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
UNAUDITED CONDENSED COMBINED STATEMENTS OF
COMPREHENSIVE EARNINGS (LOSS)
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

<u>(\$ in millions)</u>	<u>2016</u>	<u>2015</u>
Net earnings	\$ 59.2	\$ 47.8
Other comprehensive earnings (loss):		
Foreign currency translation adjustment	(25.5)	(88.8)
Pension benefits	(45.4)	11.0
Effective financial derivatives	2.4	(8.4)
Total other comprehensive earnings (loss)	(68.5)	(86.2)
Income tax (provision) benefit	11.5	0.6
Total other comprehensive earnings (loss), net of tax	(57.0)	(85.6)
Total comprehensive earnings (loss)	2.2	(37.8)
Less comprehensive (earnings) loss attributable to noncontrolling interests	—	0.8
Comprehensive earnings (loss) attributable to certain metal beverage packaging operations of Ball Corporation	<u>\$ 2.2</u>	<u>\$(37.0)</u>

The accompanying notes are an integral part of the unaudited condensed
combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
UNAUDITED CONDENSED COMBINED BALANCE SHEETS
AS AT JUNE 30, 2016 (UNAUDITED) AND DECEMBER 31, 2015 (AUDITED)

(\$ in millions)	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 64.1	\$ 32.3
Receivables, net	352.2	231.7
Inventories, net	238.4	222.5
Deferred taxes and other current assets	36.5	29.4
Total current assets	691.2	515.9
Non-current assets		
Property, plant and equipment, net	804.9	794.0
Goodwill	835.1	816.6
Intangibles and other assets, net	103.8	91.8
Total assets	\$2,435.0	\$2,218.3
Liabilities and Equity		
Current liabilities		
Short-term debt and current portion of long-term debt	\$ 39.9	\$ 23.8
Accounts payable	286.1	317.4
Accrued employee costs	62.4	61.4
Other current liabilities	59.7	67.4
Total current liabilities	448.1	470.0
Non-current liabilities		
Long-term debt	67.1	0.6
Employee benefit obligations	382.8	322.2
Deferred taxes and other liabilities	63.2	68.5
Total liabilities	961.2	861.3
Net investment		
Net parent investment	1,785.7	1,611.9
Accumulated other comprehensive income (loss)	(311.9)	(254.9)
Total net parent investment	1,473.8	1,357.0
Non-controlling interest	—	—
Total net investment	1,473.8	1,357.0
Total liabilities and net investment	\$2,435.0	\$2,218.3

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
UNAUDITED CONDENSED COMBINED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(\$ in millions)	2016	2015
Cash Flows from Operating Activities		
Net earnings	\$ 59.2	\$ 47.8
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:		
Depreciation and amortization	42.5	40.1
Business consolidation and other activities	14.4	7.3
Deferred tax provision (benefit)	2.7	0.4
Other, net	(17.2)	5.9
Working capital changes	(190.8)	(65.5)
Cash provided by (used in) operating activities	(89.2)	36.0
Cash Flows from Investing Activities		
Capital expenditures	(63.9)	(78.0)
Other, net	—	0.1
Cash provided by (used in) investing activities	(63.9)	(77.9)
Cash Flows from Financing Activities		
Long-term borrowings	66.6	—
Repayments of long-term borrowings	(0.2)	(86.9)
Net change in short-term borrowings	14.2	30.9
Contributions (to)/from Parent	114.6	109.4
Cash provided by (used in) financing activities	195.2	53.4
Effect of exchange rate changes on cash	(10.3)	(10.5)
Change in cash and cash equivalents	31.8	1.0
Cash and cash equivalents—beginning of period	32.3	17.0
Cash and cash equivalents—end of period	<u>\$ 64.1</u>	<u>\$ 18.0</u>

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
UNAUDITED CONDENSED COMBINED STATEMENTS OF CHANGES IN NET INVESTMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(\$ in millions)	Parent Company			Total Net Investment
	Net Parent Investment	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	
Balance at January 1, 2016 (audited)	\$1,611.9	\$(254.9)	\$—	\$1,357.0
Net earnings (loss)	59.2	—	—	59.2
Other comprehensive earnings (loss), net of tax . .	—	(57.0)	—	(57.0)
Net contributions (distributions) from/to parent . .	114.6	—	—	114.6
Balance at June 30, 2016 (unaudited)	<u>\$1,785.7</u>	<u>\$(311.9)</u>	<u>\$—</u>	<u>\$1,473.8</u>

(\$ in millions)	Parent Company			Total Net Investment
	Net Parent Investment	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	
Balance at January 1, 2015 (audited)	\$1,392.4	\$(149.3)	\$119.0	\$1,362.1
Net earnings (loss)	48.6	—	(0.8)	47.8
Other comprehensive earnings (loss), net of tax . .	—	(85.6)	—	(85.6)
Net contributions (distributions) from/to parent . .	109.4	—	—	109.4
Balance at June 30, 2015 (unaudited)	<u>\$1,550.4</u>	<u>\$(234.9)</u>	<u>\$118.2</u>	<u>\$1,433.7</u>

The accompanying notes are an integral part of the unaudited condensed combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Description of Business

These unaudited condensed combined financial statements reflect certain metal beverage packaging operations of Ball Corporation (“Ball”). These metal beverage packaging operations (the “Business”) manufacture and sell metal beverage products in Germany, the United Kingdom, France, Poland, the Netherlands, Serbia and Brazil. References to the “carve-out operations”, “we”, “our”, “us” and similar expression refer to the Business.

The Business was formerly controlled by Ball, a publicly traded company listed on the New York Stock Exchange or represents variable interest entities of which Ball was the primary beneficiary.

On 22 April 2016 Ardagh Group (“Ardagh”) entered into an agreement with Ball and Rexam PLC to purchase certain metal beverage can manufacturing assets and support locations in Europe, Brazil and the United States which include certain assets and support functions of this Business. The purchase was completed on 30 June 2016.

Seasonality of Operations

The Business is subject to seasonal fluctuations. Sales volumes in Europe tend to be highest during the period from May through August with a less significant increase in demand leading up to the winter holiday season in the United Kingdom. Sales volumes in Brazil tend to be highest from September through December.

Basis of Presentation

The accompanying unaudited condensed financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The Business was acquired by the Ardagh Group in June 30, 2016. Such unaudited condensed combined financial statements have been prepared for inclusion in an Offering Memorandum by ARD Finance S.A., a subsidiary of the Ardagh Group, for the issuance of debt. Pushdown accounting has not been applied in the preparation of this unaudited condensed financial statements.

Throughout the periods presented in the unaudited condensed combined financial statements, the Business did not exist as a combined, legally constituted entity. The unaudited condensed combined financial statements have therefore been derived from the financial statements of Ball Corporation to represent the financial position and performance of the Business on a combined basis throughout those periods in accordance with U.S. GAAP.

Outstanding inter-entity balances, transactions, and cash flows between entities comprising the Business have been eliminated.

In the opinion of management, all adjustments (which include normal recurring adjustments, except as disclosed herein) necessary to present fairly the unaudited condensed combined balance sheets as of June 30, 2016; the unaudited condensed combined statements of earnings and unaudited condensed combined statements of comprehensive income and unaudited condensed combined statement of cash flows for the six months ended June 30, 2016 and 2015; and the unaudited condensed combined statements changes in net investment for the six months ended June 30, 2016 and 2015, as applicable, have been made. The results of operations for the six months ended June 30, 2016 and 2015 are not necessarily indicative of the operating results for the full fiscal year or any future periods.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

1. Description of Business and Basis of Presentation (Continued)

The unaudited condensed combined financial statements and accompanying notes should be read in conjunction with the combined full financial statements and the notes thereto for the year ended December 31, 2015, which were prepared in accordance with U.S. GAAP.

The accounting policies, presentation and methods of computation followed in the unaudited condensed combined financial statements are the same as those applied in Ball's latest combined full financial statements. The financial information is presented in millions of United State Dollar (\$ million) because that is the currency Ball primarily operates in.

Historically, Ball provided certain corporate functions to the Business and costs associated with these functions were allocated to the Business. These functions included corporate communications, regulatory compliance, human resource employee compensation and benefit management, treasury, investor relations, corporate controllership, internal audit, Sarbanes Oxley compliance, information technology, corporate and legal compliance, and insurance. The costs of such services were allocated to the Business based on the most relevant allocation method to the service provided, primarily based on relative percentage of revenue, metal weight, direct time, square footage, or headcount. Management believes such allocations were reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Business been operating as an independent company for all of the periods presented. The charges for these functions are included in selling, general, and administrative expenses in the unaudited condensed combined statements of earnings.

The Business' total net investment represents Ball's interest in the recorded net assets of the Business. The net investment balance represents the cumulative net investment by Ball and non-controlling interests in the Business. Certain transactions between the Business and other related parties within the Ball group, including allocated expenses, are included in net investment. All intercompany transactions and accounts between us and Ball are reflected as net investment in the accompanying unaudited condensed combined balance sheets. The assets and liabilities in the accompanying unaudited condensed combined financial statements have been reflected at Ball's historical cost basis.

Ball's operations participated in Ball's centralized treasury management function and all available excess cash is transferred to Ball, however, certain operations maintain cash and derivative assets and liabilities outside of Ball's centralized management system. Where an entity has been included in these unaudited condensed combined financial statements the cash, derivative assets, and derivative liabilities held by that entity have also been included in the unaudited condensed combined financial statements. For derivative instruments held by Ball on behalf of an entity included in the Business, the impacts of the derivative instruments have been included within the Business' unaudited condensed combined statement of earnings.

Allocated costs and expenses have generally been considered to have been paid by the Business to Ball in the period in which the costs were incurred. Current income taxes are considered to have been remitted, in cash, by or to Ball in the period the related income taxes were recorded. Amounts receivable from or payable to Ball have been classified in the unaudited condensed combined balance sheet within net investment. We reflected the cash generated by certain of our operations and expenses paid by Ball on behalf of our operations as a component of net investment in the accompanying unaudited condensed combined balance sheets, unaudited condensed combined statements of changes in net investment, and net contributions (to)/from Parent on the accompanying unaudited condensed combined statements of cash flows. A discussion of the relationship with Ball, including a description of

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

1. Description of Business and Basis of Presentation (Continued)

the costs that have been allocated to the Business, is included in Note 11 to the unaudited condensed combined financial statements.

Cash and bank overdrafts held locally and specifically related to the operations of the Business have been included in the unaudited condensed combined balance sheets.

2. Accounting pronouncement

New Accounting Pronouncements

In May 2014, the FASB and IASB jointly issued new revenue recognition guidance which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new guidance contains a more robust framework for addressing revenue issues and is intended to remove inconsistencies in existing guidance and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The guidance will supersede the majority of current revenue recognition guidance, including industry-specific guidance. In July 2015, the FASB approved the deferral of the effective date of the new revenue recognition guidance by one year. The guidance will be effective for the Business on January 1, 2018, and early adoption is permitted. However, entities are not permitted to adopt the standard earlier than the original effective date of January 1, 2017. Entities have the option of using either a full retrospective or modified retrospective approach for the adoption of the standard. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

In August 2014, accounting guidance was issued to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Under the new guidance, management is required to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. The guidance will be effective on January 1, 2017. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

In January 2016, accounting guidance was issued on the classification and measurement of financial assets and liabilities (equity securities and financial liabilities) under the fair value option and the presentation and disclosure requirements for financial instruments. Under the new guidance, entities will need to measure equity investments that do not result in consolidation and are not accounted under the equity method at fair value and recognize any changes in fair value in net earnings. An exception will apply to those equity investments that do not have a readily determinable fair value and do not qualify for the practical expedient to estimate fair value under the guidance and, as such, these investments may be measured at cost. The guidance will be effective on January 1, 2018. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

In February 2016, lease accounting guidance was issued which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The guidance also requires a lessee to recognize a single lease

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

2. Accounting pronouncement (Continued)

cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. The guidance will be effective for the Business on January 1, 2019. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

In March 2016, final accounting guidance was issued eliminating the requirements to retrospectively apply the equity method in previous periods when an investor initially obtains significant influence over an investee. The new guidance requires the investor to apply the equity method prospectively from the date the investment qualifies for the equity method. The investor will add the carrying value of the existing investment to the cost of the additional investment to determine the initial cost basis of the equity method investment. This guidance will be applied prospectively on January 1, 2017. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

In March 2016, accounting guidance was issued on the effect of derivative contract novation on existing hedge accounting relationships. The amendment clarify that a change in the counterparty to a derivative instrument designated as a hedging instrument does not in and of itself require designation of that hedging relationship, provided that all other hedge accounting criteria continue to be met. The guidance will be applied prospectively on January 1, 2017. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

On March 14, 2016 the FASB issued the ASU 2016-06. Topic 815 requires that embedded derivatives be separated from the host contract and accounted for separately as derivatives if certain criteria are met, including the "clearly and closely related" criterion. The amendments in this Update clarify the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. An entity performing the assessment under the amendments is required to assess the embedded call (put) options solely in accordance with the four-step decision sequence. The amendments apply to all entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options. The new standard is effective for fiscal years beginning after December 15, 2017. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

On March 17, 2016 the FASB issued the ASU 2016-08. This update releases Accounting Standards Update No. 2016-08—Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net). The amendments in this Update will clarify the implementation guidance on principal versus agent considerations. The new standard is effective for fiscal years beginning after December 15, 2017. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

On March 30, 2016 the FASB issued the ASU 2016-09. The Board is issuing this Update as part of its initiative to reduce complexity in accounting standards. The areas for simplification in this Update involve several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas for simplification apply only to nonpublic entities. In

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

2. Accounting pronouncement (Continued)

addition, the amendments in this Update eliminate the guidance in Topic 718 that was indefinitely deferred shortly after the issuance of FASB Statement No. 123 (revised 2004), Share-Based Payment. This Accounting Standards Update is the final version of Proposed Accounting Standards Update—Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which has been deleted. The new standard is effective for fiscal years beginning after December 15, 2016. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

On April 14, 2016 the FASB issued the ASU 2016-10. This update releases Accounting Standards Update No. 2016-10—Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. This Update clarifies guidance related to identifying performance obligations and licensing implementation guidance contained in the new revenue recognition standard. The Update includes targeted improvements based on input the Board received from the Transition Resource Group for Revenue Recognition and other stakeholders. The Update seeks to proactively address areas in which diversity in practice potentially could arise, as well as to reduce the cost and complexity of applying certain aspects of the guidance both at implementation and on an ongoing basis. The new standard is effective for fiscal years beginning after December 15, 2016. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

On May 3, 2016 the FASB issued the ASU 2016-11 on Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815). The amendments in this Update eliminate some guidance related to revenue recognition and derivatives. The new standard is effective for fiscal years beginning after December 15, 2016. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

On May 9, 2016 the FASB issued the ASU 2016-12 “Revenue from Contracts with Customers (Topic 606)—Narrow-Scope Improvements and Practical Expedients”. The amendments in this update address narrow-scope improvements to the guidance on collectability, noncash consideration, and completed contracts at transition. Additionally, the amendments in this update provide a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. The new standard is effective for fiscal years beginning after December 15, 2016. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

On June 16, 2016 the FASB issued the ASU 2016-13 “Financial Instruments—Credit Losses (Topic 326): Measurement of credit losses on financial instruments”. This update amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, this update eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however this topic will require that credit losses be presented as an allowance rather than as a write-down. The new standard is effective for fiscal years beginning after December 15, 2019. Management is assessing the effects that the adoption of this accounting pronouncement may have on the Business' unaudited condensed combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

3. Business Consolidation and Other activities

During the six months ended June 30, 2016, the Business recognized charges of \$11.7 million for professional services and other costs associated with the acquisition of Rexam Plc. The Business also recognized charges of \$2.7 million for individually insignificant items for the six months ended June 30, 2016.

During the six months ended June 30 2015, the Business recorded a charge of \$4.7 million for the write down of property held for sale to fair value less cost to sell. The Business also recognized charge of \$2.6 million for individually insignificant items for the six months ended June 30, 2015.

4. Receivables

(\$ in millions)	June 30, 2016 (unaudited)	December 31, 2015 (audited)
Trade accounts receivable	\$312.7	\$174.3
Less allowances for doubtful accounts	(5.7)	(2.3)
Net trade accounts receivable	307.0	172.0
Other receivables	45.2	59.7
	<u>\$352.2</u>	<u>\$231.7</u>

Ball has entered into several regional uncommitted accounts receivable factoring programs with various financial institutions for certain receivables of the European portion of the Business. The programs are accounted for as true sales of the receivables, without recourse to the Business. Receivables of \$175.9 million and \$190.4 million were sold under these programs as of June 30, 2016 and December 31, 2015, respectively.

5. Property, Plant and Equipment

(\$ in millions)	June 30, 2016 (unaudited)	December 31, 2015 (audited)
Land	\$ 31.0	\$ 23.6
Buildings	296.6	300.8
Machinery and equipment	1,284.5	1,252.1
Construction-in-progress	56.4	62.9
	1,668.5	1,639.4
Accumulated depreciation	(863.6)	(845.4)
	<u>\$ 804.9</u>	<u>\$ 794.0</u>

Depreciation expense amounted to \$39.0 million for the six months ended June 30, 2016 (six months ended June 30, 2015: \$36.7 million).

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

6. Goodwill

(\$ in millions)	Total
Balance at December 31, 2015 (audited) ^(a)	\$816.6
Effects of currency exchange rates	18.5
Balance at June 30, 2016 (unaudited) ^(a)	<u>\$835.1</u>

(a) This balance is net of accumulated impairment losses of \$44.4 million.

7. Intangibles and Other Assets

(\$ in millions)	June 30, 2016 (unaudited)	December 31, 2015 (audited)
Intangible assets (net of accumulated amortization of \$9.2 million and \$10.7 million at June 30, 2016 and December 31, 2015, respectively)	\$ 15.9	\$15.1
Capitalized software (net of accumulated amortization of \$26.3 million and \$27.3 million at June 30, 2016 and December 31, 2015, respectively)	20.9	21.7
Long-term deferred tax assets	43.8	26.6
Other	23.2	28.4
	<u>\$103.8</u>	<u>\$91.8</u>

Total amortization expense of intangible assets and capitalized software amount to \$3.5 million for the six months ended June 30, 2016 (six months ended June 30, 2015: \$3.4 million).

8. Debt and Interest Costs

Long-term debt and interest rates in effect consisted of the following:

(\$ in millions)	June 30, 2016 (unaudited)	December 31, 2015 (audited)
Multi-currency euro revolver due March 2021 (at variable rates)	\$66.6	\$ —
Other	0.5	0.9
Less: Current portion of long-term debt	—	(0.3)
	<u>\$67.1</u>	<u>\$ 0.6</u>

In February 2015, the Business extinguished its \$92.9 million Term C loan. In connection with this extinguishment, the Business recorded a charge of \$1.3 million, which is included in total interest expense, in the combined statements of earnings. There were no similar charges or costs recognized in the combined statements of earnings for the period ended June 30, 2016. At June 30, 2016, the Business had no significant amounts outstanding under short term uncommitted credit facilities.

The Business had \$66.6 million outstanding under a multi-currency revolving credit facility, entered into in March 2016 and available to Ball and certain of its subsidiaries including the Business.

The Business also had approximately \$124.4 million of short term uncommitted credit facilities available at June 30, 2016, of which \$39.9 million was outstanding and due on demand.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

8. Debt and Interest Costs (Continued)

The fair value of the long term debt was estimated to approximate its carrying value. The fair value reflects the market rates at each period end for debt with credit ratings similar to the Business' ratings and is classified as Level 2 within the fair value hierarchy. Rates currently available to the Business for loans with similar terms and maturities are used to estimate the fair value of long term debt based on discounted cash flows.

9. Employee Benefit Obligations

The Business' pension plans cover European employees meeting certain eligibility requirements. The defined benefit plans for certain salaried and hourly employees in Germany, the United Kingdom, and Switzerland, provide pension benefits based on employee compensation and years of service. While the German plans are not funded, the Business maintains book reserves, and annual additions to the reserves are generally tax deductible. With the exception of the German plans, our policy is to fund the plans in amounts at least sufficient to satisfy statutory funding requirements taking into consideration what is currently deductible under existing tax laws and regulations.

Contributions to the Business' defined benefit pension plans, not including the unfunded German plans, were \$7.9 million in the first six months of 2016, and are expected to be approximately \$20.4 million for the full year 2016. This estimate may change based on the any changes in actual plan asset performance and available cash flow, among other factors. Payments to participants in the unfunded German plans were \$9.0 million in the first six months of 2016 and are expected to be approximately \$17.7 million for the full year 2016.

10. Accumulated Other Comprehensive Earnings (Loss)

The activity related to accumulated other comprehensive earnings (loss) was as follows:

(\$ in millions)	Foreign Currency Translation	Pension Benefits (Net of Tax)	Effective Derivatives (Net of tax)	Accumulated Other Comprehensive Earnings (Loss)
January 1, 2016 (audited)	\$ (163.9)	\$ (84.3)	\$ (6.7)	\$ (254.9)
Other comprehensive earnings (loss) before reclassifications	(25.5)	(35.2)	(2.7)	(63.4)
Amounts reclassified from accumulated other comprehensive earnings (loss)	—	1.6	4.8	6.4
June 30, 2016 (unaudited)	<u>\$ (189.4)</u>	<u>\$ (117.9)</u>	<u>\$ (4.6)</u>	<u>\$ (311.9)</u>
(\$ in millions)	Foreign Currency Translation	Pension Benefits (Net of Tax)	Effective Derivatives (Net of tax)	Accumulated Other Comprehensive Earnings (Loss)
January 1, 2015 (audited)	\$ (29.5)	\$ (118.8)	\$ (1.0)	\$ (149.3)
Other comprehensive earnings (loss) before reclassifications	(88.8)	8.7	(6.9)	(87.0)
Amounts reclassified from accumulated other comprehensive earnings (loss)	—	2.3	(0.9)	1.4
June 30, 2015 (unaudited)	<u>\$ (118.3)</u>	<u>\$ (107.8)</u>	<u>\$ (8.8)</u>	<u>\$ (234.9)</u>

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

10. Accumulated Other Comprehensive Earnings (Loss) (Continued)

The following table provides additional details of the amounts recognized into net earnings from accumulated other comprehensive earnings (loss):

(\$ in millions)	Six months ended 30 June	
	2016 (unaudited)	2015 (unaudited)
Gains (losses) on cash flow hedges:		
Commodity contracts and currency exchange contracts recorded in cost of sales	\$(4.9)	\$ 1.4
Currency exchange contracts recorded in SG&A expense	(0.4)	(0.4)
Total before tax effect	(5.3)	1.0
Tax benefit (expense) on amounts reclassified into earnings	0.5	(0.1)
Recognised gain (loss)	<u>\$(4.8)</u>	<u>\$ 0.9</u>
Amortization of pension benefits:		
Prior service income (cost)	\$ 0.2	\$ —
Actuarial gains (losses)	(2.5)	(3.3)
Total before tax effect	(2.3)	(3.3)
Tax benefit (expense) on amounts reclassified into earnings	0.7	1.0
Recognised gain (loss)	<u>\$(1.6)</u>	<u>\$(2.3)</u>

11. Related Party Transactions and Net Investment

The unaudited condensed combined financial statements have been prepared on a stand-alone basis and have been derived from the consolidated financial statements and accounting records of Ball.

Allocation of General Corporate Expense

During the six months ended 30 June 2016 and 2015, we were allocated \$19 million and \$14 million, respectively, of net general corporate expenses incurred by Ball which are included within selling, general and administrative expenses in the unaudited condensed combined statements of earnings.

The expense allocations have been determined on a basis management considers to be a reasonable reflection of the utilization of services provided or the benefit received by us during the periods presented. The allocations may not, however, reflect the expense we would have incurred as an independent company for the periods presented. Actual costs that may have been incurred if we had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Net Parent Investment

The Business' European operations have historically participated in Ball's centralized cash management and funding system. Our working capital and capital expenditure requirements have historically been part of the corporate-wide cash management program for Ball. As part of this

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

11. Related Party Transactions and Net Investment (Continued)

program, Ball maintains all cash generated by the Business' operations and cash required to meet the Business' operating and investing needs is provided by Ball as necessary. Net cash generated by or used by our operations is reflected as a component of net parent investment on the accompanying unaudited condensed combined balance sheets and as Net contributions (to)/from Parent on the accompanying unaudited condensed combined statements of cash flows.

The Business has various intercompany amounts due to and from Ball and other Ball's businesses. These intercompany amounts resulted from various capital and other operating transactions of the Business and of Ball to which the Business was either a party or was an intermediary and are included in net parent investment in the unaudited condensed combined balance sheets. The related net intercompany interest is included in interest expense in the unaudited condensed combined statements of earnings.

All significant intercompany transactions between the Business and Ball have been included in these unaudited condensed combined financial statements and are considered to be transacted through net parent investment in the accompanying unaudited condensed combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions represents capital contributions from or distributions to Ball and therefore is reflected in the accompanying unaudited condensed combined statements of cash flows as a financing activity, in the accompanying unaudited condensed combined statements of changes in net investment as Net contributions/(distributions) from/(to) Parent and in the accompanying unaudited condensed combined balance sheets as net parent investment.

Noncontrolling Interest

A wholly-owned subsidiary of Ball owned an interest in a joint venture company (Latapack-Ball), organized and operating in Brazil, a portion of which is included in the Business. The Business recorded Ball's 60.1 percent ownership interest in Latapack-Ball and the corresponding non-controlling interest in our unaudited condensed combined financial statements. In December 2015, Ball acquired the remaining interests in its Latapack-Ball joint venture, \$117.9 million of which relates to the Business. This transaction has been recorded as an increase in net parent investment and as reduction of non-controlling interest, with no impact on cash. Since this acquisition did not result in a change of control, it was treated as a transaction within net investment and resulted in the elimination of the non-controlling interest of the Business.

12. Financial Instruments and Risk Management

The Business employs established risk management policies and procedures, which seek to reduce the Business' commercial risk exposure to fluctuations in commodity prices and currency exchange rates. However, there can be no assurance that these policies and procedures will be successful. Although the instruments utilized involve varying degrees of credit, market and interest risk, the counterparties to the agreements are expected to perform fully under the terms of the agreements. The Business monitors counterparty credit risk, including lenders, on a regular basis, but the Business cannot be certain that all risks will be discerned or that its risk management policies and procedures will always be effective. Additionally, in the event of default under Ball's master derivative agreements, the non-defaulting party has the option to set-off any amounts owed with regard to open derivative positions.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

12. Financial Instruments and Risk Management (Continued)

Commodity Price Risk

Aluminum

The Business manages commodity price risk in connection with market price fluctuations of aluminum ingot through two different methods. First, the Business enters into container sales contracts that include aluminum ingot-based pricing terms that generally reflect the same price fluctuations under commercial purchase contracts for aluminum sheet. The terms include fixed, floating or pass-through aluminum ingot component pricing. Second, the Business uses certain derivative instruments such as option and forward contracts as economic and cash flow hedges of commodity price risk where there are material differences between sales and purchase contracted pricing and volume.

At June 30, 2016, the Business had aluminum contracts limiting its aluminum exposure with notional amounts of approximately \$11.2 million, which received hedge accounting treatment. The aluminum contracts, which are recorded at fair value, include cash flow hedges that offset sales and purchase contracts of various terms and lengths. Cash flow hedges relate to forecasted transactions that expire within the next three years. Included in net investment at June 30, 2016, within accumulated other comprehensive earnings (loss) is a net after-tax loss of \$0.2 million associated with these contracts. A net gain of \$0.2 million is expected to be recognized in the unaudited condensed combined statement of earnings during the next 12 months, the majority of which will be offset by pricing changes in sales and purchase contracts, thus resulting in little or no earnings impact to the Business.

Steel

Most sales contracts involving our steel products either include provisions permitting the Business to pass through some or all steel cost changes incurred, or they incorporate annually negotiated steel prices.

Currency Exchange Rate Risk

The Business' objective in managing exposure to currency fluctuations is to limit the exposure of cash flows and earnings to changes associated with currency exchange rate changes through the use of various derivative contracts. In addition, at times the Business manages earnings translation volatility through the use of currency option strategies, and the change in the fair value of those options is recorded in the Business' net earnings. The Business' currency translation risk results from the currencies in which we transact business. The Business faces currency exposures in our global operations as a result of various factors including selling our products in various currencies, purchasing raw materials and equipment in various currencies and tax exposures not denominated in the functional currency. Sales contracts are negotiated with customers to reflect cost changes and, where there is not an exchange pass-through arrangement, the Business uses forward and option contracts to manage currency exposures. At June 30, 2016 the Business had outstanding exchange forward contracts and option contracts with notional amounts totaling approximately \$355.8 million. Approximately \$2.1 million of net after-tax gain related to these contracts is included in accumulated other comprehensive earnings (loss) at June 30, 2016, of which no gain or loss is expected to be recognized in the unaudited condensed combined statement of earnings during the next 12 months. The contracts outstanding at June 30, 2016, expire within the next five years.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

12. Financial Instruments and Risk Management (Continued)

Collateral Calls

The Business' agreements with its financial counterparties require the Business to post collateral in certain circumstances when the negative mark to fair value of the derivative contracts exceeds specified levels. Additionally, the Business has collateral posting arrangements with certain customers on these derivative contracts. The cash flows of the margin calls are shown within the investing section of the Business' unaudited condensed combined statements of cash flows. As of June 30, 2016, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was nil (December 31, 2015: \$7.4 million) and no collateral was required to be posted.

Fair Value Measurements

The Business has classified all applicable financial derivative assets and derivative liabilities as Level 2 within the fair value hierarchy as of June 30, 2016 and December 31, 2015, and presented those values in the table below. The Business' assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

(\$ in millions)	June 30, 2016 (unaudited)			December 31, 2015 (audited)		
	Derivatives Designated as Hedging Instruments	Derivatives not Designated as Hedging Instruments	Total	Derivatives Designated as Hedging Instruments	Derivatives not Designated as Hedging Instruments	Total
Assets:						
Commodity contracts	\$0.2	\$ —	\$0.2	\$1.2	\$ —	\$1.2
Foreign currency contracts	—	0.1	0.1	1.9	—	1.9
Total current derivative contracts	<u>\$0.2</u>	<u>\$0.1</u>	<u>\$0.3</u>	<u>\$3.1</u>	<u>\$ —</u>	<u>\$3.1</u>
Commodity contracts	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$0.5</u>	<u>\$ —</u>	<u>\$0.5</u>
Total noncurrent derivative contracts	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$0.5</u>	<u>\$ —</u>	<u>\$0.5</u>
Liabilities:						
Commodity contracts	\$0.1	\$ —	\$0.1	\$2.2	\$ —	\$2.2
Foreign currency contracts	—	0.7	0.7	—	0.1	0.1
Total current derivative contracts	<u>\$0.1</u>	<u>\$0.7</u>	<u>\$0.8</u>	<u>\$2.2</u>	<u>\$0.1</u>	<u>\$2.3</u>
Commodity contracts	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$6.1</u>	<u>\$ —</u>	<u>\$6.1</u>
Total noncurrent derivative contracts	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$6.1</u>	<u>\$ —</u>	<u>\$6.1</u>

The Business uses closing spot and forward market prices as published by the London Metal Exchange, the Chicago Mercantile Exchange, Reuters and Bloomberg to determine the fair value of any outstanding aluminum and currency spot and forward contracts. Option contracts are valued using a Black-Scholes model with observable market inputs for aluminum and currency. We value each of our financial instruments either internally using a single valuation technique or from a reliable observable

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

12. Financial Instruments and Risk Management (Continued)

market source. The Business does not adjust the value of its financial instruments except in determining the fair value of a trade that settles in the future by discounting the value to its present value using 12-month LIBOR as the discount factor. The Business performs validations of our internally derived fair values reported for our financial instruments on a quarterly basis utilizing counterparty valuation statements. The Business periodically evaluates counterparty creditworthiness and, as of June 30, 2016 and December 31, 2015, has not identified any material circumstances requiring that the reported values of our financial instruments be adjusted.

The following table provides the effects of derivative instruments in the unaudited condensed combined statements of earnings and on unaudited condensed combined accumulated other comprehensive earnings (loss):

Impact on Earnings from Derivative Instruments

		Six months ended June 30,			
		2016 (unaudited)		2015 (unaudited)	
		Cash Flow Hedge-Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments	Cash Flow Hedge-Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments
(\$ in millions)		Location of Gain (Loss) Recognized in Earnings on Derivatives			
Commodity contracts— <i>manage exposure to</i> <i>supplier pricing</i>		Cost of sales			
			\$ (4.9)	\$ —	\$ —
Foreign currency contracts— <i>manage</i> <i>general risk within the</i> <i>business</i>		Selling, general and administrative			
			(0.4)	(0.9)	0.1
Total			<u>\$ (5.3)</u>	<u>\$ 0.9</u>	<u>\$ 0.1</u>

The changes in accumulated other comprehensive earnings (loss) for effective derivatives were as follows:

(\$ in millions)	Six months ended June 30,	
	2016 (unaudited)	2015 (unaudited)
Amounts reclassified into earnings:		
Commodity contracts	\$ 4.9	\$(1.4)
Currency exchange contracts	0.4	0.5
Change in fair value of cash flow hedges:		
Commodity contracts	(2.9)	(1.5)
Currency exchange contracts	—	(6.0)
Foreign currency and tax impacts	(0.3)	0.6
	<u>\$ 2.1</u>	<u>\$(7.8)</u>

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

13. Contingencies

The Business is subject to numerous lawsuits, claims or proceedings arising out of the ordinary course of business, including actions related to product liability; personal injury; the use and performance of its products; warranty matters; patent, trademark or other intellectual property infringement; contractual liability; the conduct of its business; tax reporting in domestic and foreign jurisdictions; workplace safety; and environmental and other matters. Some of these lawsuits, claims and proceedings involve substantial amounts, and some of the environmental proceedings involve potential monetary costs or sanctions that may be material. Ball and the Business have denied liability with respect to many of these lawsuits, claims and proceedings and are vigorously defending such lawsuits, claims and proceedings. Ball carries various forms of commercial, property and casualty, and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against Ball or the Business with respect to these lawsuits, claims and proceedings. The Business does not believe that these lawsuits, claims and proceedings are material individually or in the aggregate. While management believes the Business has established adequate accruals for expected future liability with respect to pending lawsuits, claims and proceedings, where the nature and extent of any such liability can be reasonably estimated based upon then presently available information, there can be no assurance that the final resolution of any existing or future lawsuits, claims or proceedings will not have a material adverse effect on the liquidity, results of operations or financial condition of the Business.

The Business' Brazilian operations are involved in various governmental assessments, principally related to claims for taxes on the internal transfer of inventory, gross revenue taxes and tax incentives. The Business does not believe that the ultimate resolution of these matters will materially impact the results of operations, financial position or cash flows. Under customary local regulations, the Business may need to post cash or other collateral if the process to challenge any administrative assessment proceeds to the Brazilian court system; however, the level of any potential cash or collateral required would not be expected to significantly impact the liquidity of the Business.

14. Indemnifications and Guarantees

General Guarantees

The Business or its appropriate consolidated direct or indirect subsidiaries have made certain indemnities, commitments and guarantees under which the specified entity may be required to make payments in relation to certain transactions. These indemnities, commitments and guarantees include indemnities to the customers of the subsidiaries in connection with the sales of their packaging products and services; guarantees to suppliers of subsidiaries of the Business guaranteeing the performance of the respective entity under a purchase agreement, construction contract or other commitment; guarantees in respect of certain foreign subsidiaries' pension plans; indemnities for liabilities associated with the infringement of third party patents, trademarks or copyrights under various types of agreements; indemnities to governmental agencies in connection with the issuance of a permit or license to the Business or a subsidiary. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite. In addition, many of these indemnities, commitments and guarantees do not provide for any limitation on the maximum potential future payments the Business could be obligated to make. As such, the Business is unable to reasonably estimate its potential exposure under these items.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

14. Indemnifications and Guarantees (Continued)

The Business has not recorded any liability for these indemnities, commitments and guarantees in the accompanying unaudited condensed combined balance sheets. The Business does, however, accrue for payments under promissory notes and other evidences of incurred indebtedness and for losses for any known contingent liability, including those that may arise from indemnifications, commitments and guarantees, when future payment is both reasonably estimable and probable. Finally, the Ball carries general liability insurance policies that covers the locations included in the Business and has obtained indemnities, commitments and guarantees from third party purchasers, sellers and other contracting parties, which the Business believes would, in certain circumstances, provide recourse to any claims arising from these indemnifications, commitments and guarantees.

15. Subsequent Events

There have been no material events subsequent to 30 June 2016 which would require adjustment or additional disclosure to the unaudited condensed combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION

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Independent Auditor's Report

To the Management of Ball Corporation:

We have audited the accompanying combined financial statements of certain metal beverage packaging operations of Ball Corporation (the "Business"), which comprise the combined balance sheets as of December 31, 2015 and 2014, and the related combined statements of earnings, of comprehensive earnings (loss), of changes in net investment and of cash flows for each of the three years in the period ended December 31, 2015.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Business' preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Business' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of certain metal beverage packaging operations of the Business as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Denver, Colorado

March 31, 2016

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
COMBINED STATEMENTS OF EARNINGS

(\$ in millions)	Years Ended December 31,		
	2015	2014	2013
Net sales	\$ 1,891.4	\$ 2,150.9	\$ 2,038.6
Costs and expenses			
Cost of sales (excluding depreciation and amortization)	(1,483.8)	(1,692.7)	(1,623.9)
Depreciation and amortization	(82.1)	(82.3)	(104.7)
Selling, general and administrative	(149.7)	(161.9)	(124.8)
Business consolidation and other activities	(9.8)	(8.7)	(10.6)
	<u>(1,725.4)</u>	<u>(1,945.6)</u>	<u>(1,864.0)</u>
Earnings before interest and taxes	166.0	205.3	174.6
Interest Expense	<u>(1.0)</u>	<u>(1.8)</u>	<u>(6.2)</u>
Earnings before taxes	165.0	203.5	168.4
Tax provision	<u>(37.0)</u>	<u>(43.5)</u>	<u>(40.5)</u>
Net earnings	128.0	160.0	127.9
Less net (earnings) loss attributable to noncontrolling interests	<u>1.1</u>	<u>(2.2)</u>	<u>(2.2)</u>
Net earnings attributable to certain metal beverage packaging operations of Ball Corporation	<u>\$ 129.1</u>	<u>\$ 157.8</u>	<u>\$ 125.7</u>

The accompanying notes are an integral part of the combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
COMBINED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(\$ in millions)	Years Ended December 31,		
	2015	2014	2013
Net earnings	\$ 128.0	\$ 160.0	\$ 127.9
Other comprehensive earnings (loss):			
Foreign currency translation adjustment	(134.4)	(175.7)	58.3
Pension benefits	44.8	(36.8)	(34.6)
Effective financial derivatives	(6.0)	36.9	(31.7)
Total other comprehensive earnings (loss)	(95.6)	(175.6)	(8.0)
Income tax (provision) benefit	(10.0)	14.2	8.4
Total other comprehensive earnings (loss), net of tax	(105.6)	(161.4)	0.4
Total comprehensive earnings (loss)	22.4	(1.4)	128.3
Less comprehensive (earnings) loss attributable to noncontrolling interests	1.1	(2.2)	(2.2)
Comprehensive earnings (loss) attributable to certain metal beverage packaging operations of Ball Corporation	<u>\$ 23.5</u>	<u>\$ (3.6)</u>	<u>\$ 126.1</u>

The accompanying notes are an integral part of the combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
COMBINED BALANCE SHEETS

(\$ in millions)	December 31,	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 32.3	\$ 17.0
Receivables, net	231.7	252.8
Inventories, net	222.5	238.8
Deferred taxes and other current assets	29.4	56.9
Total current assets	515.9	565.5
Non-current assets		
Property, plant and equipment, net	794.0	789.8
Goodwill	816.6	913.9
Intangibles and other assets, net	91.8	121.6
Total assets	\$2,218.3	\$2,390.8
Liabilities and Equity		
Current liabilities		
Short-term debt and current portion of long-term debt	\$ 23.8	\$ 9.6
Accounts payable	317.4	309.2
Accrued employee costs	61.4	71.1
Other current liabilities	67.4	74.4
Total current liabilities	470.0	464.3
Non-current liabilities		
Long-term debt	0.6	84.9
Employee benefit obligations	322.2	396.6
Deferred taxes and other liabilities	68.5	82.9
Total liabilities	861.3	1,028.7
Net investment		
Net parent investment	1,611.9	1,392.4
Accumulated other comprehensive income (loss)	(254.9)	(149.3)
Total net parent investment	1,357.0	1,243.1
Non-controlling Interest	—	119.0
Total net investment	1,357.0	1,362.1
Total liabilities and net investment	\$2,218.3	\$2,390.8

The accompanying notes are an integral part of the combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
COMBINED STATEMENTS OF CASH FLOWS

(\$ in millions)	Years Ended December 31,		
	2015	2014	2013
Cash Flows from Operating Activities			
Net earnings	\$ 128.0	\$ 160.0	\$ 127.9
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:			
Depreciation and amortization	82.1	82.3	104.7
Business consolidation and other activities	9.8	8.7	10.6
Deferred tax provision (benefit)	(5.7)	1.6	(14.0)
Other, net	1.4	(1.5)	(3.3)
Working capital changes:			
Receivables	(1.4)	(17.1)	74.7
Inventories	(4.7)	(22.5)	13.9
Accrued employee costs	(2.0)	17.7	6.4
Other current assets	23.3	(30.2)	0.1
Accounts payable	28.1	83.2	(22.9)
Other current liabilities	(5.6)	29.0	(31.2)
Other, net	(6.0)	11.2	(3.4)
Cash provided by (used in) operating activities	<u>247.3</u>	<u>322.4</u>	<u>263.5</u>
Cash Flows from Investing Activities			
Capital expenditures	(132.7)	(122.8)	(139.7)
Other, net	0.2	(0.5)	1.7
Cash provided by (used in) investing activities	<u>(132.5)</u>	<u>(123.3)</u>	<u>(138.0)</u>
Cash Flows from Financing Activities			
Long-term borrowings	0.1	0.1	200.4
Repayments of long-term borrowings	(87.1)	(162.2)	(134.7)
Net change in short-term borrowings	26.4	4.8	(62.7)
Contributions (to)/from Parent	(27.5)	(25.7)	(109.6)
Other, net	—	—	(1.3)
Cash provided by (used in) financing activities	<u>(88.1)</u>	<u>(183.0)</u>	<u>(107.9)</u>
Effect of exchange rate changes on cash	(11.4)	(30.9)	3.2
Change in cash and cash equivalents	<u>15.3</u>	<u>(14.8)</u>	<u>20.8</u>
Cash and cash equivalents—beginning of year	17.0	31.8	11.0
Cash and cash equivalents—end of year	<u>\$ 32.3</u>	<u>\$ 17.0</u>	<u>\$ 31.8</u>

The accompanying notes are an integral part of the combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
COMBINED STATEMENTS OF CHANGES IN NET INVESTMENT

(\$ in millions)	Parent Company		Noncontrolling Interest	Total Net Investment
	Net Parent Investment	Accumulated Other Comprehensive Income (Loss)		
Balance at December 31, 2012	\$1,260.3	\$ 11.7	\$ 98.5	\$1,370.5
Net earnings (loss)	125.7	—	2.2	127.9
Other comprehensive earnings (loss), net of tax	—	0.4	—	0.4
Net contributions (distributions) from/to parent	(130.1)	—	20.5	(109.6)
Balance at December 31, 2013	1,255.9	12.1	121.2	1,389.2
Net earnings (loss)	157.8	—	2.2	160.0
Other comprehensive earnings (loss), net of tax	—	(161.4)	—	(161.4)
Net contributions (distributions) from/to parent	(21.3)	—	(4.4)	(25.7)
Balance at December 31, 2014	1,392.4	(149.3)	119.0	1,362.1
Net earnings (loss)	129.1	—	(1.1)	128.0
Other comprehensive earnings (loss), net of tax	—	(105.6)	—	(105.6)
Acquisition of noncontrolling interests	117.9	—	(117.9)	—
Net contributions (distributions) from/to parent	(27.5)	—	—	(27.5)
Balance at December 31, 2015	<u>\$1,611.9</u>	<u>\$(254.9)</u>	<u>\$ —</u>	<u>\$1,357.0</u>

The accompanying notes are an integral part of the combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Description of Business

These combined financial statements reflect certain metal beverage packaging operations of Ball Corporation (“Ball,” or “Parent”). These metal beverage packaging operations (the “Business”) are controlled by Ball, a publicly traded company listed on the New York Stock Exchange, or represent variable interest entities for which Ball is the primary beneficiary. Ball is one of the world’s leading suppliers of metal packaging to the beverage industry. The Business manufactures and sells metal beverage products in Germany, the United Kingdom, France, Poland, the Netherlands, Serbia, and Brazil. References to the “carve-out operations,” “we,” “our,” “us,” and similar expressions refer to the Business.

Basis of Presentation

The combined financial statements presented herein have been prepared on a stand-alone basis and have been derived from the consolidated financial statements and accounting records of Ball. The combined financial statements reflect the financial position, results of operations and cash flows, of the Business in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All significant intercompany transactions and accounts among the carve-out operations have been eliminated.

The combined financial statements may not be indicative of the Business’ future performance and may not reflect what the combined results of operations, financial position and cash flows would have been had the Business operated as an independent company during all of the periods presented. To the extent that an asset, liability, revenue or expense is directly associated with the Business, it is reflected in the accompanying combined financial statements.

Historically, Ball provided certain corporate functions to the Business and costs associated with these functions were allocated to the Business. These functions included corporate communications, regulatory compliance, human resource employee compensation and benefit management, treasury, investor relations, corporate controllership, internal audit, Sarbanes Oxley compliance, information technology, corporate and legal compliance, and insurance. The costs of such services were allocated to the Business based on the most relevant allocation method to the service provided, primarily based on relative percentage of revenue, metal weight, direct time, square footage, or headcount. Management believes such allocations were reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Business been operating as an independent company for all of the periods presented. The charges for these functions are included in selling, general, and administrative expenses in the combined statements of earnings.

The Business’ total net investment represents Ball’s interest in the recorded net assets of the Business. The net investment balance represents the cumulative net investment by Ball and noncontrolling interests in the Business. Certain transactions between the Business and other related parties within the Ball group, including allocated expenses, are included in net investment. All intercompany transactions and accounts between us and our Parent are reflected as net investment in the accompanying combined balance sheets. The assets and liabilities in the accompanying combined financial statements have been reflected at our Parent’s historical cost basis.

Ball’s operations participate in Ball’s centralized treasury management function and all available excess cash is transferred to Ball, however, certain operations maintain cash and derivative assets and liabilities outside of Ball’s centralized management system. Where an entity has been included in these

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

1. Description of Business and Basis of Presentation (Continued)

combined financial statements the cash, derivative assets, and derivative liabilities held by that entity have also been included in the combined financial statements. For derivative instruments held by Ball on behalf of an entity included in the Business, the impacts of the derivative instruments have been included within the Business' combined statement of earnings.

Allocated costs and expenses have generally been considered to have been paid by the Business to Ball in the year in which the costs were incurred. Current income taxes are considered to have been remitted, in cash, by or to Ball in the year the related income taxes were recorded. Amounts receivable from or payable to Ball have been classified in the combined balance sheet within net investment. We reflected the cash generated by certain of our operations and expenses paid by Ball on behalf of our operations as a component of net investment in the accompanying combined balance sheets, combined statements of changes in net investment, and net contributions (to)/from Parent on the accompanying combined statements of cash flows. A discussion of the relationship with Ball, including a description of the costs that have been allocated to the Business, is included in Note 15 to the combined financial statements.

Cash and bank overdrafts held locally and specifically related to the operations of the Business have been included in the combined balance sheets.

2. Critical and Significant Accounting Policies

Our combined financial statements include the activities of the Business. The assets and liabilities in the accompanying combined financial statements have been reflected on a historical basis. All significant intercompany accounts and transactions within the carve-out operations are eliminated upon combination. The preparation of the combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. These estimates are based on historical experience and various assumptions believed to be reasonable under the circumstances. Management evaluates these estimates on an ongoing basis and adjusts or revises the estimates as circumstances change. As future events and their impacts cannot be determined with precision, actual results may differ from these estimates. In the opinion of management, the financial statements reflect all adjustments necessary to fairly present the results of the periods presented.

Critical Accounting Policies

The Business considers certain accounting policies to be critical, as their application requires management's judgment about the impacts of matters that are inherently uncertain. Detailed below is a discussion of the accounting policies the Business considers critical to our combined financial statements.

Exit and Other Closure Costs (Business Consolidation Costs)

The Business estimates its liabilities for business closure activities by accumulating detailed estimates of costs and asset sale proceeds, if any, for each business consolidation initiative. This includes the estimated costs of employee severance, pension and related benefits; impairment of property and equipment and other assets, including estimates of net realizable value; accelerated depreciation; termination payments for contracts and leases; contractual obligations; and any other

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

2. Critical and Significant Accounting Policies (Continued)

qualifying costs related to an exit plan. These estimated costs are grouped by specific projects within an overall exit plan and are then monitored on a monthly basis. Such costs represent management's best estimates, but require assumptions about the plans that may change over time. Changes in estimates for individual locations and other matters are evaluated periodically to determine if a change in estimate is required for the overall restructuring plan. Subsequent changes to the original estimates are included in current earnings and identified as business consolidation gains or losses.

Recoverability of Goodwill and Intangible Assets

On an annual basis, and at interim periods when circumstances require, the Business tests the recoverability of its goodwill. The Business utilizes the two-step impairment analysis and has elected not to use the qualitative assessment or "step zero" approach. In the two-step impairment analysis, the Business compares the carrying value of each identified reporting unit to its fair value. If the carrying value of the reporting unit is greater than its fair value, the second step is performed, where the implied fair value of goodwill is compared to its carrying value. The Business recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its implied fair value. The Business estimates fair value for each reporting unit using either an income approach or based on the weighted average of the estimated fair values using market and income approaches. Under the market approach, the Business uses available information regarding multiples used in recent transactions, if any, involving transfers of controlling interests as well as publicly available trading multiples based on the enterprise value of companies in the packaging industry. The appropriate multiple is applied to forecasted EBITDA (a non-GAAP item defined by the Business as earnings before interest, taxes, depreciation and amortization) of each reporting unit to estimate fair value. Under the income approach, fair value is estimated as the present value of estimated future cash flows of each reporting unit. The projected cash flows incorporate various assumptions related to weighted average cost of capital (WACC) and growth rates specific to each reporting unit.

Amortizable intangible assets are tested for impairment, when deemed necessary, based on undiscounted cash flows and, if impaired, are written down to fair value based on either discounted cash flows or appraised values.

Defined Benefit Pension Plans and Other Employee Benefits

The Business has defined benefit plans that cover certain of our European salaried and hourly employees. The relevant accounting guidance requires that management make certain assumptions relating to the long-term rate of return on plan assets, discount rates used to determine the present value of future obligations and expenses, salary inflation rates, health care cost trend rates, mortality rates and other assumptions. The Business believes that the accounting estimates related to our pension plans are critical accounting estimates, because they are highly susceptible to change from period to period based on the performance of plan assets, actuarial valuations, market conditions and contracted benefit changes. The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation, as well as independent studies of trends performed by the Business' actuaries. However, actual results may differ substantially from the estimates that were based on the critical assumptions.

The Business recognizes the funded status of each defined benefit pension plan in the combined balance sheets. Each overfunded plan is recognized as an asset, and each underfunded plan is recognized as a liability. Pension plan liabilities are revalued annually, or when an event occurs that

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

2. Critical and Significant Accounting Policies (Continued)

requires remeasurement, based on updated assumptions and information about the individuals covered by the plan. For pension plans, accumulated actuarial gains and losses in excess of a 10 percent corridor and the prior service cost are amortized on a straight-line basis from the date recognized over the average remaining service period of active participants or over the average life for plans with significant inactive participants. The majority of costs related to defined benefit plans are included in cost of sales; the remainder is included in selling, general and administrative expenses.

Income Taxes

The Business' operating results have been included in Ball's tax filings for non-U.S. jurisdictions. Amounts presented in these combined financial statements related to income taxes have been determined on a separate tax return basis. These amounts may not reflect tax positions taken or to be taken by Ball or the Business and have been available for use by Ball, and may remain with Ball after the separation from Ball.

Deferred income taxes reflect the future tax consequences of differences between the tax bases of assets and liabilities and their financial reporting amounts at each balance sheet date, based upon enacted income tax laws and tax rates. Income tax expense or benefit is provided based on earnings reported in the financial statements. The provision for income tax expense or benefit differs from the amounts of income taxes currently payable because certain items of income and expense included in the combined financial statements are recognized in different time periods by taxing authorities.

Deferred tax assets, including operating loss, capital loss and tax credit carryforwards, are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that any portion of these tax attributes will not be realized. In addition, from time to time, management must assess the need to accrue or disclose uncertain tax positions for proposed adjustments from various U.S. and foreign tax authorities who regularly audit the Business' income tax returns. In making these assessments, management must often analyze complex tax laws of multiple jurisdictions, including many foreign jurisdictions. The accounting guidance prescribed a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Business records the related interest expense and penalties, if any, as tax expense in the tax provision.

Derivative Financial Instruments

The Business uses derivative financial instruments for the purpose of hedging commercial risk exposures to fluctuations in currency exchange rates and raw material costs. The Business' derivative instruments are recorded in the combined balance sheets at fair value. The Business values each derivative financial instrument either by using a single valuation technique based on observable market inputs performed internally or by obtaining valuation information from a reliable and observable market source. For a derivative designated as a cash flow hedge, the effective portion of the derivative's mark to fair value is initially recorded as a component of accumulated other comprehensive earnings and subsequently reclassified into earnings when the hedged item affects earnings, unless it is probable that the forecasted transaction will not occur. The ineffective portion of the mark to fair value associated with all hedges is recorded in earnings immediately. Derivatives that do not qualify for hedge accounting are marked to fair value with gains and losses immediately recorded in earnings. In the combined statements of cash flows, derivative activities are classified based on the items being hedged.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

2. Critical and Significant Accounting Policies (Continued)

Realized gains and losses from hedges are classified in the combined statements of earnings consistent with the accounting treatment of the items being hedged. Upon the early dedesignation of an effective derivative contract, the gains or losses are deferred in accumulated other comprehensive earnings until the originally hedged item affects earnings. Any gains or losses incurred after the dedesignation date are recorded in earnings immediately.

Contingencies

The Business is subject to various legal proceedings and claims, including those that arise in the ordinary course of business. The Business records loss contingencies when it determines that the outcome of the future event is probable of occurring and when the amount of the loss can be reasonably estimated. Gain contingencies are recognized in the financial statements when they are realized.

The determination of a reserve for a loss contingency is based on management's judgment of probability and estimates with respect to the likelihood of an outcome and valuation of the future event. Liabilities are recorded or adjusted when events or circumstances cause these judgments or estimates to change. In assessing whether a loss is probable, management may consider the following factors, among others: the nature of the litigation, claim or assessment; available information, opinions or views of legal counsel and other advisors; and the experience gained from similar cases by the Business and others. We provide disclosures for material contingencies when there is a reasonable possibility that a loss or an additional loss may be incurred. Actual amounts realized upon settlement of contingencies may be different than amounts recorded and disclosed and could have a significant impact on the Business' combined financial statements. See Note 17 to the combined financial statements for further details.

Significant Accounting Policies

Principles of Combination

Our combined financial statements include the accounts of the Business. The assets and liabilities in the accompanying combined financial statements have been reflected on a historical basis. All significant intercompany accounts and transactions within the carve-out operations are eliminated upon combination.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less.

Inventories

Inventories are stated at the lower of cost or market using either the first-in, first-out (FIFO) cost method of accounting or the average cost method. Inventory cost is calculated for each inventory component taking into consideration the appropriate cost factors including fixed and variable overhead, material price volatility and production levels.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

2. Critical and Significant Accounting Policies (Continued)

Depreciation and Amortization

Property, plant and equipment are carried at the cost of acquisition or construction and depreciated over the estimated useful lives of the assets. Repairs and maintenance costs, including labor and material costs for major improvements such as annual production line overhauls, are expensed as incurred, unless those costs substantially increase the useful lives or capacity of the existing assets. Assets are depreciated and amortized using the straight-line method over their estimated useful lives, generally 5 to 40 years for buildings and improvements and 2 to 20 years for machinery and equipment. Finite-lived intangible assets are generally amortized over their estimated useful lives of 3 to 23 years. The Business periodically reviews these estimated useful lives and when appropriate, changes are made prospectively.

Deferred financing costs are amortized over the life of the related loan facility and are reported as part of the interest expense. When debt is extinguished prior to its maturity date, the write-off of the remaining unamortized deferred financing costs, or a pro rata portion thereof, is also reported in the combined statement of earnings.

For certain business consolidation activities, accelerated depreciation may be required over the remaining useful life for assets designated to be scrapped or abandoned. The accelerated depreciation related to such activities is disclosed as part of business consolidation and other activities in the appropriate period.

Revenue Recognition

The Business recognizes sales of products when the four basic criteria of revenue recognition are met: delivery has occurred; title has transferred; there is persuasive evidence of an agreement or arrangement and the price is fixed or determinable; and collection is reasonably assured. Shipping and handling costs are reported within cost of sales in the combined statements of earnings. Net sales to major customers, as a percentage of consolidated net sales, were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Heineken N.V.	14%	13%	13%
Coca-Cola Bottlers' Sales & Services Company LLC	11%	12%	13%

Research and Development

Research and development costs are expensed as incurred in connection with the Business' programs for the development of products and processes. Costs incurred in connection with these programs, which are included in cost of sales, amounted to \$3.9 million, \$5.9 million and \$4.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Currency Translation

Assets and liabilities of foreign operations with a functional currency other than the U.S. dollar are translated using period-end exchange rates, and revenues and expenses are translated using average exchange rates during each period. Translation gains and losses are reported in accumulated other comprehensive earnings (loss) as a component of net investment.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

2. Critical and Significant Accounting Policies (Continued)

Fair Value Measurements

U.S. GAAP defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.
- Level 3—Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

Net Parent Investment

In the accompanying combined balance sheets, net parent investment represents our Parent's historical investment in us, our accumulated net earnings, and the net effect of transactions with, and allocations from our Parent. See Principles of Combination and Basis of Presentation above for additional information.

Impairment of Long-lived Assets

We review long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. We review long-lived assets for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, discounted cash flows, or external appraisals, as applicable. We determined there were no long-lived held for use asset impairments in 2015, 2014, or 2013.

Accounts Receivable and Allowances for Doubtful Accounts

Accounts receivable represent valid claims against customers for products sold or services rendered, net of allowances for doubtful accounts. We assess the creditworthiness of our counterparties on an ongoing basis and require security, including prepayments and other forms of collateral, when appropriate. We establish provisions for losses on accounts receivable due from customers if we determine that it is probable we will not collect all or part of the outstanding balance. Outstanding customer receivables are regularly reviewed for possible nonpayment indicators, and allowances for doubtful accounts are recorded based upon management's estimate of collectability at each balance sheet date. As of December 31, 2015 and 2014, our allowances for doubtful accounts were \$2.3 million and \$1.5 million, respectively.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

3. Accounting Pronouncements

New Accounting Guidance

In February 2016, lease accounting guidance was issued which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The guidance also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The guidance is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. Management is currently assessing the impact the adoption of this standard will have on its combined financial statements.

In November 2015, accounting guidance was issued that requires classification of all deferred tax assets and liabilities, along with any related valuation allowance, as noncurrent on the balance sheet. As a result, each tax jurisdiction will now only have one net noncurrent deferred tax asset or liability. The guidance, however, does not change the existing requirement that only permits offsetting within a tax jurisdiction, that is, companies are still prohibited from offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another tax jurisdiction. The guidance will be applied prospectively on January 1, 2016. Current deferred tax assets and current deferred tax liabilities were \$3.6 million and \$0.5 million, respectively, at December 31, 2015.

In September 2015, amendments to existing accounting guidance were issued to simplify the accounting for adjustments made to provisional amounts recognized in business combinations. Under the previous guidance, companies were required to retrospectively revise comparative financial statements for changes made to provisional amounts. The amended guidance eliminates the requirement to retrospectively account for these adjustments. The guidance will be applied prospectively to adjustments to provisional amounts that occur on or after January 1, 2016. The guidance is not expected to have a material effect on the Business' combined financial statements.

In July 2015, amendments to existing accounting guidance were issued to modify the subsequent measurement of inventory. Under existing guidance, an entity measures inventory at the lower of cost or market, with market defined as replacement cost, net realizable value (NRV), or NRV less a normal profit margin. An entity uses current replacement cost provided that it is not above NRV (ceiling) or below NRV less a normal profit margin (floor). Amendments in the new guidance require an entity to subsequently measure inventory at the lower of cost or net realizable value and eliminates the need to determine replacement cost and evaluate whether it is above the ceiling or below the floor. NRV is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The guidance will be effective for the Business on January 1, 2017, and early adoption is permitted. The guidance is not expected to have a material effect on our combined financial statements.

In May 2015, amendments to the existing accounting guidance were issued to remove the requirement to categorize net asset value per share, currently utilized as a practical expedient, by investment within the fair value hierarchy based on redeemable dates. This amendment also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share expedient. The guidance will be applied prospectively on January 1, 2016. The guidance is not expected to have a material effect on the company's consolidated financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

3. Accounting Pronouncements (Continued)

In April 2015, amendments to existing accounting guidance were issued to provide explicit guidance related to a customer's accounting for fees paid in a cloud computing arrangement. Under the guidance, cloud computing arrangements that include a software license would be accounted for consistent with the acquisition of other software licenses. Conversely, cloud computing arrangements that do not include a software license would be accounted for as a service contract. The guidance will be effective for the Business on January 1, 2016, and early adoption is permitted. The guidance is not expected to have a material effect on our combined financial statements.

In April 2015, accounting guidance was issued to change the balance sheet presentation for debt issuance costs. Under the new guidance, debt issuance costs related to a recognized debt liability will be presented as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as a deferred charge. The guidance does not affect the recognition and measurement of debt issuance costs; hence, amortization of debt issuance costs would continue to be reported as interest expense. In August 2015, subsequent clarification guidance was issued permitting companies to defer and present debt issuance costs related to line-of-credit arrangements as an asset and amortize them over the terms of these arrangements, regardless of whether there are any amounts outstanding under those arrangements. This guidance will be applied retrospectively on January 1, 2016. The guidance will not have a material effect on our combined financial statements.

In August 2014, accounting guidance was issued to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosure in certain circumstances. Under the new guidance, management is required to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. The guidance will be effective for the Business on January 1, 2017, and is not expected to have a material effect on our combined financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") and International Accounting Standards Board ("IASB") jointly issued new revenue recognition guidance which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new guidance contains a more robust framework for addressing revenue issues and is intended to remove inconsistencies in existing guidance and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The guidance will supersede the majority of current revenue recognition guidance, including industry-specific guidance. In July 2015, the FASB approved the deferral of the effective date of the new revenue recognition guidance by one year. The guidance will be effective on January 1, 2018 and 2019, for public and private companies, respectively. Early adoption is permitted; however, entities are not permitted to adopt the standard earlier than the original effective date of January 1, 2017. Entities have the option of using either a full retrospective or modified retrospective approach for the adoption of the standard. Management is currently assessing the impact that the adoption of this standard will have on its combined financial statements.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

4. Business Consolidation and Other activities

The Business recognized \$9.8 million, \$8.7 million, and \$10.6 million of business consolidation and other activity charges in the combined statements of earnings for the years ended December 31, 2015, 2014, and 2013, respectively.

2015

During 2015, the Business recorded a charge of \$4.7 million for the write down of property held for sale to fair value less cost to sell. The Business also recognized charges of \$5.1 million for individually insignificant items.

2014

The Business recorded charges of \$4.1 million, primarily for headcount reductions, cost-out initiatives and the relocation of the Business' European headquarters from Germany to Switzerland.

The Business recorded charges of \$1.1 million related to business reorganization activities in the Business' metal beverage packaging, Europe, operations. Also included in 2014 were charges of \$3.5 million related to the write off of previously capitalized costs associated with the Business' Lublin, Poland, facility, and for other insignificant activities.

2013

The Business recorded charges of \$10.6 million, primarily for headcount reductions, cost-out initiatives and the relocation of the Business' European headquarters from Germany to Switzerland.

5. Receivables

(\$ in millions)	December 31,	
	2015	2014
Trade accounts receivable	\$174.3	\$176.6
Less allowances for doubtful accounts	(2.3)	(1.5)
Net trade accounts receivable	172.0	175.1
Other receivables	59.7	77.7
	<u>\$231.7</u>	<u>\$252.8</u>

Other receivables include sales tax receivable, vendor rebate receivables and other miscellaneous receivables.

The Parent has entered into several regional uncommitted accounts receivable factoring programs with various financial institutions for certain receivables of the European portion of the Business. The programs are accounted for as true sales of the receivables, without recourse to the Business. Receivables of \$190.4 million and \$83.8 million were sold under these programs as of December 31, 2015 and 2014, respectively.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

6. Inventories

(\$ in millions)	December 31,	
	2015	2014
Raw materials and supplies	\$ 93.5	\$105.6
Work-in-process and finished goods	143.9	148.7
Less inventory reserves	(14.9)	(15.5)
	<u>\$222.5</u>	<u>\$238.8</u>

7. Property, Plant and Equipment

(\$ in millions)	December 31,	
	2015	2014
Land	\$ 23.6	\$ 25.8
Buildings	300.8	306.0
Machinery and equipment	1,252.1	1,212.2
Construction-in-progress	62.9	92.8
	<u>1,639.4</u>	<u>1,636.8</u>
Accumulated depreciation	(845.4)	(847.0)
	<u>\$ 794.0</u>	<u>\$ 789.8</u>

Property, plant and equipment are stated at historical or acquired cost. Depreciation expense amounted to \$74.2 million, \$74.4 million and \$98.5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Goodwill

(\$ in millions)	Total
Balance at December 31, 2013 ^(a)	\$1,037.2
Effects of currency exchange rates	(123.3)
Balance at December 31, 2014 ^(a)	913.9
Effects of currency exchange rates	(97.3)
Balance at December 31, 2015 ^(a)	<u>\$ 816.6</u>

(a) This balance is net of accumulated impairment losses of \$44.4 million.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

9. Intangibles and Other Assets

(\$ in millions)	December 31,	
	2015	2014
Intangible assets (net of accumulated amortization of \$10.7 million and \$10.3 million at December 31, 2015 and 2014, respectively)	\$15.1	\$ 17.7
Capitalized software (net of accumulated amortization of \$27.3 million and \$25.8 million at December 31, 2015 and 2014, respectively)	21.7	22.2
Long-term deferred tax assets	26.6	37.9
Other	28.4	43.8
	<u>\$91.8</u>	<u>\$121.6</u>

Total amortization expense of intangible assets and capitalized software amount to \$7.9 million, \$7.9 million and \$6.2 million for the years ended December 31, 2015, 2014 and 2013, respectively. Based on intangible asset and capitalized software values and currency exchange rates as of December 31, 2015, total annual amortization expense is expected to be \$7.8 million, \$7.1 million, \$6.4 million, \$5.5 million and \$4.2 million for the years 2016 through 2020, respectively, and \$5.7 million combined for all years thereafter.

10. Leases

The Business leases warehousing and manufacturing space and equipment for its operations. Certain of the Business' leases in effect at December 31, 2015, include renewal options and/or escalation clauses for adjusting lease expense based on various factors. Total noncancelable operating leases in effect at December 31, 2015, require rental payments of \$9.6 million, \$5.2 million, \$3.2 million, \$1.5 million and \$1.5 million for the years 2016 through 2020, respectively, and \$2.9 million combined for all years thereafter. Lease expense for all operating leases was \$19.3 million, \$23.0 million and \$23.2 million in 2015, 2014 and 2013, respectively.

11. Debt and Interest Costs

Long-term debt and interest rates in effect consisted of the following:

(\$ in millions)	December 31,	
	2015	2014
Senior Credit Facilities, due June 2018 (at variable rates)		
Term C Loan, euro denominated (2014–1.65%)	\$ —	\$92.9
Other	0.9	1.2
Less: Current portion of long-term debt	(0.3)	(9.2)
	<u>\$ 0.6</u>	<u>\$84.9</u>

In February 2015, the Business extinguished its \$92.9 million Term C loan. In connection with this extinguishment, the Business recorded a charge of \$1.3 million, which is included in total interest expense, in the combined statements of earnings. There were no similar charges or costs recognized in the combined statements of earnings for the years ended December 31, 2014, and 2013.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

11. Debt and Interest Costs (Continued)

The Business also had approximately \$121.7 million of short-term uncommitted credit facilities available at December 31, 2015, of which \$23.5 million was outstanding and due on demand. At December 31, 2014, the Business had no significant amounts outstanding under short-term uncommitted credit facilities. The weighted average interest rate of the outstanding short-term facilities was 0.39 percent at December 31, 2015.

The fair value of the long-term debt was estimated to be \$0.9 million at December 31, 2015, which approximated the carrying value. The fair value of the long-term debt was estimated to be \$93.2 million at December 31, 2014, which approximated the carrying value. The fair value reflects the market rates at each period end for debt with credit ratings similar to the Business' ratings and is classified as Level 2 within the fair value hierarchy. Rates currently available to the Business for loans with similar terms and maturities are used to estimate the fair value of long-term debt based on discounted cash flows.

Long-term debt obligations outstanding at December 31, 2015, have maturities of \$0.3 million, \$0.3 million, \$0.2 million and \$0.1 million in the years ending December 31, 2016 through 2019, respectively, and no maturities thereafter.

Interest payments (net of capitalized interest) were \$0.8 million, \$4.6 million and \$6.1 million in 2015, 2014 and 2013, respectively.

12. Taxes on Income

The Business' operating results have been included in Ball's tax filings for non-U.S. jurisdictions. Amounts presented in these combined financial statements related to income taxes have been determined on a separate tax return basis. Certain of our tax attributes may be retained by Ball after the separation from Ball. These amounts may not reflect tax positions taken or to be taken by Ball or the Business and have been available for use by Ball and may remain with Ball after the separation from Ball. All of the Business' earnings are foreign.

The provision for income tax expense is:

(\$ in millions)	Years Ended December 31,		
	2015	2014	2013
Current	\$42.7	\$41.9	\$ 54.5
Deferred	(5.7)	1.6	(14.0)
Tax provision	<u>\$37.0</u>	<u>\$43.5</u>	<u>\$ 40.5</u>

These combined financial statements reflect certain metal beverage packaging operations that are based in various jurisdictions outside of the United States. As the Business is owned by Ball, which is subject to the U.S. federal statutory tax rate of 35%, the Business applied the U.S. federal statutory rate in reconciling the effective tax rate.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

12. Taxes on Income (Continued)

The income tax provision recorded within the combined statements of earnings differs from the provision determined by applying the U.S. statutory tax rate to pretax earnings as a result of the following:

(\$ in millions)	Years Ended December 31,		
	2015	2014	2013
Statutory U.S. federal income tax	\$ 57.8	\$ 71.2	\$ 58.9
Increase (decrease) due to:			
Foreign tax rate differences	(22.4)	(28.7)	(13.3)
Uncertain tax positions, including interest	1.6	1.0	(5.1)
Provision for taxes	<u>\$ 37.0</u>	<u>\$ 43.5</u>	<u>\$ 40.5</u>
Effective tax rate expressed as a percentage of pretax earnings	<u>22.4%</u>	<u>21.4%</u>	<u>24.1%</u>

The 2015 full year effective income tax rate was 22.4 percent compared to 2014 of 21.4 percent. The higher tax rate in 2015 compared to 2014 was primarily due to a higher foreign tax rate differential in 2014.

The 2014 full year effective income tax rate was 21.4 percent compared to 2013 of 24.1 percent. The lower tax rate in 2014 was primarily the result of a higher foreign tax rate differential.

Ball's Serbian subsidiary was granted an income tax holiday that applies to only a portion of its earnings and expired at the end of 2015. In addition, the Serbian subsidiary was granted tax relief equal to 80 percent of additional local investment for a ten-year period that will expire in 2022. The tax relief may be used to offset tax on earnings not covered by the initial tax holiday and has \$18.8 million remaining as of December 31, 2015. The Business' Alagoinhas plant was granted a tax holiday which expires in 2023. Under the terms of the holiday, a certain portion of the plant's earnings receive up to a 19 percent tax exemption from Brazilian income taxes. One of the Business' Polish subsidiaries was granted a tax holiday in 2014 based on new capital investment. The holiday provides up to \$33.9 million of tax relief over a ten year period.

Management's intention is to indefinitely reinvest undistributed foreign earnings of the Business and, as a result, no deferred taxes have been provided on these earnings. Retained earnings for the Business totaled \$1,638 million as of December 31, 2015. It is not practical to estimate the additional taxes that may become payable upon the eventual remittance of the undistributed foreign earnings; however, repatriation of these earnings could result in a material increase in the Business' effective tax rate.

Net income tax payments made by the Business were \$18.2 million, \$32.9 million and \$53.5 million in 2015, 2014 and 2013, respectively.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

12. Taxes on Income (Continued)

The significant components of deferred tax assets and liabilities were:

(\$ in millions)	December 31,	
	2015	2014
Deferred tax assets:		
Accrued employee benefits	\$ 47.3	\$ 58.3
Inventory and other reserves	1.4	1.5
Net operating losses and other tax attributes	10.7	13.1
Other	6.1	4.7
Total deferred tax assets	65.5	77.6
Valuation allowance	(9.7)	(13.1)
Net deferred tax assets	55.8	64.5
Deferred tax liabilities:		
Property, plant and equipment	(34.7)	(38.4)
Intangible assets	(4.6)	(5.3)
Other	(8.8)	(5.4)
Total deferred tax liabilities	(48.1)	(49.1)
Net deferred tax asset (liability)	\$ 7.7	\$ 15.4

The net deferred tax asset (liability) was included in the combined balance sheets as follows:

(\$ in millions)	December 31,	
	2015	2014
Deferred taxes and other current assets	\$ 3.6	\$ 1.7
Intangibles and other assets, net	26.6	37.9
Other current liabilities	(0.5)	(0.4)
Deferred taxes and other liabilities	(22.0)	(23.8)
Net deferred tax asset (liability)	\$ 7.7	\$ 15.4

At December 31, 2015, the Business had net operating loss carryforwards in various foreign locations, primarily with no expiration date, of \$37.6 million with a related tax benefit of \$10.7 million.

Valuation allowances have been established on deferred tax assets which the Business believes are not more likely than not to be realized. For the years ended December 31, 2015 and December 31, 2014, respectively, valuation allowances of \$9.7 million and \$13.1 million have been established against the net operating loss carryforwards of our European subsidiaries. During the period ended December 31, 2015, valuation allowances decreased by \$3.4 million due to the expiration of net operating loss carryforwards.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

12. Taxes on Income (Continued)

A rollforward of the unrecognized tax benefits related to uncertain income tax positions at December 31, as recorded in other liabilities, follows:

(\$ in millions)	2015	2014	2013
Balance at January 1	\$44.0	\$49.9	\$52.8
Additions based on tax positions related to the current year	—	—	0.2
Additions for tax positions of prior years	0.2	1.3	—
Reductions for settlements	(5.9)	—	(5.0)
Reductions due to lapse of statute of limitations	(0.4)	(2.1)	—
Effect of foreign currency exchange rates	(3.9)	(5.1)	1.9
Balance at December 31	<u>\$34.0</u>	<u>\$44.0</u>	<u>\$49.9</u>

The annual provisions for income taxes included tax expense and interest, related to uncertain tax positions, of \$1.6 million and \$1.0 million for 2015 and 2014, respectively and a tax benefit, including interest, of \$5.1 million for 2013.

At December 31, 2015, the amount of unrecognized tax benefits that, if recognized, would reduce tax expense was \$38.9 million. No reductions in unrecognized tax benefits are expected within the next 12 months from settlements with taxing authorities. The Business' significant tax return filings are in Switzerland, Germany, France, the United Kingdom, the Netherlands, Poland, and Brazil. With limited exceptions, the Business is no longer subject to examinations by foreign tax authorities for years prior to 2008. At December 31, 2015, the Business is either under examination or has been notified of a pending examination by tax authorities in Germany and the United Kingdom.

The Business recognizes the accrual of interest and penalties related to unrecognized tax benefits in income tax expense. The Business recognized \$0.9 million of tax benefit in 2015 and \$1.7 million and \$1.1 million of additional income tax expense in 2014 and 2013, respectively, for potential interest on these items. At December 31, 2015 and 2014, the accrual for uncertain tax positions included potential interest expense of \$4.9 million and \$6.2 million, respectively. No penalties have been accrued.

13. Employee Benefit Obligations

(\$ in millions)	December 31, 2015	2014
Underfunded defined benefit pension liabilities	\$330.8	\$406.3
Less current portion and prepaid pension assets	(17.5)	(20.1)
Long-term defined benefit pension liabilities	313.3	386.2
Deferred compensation plans	2.8	3.1
Other	6.1	7.3
	<u>\$322.2</u>	<u>\$396.6</u>

The Business' pension plans cover European employees meeting certain eligibility requirements. The defined benefit plans for certain salaried and hourly employees in Germany, the United Kingdom, and Switzerland, provide pension benefits based on employee compensation and years of service. While

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

13. Employee Benefit Obligations (Continued)

the German plans are not funded, the Business maintains book reserves, and annual additions to the reserves are generally tax deductible. With the exception of the German plans, our policy is to fund the plans in amounts at least sufficient to satisfy statutory funding requirements taking into consideration what is currently deductible under existing tax laws and regulations.

Defined Benefit Pension Plans

All defined benefit pension plans are foreign. An analysis of the change in benefit accruals for 2015 and 2014 follows:

(\$ in millions)	December 31,	
	2015	2014
Change in projected benefit obligation:		
Benefit obligation at prior year end	\$696.6	\$655.7
Service cost	14.9	13.4
Interest cost	16.9	23.8
Benefits paid	(24.3)	(28.3)
Net actuarial (gains) losses	(37.1)	101.0
Effect of exchange rates	(57.1)	(69.0)
Plan amendments and other	(0.2)	—
Benefit obligation at year end	<u>609.7</u>	<u>696.6</u>
Change in plan assets:		
Fair value of assets at prior year end	290.3	228.1
Actual return on plan assets	9.0	62.0
Employer contributions	1.2	23.8
Contributions to unfunded		
German plans ^(a)	18.1	22.2
Benefits paid	(24.3)	(28.3)
Effect of exchange rates	(15.4)	(17.5)
Fair value of assets at end of year	<u>278.9</u>	<u>290.3</u>
Underfunded status	<u><u>\$330.8</u></u>	<u><u>\$406.3</u></u>

(a) The German plans are unfunded and the liability is included in the Business' combined balance sheets. Benefits are paid directly by the Business to the participants. The German plans represented \$317.1 million and \$393.9 million of the total underfunded status at December 31, 2015 and 2014, respectively.

Amounts recognized in accumulated other comprehensive earnings (loss) consisted of:

(\$ in millions)	December 31,	
	2015	2014
Net actuarial loss	\$116.5	\$166.5
Net prior service cost (credit)	(1.6)	(1.8)
Tax effect and currency exchange rates	(30.6)	(45.9)
	<u>\$ 84.3</u>	<u>\$118.8</u>

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

13. Employee Benefit Obligations (Continued)

The accumulated benefit obligation for all defined benefit pension plans was \$555.5 million and \$628.5 million at December 31, 2015 and 2014, respectively. Following is the information for defined benefit plans with an accumulated benefit obligation in excess of plan assets:

(\$ in millions)	December 31,	
	2015	2014
Projected benefit obligation	\$329.8	\$403.1
Accumulated benefit obligation	309.3	377.1
Fair value of plan assets ^(a)	6.9	4.9

(a) The German plans are unfunded and, therefore, there is no fair value of plan assets associated with them. The unfunded status of those plans was \$317.1 million and \$393.9 million at December 31, 2015 and 2014, respectively.

Components of net periodic benefit cost were:

(\$ in millions)	December 31,		
	2015	2014	2013
Service cost	\$ 14.9	\$ 13.4	12.1
Interest cost	16.9	23.8	21.9
Expected return on plan assets	(18.1)	(14.9)	(14.3)
Amortization of prior service cost (credit)	(0.4)	(0.5)	(0.4)
Recognized net actuarial loss	6.5	5.1	3.1
Curtailement and settlement losses	—	—	1.6
Total net periodic benefit cost	<u>\$ 19.8</u>	<u>\$ 26.9</u>	<u>\$ 24.0</u>

The estimated net actuarial gain (loss) and prior service cost (credit) for the defined benefit pension plans that will be amortized from accumulated other comprehensive earnings (loss) into net periodic benefit cost during 2016 are a loss of \$4.5 million and a gain of \$0.4 million, respectively.

Contributions to the Business' defined benefit pension plans, not including the unfunded German plans, are expected to be insignificant in 2016. This estimate may change based on changes in actual plan asset performance and available cash flow, among other factors. Benefit payments related to these plans are expected to be \$7.0 million, \$7.1 million, \$7.3 million, \$7.4 million and \$7.6 million for the years ended December 31, 2016 through 2020, respectively, and a total of \$40.3 million for the years 2021 through 2025. Payments to participants in the unfunded German plans are expected to be approximately \$16.0 million to \$17.6 million in each of the years 2016 through 2020 and a total of \$75.0 million for the years 2021 through 2025.

Weighted average assumptions used to determine benefit obligations at December 31 were:

	United Kingdom			Germany		
	2015	2014	2013	2015	2014	2013
Discount rate	3.75%	3.75%	4.50%	2.25%	1.75%	3.25%
Rate of compensation increase	3.00%	3.00%	4.25%	2.50%	2.50%	2.75%
Pension increase	3.15%	3.15%	3.40%	1.75%	1.75%	1.75%

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

13. Employee Benefit Obligations (Continued)

The discount and compensation increase rates used above to determine the benefit obligations at December 31, 2015, will be used to determine net periodic benefit cost for 2016. A reduction of the expected return on pension assets assumption by one quarter of a percentage point would result in an approximate \$0.7 million increase in the 2016 pension expense, while a quarter of a percentage point reduction in the discount rate applied to the pension liability would result in estimated additional pension expense of \$1.8 million in 2016.

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31 were:

(\$ in millions)	United Kingdom			Germany		
	2015	2014	2013	2015	2014	2013
Discount rate	3.75%	4.50%	4.50%	1.75%	3.25%	3.25%
Rate of compensation increase	3.00%	4.25%	3.75%	2.50%	2.75%	2.75%
Pension increase	3.15%	3.40%	2.90%	1.75%	1.75%	1.75%
Expected long-term rate of return on assets	6.50%	6.50%	7.00%	N/A	N/A	N/A

Current financial accounting standards require that the discount rate used to calculate the actuarial present value of pension benefit obligations reflect the time value of money as of the measurement date of the benefit obligation and reflect the rates of return currently available on high quality fixed income securities whose cash flows (via coupons and maturities) match the timing and amount of future benefit payments of the plan. In addition, changes in the discount rate assumption should reflect changes in the general level of interest rates.

In the United Kingdom and Germany, the Business and its actuarial consultants considered the applicable iBoxx 15+ year AA corporate bond yields for the respective markets and determined a rate consistent with those expectations. The discount rates selected for December 31, 2015, were based on the range of values obtained from cash flow specific methods, together with the changes in the general level of interest rates reflected by the benchmarks.

The assumption related to the expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested to provide for the benefits over the life of the plans. The assumption was based upon the Business' pension plan asset allocations, investment strategies and the views of investment managers and other large pension plan sponsors. Some reliance was placed on historical asset returns for our plans. An asset return model was used to project future asset returns using simulation and asset class correlation. The analysis included expected future risk premiums, forward-looking return expectations derived from the yield on long-term bonds and the price earnings ratios of major stock market indexes, expected inflation and real risk-free interest rate assumptions and the fund's expected asset allocation.

For pension plans, accumulated actuarial gains and losses in excess of a 10 percent corridor and the prior service cost are amortized over the average remaining service period of active participants or over the average life for plans with significant inactive participants.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

13. Employee Benefit Obligations (Continued)

Defined Benefit Pension Plan Assets

Policies and Allocation Information

Investment policies and strategies for plan assets in the United Kingdom are established by pension investment committees of the Business and include the following common themes: (1) to provide for long-term growth of principal without undue exposure to risk, (2) to minimize contributions to the plans, (3) to minimize and stabilize pension expense and (4) to achieve a rate of return above the market average for each asset class over the long term. The pension investment committees are required to regularly, but no less frequently than annually, review asset mix and asset performance, as well as the performance of the investment managers. Based on their reviews, which are generally conducted quarterly, investment policies and strategies are revised as appropriate.

Assets contributed to the United Kingdom plans are invested using established percentages. Following are the established percentages as of December 31, 2015:

	United Kingdom^(a)
Cash and cash equivalents	4%
Equity securities	20%
Fixed income securities	64%
Absolute return investments	9%
Alternative investments	3%

(a) The percentages provided reflect the asset allocation percentage at December 31, 2015. The portfolio mix is expected to be adjusted over time toward more fixed income securities.

Fair Value Measurements of Pension Plan Assets

Following is a description of the valuation methodologies used for pension assets measured at fair value:

Commingled funds: The shares held are valued at the net asset value (NAV) at year end.

Alternative investments including limited partnerships: Certain of the partnership investments receive fair market valuations on a quarterly basis. Certain other partnerships invest in market-traded securities, both on a long and short basis. These investments are valued using quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Business believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Business' assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

13. Employee Benefit Obligations (Continued)

The following is a summary of plan assets as of December 31:

(\$ in millions)	December 31,	
	2015	2014
U.K. pension assets, at fair value (all Level 2):		
Cash and cash equivalents	\$ 10.9	—
Equity commingled funds	54.4	71.3
Fixed income commingled funds	174.0	174.1
Absolute return funds	24.5	17.2
Alternative investments	8.2	22.8
Net UK assets	272.0	285.4
Switzerland pension assets, at fair value (all Level 2)	6.9	4.9
	<u>\$278.9</u>	<u>\$290.3</u>

14. Accumulated Other Comprehensive Earnings (Loss)

The activity related to accumulated other comprehensive earnings (loss) was as follows:

(\$ in millions)	Foreign Currency Translation	Pension Benefits) (Net of Tax)	Effective Derivatives (Net of tax)	Accumulated Other Comprehensive Earnings (Loss)
December 31, 2013	\$ 146.2	\$ (99.4)	\$ (34.7)	\$ 12.1
Other comprehensive earnings (loss) before reclassifications	(175.7)	(22.8)	2.5	(196.0)
Amounts reclassified from accumulated other comprehensive earnings (loss)	—	3.4	31.2	34.6
December 31, 2014	(29.5)	(118.8)	(1.0)	(149.3)
Other comprehensive earnings (loss) before reclassifications	(134.4)	30.2	(6.0)	(110.2)
Amounts reclassified from accumulated other comprehensive earnings (loss)	—	4.3	0.3	4.6
December 31, 2015	<u>\$(163.9)</u>	<u>\$ (84.3)</u>	<u>\$ (6.7)</u>	<u>\$(254.9)</u>

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

14. Accumulated Other Comprehensive Earnings (Loss) (Continued)

The following table provides additional details of the amounts recognized into net earnings from accumulated other comprehensive earnings (loss):

(\$ in millions)	December 31,	
	2015	2014
Gains (losses) on cash flow hedges:		
Commodity contracts and currency exchange contracts recorded in cost of sales . . .	\$ (1.8)	\$(34.0)
Currency exchange contracts recorded in SG&A expense	1.7	—
Total before tax effect	(0.1)	(34.0)
Tax benefit (expense) on amounts reclassified into earnings	(0.2)	2.8
Recognised gain (loss)	<u>\$ (0.3)</u>	<u>\$(31.2)</u>
Amortization of pension benefits ^(a) :		
Prior service income (cost)	\$ 0.4	\$ 0.5
Acturial gains (losses)	(6.5)	(5.1)
Total before tax effect	(6.1)	(4.6)
Tax benefit (expense) on amounts reclassified into earnings	1.8	1.2
Recognised gain (loss)	<u>\$ (4.3)</u>	<u>\$ (3.4)</u>

(a) These components are included in the computation of net periodic benefit cost included in Note 13.

15. Related Party Transactions and Net Investment

The combined financial statements have been prepared on a stand-alone basis and have been derived from the consolidated financial statements and accounting records of Ball.

Allocation of General Corporate Expense

During 2015, 2014 and 2013, we were allocated \$21.1 million, \$24.6 million and \$12.8 million, respectively, of net general corporate expenses incurred by Ball which are included within selling, general and administrative expenses in the combined statements of earnings.

The expense allocations have been determined on a basis management considers to be a reasonable reflection of the utilization of services provided or the benefit received by us during the periods presented. The allocations may not, however, reflect the expense we would have incurred as an independent company for the periods presented. Actual costs that may have been incurred if we had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Net Parent Investment

The Business' European operations have historically participated in Ball's centralized cash management and funding system. Our working capital and capital expenditure requirements have historically been part of the corporate-wide cash management program for Ball. As part of this program, Ball maintains all cash generated by the Business' operations and cash required to meet the

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

15. Related Party Transactions and Net Investment (Continued)

Business' operating and investing needs is provided by Ball as necessary. Net cash generated by or used by our operations is reflected as a component of net parent investment on the accompanying combined balance sheets and as Net contributions (to)/from Parent on the accompanying combined statements of cash flows.

The Business has various intercompany amounts due to and from the Parent and other Parent businesses. These intercompany amounts resulted from various capital and other operating transactions of the Business and of the Parent to which the Business was either a party or was an intermediary and are included in net parent investment in the combined balance sheets. The related net intercompany interest is included in interest expense in the combined statements of earnings.

All significant intercompany transactions between the Business and Ball have been included in these combined financial statements and are considered to be transacted through net parent investment in the accompanying combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions represents capital contributions from or distributions to the Parent and therefore is reflected in the accompanying combined statements of cash flows as a financing activity, in the accompanying combined statements of changes in net investment as Net contributions/(distributions) from/(to) Parent and in the accompanying combined balance sheets as net parent investment.

Noncontrolling Interest

A wholly-owned subsidiary of Ball owned an interest in a joint venture company (Latapack-Ball), organized and operating in Brazil, a portion of which is included in the Business. The Business recorded our Parent's 60.1 percent ownership interest in Latapack-Ball and the corresponding noncontrolling interest in our combined financial statements. In December 2015, Ball acquired the remaining interests in its Latapack-Ball joint venture, \$117.9 million of which relates to the Business. This transaction has been recorded as an increase in net parent investment and as reduction of noncontrolling interest, with no impact on cash. Since this acquisition did not result in a change of control, it was treated as a transaction within net investment and resulted in the elimination of the noncontrolling interest of the Business.

16. Financial Instruments and Risk Management

The Business employs established risk management policies and procedures, which seek to reduce the Business' commercial risk exposure to fluctuations in commodity prices and currency exchange rates. However, there can be no assurance that these policies and procedures will be successful. Although the instruments utilized involve varying degrees of credit, market and interest risk, the counterparties to the agreements are expected to perform fully under the terms of the agreements. The Business monitors counterparty credit risk, including lenders, on a regular basis, but the Business cannot be certain that all risks will be discerned or that its risk management policies and procedures will always be effective. Additionally, in the event of default under Ball's master derivative agreements, the non-defaulting party has the option to set-off any amounts owed with regard to open derivative positions.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

16. Financial Instruments and Risk Management (Continued)

Commodity Price Risk

Aluminum

The Business manages commodity price risk in connection with market price fluctuations of aluminum ingot through two different methods. First, the Business enters into container sales contracts that include aluminum ingot-based pricing terms that generally reflect the same price fluctuations under commercial purchase contracts for aluminum sheet. The terms include fixed, floating or pass-through aluminum ingot component pricing. Second, the Business uses certain derivative instruments such as option and forward contracts as economic and cash flow hedges of commodity price risk where there are material differences between sales and purchase contracted pricing and volume.

At December 31, 2015, the Business had aluminum contracts limiting its aluminum exposure with notional amounts of approximately \$97.3 million, which received hedge accounting treatment. The aluminum contracts, which are recorded at fair value, include cash flow hedges that offset sales and purchase contracts of various terms and lengths. Cash flow hedges relate to forecasted transactions that expire within the next three years. Included in net investment at December 31, 2015, within accumulated other comprehensive earnings (loss) is a net after-tax loss of \$8.3 million associated with these contracts. A net gain of \$5.2 million is expected to be recognized in the combined statement of earnings during the next 12 months, the majority of which will be offset by pricing changes in sales and purchase contracts, thus resulting in little or no earnings impact to the Business.

Steel

Most sales contracts involving our steel products either include provisions permitting the Business to pass through some or all steel cost changes incurred, or they incorporate annually negotiated steel prices.

Currency Exchange Rate Risk

The Business' objective in managing exposure to currency fluctuations is to limit the exposure of cash flows and earnings to changes associated with currency exchange rate changes through the use of various derivative contracts. In addition, at times the Business manages earnings translation volatility through the use of currency option strategies, and the change in the fair value of those options is recorded in the Business' net earnings. The Business' currency translation risk results from the currencies in which we transact business. The Business faces currency exposures in our global operations as a result of various factors including selling our products in various currencies, purchasing raw materials and equipment in various currencies and tax exposures not denominated in the functional currency. Sales contracts are negotiated with customers to reflect cost changes and, where there is not an exchange pass-through arrangement, the Business uses forward and option contracts to manage currency exposures. At December 31, 2015, the Business had outstanding exchange forward contracts and option contracts with notional amounts totaling approximately \$288.7 million. Approximately \$1.7 million of net after-tax gain related to these contracts is included in accumulated other comprehensive earnings (loss) at December 31, 2015, of which no gain or loss is expected to be recognized in the combined statement of earnings during the next 12 months. The contracts outstanding at December 31, 2015, expire within the next five years.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

16. Financial Instruments and Risk Management (Continued)

Collateral Calls

The Business' agreements with its financial counterparties require the Business to post collateral in certain circumstances when the negative mark to fair value of the derivative contracts exceeds specified levels. Additionally, the Business has collateral posting arrangements with certain customers on these derivative contracts. The cash flows of the margin calls are shown within the investing section of the Business' combined statements of cash flows. As of December 31, 2015, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was \$7.4 million and no collateral was required to be posted. As of December 31, 2014, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was \$5.6 million and no collateral was required to be posted.

Fair Value Measurements

The Business has classified all applicable financial derivative assets and liabilities as Level 2 within the fair value hierarchy as of December 31, 2015 and 2014, and presented those values in the table below. The Business' assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

(\$ in millions)	December 31, 2015			December 31, 2014		
	Derivatives Designated as Hedging Instruments	Derivatives not Designated as Hedging Instruments	Total	Derivatives Designated as Hedging Instruments	Derivatives not Designated as Hedging Instruments	Total
Assets:						
Commodity contracts	\$1.2	\$ —	\$1.2	\$2.6	\$ —	\$2.6
Foreign currency contracts	1.9	—	1.9	0.8	—	0.8
Total current derivative contracts	<u>\$3.1</u>	<u>\$ —</u>	<u>\$3.1</u>	<u>\$3.4</u>	<u>\$ —</u>	<u>\$3.4</u>
Commodity contracts	<u>\$0.5</u>	<u>\$ —</u>	<u>\$0.5</u>	<u>\$2.0</u>	<u>\$ —</u>	<u>\$2.0</u>
Total noncurrent derivative contracts	<u>\$0.5</u>	<u>\$ —</u>	<u>\$0.5</u>	<u>\$2.0</u>	<u>\$ —</u>	<u>\$2.0</u>
Liabilities:						
Commodity contracts	\$2.2	\$ —	\$2.2	\$1.7	\$ —	\$1.7
Foreign currency contracts	—	0.1	0.1	1.6	0.1	1.7
Total current derivative contracts	<u>\$2.2</u>	<u>\$0.1</u>	<u>\$2.3</u>	<u>\$3.3</u>	<u>\$0.1</u>	<u>\$3.4</u>
Commodity contracts	<u>\$6.1</u>	<u>\$ —</u>	<u>\$6.1</u>	<u>\$6.8</u>	<u>\$ —</u>	<u>\$6.8</u>
Total noncurrent derivative contracts	<u>\$6.1</u>	<u>\$ —</u>	<u>\$6.1</u>	<u>\$6.8</u>	<u>\$ —</u>	<u>\$6.8</u>

The Business uses closing spot and forward market prices as published by the London Metal Exchange, the Chicago Mercantile Exchange, Reuters and Bloomberg to determine the fair value of any outstanding aluminum and currency spot and forward contracts. Option contracts are valued using a Black-Scholes model with observable market inputs for aluminum and currency. We value each of our financial instruments either internally using a single valuation technique or from a reliable observable market source. The Business does not adjust the value of its financial instruments except in determining the fair value of a trade that settles in the future by discounting the value to its present value using 12-month LIBOR as the discount factor. The Business performs validations of our

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

16. Financial Instruments and Risk Management (Continued)

internally derived fair values reported for our financial instruments on a quarterly basis utilizing counterparty valuation statements. The Business periodically evaluates counterparty creditworthiness and, as of December 31, 2015, has not identified any material circumstances requiring that the reported values of our financial instruments be adjusted.

The following table provides the effects of derivative instruments in the combined statements of earnings and on accumulated other comprehensive earnings (loss):

Impact on Earnings from Derivative Instruments

		Years ended December 31,					
		2015		2014		2013	
		Cash Flow Hedge- Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments	Cash Flow Hedge- Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments	Cash Flow Hedge- Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments
(\$ in millions)	Location of Gain (Loss) Recognized in Earnings on Derivatives						
Commodity contracts— manage exposure to supplier pricing	Cost of sales	\$(1.7)	\$ 1.3	\$(34.2)	\$(2.3)	\$(12.6)	\$(1.5)
Interest rate contracts—manage exposure for outstanding debt . . .	Interest expense	—	—	—	—	(0.4)	—
Foreign currency contracts—manage exposure to sales of products	Cost of sales	(0.1)	1.3	0.2	(0.9)	(0.5)	—
Foreign currency contracts—manage exposure for transactions with Parent	Selling, general and administrative	1.7	(1.3)	—	—	—	—
Total		<u>\$(0.1)</u>	<u>\$ 1.3</u>	<u>\$(34.0)</u>	<u>\$(3.2)</u>	<u>\$(13.5)</u>	<u>\$(1.5)</u>

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

16. Financial Instruments and Risk Management (Continued)

The changes in accumulated other comprehensive earnings (loss) for effective derivatives were as follows:

(\$ in millions)	Years ended December 31,		
	2015	2014	2013
Amounts reclassified into earnings:			
Commodity contracts	\$ 1.7	\$34.2	\$ 12.6
Interest rate contracts	—	—	0.4
Currency exchange contracts	(1.6)	(0.2)	0.5
Change in fair value of cash flow hedges:			
Commodity contracts	(10.1)	1.8	(46.3)
Currency exchange contracts	3.8	—	2.4
Foreign currency and tax impacts	0.6	(2.1)	1.0
	<u>\$ (5.6)</u>	<u>\$33.7</u>	<u>\$(29.4)</u>

17. Contingencies

The Business is subject to numerous lawsuits, claims or proceedings arising out of the ordinary course of business, including actions related to product liability; personal injury; the use and performance of its products; warranty matters; patent, trademark or other intellectual property infringement; contractual liability; the conduct of its business; tax reporting in domestic and foreign jurisdictions; workplace safety; and environmental and other matters. Some of these lawsuits, claims and proceedings involve substantial amounts, and some of the environmental proceedings involve potential monetary costs or sanctions that may be material. Ball and the Business have denied liability with respect to many of these lawsuits, claims and proceedings and are vigorously defending such lawsuits, claims and proceedings. Ball carries various forms of commercial, property and casualty, and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against Ball or the Business with respect to these lawsuits, claims and proceedings. The Business does not believe that these lawsuits, claims and proceedings are material individually or in the aggregate. While management believes the Business has established adequate accruals for expected future liability with respect to pending lawsuits, claims and proceedings, where the nature and extent of any such liability can be reasonably estimated based upon then presently available information, there can be no assurance that the final resolution of any existing or future lawsuits, claims or proceedings will not have a material adverse effect on the liquidity, results of operations or financial condition of the Business.

The Business' Brazilian operations are involved in various governmental assessments, principally related to claims for taxes on the internal transfer of inventory, gross revenue taxes and tax incentives. The Business does not believe that the ultimate resolution of these matters will materially impact the results of operations, financial position or cash flows. Under customary local regulations, the Business may need to post cash or other collateral if the process to challenge any administrative assessment proceeds to the Brazilian court system; however, the level of any potential cash or collateral required would not be expected to significantly impact the liquidity of the Business.

CERTAIN METAL BEVERAGE PACKAGING OPERATIONS OF BALL CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

18. Indemnifications and Guarantees

General Guarantees

The Business or its appropriate consolidated direct or indirect subsidiaries have made certain indemnities, commitments and guarantees under which the specified entity may be required to make payments in relation to certain transactions. These indemnities, commitments and guarantees include indemnities to the customers of the subsidiaries in connection with the sales of their packaging products and services; guarantees to suppliers of subsidiaries of the Business guaranteeing the performance of the respective entity under a purchase agreement, construction contract or other commitment; guarantees in respect of certain foreign subsidiaries' pension plans; indemnities for liabilities associated with the infringement of third party patents, trademarks or copyrights under various types of agreements; indemnities to governmental agencies in connection with the issuance of a permit or license to the Business or a subsidiary. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite. In addition, many of these indemnities, commitments and guarantees do not provide for any limitation on the maximum potential future payments the Business could be obligated to make. As such, the Business is unable to reasonably estimate its potential exposure under these items.

The Business has not recorded any liability for these indemnities, commitments and guarantees in the accompanying combined balance sheets. The Business does, however, accrue for payments under promissory notes and other evidences of incurred indebtedness and for losses for any known contingent liability, including those that may arise from indemnifications, commitments and guarantees, when future payment is both reasonably estimable and probable. Finally, the Ball carries general liability insurance policies that covers the locations included in the Business and has obtained indemnities, commitments and guarantees from third party purchasers, sellers and other contracting parties, which the Business believes would, in certain circumstances, provide recourse to any claims arising from these indemnifications, commitments and guarantees.

19. Subsequent Events

In March 2016, the Parent and certain entities of the Business entered into a \$1.5 billion multicurrency revolving credit facility with various outside financial institutions to provide liquidity for working capital needs, acquisitions, or other general corporate purposes. The multicurrency revolving credit facility bears interest at variable rates. This multicurrency revolving credit facility expires in March 2021.

Subsequent events were evaluated through March 31, 2016, the date on our financial statements were available to be issued for disclosure in the accompanying combined financial statements.

COMBINED CARVE OUT FINANCIAL STATEMENTS
Certain Beverage Can Operations of Rexam PLC
For the six months ended June 30, 2016 and 2015

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC

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CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED INTERIM INCOME STATEMENT
For the six months ended 30 June (unaudited)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		<u>£m</u>	<u>£m</u>
Sales		442.3	470.0
Cost of sales		<u>(343.1)</u>	<u>(368.8)</u>
Gross profit		99.2	101.2
Selling and distribution costs		(46.2)	(40.7)
Administrative expenses		(17.0)	(16.9)
Research and development		(1.0)	(1.2)
Exceptional items	2	<u>(2.8)</u>	<u>(4.3)</u>
Profit before tax		32.2	38.1
Tax		<u>(12.5)</u>	<u>(14.2)</u>
Profit for the period		<u><u>19.7</u></u>	<u><u>23.9</u></u>

The accompanying notes form part of the combined carve out interim financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June (unaudited)

	<u>2016</u>	<u>2015</u>
	<u>£m</u>	<u>£m</u>
Profit for the period	19.7	23.9
Other comprehensive income/(loss) for the period:		
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences	51.7	(12.8)
Total comprehensive income for the period, net of tax	<u>71.4</u>	<u>11.1</u>

The accompanying notes form part of the combined carve out interim financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED INTERIM BALANCE SHEET
As at 30 June 2016

	<u>Notes</u>	<u>30 June 2016</u> £m (unaudited)	<u>31 December 2015</u> £m (audited)
Assets			
<i>Non current assets</i>			
Goodwill	3	335.8	303.3
Other intangible assets		0.2	2.9
Property, plant and equipment	4	197.3	180.4
Trade and other receivables		23.9	23.9
Deferred tax assets		0.8	—
		<u>558.0</u>	<u>510.5</u>
<i>Current assets</i>			
Inventories		90.1	74.7
Trade and other receivables		74.4	39.9
		<u>164.5</u>	<u>114.6</u>
Total assets		<u>722.5</u>	<u>625.1</u>
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		(150.4)	(138.6)
Provisions		—	(1.1)
		<u>(150.4)</u>	<u>(139.7)</u>
<i>Non current liabilities</i>			
Deferred tax liabilities		(30.7)	(28.3)
Trade and other payables		(5.6)	(4.7)
Provisions		(1.4)	(0.6)
		<u>(37.7)</u>	<u>(33.6)</u>
Total liabilities		<u>(188.1)</u>	<u>(173.3)</u>
Net assets		<u>534.4</u>	<u>451.8</u>
Net invested capital		<u>534.4</u>	<u>451.8</u>

The accompanying notes form part of the combined carve out interim financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED INTERIM CASH FLOW STATEMENT
For the six months ended 30 June (unaudited)

	Notes	For the six months ended 30 June	
		2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations	6	17.2	45.0
Tax paid		(11.1)	(16.5)
Net cash flows from operating activities		6.1	28.5
Cash flows used in investing activities			
Capital expenditure		(17.3)	(6.8)
Net cash flows used in investing activities		(17.3)	(6.8)
Cash flows used in financing activities			
Net transfers from/(to) Rexam		11.2	(21.7)
Net cash flows used in financing activities		11.2	(21.7)
Net change in cash and cash equivalents		—	—

The accompanying notes form part of the combined carve out interim financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED INTERIM STATEMENT OF CHANGES IN NET INVESTED CAPITAL
For the six months ended 30 June

	For the six months ended 30 June	
	<u>2016</u>	<u>2015</u>
	£m	£m
Balance at 1 January (audited)	451.8	439.6
Profit for the period	19.7	23.9
Other comprehensive income for the period (exchange differences)	51.7	(12.8)
Total comprehensive income	523.2	450.7
Net transfers from/(to) Rexam	11.2	(21.7)
Balance at 30 June (unaudited)	<u>534.4</u>	<u>429.0</u>

The accompanying notes form part of the combined carve out interim financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT INTERIM FINANCIAL STATEMENTS

1. Nature of operations and basis of presentation

The combined carve out interim financial statements reflect certain wholly owned beverage can operations (the Business) of Rexam PLC (Rexam), formerly a publicly traded company on the London Stock Exchange based in London, UK. The Business was formerly controlled by Rexam. On 22 April 2016 Ardagh Group (“Ardagh”) entered into an agreement with Ball and Rexam PLC to purchase certain metal beverage can manufacturing assets and support locations in Europe, Brazil and the United States which include certain assets and support functions of this Business. The purchase was completed on 30 June 2016.

The Business manufactures aluminium and steel cans for a wide variety of beverages, including carbonated soft drinks, beer and energy drinks.

The Business comprises the following manufacturing plants in Europe and the United States:

- Europe: Valdemorillo, Spain and Enzesfeld, Austria;
- United States: Bishopville, SC; Chicago, IL; Fairfield, CA; Fremont, OH; Olive Branch, MS; Valparaiso, IN; Whitehouse, OH; Winston-Salem, NC.

The Business also comprises the assets and liabilities of the regional headquarters office in Chicago, IL.

The combined carve out interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ as issued by the International Accounting Standards Board. The combined carve out interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the combined carve out full financial statements for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board, and on which the independent auditors’ report was unqualified.

The accounting policies, presentation and methods of computation followed in the combined carve out interim financial statements are the same as those applied in Rexam’s latest combined carve out full financial statements. The financial information is presented in British Pounds Sterling (£ million) because that is the currency Rexam primarily operated in. The combined carve out interim financial statements have been prepared under the historical cost convention unless otherwise determined by IFRS.

The combined carve out interim financial statements presented in this interim report do not represent financial statements within the meaning of Section 340 (4) of the Companies Act, 2014.

Income tax in interim periods is accrued using the effective tax rate expected to be applicable to annual earnings.

Rexam applied IFRS as endorsed by the European Union (EU) in its consolidated financial statements. For the purposes of the combined carve out financial statements, no differences exist between IFRS as issued by the International Accounting Standards Board and IFRS as endorsed by the EU. The combined carve out financial statements have been prepared under the historical cost convention unless otherwise determined by IFRS. The results and financial position of the Business have historically formed a component of Rexam’s consolidated financial statements as prepared under IFRS as endorsed by the EU.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT INTERIM FINANCIAL STATEMENTS (Continued)

1. Nature of operations and basis of presentation (Continued)

The Business does not constitute a separate legal group. The combined carve out interim financial statements have been prepared specifically for the purpose of inclusion in an Offering Memorandum by ARD Finance S.A., a subsidiary of Ardagh Group, for the issuance of debt, and on a basis that combines the results and assets and liabilities of each of the manufacturing plants, warehouses and operations constituting the Business by applying the principles underlying the consolidation procedures of IFRS 10 'Consolidated Financial Statements'. The combined carve out interim financial statements have been prepared on a carve out basis from the consolidated financial statements of Rexam and include the assets, liabilities, revenues and expenses that management has determined are attributable to the Business.

To determine the assets, liabilities, revenue and expenses that are considered attributable to the Business, management have reassessed how Rexam has historically reported. This included reassessing Rexam's European supply chain and limited risk distributor arrangements in order to attribute revenue and costs based on place of production. A production-based attribution method reflects arrangements whereby a sales transaction might be fulfilled with inventory produced by several plants. Therefore, each plant that produces and contributes inventory towards a sales transaction will record a portion of the sales transaction's revenue and also incur the associated costs. Additionally, revenue by plant is used to attribute trade receivables as at the balance sheet date. For the US plants, there is no equivalent supply chain and distributor arrangement and therefore no equivalent revenue and related cost assumption is required or applied. All US revenue and related costs are directly attributable to a specific plant.

The combined carve out financial statements reflect allocations of direct and indirect costs, related to the operations of the Business, made by Rexam to depict the Business on a standalone basis. Indirect costs relate to certain support functions that are provided on a centralised basis within Rexam, including Rexam shared service centre locations. As certain expenses reflected in the combined carve out financial statements are allocated, the combined carve out financial statements may not be indicative of the financial position, results of operations and cash flows that would have been presented if the Business had been a standalone entity. Therefore, the combined carve out financial statements may not necessarily be indicative of the future financial position, results of operations and cash flows of the Business.

As Rexam used a centralised cash management system, allocated costs and expenses have generally been deemed to have been paid by the Business to Rexam in the period in which the costs were incurred and assumed to be remitted to Rexam as reflected within the combined cash flow statement as net transfers to Rexam. Current income taxes are deemed to have been remitted in cash to Rexam in the period they were recorded in the combined income statement. A discussion of the relationship with Rexam, including a description of the costs that have been allocated to the Business, is included in Note 9.

All significant intercompany transactions within the Business have been eliminated.

Since the Business has not in the past constituted a separate legal group, it is not possible to show share capital or an analysis of reserves of the Business. The net assets of the Business are represented by the cumulative investment of Rexam in the Business, shown as net invested capital in the combined balance sheet. The movement in net invested capital is shown in the combined statement of changes in net invested capital.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT INTERIM FINANCIAL STATEMENTS (Continued)

1. Nature of operations and basis of presentation (Continued)

There are no new IFRS standards effective from 1 January 2016 which have a material effect on the combined carve out interim financial statements. IFRS 15, 'Revenue from contracts with customers' is effective for annual periods beginning on or after 1 January 2018. IFRS 9, 'Financial instruments' becomes effective for annual periods commencing on or after 1 January 2018. IFRS 16, 'Leases' is effective for annual periods beginning on or after 1 January 2019. The Business has yet to assess the impact of these standards.

The combined carve out interim financial statements were authorised for issue by the Board of Directors of ARD Finance S.A. on 5 September 2016.

2. Exceptional items

	For the six months ended 30 June	
	2016	2015
	£m	£m
Conversion of the Valdemorillo plant from steel to aluminum	2.8	4.4
Employee related incentive costs		(0.1)
Total exceptional items	<u>2.8</u>	<u>4.3</u>

3. Goodwill

	30 June 2016	31 December 2015
	£m	£m
Cost and carrying value at 1 January	303.3	293.0
Exchange differences	<u>32.5</u>	<u>10.3</u>
Cost and carrying value at the end of the period	<u>335.8</u>	<u>303.3</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT INTERIM FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment

	<u>Total</u> <u>£m</u>
<i>Cost:</i>	
At 1 January 2016	516.1
Exchange differences	58.3
Additions	17.3
Disposals	(49.3)
Reclassifications	0.5
Transfer to other intangible assets	(1.6)
Other movements	(8.0)
At 30 June 2016	<u>533.3</u>
<i>Accumulated depreciation:</i>	
At 1 January 2016	(335.7)
Exchange differences	(38.7)
Depreciation for the year	(12.1)
Disposals	49.0
Other movements	1.5
At 30 June 2016	<u>(336.0)</u>
Carrying value at 30 June 2016	<u>197.3</u>
<i>Cost:</i>	
At 1 January 2015	505.1
Exchange differences	13.0
Additions	31.7
Disposals	(32.9)
Reclassifications	—
Transfer to other intangible assets	(1.0)
Other movements	0.2
At 31 December 2015	<u>516.1</u>
<i>Accumulated depreciation:</i>	
At 1 January 2015	(331.6)
Exchange differences	(7.7)
Depreciation for the year	(28.4)
Disposals	32.4
Other movements	(0.4)
At 31 December 2015	<u>(335.7)</u>
Carrying value at 31 December 2015	<u>180.4</u>

During the period, additions of £17.3 million were comprised mainly of ordinary course maintenance projects, plus a conversion of one production line from standard 12 oz to speciality sleek capability. Assets with a total cost of £49.3 million and accumulated depreciation of £49.0 million, either replaced or disposed by maintenance and line conversion projects, were written off during the period.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT INTERIM FINANCIAL STATEMENTS (Continued)

4. Property, plant and equipment (Continued)

The combined income statement includes allocated depreciation expense of £12.1 million for the six months ended 30 June 2016 (six months ended 30 June 2015: £12.3 million; year ended 31 December 2015: £28.4 million).

5. Fair value measurements

The carrying values of trade and other receivables and trade and other payables are assumed to approximate to their fair values due to their short term nature. The fair value of derivative contracts has been determined by marking those contracts to market at prevailing market prices.

In all periods reported, all financial instruments are categorised as level 2 in the fair value measurement hierarchy, whereby the fair value is determined by using valuation techniques. The valuation techniques for level 2 instruments use observable market data where it is available, for example quoted market prices, and rely less on estimates. There were no changes in valuation techniques or transfers between categories in the period.

6. Reconciliation of profit before tax to cash generated from operations

	Six months ended 30 June	
	2016	2015
	£m	£m
Profit before tax	32.2	38.1
Adjustments for:		
Depreciation and amortization of property, plant and equipment and intangible assets . .	12.1	12.3
Loss on sale of property, plant and equipment and intangible assets	0.3	—
Movement in working capital	(27.1)	(7.1)
Movement in provisions	(0.3)	1.7
Other adjustments	—	—
Cash generated from operations	<u>17.2</u>	<u>45.0</u>

7. Contingent liabilities

There are no contingent liabilities in any of the periods reported that require disclosure.

8. Capital commitments

The following table sets out contracts placed for future capital expenditure not provided in the combined carve out interim financial statements.

	30 June 2016	31 December 2015
	£m	£m
Property plant and equipment	<u>0.4</u>	<u>7.5</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT INTERIM FINANCIAL STATEMENTS (Continued)

9. Related parties

During its ownership by Rexam, the Business received various administrative services from Rexam shared service providers. These services included a share of costs incurred in the European and US headquarters, plus central costs such as tax, treasury, accounting, HR and IT. The combined carve out interim financial statements reflect allocated expenses associated with these centralised Rexam support functions and also include allocated share based payment, retirement benefits, derivatives and overhead costs related to the support functions. These corporate allocations are based on a number of utilisation measures including revenue, headcount and IT users. Generally such amounts have been deemed to have been paid by the Business in the period in which the costs were recorded.

The following table sets out the expense for corporate allocations included in the combined income statement.

	Six months ended 30 June	
	2016	2015
	£m	£m
Corporate allocations included in:		
Administrative expenses	6.9	8.2
	<u>6.9</u>	<u>8.2</u>

Whilst owned by Rexam, the Business sold to other Rexam businesses. These sales were made on terms equivalent to those that prevail in arm's length transactions. The following table sets out sales to other Rexam businesses included in the combined income statement.

	Six months ended 30 June	
	2016	2015
	£m	£m
Sales to other Rexam businesses	—	—
	<u>—</u>	<u>—</u>

The following table sets out trading and other balances with other Rexam businesses included in the combined balance sheet.

	30 June 2016	31 December 2015
	£m (unaudited)	£m (audited)
Trade receivables	—	3.1
Other payables	<u>—</u>	<u>(0.3)</u>

All balances at the balance sheet date are unsecured and interest free and settlement occurs through net parent investment. There have been no guarantees provided or received.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT INTERIM FINANCIAL STATEMENTS (Continued)

10. Seasonality of operations

The Business is subject to seasonal fluctuations. Sales volumes in North America tend to be highest during the period from April to September and in Europe from May to August. The increase in working capital in the period is primarily due to seasonality of operations.

11. Post balance sheet events

There have been no material events subsequent to 30 June 2016 which would require adjustment or additional disclosure to the combined carve out interim financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC

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Independent Auditor's Report

To the Directors of Rexam PLC

We have audited the accompanying combined carve out financial statements of Certain Beverage Can Operations of Rexam PLC, which comprise the combined balance sheet as at 31 December 2015, 2014 and 2013, and the related combined income statement, combined statement of comprehensive income, combined cash flow statement, combined statement of changes in net invested capital and the related notes to the combined carve out financial statements for the years then ended (the combined carve out financial statements).

Management's Responsibility for the Combined Carve Out Financial Statements

Management is responsible for the preparation and fair presentation of the combined carve out financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board (IASB). This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined carve out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined carve out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined carve out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined carve out financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined carve out financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the combined carve out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined carve out financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Certain Beverage Can Operations of Rexam PLC as at 31 December 2015, 2014 and 2013, and the results of the operations and cash flows for the years then ended in accordance with IFRSs as adopted by the IASB.



Independent Auditor's Report (Continued)

Emphasis of matter—basis of preparation

The basis of preparation and accounting policies used in preparing these combined carve out financial statements are each discussed in notes 1 and 3 to the combined carve out financial statements. This basis of preparation sets out the method used in identifying the financial position, performance and cash flows in relation to each of the plants which have been included in this set of combined carve out financial statements. These notes explain that the businesses included in the combined carve out financial statements have not operated as a single entity. These combined carve out financial statements are, therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the year presented or of future results of the combined businesses. Our opinion is not modified with respect to these matters.

Intended users and restriction on distribution and use

This report, including the opinion, has been prepared for and only for the Company's directors as a body in accordance with our engagement letter dated 16 December 2015 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, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers LLP'. The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants
London, United Kingdom
31 March 2016

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED INCOME STATEMENT
For the years ended 31 December

	<u>Notes</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
		<u>£m</u>	<u>£m</u>	<u>£m</u>
Sales		900.4	894.6	984.9
Cost of sales	4	(704.9)	(684.2)	(759.0)
Gross profit		195.5	210.4	225.9
Selling and distribution costs	4	(83.5)	(86.3)	(91.4)
Administrative expenses	4	(31.2)	(34.5)	(35.7)
Research and development	4	(2.3)	(2.7)	(3.0)
Exceptional items	6	(11.2)	—	—
Profit before tax		67.3	86.9	95.8
Tax	7	(24.2)	(30.0)	(31.9)
Profit for the year		<u>43.1</u>	<u>56.9</u>	<u>63.9</u>

The accompanying notes form part of the combined carve out financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED STATEMENT OF COMPREHENSIVE INCOME
For the years ended 31 December

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Profit for the year	43.1	56.9	63.9
Other comprehensive income/(loss) for the year:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences	<u>14.3</u>	<u>9.6</u>	<u>(4.0)</u>
Total comprehensive income for the year	<u><u>57.4</u></u>	<u><u>66.5</u></u>	<u><u>59.9</u></u>

The accompanying notes form part of the combined carve out financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED BALANCE SHEET
As at 31 December

	<u>Notes</u>	<u>2015</u> £m	<u>2014</u> £m	<u>2013</u> £m	<u>2012</u> £m
Assets					
<i>Non current assets</i>					
Goodwill	8	303.3	293.0	287.4	290.0
Other intangible assets	9	2.9	2.5	2.7	3.3
Property, plant and equipment	10	180.4	173.5	181.8	181.2
Trade and other receivables	12	23.9	10.7	11.5	16.7
Deferred tax assets	7	—	0.2	0.2	—
		<u>510.5</u>	<u>479.9</u>	<u>483.6</u>	<u>491.2</u>
<i>Current assets</i>					
Inventories	11	74.7	78.0	74.7	62.1
Trade and other receivables	12	39.9	47.4	50.5	57.5
		<u>114.6</u>	<u>125.4</u>	<u>125.2</u>	<u>119.6</u>
Total assets		<u>625.1</u>	<u>605.3</u>	<u>608.8</u>	<u>610.8</u>
Liabilities					
<i>Current liabilities</i>					
Trade and other payables	13	(138.6)	(132.2)	(124.3)	(141.0)
Provisions	15	(1.1)	—	—	—
		<u>(139.7)</u>	<u>(132.2)</u>	<u>(124.3)</u>	<u>(141.0)</u>
<i>Non current liabilities</i>					
Deferred tax liabilities	7	(28.3)	(30.0)	(31.5)	(30.1)
Trade and other payables	13	(4.7)	(3.5)	(4.9)	(7.5)
Provisions	15	(0.6)	—	—	—
		<u>(33.6)</u>	<u>(33.5)</u>	<u>(36.4)</u>	<u>(37.6)</u>
Total liabilities		<u>(173.3)</u>	<u>(165.7)</u>	<u>(160.7)</u>	<u>(178.6)</u>
Net assets		<u>451.8</u>	<u>439.6</u>	<u>448.1</u>	<u>432.2</u>
Net invested capital		<u>451.8</u>	<u>439.6</u>	<u>448.1</u>	<u>432.2</u>

The accompanying notes form part of the combined carve out financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED CASH FLOW STATEMENT

	Notes	For the years ended 31 December		
		2015	2014	2013
		£m	£m	£m
Cash flows from operating activities				
Cash generated from operations	16	102.5	123.5	107.3
Tax paid	7	(27.2)	(33.1)	(30.1)
Net cash flows from operating activities		<u>75.3</u>	<u>90.4</u>	<u>77.2</u>
Cash flows used in investing activities				
Capital expenditure		(30.1)	(15.4)	(33.2)
Net cash flows used in investing activities		<u>(30.1)</u>	<u>(15.4)</u>	<u>(33.2)</u>
Cash flows used in financing activities				
Net transfers to Rexam		(45.2)	(75.0)	(44.0)
Net cash flows used in financing activities		<u>(45.2)</u>	<u>(75.0)</u>	<u>(44.0)</u>
Net change in cash and cash equivalents		<u>—</u>	<u>—</u>	<u>—</u>

The accompanying notes form part of the combined carve out financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
COMBINED STATEMENT OF CHANGES IN NET INVESTED CAPITAL

	For the years ended 31 December		
	2015	2014	2013
	£m	£m	£m
Balance at 1 January	439.6	448.1	432.2
Profit for the year	43.1	56.9	63.9
Exchange differences	14.3	9.6	(4.0)
Net transfers to Rexam	(45.2)	(75.0)	(44.0)
Balance at 31 December	<u>451.8</u>	<u>439.6</u>	<u>448.1</u>

The accompanying notes form part of the combined carve out financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS

1. Nature of operations and basis of presentation

The combined carve out financial statements reflect certain wholly owned beverage can operations (the Business) of Rexam PLC (Rexam), a publicly traded company on the London Stock Exchange based in London, UK. Rexam is a leading global beverage can maker. The Business manufactures aluminium and steel cans for a wide variety of beverages, including carbonated soft drinks, beer and energy drinks.

The Business comprises the following manufacturing plants in Europe and the United States:

- Europe: Valdemorillo, Spain and Enzesfeld, Austria;
- United States: Bishopville, SC; Chicago, IL; Fairfield, CA; Fremont, OH; Olive Branch, MS; Valparaiso, IN; Whitehouse, OH; Winston-Salem, NC.

The Business also comprises the assets and liabilities of the regional headquarters office in Chicago, IL.

The combined carve out financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Rexam applies IFRS as endorsed by the European Union (EU) in its consolidated financial statements. For the purposes of the combined carve out financial statements, no differences exist between IFRS as issued by the International Accounting Standards Board and IFRS as endorsed by the EU. The combined carve out financial statements have been prepared under the historical cost convention unless otherwise determined by IFRS.

Under IFRS1, 'First Time Adoption of International Financial Reporting Standards', a number of exemptions are permitted to be taken in preparing the combined balance sheet at the date of transition to IFRS. For the purposes of the combined carve out financial statements, the Business has measured its assets and liabilities at the carrying amounts that were included in Rexam's consolidated financial statements, based on Rexam's date of transition to IFRS as endorsed by the EU on 1 January 2004. The Business has assumed a transition date to IFRS of 1 January 2013. All references to 2012 in the combined carve out financial statements relate to the transition date of 1 January 2013.

The results and financial position of the Business have historically formed a component of Rexam's consolidated financial statements as prepared under IFRS as endorsed by the EU. However the Business has not previously prepared or reported any combined financial information or financial statements, and therefore no reconciliations from previous financial information to IFRS have been presented.

The Business does not constitute a separate legal group. The combined carve out financial statements have been prepared specifically for the purpose of facilitating the divestment of the Business and on a basis that combines the results and assets and liabilities of each of the manufacturing plants, warehouses and operations constituting the Business by applying the principles underlying the consolidation procedures of IFRS10 'Consolidated Financial Statements'. The combined carve out financial statements have been prepared on a carve out basis from the consolidated financial statements of Rexam and include the assets, liabilities, revenues and expenses that management has determined are attributable to the Business.

To determine the assets, liabilities, revenue and expenses that are considered attributable to the Business, management have reassessed how Rexam has historically reported. This included reassessing Rexam's European supply chain and limited risk distributor arrangements in order to attribute revenue

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

1. Nature of operations and basis of presentation (Continued)

and costs based on place of production. A production based attribution method reflects arrangements whereby a sales transaction might be fulfilled with inventory produced by several plants. Therefore, each plant that produces and contributes inventory towards a sales transaction will record a portion of the sales transaction's revenue and also incur the associated costs. Additionally, revenue by plant is used to attribute trade receivables as at the balance sheet date. For the US plants, there is no equivalent supply chain and distributor arrangement and therefore no equivalent revenue and related cost assumption is required or applied. All US revenue and related costs are directly attributable to a specific plant.

The combined carve out financial statements reflect allocations of direct and indirect costs, related to the operations of the Business, made by Rexam to depict the Business on a stand alone basis. Indirect costs relate to certain support functions that are provided on a centralised basis within Rexam, including Rexam shared service centre locations. As certain expenses reflected in the combined carve out financial statements are allocated, the combined carve out financial statements may not be indicative of the financial position, results of operations and cash flows that would have been presented if the Business had been a stand alone entity. Therefore, the combined carve out financial statements may not necessarily be indicative of the future financial position, results of operations and cash flows of the Business.

As Rexam uses a centralised cash management system, allocated costs and expenses have generally been deemed to have been paid by the Business to Rexam in the year in which the costs were incurred and assumed to be remitted to Rexam as reflected within the combined cash flow statement as net transfers to Rexam. Current income taxes are deemed to have been remitted in cash to Rexam in the year they were recorded in the combined income statement. A discussion of the relationship with Rexam, including a description of the costs that have been allocated to the Business, is included in Note 19.

All significant intercompany transactions within the Business have been eliminated.

Since the Business has not in the past constituted a separate legal group, it is not possible to show share capital or an analysis of reserves of the Business. The net assets of the Business are represented by the cumulative investment of Rexam in the Business, shown as net invested capital in the combined balance sheet. The year on year movement in net invested capital is shown in the combined statement of changes in net invested capital.

The combined carve out financial statements were authorised for issue by Rexam on 31 March 2016.

2. Going concern

The Business meets its working capital requirements through being a component of Rexam. Rexam has the resources to continue to enable the Business to meet its liabilities as they fall due. Based on this, management has a reasonable expectation that the Business has adequate resources to continue its operations for the foreseeable future while it remains a component of Rexam. The Business therefore has adopted the going concern basis in preparing the combined carve out financial statements.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

3. Principal accounting policies

Key estimates and assumptions

The preparation of the combined carve out financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The key estimates and assumptions used in the combined carve out financial statements are set out below.

(i) Goodwill impairment testing

Goodwill is tested for impairment at each year end and at any time where there is any indication that goodwill may be impaired. The recoverable amount of a cash generating unit (CGU) is based on the higher of fair value less costs of disposal or value in use. This calculation requires the use of estimates which include cash flow projections for each CGU and discount rates based on Rexam's weighted average cost of capital, adjusted for any business or geographic risk relevant to the particular CGU. For details of goodwill impairment testing for the Business and the key estimates used see Note 8.

(ii) Allocation of costs

The Business receives various administrative services from Rexam shared service providers. The combined carve out financial statements reflect allocated expenses associated with these centralised Rexam support functions and also include other allocated overhead costs related to the support functions. These allocations are based on a number of utilisation measures including revenue, headcount and IT users. The use of alternative measures could result in different allocated expenses. For details of cost allocations see Note 19.

(iii) Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration, net of rebates and trade discounts. Revenue from the sale of goods is recognised when the Business has transferred the significant risks and rewards of ownership of the goods to the buyer, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Business, typically on delivery of goods. Rexam enters into, and the Business participates in, long term contracts with both customers and suppliers. In certain cases the Business participates in up front payments in relation to these contracts which are charged against sales in respect of customers, and operating expenses in respect of suppliers, over their useful economic lives, typically being the related contract term. In addition, the Business recognises any rebates receivable or payable in accordance with the terms of these long term contracts, which are typically volume based. There is judgment in respect of some of the more complex long term contracts relating to the timing of revenue recognition, any related rebates and the period over which up front payments are recognised in the combined income statement.

Retirement benefit obligations

The combined carve out financial statements include costs in relation to retirement benefit obligations. Rexam operates, and the Business participates in, certain defined benefit pension plans in

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

3. Principal accounting policies (Continued)

the UK, US and Austria, and medical benefit plans in the US. The costs depend on factors such as life expectancy of the members, the salary progression of current employees, the returns that plan assets generate and the discount rate used to calculate the present value of the liabilities. The current service cost and administration costs are included in administrative expenses in the combined income statement. As the Business participates in, but is not the sponsoring entity for any defined benefit pension plans or medical benefit plans, the multi-employer exemption in IAS19 'Employee Benefits' has been taken with the result that all costs have been allocated to the combined income statement but no amounts are recorded in the combined balance sheet.

Rexam also operates, and the Business participates in, defined contribution pension plans. A defined contribution pension plan is one under which fixed contributions are paid to a third party and there are no further payment obligations once the contributions have been paid. The allocated contributions are included in administrative expenses in the combined income statement.

Share based payment

Rexam operates, and the Business participates in, equity and cash settled share option schemes. As the Business participates in, but is not the sponsoring entity of these plans, all costs have been allocated to the combined income statement but no amounts are recorded in the combined balance sheet.

Income taxes

Tax in the combined income statement represents the sum of current tax and deferred tax. Income taxes are presented on a separate tax return basis as if the Business were a stand alone entity. The current tax charge is calculated on the basis of tax laws enacted or substantially enacted at the balance sheet date in countries where the Business operates and generates taxable income. The Business recognises deferred taxes using the liability method. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets have been recognised where it is probable that they will be recovered. In recognising deferred tax assets, the Business has considered if it is more likely than not that sufficient future profits will be available to absorb all temporary differences. Deferred tax assets and liabilities are only offset in the combined balance sheet where there is a legally enforceable right of offset and there is an intention to settle the balance net. Additional taxes may arise following the proposed divestment of the Business by Rexam.

Foreign currencies

The combined carve out financial statements are presented in sterling. The balance sheets of non sterling operations are translated into sterling using the exchange rate at the balance sheet date and the income statements are translated into sterling using the average exchange rate for the year. The functional currencies of the Business are those of the primary economic environments in which it operates and in all cases are the local currencies.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

3. Principle accounting policies (Continued)

The principal exchange rates against sterling used in the combined carve out financial statements are as follows:

	Average 2015	Closing 2015	Average 2014	Closing 2014	Average 2013	Closing 2013	Closing 2012
Euro	1.38	1.36	1.24	1.28	1.18	1.20	1.23
US dollar	1.53	1.48	1.65	1.56	1.56	1.65	1.62

Exceptional items

Items which are exceptional, being material in terms of size and/or nature, are presented separately in the combined income statement. The principal events which may give rise to exceptional items include restructuring, goodwill impairments, major asset impairments and disposals and employee incentive related costs with respect to the proposed acquisition of Rexam by Ball.

Goodwill

Goodwill, when initially recognised, represents the excess of the cost of an acquisition over the interest in the fair value of the identifiable assets and liabilities of the acquiree at acquisition. Goodwill is carried at cost less any accumulated impairment losses. Goodwill in the combined carve out financial statements has been proportionally allocated to the plants included within the parameter relative to the total historic goodwill recognised at the date of acquisition. Goodwill is allocated to CGU's for the purposes of impairment testing. CGU's have been determined to be the US and Europe, which is consistent with the CGU's identified by Rexam. Internally generated goodwill is not recognised as an asset.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight line basis to allocate the cost of the asset over its estimated useful life as follows:

Computer software acquired	2 to 3 years
Computer software developed	Up to 7 years
Other	Up to 17 years

The cost of separately acquired intangible assets, including computer software, comprises the purchase price and any directly attributable costs of preparing the asset for use. Computer software development costs that are directly associated with the implementation of major business systems are capitalised as intangible assets. Expenditure on research is recognised as an expense in the combined income statement as incurred.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs. Assets under construction are not depreciated. For all other property, plant and equipment, depreciation is

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

3. Principle accounting policies (Continued)

calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows:

Freehold buildings	Up to 50 years
Manufacturing machinery	7 to 20 years
Computer hardware	Up to 8 years
Fixtures, fittings and vehicles	4 to 10 years

Following an evaluation of the estimated useful lives of manufacturing machinery in 2015, the Business increased the useful lives to a maximum of 20 years from 17 years, effective 1 January 2015. The impact of this change was to reduce the 2015 depreciation charge by £1.5m and increase the tax charge by £0.5m. The evaluation was carried out by a third party appraiser.

Residual values and useful lives are reviewed at least each year end.

Impairment of assets

This policy applies to all assets except inventories, deferred tax assets and financial assets. At each balance sheet date the Business assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Business makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is based on the higher of fair value less costs of disposal or value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the CGU to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

When an asset is written down to its recoverable amount, the impairment loss is recognised as an expense in the combined income statement in the year in which it is incurred. Impairment losses incurred in CGU's are applied against the carrying amount of goodwill allocated to the units. Should circumstances change which result in a reversal of a previous impairment, the value of the asset is increased and the reversal is recognised in the combined income statement in the year in which it occurs. The increase in the carrying amount of the asset is limited to the amount which would have been recorded had no impairment been recognised in prior years. Impairment losses applied to goodwill are not reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Cost comprises directly attributable purchase and conversion costs and an allocation of production overheads based on normal operating capacity. Net realisable value is the estimated selling price less estimated costs to completion and selling costs. Provisions against the value of inventories are made for slow moving or obsolete inventory.

Provisions

Provisions are recognised when a present obligation exists in respect of a past event and where the amount can be reliably estimated. Provisions for restructuring are recognised for direct expenditure on

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

3. Principle accounting policies (Continued)

business reorganisations where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken on or before the balance sheet date. Provisions are discounted where the time value of money is considered to be material.

Leases

Payments made under operating leases are recognised as an expense in the combined income statement on a straight line basis over the lease term. The Business does not have any finance leases.

Financial instruments

Derivatives, comprising foreign currency contracts relating to capital expenditure that are specifically attributable to the Business, are measured at fair value. In addition, Rexam operates, and the Business participates in, certain aluminium and steel commodity contracts. As these contracts are not specific to the Business, no amounts are recorded in the combined balance sheet; however the combined income statement reflects full allocation of the related hedging results.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment. They are discounted where the time value of money is considered material. Trade and other payables are measured at cost.

Derivatives are included in trade and other receivables and trade and other payables when considered not to be material.

New accounting standards and interpretations

The following accounting standards are effective for accounting periods beginning after 1 January 2015 and have not yet been adopted by the Business.

(i) IFRS9 “Financial Instruments”. The standard addresses the classification, measurement and recognition of financial assets and liabilities. The standard is effective for accounting periods beginning on or after 1 January 2018 and earlier adoption is permitted subject to EU endorsement. The Business has yet to assess the impact of IFRS9.

(ii) IFRS15 “Revenue from Contracts with Customers”. The standard addresses revenue recognition and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The standard is effective for accounting periods beginning on or after 1 January 2018 and earlier adoption is permitted subject to EU endorsement. The Business has yet to assess the impact of IFRS15.

(iii) IFRS16 “Leases”. The standard addresses the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for accounting periods beginning on or after 1 January 2019 and earlier adoption is permitted subject to EU endorsement and only for entities that apply IFRS15 at or before the date of initial application of this standard. The Business has yet to assess the impact of IFRS16.

There are no other IFRSs or IFRS Interpretation Committee interpretations not yet effective that would be expected to have an impact on the Business.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

4. Operating expenses

The following operating expense items are included in the combined income statement.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Raw materials used	(533.7)	(515.1)	(576.7)
Employee benefit expense (Note 5)	(110.0)	(103.7)	(113.8)
Freight costs	(61.1)	(59.5)	(63.2)
Depreciation of property, plant and equipment	(29.2)	(26.9)	(27.7)
Amortisation of intangible assets	(0.7)	(0.4)	(0.5)
Operating lease rental expense	(2.8)	(2.7)	(3.4)

Employee benefit expense and depreciation of property, plant and equipment in the above table include exceptional items.

5. Employee benefit expense

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Wages and salaries	(90.1)	(84.6)	(89.4)
Social security	(7.8)	(7.7)	(8.0)
Share based payment	(1.4)	(2.4)	(6.3)
Defined benefit pension plans	(8.2)	(6.7)	(6.9)
Medical benefit plans	(0.9)	(0.8)	(1.2)
Defined contribution pension plans	(1.6)	(1.5)	(2.0)
Total employee benefit expense	<u>(110.0)</u>	<u>(103.7)</u>	<u>(113.8)</u>

The charge for share based payment relates wholly to corporate allocations. Defined benefit pension plans include corporate allocations of £4.7m for 2015 (2014: £3.2m, 2013: £2.5m). Medical benefit plans include corporate allocations of £nil for 2015 (2014: £0.1m, 2013: £0.1m). Defined contribution pension plans include corporate allocations of £0.8m for 2015 (2014: £0.6m, 2013: £0.9m).

The combined carve out financial statements do not include key management compensation as the Rexam Executive Leadership Team (ELT) does not form part of the Business. However, the combined income statement includes an allocation for employee benefit expense relating to the ELT.

6. Exceptional items

	<u>2015</u>
	<u>£m</u>
Conversion of the Valdemorillo plant from steel to aluminium	(7.1)
Employee related incentive costs	(4.1)
Exceptional items before tax	(11.2)
Tax on exceptional items	3.5
Exceptional items after tax	<u>(7.7)</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

6. Exceptional items (Continued)

Employee related incentive costs have been incurred as a consequence of the proposed acquisition of Rexam by Ball. There were no exceptional items in 2014 or 2013.

7. Tax

(i) Tax included in the combined income statement

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Current tax	(27.2)	(33.1)	(30.1)
Deferred tax	3.0	3.1	(1.8)
	<u>(24.2)</u>	<u>(30.0)</u>	<u>(31.9)</u>

(ii) Tax reconciliation

A reconciliation of the tax charge applicable to the profit before tax at the US rate of 35% with the tax charge in the combined income statement is set out below. The US tax rate is used as the majority of the Business is US based.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Profit before tax	67.3	86.9	95.8
Tax charge at the US rate of 35%	(23.6)	(30.4)	(33.5)
US state taxes net of federal benefit	(1.9)	(2.0)	(2.2)
Spanish property, plant and equipment tax revaluation	—	—	1.2
Lower domestic tax rates on non US earnings	1.3	2.4	2.6
Tax charge in the combined income statement	<u>(24.2)</u>	<u>(30.0)</u>	<u>(31.9)</u>
Effective tax rate	36.0%	34.5%	33.3%

(iii) Analysis of deferred tax

The following table sets out the deferred tax assets and liabilities included in the combined balance sheet.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Deferred tax assets	—	0.2	0.2	—
Deferred tax liabilities	(28.3)	(30.0)	(31.5)	(30.1)
Net deferred tax liabilities	<u>(28.3)</u>	<u>(29.8)</u>	<u>(31.3)</u>	<u>(30.1)</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

7. Tax (Continued)

	<u>Accelerated tax depreciation</u>	<u>Other temporary differences</u>	<u>Total</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
At 1 January 2015	(30.2)	0.4	(29.8)
Exchange differences	(1.5)	—	(1.5)
Credit for the year	2.9	0.1	3.0
At 31 December 2015	<u>(28.8)</u>	<u>0.5</u>	<u>(28.3)</u>
At 1 January 2014	(31.9)	0.6	(31.3)
Exchange differences	(1.6)	—	(1.6)
Credit/(charge) for the year	3.3	(0.2)	3.1
At 31 December 2014	<u>(30.2)</u>	<u>0.4</u>	<u>(29.8)</u>
At 1 January 2013	(31.7)	1.6	(30.1)
Exchange differences	0.6	—	0.6
Charge for the year	(0.8)	(1.0)	(1.8)
At 31 December 2013	<u>(31.9)</u>	<u>0.6</u>	<u>(31.3)</u>

Deferred tax assets and liabilities are presented as non current in the combined balance sheet. All deferred tax assets are recoverable within one year.

The following table sets out the gross amounts of deferred tax assets and liabilities in respect of each type of temporary difference.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Deferred tax assets:				
Other temporary differences	3.4	3.1	2.5	3.2
Deferred tax liabilities:				
Accelerated tax depreciation	(28.8)	(30.2)	(31.9)	(31.7)
Other temporary differences	(2.9)	(2.7)	(1.9)	(1.6)
	<u>(31.7)</u>	<u>(32.9)</u>	<u>(33.8)</u>	<u>(33.3)</u>
Net deferred tax liabilities	<u>(28.3)</u>	<u>(29.8)</u>	<u>(31.3)</u>	<u>(30.1)</u>

8. Goodwill

(1) Summary

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Cost and carrying value at the beginning of the year	293.0	287.4	290.0
Exchange differences	10.3	5.6	(2.6)
Cost and carrying value at the end of the year	<u>303.3</u>	<u>293.0</u>	<u>287.4</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

8. Goodwill (Continued)

Goodwill is monitored at a CGU level, which is an allocation of goodwill attributable to equivalent CGU's within Rexam. The following table sets out the carrying value of goodwill that is allocated to CGU's as at 31 December.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
United States	230.1	216.1	205.0	208.8
Europe	<u>73.2</u>	<u>76.9</u>	<u>82.4</u>	<u>81.2</u>
	<u>303.3</u>	<u>293.0</u>	<u>287.4</u>	<u>290.0</u>

(ii) Impairment testing

The recoverable amounts of CGU's are determined based on value in use calculations at the end of each year. The cash flow projections used in these calculations are based on Rexam approved financial budgets and financial plans over a period from 2013 to 2018 and represent cash flows attributable directly to the CGU's included within the combined carve out financial statements. The calculation of value in use requires the use of estimates which, although based on management's best knowledge, may ultimately differ from actual results.

The key assumptions for the value in use calculations are:

(a) Discount rates. The pre tax discount rates used in the value in use calculations are set out in the table below. These discount rates are derived from Rexam's weighted average cost of capital, as adjusted for any business or geographic risk relevant to the CGU. Changes in the discount rates over the years are calculated with reference to latest market assumptions for the risk free rate, equity market risk premium and debt cost.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
United States	11	10	10	10
Europe	11	10	10	10

(b) Growth rates. Cash flows beyond the planning horizon have been extrapolated using growth rates as set out in the table below. These growth rates used do not exceed the long term growth rates relating to each region and business in which the CGU's operate.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
United States	1.6	2.1	2.4	2.5
Europe	1.2	1.6	2.0	1.6

(c) Sales and costs. Forecasts for sales and margins are based on analyses of sales, markets, costs and competitors. Consideration is given to past experience and knowledge of future contracts. Forecasts for aluminium and steel costs are based on forward prices and time projections after taking into account any pass through of costs. Forecasts for other raw materials and energy are based on inflation forecasts and supply and demand factors.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

8. Goodwill (Continued)

Management considers that no reasonably possible change in any of the key assumptions would cause the recoverable amount of goodwill attached to the United States and Europe CGU's to fall below their carrying value in any of the years reported.

9. Other intangible assets

	Computer software acquired	Computer software developed	Other	Total
	£m	£m	£m	£m
Cost:				
At 1 January 2015	4.2	17.8	1.4	23.4
Exchange differences	0.2	1.0	0.1	1.3
Disposals	—	(1.3)	—	(1.3)
Transfer from property, plant and equipment	—	1.0	—	1.0
At 31 December 2015	<u>4.4</u>	<u>18.5</u>	<u>1.5</u>	<u>24.4</u>
Accumulated amortisation:				
AT 1 January 2015	(4.0)	(16.6)	(0.3)	(20.9)
Exchange differences	(0.1)	(1.0)	—	(1.1)
Disposals	—	1.3	—	1.3
Other movements	(0.1)	(0.6)	(0.1)	(0.8)
At 31 December 2015	<u>(4.2)</u>	<u>(16.9)</u>	<u>(0.4)</u>	<u>(21.5)</u>
Carrying value at 31 December 2015	<u>0.2</u>	<u>1.6</u>	<u>1.1</u>	<u>2.9</u>
Cost:				
At 1 January 2014	3.9	16.8	1.4	22.1
Exchange differences	0.1	1.0	0.1	1.2
Disposals	—	—	(0.1)	(0.1)
Transfer from property, plant and equipment	0.2	—	—	0.2
At 31 December 2014	<u>4.2</u>	<u>17.8</u>	<u>1.4</u>	<u>23.4</u>
Accumulated amortisation:				
At 1 January 2014	(3.9)	(15.2)	(0.3)	(19.4)
Exchange differences	(0.1)	(0.9)	—	(1.0)
Other movements	—	(0.5)	—	(0.5)
At 31 December 2014	<u>(4.0)</u>	<u>(16.6)</u>	<u>(0.3)</u>	<u>(20.9)</u>
Carrying value at 31 December 2014	<u>0.2</u>	<u>1.2</u>	<u>1.1</u>	<u>2.5</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

9. Other intangible assets (Continued)

	Computer software acquired	Computer software developed	Other	Total
	£m	£m	£m	£m
Cost:				
At 1 January 2013	4.6	17.1	2.7	24.4
Exchange differences	—	(0.3)	—	(0.3)
Disposals	(0.7)	(2.0)	(1.3)	(4.0)
Transfer from property, plant and equipment	—	2.0	—	2.0
At 31 December 2013	<u>3.9</u>	<u>16.8</u>	<u>1.4</u>	<u>22.1</u>
Accumulated amortisation:				
At 1 January 2013	(4.6)	(14.9)	(1.6)	(21.1)
Exchange differences	—	0.3	—	0.3
Disposals	0.7	—	1.3	2.0
Other movements	—	(0.6)	—	(0.6)
At 31 December 2013	<u>(3.9)</u>	<u>(15.2)</u>	<u>(0.3)</u>	<u>(19.4)</u>
Carrying value at 31 December 2013	<u>—</u>	<u>1.6</u>	<u>1.1</u>	<u>2.7</u>

The combined income statement includes allocated amortisation expense of £0.7m for 2015 (2014: £0.4m; 2013: £0.5m).

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

10. Property, plant and equipment

	<u>Property</u> <u>£m</u>	<u>Plant and</u> <u>equipment</u> <u>£m</u>	<u>Assets under</u> <u>construction</u> <u>£m</u>	<u>Total</u> <u>£m</u>
Cost:				
At 1 January 2015	72.3	421.7	11.1	505.1
Exchange differences	2.2	10.2	0.6	13.0
Additions	—	—	31.7	31.7
Disposals	(0.1)	(32.8)	—	(32.9)
Reclassifications	1.8	9.3	(11.1)	—
Transfer to other intangible assets	—	—	(1.0)	(1.0)
Other movements	—	0.2	—	0.2
At 31 December 2015	<u>76.2</u>	<u>408.6</u>	<u>31.3</u>	<u>516.1</u>
Accumulated depreciation:				
At 1 January 2015	(31.6)	(300.0)	—	(331.6)
Exchange differences	(1.0)	(6.7)	—	(7.7)
Depreciation for the year	(2.2)	(26.2)	—	(28.4)
Disposals	0.1	32.3	—	32.4
Other movements	(0.3)	(0.1)	—	(0.4)
At 31 December 2015	<u>(35.0)</u>	<u>(300.7)</u>	<u>—</u>	<u>(335.7)</u>
Carrying value at 31 December 2015	<u>41.2</u>	<u>107.9</u>	<u>31.3</u>	<u>180.4</u>
Cost:				
At 1 January 2014	69.6	389.3	23.4	482.3
Exchange differences	2.2	9.9	0.2	12.3
Additions	—	—	15.9	15.9
Disposals	(0.1)	(2.9)	(2.2)	(5.2)
Reclassifications	0.6	25.4	(26.0)	—
Transfer to other intangible assets	—	—	(0.2)	(0.2)
At 31 December 2014	<u>72.3</u>	<u>421.7</u>	<u>11.1</u>	<u>505.1</u>
Accumulated depreciation:				
At 1 January 2014	(28.6)	(271.9)	—	(300.5)
Exchange differences	(0.8)	(6.1)	—	(6.9)
Depreciation for the year	(2.1)	(24.5)	—	(26.6)
Disposals	0.1	2.6	—	2.7
Other movements	(0.2)	(0.1)	—	(0.3)
At 31 December 2014	<u>(31.6)</u>	<u>(300.0)</u>	<u>—</u>	<u>(331.6)</u>
Carrying value at 31 December 2014	<u>40.7</u>	<u>121.7</u>	<u>11.1</u>	<u>173.5</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

10. Property, plant and equipment (Continued)

	<u>Property</u> <u>£m</u>	<u>Plant and</u> <u>equipment</u> <u>£m</u>	<u>Assets under</u> <u>construction</u> <u>£m</u>	<u>Total</u> <u>£m</u>
Cost:				
At 1 January 2013	65.1	371.2	28.7	465.0
Exchange differences	(0.8)	(3.2)	(0.1)	(4.1)
Additions	—	0.7	33.1	33.8
Disposals	(0.3)	(9.9)	—	(10.2)
Reclassifications	5.6	30.7	(36.3)	—
Transfer to other intangible assets	—	—	(2.0)	(2.0)
Other movements	—	(0.2)	—	(0.2)
At 31 December 2013	<u>69.6</u>	<u>389.3</u>	<u>23.4</u>	<u>482.3</u>
Accumulated depreciation:				
At 1 January 2013	(26.7)	(257.1)	—	(283.8)
Exchange differences	0.3	1.8	—	2.1
Depreciation for the year	(2.1)	(24.9)	—	(27.0)
Disposals	0.1	8.5	—	8.6
Other movements	(0.2)	(0.2)	—	(0.4)
At 31 December 2013	<u>(28.6)</u>	<u>(271.9)</u>	<u>—</u>	<u>(300.5)</u>
Carrying value at 31 December 2013	<u>41.0</u>	<u>117.4</u>	<u>23.4</u>	<u>181.8</u>

The combined income statement includes allocated depreciation expense of £0.8m for 2015 (2014: £0.3m; 2013: £0.7m).

11. Inventories

	<u>2015</u> <u>£m</u>	<u>2014</u> <u>£m</u>	<u>2013</u> <u>£m</u>	<u>2012</u> <u>£m</u>
Raw materials, stores and consumables	19.7	18.3	15.2	11.7
Work in progress	0.2	0.1	0.2	0.3
Finished goods	54.8	59.6	59.3	50.1
	<u>74.7</u>	<u>78.0</u>	<u>74.7</u>	<u>62.1</u>

The following table sets out an analysis of provisions against inventories.

	<u>2015</u> <u>£m</u>	<u>2014</u> <u>£m</u>	<u>2013</u> <u>£m</u>
Balance at the beginning of the year	(1.5)	(1.6)	(1.9)
Charge for the year	(0.1)	—	(0.1)
Released in the year	—	0.1	0.1
Utilised	0.1	—	0.3
Balance at the end of the year	<u>(1.5)</u>	<u>(1.5)</u>	<u>(1.6)</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

12. Trade and other receivables

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Non current assets:				
Prepayments	23.9	10.7	11.5	16.7
Current assets:				
Trade receivables	32.1	40.8	47.1	55.8
Provision for impairment	(0.2)	(0.2)	(0.5)	(1.4)
Net trade receivables	31.9	40.6	46.6	54.4
Prepayments	7.5	4.7	3.9	2.6
Derivatives	0.1	0.1	—	—
Other receivables	0.4	2.0	—	0.5
	<u>39.9</u>	<u>47.4</u>	<u>50.5</u>	<u>57.5</u>
Total trade and other receivables	<u>63.8</u>	<u>58.1</u>	<u>62.0</u>	<u>74.2</u>

The following table sets out an analysis of provisions for impairment of trade and other receivables.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Balance at the beginning of the year	(0.2)	(0.5)	(1.4)
Impairment in the year	—	(0.1)	(0.1)
Released in the year	—	0.2	0.9
Utilised	—	0.2	0.1
Balance at the end of the year	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.5)</u>

The following table sets out an ageing analysis of total trade and other receivables, including those which are past due but not impaired.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Not yet due	61.5	53.9	54.4	66.4
Past due less than 3 months	2.1	4.1	7.1	7.8
Past due between 3 and 6 months	0.2	—	0.2	—
More than 12 months	—	0.1	0.3	—
	<u>63.8</u>	<u>58.1</u>	<u>62.0</u>	<u>74.2</u>

The maximum amount of credit risk with respect to customers is represented by the carrying amount on the combined balance sheet. Customer credit facilities for new customers must be approved by management. Credit limits are set with reference to trading history and reports from credit rating agencies. Customer credit facilities are received at the sales order entry stage and at the time of shipment so as not to exceed customer limits. Overdue accounts are regularly reviewed and impairment provisions are created where necessary. As a matter of policy, all outstanding trade balances greater than three months are fully provided except as approved by management and with due regard to the

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

12. Trade and other receivables (Continued)

historical risk profile of the customer. The Business has extremely low historical levels of customer credit defaults, due in part to the large multinational nature of many of its customers and the long term relationships it, and Rexam, has with them. For all years reported, there were no new major customers where the Business considered there was a risk of significant credit default. There are no trade and other receivables that would otherwise be past due or impaired whose terms have been renegotiated.

The carrying amounts of total trade and other receivables are denominated in the following currencies.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
US dollar	48.6	38.8	43.7	52.0
Euro	15.2	19.3	18.3	22.2
	<u>63.8</u>	<u>58.1</u>	<u>62.0</u>	<u>74.2</u>

13. Trade and other payables

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Current liabilities:				
Trade payables	(98.1)	(94.4)	(85.7)	(94.9)
Social security and other taxes	(3.4)	(2.7)	(3.3)	(3.5)
Accrued expenses	(31.9)	(31.8)	(32.5)	(39.8)
Accrued capital expenditure	(3.6)	(2.0)	(1.5)	(0.9)
Derivatives	—	—	—	(0.5)
Other payables	(1.6)	(1.3)	(1.3)	(1.4)
	<u>(138.6)</u>	<u>(132.2)</u>	<u>(124.3)</u>	<u>(141.0)</u>
Non current liabilities:				
Accrued expenses	(4.4)	(3.1)	(4.6)	(7.1)
Other payables	(0.3)	(0.4)	(0.3)	(0.4)
	<u>(4.7)</u>	<u>(3.5)</u>	<u>(4.9)</u>	<u>(7.5)</u>
Total trade and other payables	<u>(143.3)</u>	<u>(135.7)</u>	<u>(129.2)</u>	<u>(148.5)</u>

The carrying amounts of total trade and other payables are denominated in the following currencies.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
US dollar	(121.3)	(107.3)	(101.3)	(118.1)
Euro	(20.8)	(28.3)	(27.9)	(30.3)
Sterling	(1.2)	(0.1)	—	(0.1)
	<u>(143.3)</u>	<u>(135.7)</u>	<u>(129.2)</u>	<u>(148.5)</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

14. Financial instruments

The following table sets out the carrying value and the market value of financial assets and liabilities.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Financial assets:				
Trade and other receivables	32.3	42.6	46.6	54.9
Derivatives	<u>0.1</u>	<u>0.1</u>	<u>—</u>	<u>—</u>
	<u>32.4</u>	<u>42.7</u>	<u>46.6</u>	<u>54.9</u>
Financial liabilities:				
Trade and other payables	(139.9)	(133.0)	(125.9)	(144.5)
Derivatives	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.5)</u>
	<u>(139.9)</u>	<u>(133.0)</u>	<u>(125.9)</u>	<u>(145.0)</u>

Trade and other receivables exclude prepayments. Trade and other payables exclude social security and other taxes.

The carrying values of trade and other receivables and trade and other payables are assumed to approximate to their fair values due to their short term nature. The fair value of derivative contracts has been determined by marking those contracts to market at prevailing market prices.

In all years reported, all financial instruments are categorised as level 2 in the fair value measurement hierarchy, whereby the fair value is determined by using valuation techniques. The valuation techniques for level 2 instruments use observable market data where it is available, for example quoted market prices, and rely less on estimates.

Financial risk management of the Business is mainly exercised and monitored at a Rexam level. It is based on sound economic objectives and good corporate practice. Rexam treasury operations are carried out under policies and parameters approved by the Rexam board of directors. Central treasury activities include the investment of surplus cash, the issuance, repayment and repurchase of short term and long term debt and interest rate management. The Business is not exposed to significant market based currency, interest or commodity risk in any of the years reported. See Note 12 for information on liquidity based credit risk with respect to customers.

Capital risk management is exercised and monitored at a Rexam level. The objective is to minimise its cost of capital by optimising the efficiency of its capital structure, being the balance between equity and debt. Rexam views its ordinary share capital as equity. This objective is always subject to an overriding principle that capital must be managed to ensure Rexam's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Rexam is able to adjust its capital structure through the issue or redemption of either debt or equity and by adjustment to the dividend paid to equity holders. Rexam uses a range of financial metrics to monitor the efficiency of its capital structure, including its weighted average cost of capital and net debt to EBITDA and ensures that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost. The Business is directly impacted by the objectives and decisions made by Rexam set out above.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

14. Financial instruments (Continued)

The following table sets out the undiscounted contractual maturities for financial liabilities.

	<u>Within one year</u> £m	<u>Between one and two years</u> £m	<u>Between two and five years</u> £m	<u>Total</u> £m
At 31 December 2015:				
Trade and other payables	(135.2)	(1.4)	(3.3)	(139.9)
At 31 December 2014:				
Trade and other payables	(129.5)	(2.3)	(1.2)	(133.0)
At 31 December 2013:				
Trade and other payables	(121.0)	(2.2)	(2.7)	(125.9)
At 31 December 2012:				
Trade and other payables	(137.0)	(1.7)	(5.8)	(144.5)
Derivatives:				
Gross payments	(10.1)	(0.1)	—	(10.2)
Gross receipts	9.6	0.1	—	9.7

15. Provisions

	<u>£m</u>
At 1 January 2015	—
Charge for the year	(1.3)
Utilised in the year	0.6
Other movements	(1.0)
At 31 December 2015	(1.7)
Current liabilities	(1.1)
Non current liabilities	(0.6)
	<u>(1.7)</u>

Provisions at 31 December 2015 relate to severance and early retirement charges resulting from the conversion of the Valdemorillo plant from steel to aluminium.

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

16. Reconciliation of profit before tax to cash generated from operations

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Profit before tax	67.3	86.9	95.8
Adjustments for:			
Depreciation of property, plant and equipment	29.2	26.9	27.7
Amortisation of other intangible assets	0.7	0.4	0.5
Loss on property, plant and equipment	0.5	2.5	1.6
Loss on other intangible assets	—	0.1	2.0
Movement in working capital	4.6	6.7	(20.3)
Movement in provisions	0.7	—	—
Other adjustments	(0.5)	—	—
Cash generated from operations	<u>102.5</u>	<u>123.5</u>	<u>107.3</u>

17. Contingent liabilities

There are no contingent liabilities in any of the years reported that require disclosure.

18. Commitments

(i) Operating lease commitments

The following table sets out the total future minimum lease payments under non-cancellable operating leases.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Property:				
Within one year	2.1	2.1	2.4	1.9
Between one and five years	2.7	3.2	2.6	2.2
Over five years	—	—	0.5	0.5
	<u>4.8</u>	<u>5.3</u>	<u>5.5</u>	<u>4.6</u>
Plant and equipment:				
Within one year	1.0	1.0	1.0	0.6
Between one and five years	0.4	1.3	2.1	1.7
	<u>1.4</u>	<u>2.3</u>	<u>3.1</u>	<u>2.3</u>

(ii) Capital commitments

The following table sets out contracts placed for future capital expenditure not provided in the combined carve out financial statements.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Property plant and equipment	<u>7.5</u>	<u>7.3</u>	<u>1.5</u>	<u>4.3</u>

CERTAIN BEVERAGE CAN OPERATIONS OF REXAM PLC
NOTES TO THE COMBINED CARVE OUT FINANCIAL STATEMENTS (Continued)

19. Related parties

The Business receives various administrative services from Rexam shared service providers. These services include a share of costs incurred in the European and US headquarters, plus central costs such as tax, treasury, accounting, HR and IT. The combined carve out financial statements reflect allocated expenses associated with these centralised Rexam support functions and also include allocated share based payment, retirement benefits, derivatives and overhead costs related to the support functions. These corporate allocations are based on a number of utilisation measures including revenue, headcount and IT users. Generally such amounts have been deemed to have been paid by the Business in the year in which the costs are recorded.

The following table sets out the expense for corporate allocations included in the combined income statement.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Corporate allocations included in:			
Selling and distribution costs	(1.6)	(1.8)	(1.9)
Administrative expenses	(28.9)	(32.8)	(33.8)
Research and development	(2.3)	(2.7)	(3.0)
Exceptional items	(3.9)	—	—
	<u>(36.7)</u>	<u>(37.3)</u>	<u>(38.7)</u>

The Business sells to other Rexam businesses. These sales are made on terms equivalent to those that prevail in arm's length transactions. The following table sets out sales to other Rexam businesses included in the combined income statement.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Sales to other Rexam businesses	<u>26.2</u>	<u>20.3</u>	<u>21.6</u>

The following table sets out trading and other balances with other Rexam businesses included in the combined balance sheet.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Trade receivables	3.1	1.2	2.0	1.9
Other payables	<u>(0.3)</u>	<u>(0.3)</u>	<u>(0.2)</u>	<u>(0.3)</u>

All balances at the balance sheet date are unsecured and interest free and settlement occurs through net parent investment. There have been no guarantees provided or received.

20. Post balance sheet events

The Business performed an evaluation of post balance sheet events up to 31 March 2016, the date the combined carve out financial statements were authorised for issue. There are no events that would require adjustment or additional disclosure to the combined carve out financial statements in any of the years reported.

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\$1,000,000,000 % Senior Notes due 2025

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PRELIMINARY OFFERING MEMORANDUM

, 2017

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