Coca-Cola European Partners plc

a public limited company incorporated in England & Wales under the Companies Act 2006
with registered number 09717350

Admission to the standard listing segment of the Official List and to trading on Euronext Amsterdam, Euronext London and the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (together, the Spanish Stock Exchanges)

This document comprises a prospectus relating to Coca-Cola European Partners plc (the "**Company**" or "**Orange**") prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000 (the "**Prospectus Rules**"). This document has been filed with the UK Financial Conduct Authority (the "**FCA**") in the United Kingdom and has been made available to the public in accordance with section 3.2 of the Prospectus Rules. The Company has requested that the FCA provide the competent authority in the Netherlands, the *Autoriteit Financiële Markten* ("**AFM**"), and in Spain, the *Comisión Nacional del Mercado de Valores*, and the European Securities and Markets Authority, with a certificate of approval attesting that this Prospectus has been prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000 and constitutes a prospectus for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of the European Union as amended, including by Directive 2010/73/EU.

Applications will be made for all the issued and to be issued €0.01 ordinary shares of the Company (the "**Orange Shares**") to be (i) admitted to the standard listing segment of the Official List (the "**Official List**") and to listing and trading on Euronext London and Euronext Amsterdam ("**Admission**"), (ii) listed on the Spanish Stock Exchanges for trading through the Spanish Automated Quotation System ("*Sistema de Interconexión Bursátil* or "*Mercado Continuo*", the "**AQS**") and (iii) listed on the New York Stock Exchange (the "**NYSE**"). It is expected that dealings in the Orange Shares will commence on 31 May 2016 on the NYSE at 9:30 a.m. (Eastern Time), on Euronext London at 2:30 p.m. (British Summer Time) and on Euronext Amsterdam at 3:30 p.m. (Central European Time), and on 2 June 2016 on the Spanish Stock Exchanges at 12 noon (Central European Time).

Investors should read the whole of this document, including in particular the risk factors set out in the section of this document titled "*Risk Factors*".

No Orange Shares have been marketed to, and no Orange Shares are available for purchase by, the public in the Netherlands, Spain or the United Kingdom or elsewhere in connection with the admission of the Orange Shares to the Official List and to trading on Euronext London, Euronext Amsterdam and for listing on the Spanish Stock Exchanges. This document does not constitute an offer or invitation for any person to subscribe for or purchase any securities in the Company.

The Directors, whose names appear on page 44 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus may not be treated as an invitation to acquire or subscribe for any Orange Shares in any jurisdiction. Shareholders should inform themselves about, and observe any applicable legal requirements.

NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

This Prospectus has been prepared to provide details of the Orange Shares to be admitted to the Official List and for listing and trading on Euronext London, Euronext Amsterdam and the Spanish Stock Exchanges for the purposes of complying with English law and the Prospectus Rules and the information disclosed may not be the same as that which would have been disclosed if the document had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom (the "**UK**").

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to their full observance of the laws of the relevant jurisdiction regarding the distribution of this document, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed. Any failure to comply with these restrictions may constitute a violation of securities laws or the laws of any jurisdictions.

A standard listing under Chapter 14 of the Listing Rules (a "**Standard Listing**") affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

This Prospectus is dated 25 May 2016.

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SUMMARY

This Summary is made up of disclosure requirements known as "Elements". These Elements are numbered in sections A–E (A.1–E.7).

This Summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of "not applicable".

Certain definitions of capitalised terms used herein are set out in "Definitions".

SECTION A—INTRODUCTION AND WARNINGS

A.1	Introduction and warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Orange Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court in a Member State of the European Economic Area ("**Member State**"), the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale or final placement of securities by financial intermediaries	Not applicable. The Company does not consent to the use of the Prospectus for the subsequent resale or final placement of Orange Shares by financial intermediaries.

SECTION B—ISSUER

B.1	Legal and commercial name	Coca-Cola European Partners plc
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited company, incorporated on 4 August 2015 as a private company limited by shares in England and Wales and re-registered as a public limited company on 4 May 2016 with its registered office 20–22 Bedford Row, London WC1R 5JS, United Kingdom. The Company operates under the UK Companies Act 2006 (the "**Companies Act**")
B.3	Current operations and principal activities	Following the combination of White, Olive and Black into the Orange group (the "**Combination**"), Orange will be the world's largest independent Coca-Cola bottler based on net sales, with an enhanced financial profile, strong operating cash flows and an increased operational scale, including the ability to serve over 300 million consumers across a larger continuous area that includes 13 Western European countries. White is The Coca-Cola Company's (together with its consolidated subsidiaries unless the context suggests otherwise) ("**TCCC**") strategic bottling partner in Western Europe and one of the world's largest independent Coca-Cola bottlers.

		Olive is TCCC's strategic bottling partner for Spain, Portugal and Andorra and operates in these territories under product bottling and distribution agreements with TCCC. Black, an indirect wholly owned subsidiary of TCCC, is TCCC's strategic bottling partner in Germany.
B.4a	Most significant recent trends affecting the Company and industries in which it operates	Consumers and public health and government officials are highly concerned about the public health consequences of obesity, particularly among young people. In this regard, on 16 March 2016, the UK Government announced its intention to introduce, with effect from April 2018, a soft drinks industry levy ("**Sugar Levy**") targeted at producers and importers of soft drinks that contain added sugar. According to the announcement, the Sugar Levy will be paid by producers and importers at a main rate for drinks containing more than 5 grams of sugar per 100 millilitres and at a higher rate for drinks containing more than 8 grams of sugar per 100 millilitres. The UK Government announced that it would consult on the details of the Sugar Levy during summer 2016 and publish draft legislation in Finance Bill 2017. In addition, some researchers, health advocates, and dietary guidelines are suggesting that consumption of sugar-sweetened beverages is a primary cause of increased obesity rates and are encouraging consumers to reduce or eliminate consumption of such products. Increasing public concern about obesity and additional governmental regulations concerning the marketing, labelling, packaging, or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, Orange's sugar-sweetened beverages. Health and wellness trends have resulted in an increased desire for more low-calorie soft drinks, water, enhanced water, isotonics, energy drinks, teas, and beverages with natural sweeteners. The global economy significantly deteriorated beginning in 2008 as a result of an acute financial and liquidity crisis. Concerns over geopolitical issues, the availability and cost of credit, sovereign debt and the instability of the Euro have contributed to increased volatility since then and diminished expectations for the global economy and global capital markets in the future. These factors, combined with declining global business and consumer confidence and rising unemployment, precipitated an economic slowdown and led to a recession and weak economic growth in many economies. This crisis had a global impact, affecting the economies in which Orange will conduct its operations. Because non-alcoholic beverages are consumer goods, their consumption is influenced by the overall level of economic activity and consumer spending and the performance of White's, Olive's and Black's businesses has in the past been closely linked to the economic cycle in the countries, regions and cities where each operates. Normally, robust economic growth in those areas where White, Olive and Black are located results in greater demand for products, while slow economic growth or economic contraction adversely affects demand for certain products and otherwise adversely affect Orange's sales. For example, economic forces may cause consumers to purchase more private-label brands, which are generally sold at a price point lower than Orange's products, or to defer or forego purchases of beverage products altogether. Additionally, consumers that do purchase Orange's products may choose to shift away from purchasing higher-margin products and packages. Economic growth, globally and in the

		European Union ("**EU**"), has recovered since then but remains fragile and subject to constraints on private sector lending, concerns about future interest rate increases, and continuing uncertainty about the ultimate resolution of the Eurozone crisis, particularly the uncertainty surrounding the Greek economy. Sovereign debt concerns, whether real or perceived, could result in limitation on the availability of capital in impacted territories, which would restrict Orange's liquidity and negatively impact its financial results.
B.5	Description of the Combined Group and the Company's position therein	The Company was incorporated in anticipation of Admission. If the Combination becomes effective, the Company will become the ultimate holding company of the combined group ("**Combined Group**").
B.6	Major Shareholders	As at 20 May 2016 (being the latest practicable date prior to publication of this Prospectus), insofar as is known to Orange, the following persons would, if completion of the Combination (the "**Completion**") had occurred on 20 May 2016, be interested directly or indirectly in 3 per cent. or more of the voting rights in respect of the Orange Shares immediately following the Completion:

Shareholder	**Number of Orange Shares**	**Approximate percentage of issued Orange Shares**
Cobega, S.A.[(1)]	166,087,776	34%
TCCC[(2)]	87,928,823	18%
Summerfield K. Johnston, Jr.	21,169,691	4%

(1) Cobega, S.A., through its wholly-owned subsidiary, Cobega Invest, S.L.U., indirectly holds approximately 55.6 per cent. of the share capital and voting rights in Olive HoldCo. Following the Completion, Olive HoldCo will hold approximately 34 per cent. of the Orange Shares in issue.

(2) TCCC's interest is held indirectly through its wholly-owned subsidiaries European Refreshments ("**Red 1**"), Coca-Cola Gesellschaft mit beschränkter Haftung ("**Red 2**") and Vivaqa Beteiligungs GmbH & Co. KG ("**Red 3**") (Red 1, Red2 and Red 3 together, "**Red**").

All Orange Shares carry the same rights and entitlements.

B.7	Selected key historical financial information	The selected historical financial information set out below has been extracted without material adjustment from the Historical Financial Information relating to each of White, Olive and Black included in the sections titled "*Historical Financial Information of White*", "*Historical Financial Information of Olive*" and "*Historical Financial Information of Black*", respectively:
Selected Financial Information on White as at and for the three years ended 31 December 2015 and as at 1 April 2016 and 3 April 2015 and for the quarterly periods then ended included in the Historical Financial Information		The financial information relating to White contained within the "*Historical Information of White*" section has been prepared under U.S. GAAP and presented in U.S. Dollars.

WHITE
SUMMARISED CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in US$ millions, except per share data)	Quarterly Period Ended 1 April 2016	Quarterly Period Ended 3 April 2015
Net sales	1,517	1,631
Cost of sales	957	1,063
Gross profit	560	568
Selling, delivery, and administrative expenses	438	410
Operating income	122	158
Interest expense, net	30	30
Other nonoperating (expense) income	(2)	2
Income before income taxes	90	130
Income tax expense	24	34
Net income	66	96
Basic earnings per share	0.29	0.41
Diluted earnings per share	0.29	0.40
Dividends declared per share	0.30	0.28
Basic weighted average shares outstanding	228	235
Diluted weighted average shares outstanding	232	240

WHITE
SUMMARISED CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)[1]

(in US$ millions, except share data)	1 April 2016	31 December 2015
ASSETS		
Current:		
Cash and cash equivalents	279	170
Trade accounts receivable, less allowances of US$16 and US$16 respectively	1,352	1,314
Amounts receivable from The Coca-Cola Company	72	56
Inventories	371	336
Other current assets	220	170
Total current assets	2,294	2,046
Property, plant, and equipment, net	2,000	1,920
Franchise license intangible assets, net	3,384	3,383
Goodwill	93	88
Other noncurrent assets	235	159
Total assets	8,006	7,596
LIABILITIES		
Current:		
Accounts payable and accrued expenses	1,766	1,601
Amounts payable to The Coca-Cola Company	107	102
Current portion of debt	577	454
Total current liabilities	2,450	2,157
Debt, less current portion	3,518	3,392
Other noncurrent liabilities	235	236
Noncurrent deferred income tax liabilities	866	854
Total liabilities	7,069	6,639

[1] In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2015-03, "Interest—Imputation of Interest," requiring entities to present debt issuance costs related to a debt liability as a reduction of the carrying amount of the liability. The guidance was effective on 1 January 2016. As a result, US$15 million of unamortised debt issuance costs were retrospectively adjusted from other noncurrent assets to debt, less current portion in the Company's Condensed Consolidated Balance Sheet as of 31 December 2015.

(in US$ millions, except share data)	1 April 2016	31 December 2015
SHAREOWNERS' EQUITY		
Common stock, US$0.01 par value—Authorized—1,000,000,000 shares; Issued—356,817,902 and 356,214,139 shares, respectively	4	4
Additional paid-in capital	4,053	4,032
Reinvested earnings	2,327	2,329
Accumulated other comprehensive loss	(1,036)	(997)
Common stock in treasury, at cost—128,879,388 and 128,878,376 shares, respectively	(4,411)	(4,411)
Total shareowners' equity	937	957
Total liabilities and shareowners' equity	8,006	7,596

WHITE
SUMMARISED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Quarterly Period Ended	
(in US$ millions)	1 April 2016	3 April 2015
Cash Flows from Operating Activities:		
Net income	66	96
Adjustments to reconcile net income to net cash derived from operating activities:		
Depreciation and amortisation	66	71
Share-based compensation expense	9	8
Deferred income tax (benefit) expense	(17)	(9)
Pension expense less than contributions	(3)	(5)
Net changes in assets and liabilities	2	(3)
Net cash derived from operating activities	123	158
Cash Flows from Investing Activities:		
Capital asset investments	(87)	(98)
Other investing activities, net	—	(9)
Net cash used in investing activities	(87)	(107)
Cash Flows from Financing Activities:		
Net change in commercial paper	122	(109)
Issuances of debt	—	527
Payments on debt	(1)	(3)
Share repurchases under share repurchase programmes	—	(313)
Dividend payments on common stock	(68)	(65)
Exercise of employee share options	9	10
Other financing activities, net	3	—
Net cash derived from financing activities	65	47
Net effect of currency exchange rate changes on cash and cash equivalents	8	(20)
Net Change in Cash and Cash Equivalents	109	78
Cash and Cash Equivalents at Beginning of Year	170	223
Cash and Cash Equivalents at End of Year	279	301

WHITE
SUMMARISED CONSOLIDATED STATEMENTS OF INCOME

(in US$ millions, except per share data)	Year Ended 31 December		
	2015	2014	2013
Net sales	7,011	8,264	8,212
Cost of sales	4,441	5,291	5,350
Gross profit	2,570	2,973	2,862
Selling, delivery, and administrative expenses	1,704	1,954	1,948
Operating income	866	1,019	914
Interest expense, net	118	119	103
Other nonoperating expense	(4)	(7)	(6)
Income before income taxes	744	893	805
Income tax expense	148	230	138
Net income	596	663	667
Basic earnings per share	2.59	2.68	2.49
Diluted earnings per share	2.54	2.63	2.44
Dividends declared per share	1.12	1.00	0.80
Basic weighted average shares outstanding	231	247	268
Diluted weighted average shares outstanding	235	252	273

WHITE
SUMMARISED CONSOLIDATED BALANCE SHEETS

(in US$ millions, except share data)	Year Ended 31 December		
	2015	2014	2013
ASSETS			
Current:			
Cash and cash equivalents	170	223	343
Trade accounts receivable, less allowances of US$16, US$17, and US$16 respectively	1,314	1,514	1,515
Amounts receivable from The Coca-Cola Company	56	67	89
Inventories	336	388	452
Other current assets	170	268	169
Total current assets	2,046	2,460	2,568
Property, plant, and equipment, net	1,920	2,101	2,353
Franchise license intangible assets, net	3,383	3,641	4,004
Goodwill	88	101	124
Other noncurrent assets	174	240	476
Total assets	7,611	8,543	9,525
LIABILITIES			
Current:			
Accounts payable and accrued expenses	1,601	1,872	1,939
Amounts payable to The Coca-Cola Company	102	104	145
Current portion of debt	454	632	111
Total current liabilities	2,157	2,608	2,195
Debt, less current portion	3,407	3,320	3,726
Other noncurrent liabilities	236	207	221
Noncurrent deferred income tax liabilities	854	977	1,103
Total liabilities	6,654	7,112	7,245

(in US$ millions, except share data)	Year Ended 31 December 2015	2014	2013
SHAREOWNERS' EQUITY			
Common stock, US$0.01 par value— Authorized—1,000,000,000 shares; Issued— 356,214,139, 354,551,447 and 352,374,063 shares, respectively	4	3	3
Additional paid-in capital	4,032	3,958	3,899
Reinvested earnings	2,329	1,991	1,577
Accumulated other comprehensive loss	(997)	(714)	(331)
Common stock in treasury, at cost— 128,878,376, 115,305,477 and 94,776,979 shares, respectively	(4,411)	(3,807)	(2,868)
Total shareowners' equity	957	1,431	2,280
Total liabilities and shareowners' equity	7,611	8,543	9,525

WHITE
SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in US$ millions)	Year Ended 31 December 2015	2014	2013
Cash Flows from Operating Activities:	596	663	667
Net income			
Adjustments to reconcile net income to net cash derived from operating activities:			
Depreciation and amortisation	274	309	308
Share-based compensation expense	41	28	33
Deferred income tax (benefit) expense	(8)	65	(77)
Pension expense less than contributions	(11)	(3)	(19)
Changes in assets and liabilities:			
Trade accounts receivable	78	(151)	(45)
Inventories	17	15	(57)
Other current assets	(30)	(110)	(21)
Accounts payable and accrued expenses	(38)	94	100
Other changes, net	22	72	(56)
Net cash derived from operating activities	941	982	833
Cash Flows from Investing Activities:			
Capital asset investments	(321)	(332)	(313)
Capital asset disposals	13	27	4
Settlement of net investment hedges	32	21	(21)
Net cash used in investing activities	(276)	(284)	(330)

(in US$ millions)	Year Ended 31 December 2015	2014	2013
Cash Flows from Financing Activities:			
Net change in commercial paper	52	146	—
Issuances of debt	527	347	931
Payments on debt	(485)	(114)	(623)
Share repurchases under share repurchase programmes	(614)	(912)	(1,006)
Dividend payments on common stock	(257)	(246)	(213)
Exercise of employee share options	21	16	22
Settlement of debt-related cross-currency swaps	56	(13)	12
Other financing activities, net	2	(13)	(19)
Net cash used in financing activities	(698)	(789)	(896)
Net effect of currency exchange rate changes on cash and cash equivalents	(20)	(29)	15
Net Change in Cash and Cash Equivalents	(53)	(120)	(378)
Cash and Cash Equivalents at Beginning of Year	223	343	721
Cash and Cash Equivalents at End of Year	170	223	343
Supplemental Noncash Investing and Financing Activities:			
Capital lease additions	3	3	9
Supplemental Disclosure of Cash Paid for:			
Income taxes, net	138	187	262
Interest, net of amounts capitalised	103	101	91

The following significant changes to White's operating results and financial condition occurred during the periods presented.

White's net sales decreased from US$1,631 million in the quarter ended 3 April 2015 to US$1,517 million in the quarter ended 1 April 2016. Net income decreased from US$96 million in the quarter ended 3 April 2015 to US$66 million in the quarter ended 1 April 2016. Earnings per diluted share decreased from US$0.40 in the quarter ended 3 April 2015 to US$0.29 in the quarter ended 1 April 2016. The decline in sales was primarily due to significant currency headwinds, weakened macroeconomic and consumer environments and a temporary supply chain disruption in Great Britain as White replaced aged technologies and implemented new software programmes and processes that temporarily limited its ability to meet the needs of customers in a timely fashion. The decline in net income also reflects increased costs related to White's restructuring programmes, partially tempered by favourable cost trends in certain key commodities, principally sugar. The decrease in earnings per diluted share reflects White's operating performance described above.

White's net sales decreased from US$8,212 million in the year ended 31 December 2013 to US$7,011 million in the year ended 31 December 2015. Net income decreased from US$667 million in the year ended 31 December 2013 to US$596 million in the year ended 31 December 2015. Earnings per diluted share increased from US$2.44 in the year ended 31 December 2013 to US$2.54 in the year ended 31 December 2015. The decline in sales was primarily due to significant currency headwinds, weakened macroeconomic and consumer environments and volume declines principally in White's sparkling beverage portfolio. The decline in net income was tempered by favourable cost trends in certain key commodities, such as aluminium, sugar and PET (plastic) as well as reduced restructuring expenses related to White's Business Transformation Program, which partially offset the soft revenue performance and currency headwinds. The increase in earnings per diluted share reflects

White's operating performance described above coupled with share repurchases of approximately US$1,526 million.

White's total net assets decreased from US$2,280 million as of 31 December 2013 to US$957 million as of 31 December 2015. This decline is attributable to White's efforts to optimize its capital structure through leveraging the balance sheet and returning cash to shareholders through share repurchase activity. Also contributing to this decrease was the significant currency declines in the Euro and British Pound Sterling relative to U.S. Dollar, of approximately 21 per cent. and 11 per cent., respectively. There has been no significant change in the net assets of White from 31 December 2015 to 1 April 2016.

There has been no significant change in the financial or trading position of White since 1 April 2016.

Selected Financial Information on Olive for each financial year included in the Historical Financial Information

The financial information relating to Olive contained within the "Historical Information of Olive" section has been prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS IASB**") and presented in Euros. Further, this financial information for 2013 reflects seven months of results as no operations existed prior to 1 June 2013, and, therefore, is not comparable with the financial information for 2014 or 2015, which cover twelve months of results.

OLIVE AND SUBSIDIARIES
SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEARS ENDED 31 DECEMBER 2015, 31 DECEMBER 2014 AND 31 DECEMBER 2013

(Thousands of Euros)	2015	2014	2013
Revenue	2,919,791	2,831,518	1,834,713
Changes in inventories of finished goods and work in progress	(13,881)	7,030	(39,956)
Own work capitalized	3,233	—	—
Supplies	(1,185,820)	(1,223,699)	(763,411)
Other operating income	29,697	29,796	15,071
Personnel expenses	(335,599)	(318,975)	(178,939)
Other operating expenses	(1,040,599)	(1,007,062)	(619,679)
Amortization and depreciation	(92,921)	(92,996)	(60,848)
Non-financial and other capital grants	2,763	3,134	2,155
Provision surpluses	—	530	1,461
Impairment and gains/(losses) on disposal of property, plant and equipment:	(13,820)	1,850	720
Other income and expenses	(5,376)	7,391	(119,168)
RESULTS FROM OPERATING ACTIVITIES	**267,468**	**238,517**	**72,119**
Finance income	2,702	2,096	896
Finance expenses	(2,104)	(2,910)	(2,579)
Change in fair value of financial instruments	—	—	14
Exchange gains/(losses)	(277)	(16)	(3)
Impairment and gains/(losses) on disposal of financial instruments	—	—	201
NET FINANCE INCOME/(EXPENSE)	**321**	**(830)**	**(1,471)**
PROFIT BEFORE TAX	**267,789**	**237,687**	**70,648**
Income tax (expense)/income	**(76,802)**	**(60,851)**	**37,334**
NET PROFIT	**190,987**	**176,836**	**107,982**

(Thousands of Euros)	2015	2014	2013
(Profit)/loss attributable to non-controlling interests	136	267	(147)
Profit attributable to the Parent	**191,123**	**177,103**	**107,835**
Earnings per share for profit attributable to Parent (expressed as Euro per share)	**0.13**	**0.12**	**0.07**

OLIVE AND SUBSIDIARIES
SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015, 31 DECEMBER 2014 AND 31 DECEMBER 2013

(Thousands of Euros)	2015	2014	2013
ASSETS			
NON-CURRENT ASSETS:	**1,590,247**	**1,721,973**	**1,784,642**
Goodwill	816,211	816,211	816,211
Intangible assets	26,386	33,727	17,142
Property, plant and equipment	651,794	762,887	807,371
Investment properties	1,550	1,882	1,901
Non-current investments	4,133	4,011	14,269
Deferred tax assets	90,173	103,255	127,748
CURRENT ASSETS	**1,050,760**	**892,476**	**804,904**
Inventories	143,963	168,808	175,872
Trade and other receivables	532,096	486,768	510,293
Current investments in associates and related parties	203	862	—
Current investments	51,623	12,854	61,928
Prepayments for current assets	2,355	7,070	8,724
Cash and cash equivalents	213,658	216,114	48,087
Assets classified as held for distribution to shareholder	106,862	—	—
TOTAL ASSETS	**2,641,007**	**2,614,449**	**2,589,546**
EQUITY AND LIABILITIES			
Equity	**2,109,754**	**2,072,496**	**1,896,939**
CAPITAL AND RESERVES	**2,109,745**	**2,071,699**	**1,894,887**
Capital	1,517,000	1,517,000	1,517,000
Share premium	275,262	275,262	275,262
Retained earnings	126,360	102,334	(5,210)
Profit for the year attributable to the Parent	191,123	177,103	107,835
ACCUMULATED OTHER COMPREHENSIVE INCOME	**9**	**9**	**9**
NON-CONTROLLING INTERESTS	**—**	**788**	**2,043**
NON-CURRENT LIABILITIES	**75,278**	**86,999**	**111,643**
Non-current provisions	12,331	8,584	9,892
Interest-bearing loans and borrowings	31,350	40,719	55,191
Deferred tax liabilities	31,597	37,696	46,560
CURRENT LIABILITIES	**455,975**	**454,954**	**580,964**
Current provisions	—	14,764	105,868
Interest-bearing loans and borrowings	5,292	13,897	39,602
Current debt in associates and related parties	—	—	3,089
Trade and other payables	433,555	426,054	429,287
Current accruals	875	239	3,118
Liabilities classified as held for distribution to shareholder	16,253	—	—
TOTAL EQUITY AND LIABILITIES	**2,641,007**	**2,614,449**	**2,589,546**

OLIVE AND SUBSIDIARIES
SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2015, 31 DECEMBER 2014 AND 31 DECEMBER 2013

(Thousands of Euros)	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	**268,752**	**200,979**	**43,915**
Profit before tax	**267,789**	**237,687**	**70,648**
Adjustments to profit	**113,930**	**9,612**	**174,693**
Amortization and depreciation	92,921	92,996	60,848
Impairment losses	9,671	13,182	31,314
Change in provisions	3,835	(92,412)	83,008
Profit from derecognition and disposals of property, plant and equipment	13,820	(1,850)	—
Own work capitalized	(3,233)	—	—
Recognition of government grants	(2,763)	(3,134)	(2,177)
Finance income	(2,702)	(2,096)	(896)
Finance costs	2,104	2,910	2,579
Exchange gains/(losses)	277	16	3
Change in fair value of financial instruments	—	—	14
Working capital adjustments	**(46,007)**	**21,583**	**(199,743)**
Inventories	9,939	(2,676)	41,119
Trade and other receivables	(49,507)	71,836	(23,960)
Other current assets	1,428	(53,616)	4,400
Trade and other payables	1,373	35,252	(141,302)
Other current liabilities	(9,052)	(17,250)	(21,415)
Other assets and liabilities	(188)	(11,963)	(58,585)
Other cash flows from operating activities	**(66,960)**	**(67,903)**	**(1,683)**
Interest paid	(2,104)	(2,910)	(2,579)
Interest received	2,702	2,096	896
Income tax paid	(67,558)	(67,089)	—
CASH FLOWS FROM INVESTING ACTIVITIES	**(112,100)**	**(4,757)**	**54,982**
Payments for investments	**(138,773)**	**(72,742)**	**49,831**
Related parties	—	(862)	—
Purchase of property, plant and equipment, and investment property	(81,885)	(49,254)	(30,820)
Purchase of intangible assets	(5,076)	(22,627)	(5,006)
Integration accounted for under the acquisition method	—	1	73,139
Integration of entities under common control	—	—	12,518
Other financial assets	(51,812)	—	—
Proceeds from disposals	**26,673**	**67,985**	**5,151**
Property, plant and equipment and investment property	13,919	8,653	4,766
Intangible assets	—	—	385
Other financial assets	12,754	59,332	—

(Thousands of Euros)	2015	2014	2013
CASH FLOWS USED IN FINANCING ACTIVITIES	**(158,831)**	**(28,179)**	**(50,807)**
Proceeds from and payments for equity instruments	**(3,547)**	**—**	**(282)**
Issue of equity instruments	—	—	113
Acquisition of own equity instruments	—	—	(60)
Other acquisitions	(3,547)	—	—
Disposal of own equity instruments	—	—	(335)
Proceeds from and payments for financial liability instruments	**(5,284)**	**(28,169)**	**(50,446)**
Redemption and repayment of bank borrowings	(5,284)	(25,080)	(50,446)
Redemption and repayment of borrowings with related parties	—	(3,089)	—
Dividends and interest on other equity instruments paid	**(150,000)**	**(10)**	**(79)**
Dividends	(150,000)	(10)	(79)
EFFECT OF EXCHANGE RATE FLUCTUATIONS	**(277)**	**(16)**	**(3)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(2,456)**	**168,027**	**48,087**
Cash and cash equivalents at the beginning of the year	216,114	48,087	—
Cash and cash equivalents at the end of the year	213,658	216,114	48,087

The following significant changes to the financial condition and operating results of Olive occurred during these periods.

Revenue increased from €1,835 million in the year ended 31 December 2013 to €2,832 million in the year ended 31 December 2014, primarily due to the impact of 12 months of results in 2014 as compared to only 7 months in 2013.

Profit before tax increased from €71 million in the year ended 31 December 2013 to €238 million in the year ended 31 December 2014, primarily due to the impact of 12 months of results in 2014 compared to 7 months in 2013, as well as the restructuring charges in the year ended 31 December 2013 associated with the ongoing reorganization of the 8 independent beverage businesses in the Iberian region of €119 million. Profit before tax increased from €238 million in the year ended 31 December 2014 to €268 million in the year ended 31 December 2015, principally due to the sales volume increases and supply synergies obtained offset by an increase in personnel expenses from integration restructuring and an increase in Combination related transaction expenses.

Net profit increased from €108 million in the year ended 31 December 2013 to €177 million in the year ended 31 December 2014, which was primarily was driven by the impact of 12 months of results in 2014 compared to only 7 months in 2013, the difference in tax deductions capitalized and used in each period and the reduction in the corporate income tax rates in Spain.

Cash and cash equivalents increased from €48 million as of 31 December 2013 to €216 million as of 31 December 2014. During 2014, the primary increases of cash included €201 million from operating activities and €59 million mainly from the maturity of short-term financial investments, offset by investments in capital assets and repayment of borrowings. Cash and cash equivalents decreased from €216 million as of 31 December 2014

to €214 million as of 31 December 2015. During 2015, the primary increases of cash was €269 million from operating activities offset by dividend payments of €150 million and investment in capital assets and short-term financial investments.

Other than a cash dividend of €100 million paid to the Olive shareholder on 29 April 2016, there has been no significant change in the financial or trading position of Olive since 31 December 2015.

Selected Financial Information on Black for each financial year included in the Historical Financial Information

The financial information relating to Black contained within the "Historical Information of Black" section has been prepared under U.S. GAAP and presented in U.S. Dollars.

BLACK
SUMMARISED CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended 31 December	2015	2014	2013
(In US$ thousands)			
NET OPERATING REVENUES	**2,420,763**	**2,826,716**	**2,822,128**
Cost of goods sold	1,396,178	1,657,055	1,665,569
GROSS PROFIT	**1,024,585**	**1,169,661**	**1,156,559**
Selling, general and administrative expenses	1,160,530	1,231,673	1,212,676
OPERATING INCOME (LOSS)	**(135,945)**	**(62,012)**	**(56,117)**
Interest income	593	665	1,041
Interest expense	2,940	4,312	2,486
Other income (loss)-net	(3,369)	434	(1,088)
INCOME (LOSS) BEFORE INCOME TAXES	**(141,661)**	**(65,225)**	**(58,650)**
Income tax expense (benefit)	(2,952)	(1,357)	(1,656)
CONSOLIDATED NET INCOME (LOSS)	(138,709)	(63,868)	(56,994)

BLACK
SUMMARISED CONSOLIDATED BALANCE SHEETS

Year Ended 31 December	2015	2014	2013
(In US$ thousands except par value)			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	128,395	58,707	63,194
Trade accounts receivable, less allowances of US$3,617, US$3,622 and US$5,135 respectively	405,494	439,171	461,979
Amounts receivable from related parties	38,345	43,822	37,906
Inventories	158,107	171,705	197,442
Prepaid expenses and other assets	96,941	102,952	88,903
TOTAL CURRENT ASSETS	**827,282**	**816,357**	**849,424**
OTHER ASSETS	19,478	15,941	19,022
PROPERTY, PLANT AND EQUIPMENT—net	1,469,573	1,542,718	1,716,790
FRANCHISE RIGHTS WITH INDEFINITE LIVES	395,211	440,431	498,841
GOODWILL	806,356	898,621	1,017,797
DEFINITE-LIVED INTANGIBLES	9,966	6,701	10,447
TOTAL ASSETS	**3,527,866**	**3,720,769**	**4,112,321**
LIABILITIES AND SHAREOWNERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	687,371	654,422	726,960
Amounts payable to related parties	78,455	20,258	10,962
Loans payable to related parties	67,036	303,305	258,092
Capital lease obligations	12,831	12,268	13,185
TOTAL CURRENT LIABILITIES	**845,693**	**990,253**	**1,009,199**
LOANS PAYABLE TO RELATED PARTIES	87,256	97,240	110,136
CAPITAL LEASE OBLIGATIONS	39,233	41,686	47,319
OTHER LIABILITIES	111,130	108,471	206,786
DEFERRED INCOME TAXES	167,109	194,263	215,358
SHAREOWNERS' EQUITY			
Common stock, no-par value; 76.6 million shares authorized, issued and outstanding	189,627	189,627	189,627
Capital surplus	3,455,324	3,117,744	2,953,594
Accumulated deficit	(1,150,925)	(1,012,216)	(948,348)
Accumulated other comprehensive income (loss)	(216,581)	(6,299)	329,199
Treasury shares	—	—	(549)
TOTAL SHAREOWNERS' EQUITY	**2,277,445**	**2,288,856**	**2,523,523**
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	**3,527,866**	**3,720,769**	**4,112,321**

BLACK
SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended 31 December	2015	2014	2013
(In US$ thousands)			
OPERATING ACTIVITIES			
Consolidated net income (loss)	(138,709)	(63,868)	(56,994)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and amortization	119,960	129,305	124,765
Deferred income taxes	(2,816)	(1,020)	(112)
Stock based compensation	910	481	317
Other (income) and expense	51,895	37,963	32,100
Net change in operating assets and liabilities			
Trade accounts receivable	115	(28,059)	(47,702)
Inventories	(7,101)	(2,149)	(794)
Prepaid expenses and other assets	(28,605)	(6,079)	(5,136)
Amounts receivable from and payable to related parties	53,629	5,268	(10,364)
Accounts payable and accrued expenses	133,725	16,197	25,577
Other non-current liabilities	28,662	36,757	27,952
Contributions to pension plans	(7,311)	(155,228)	(9,495)
Net cash provided by (used in) operating activities	204,354	(30,432)	80,114
Purchases of property, plant and equipment	(268,029)	(194,125)	(214,556)
Proceeds from disposals of property, plant and equipment	9,693	4,819	9,838
Other investing activities	—	(3,433)	3,175
Net cash provided by (used in) investing activities	(258,336)	(192,739)	(201,543)
FINANCING ACTIVITIES			
Borrowing of loans from related parties	124,552	256,668	200,659
Repayment of loans from related parties	(317,573)	(174,924)	(81,815)
Capital contributions from related parties	336,670	163,561	15,246
Capital lease payments	(13,274)	(13,602)	(10,537)
Net cash provided by (used in) financing activities	130,375	231,703	123,553
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(6,705)	(13,019)	5,062
CASH AND CASH EQUIVALENTS			
Net increase (decrease) during the year	69,688	(4,487)	7,186
Balance at beginning of year	58,707	63,194	56,008
Balance at end of year	128,395	58,707	63,194

The following significant changes to Black's operating results and financial condition occurred during or following the periods presented.

Black's net operating revenues declined 14.4 per cent., or US$406 million, for the year ended 31 December 2015, as compared to the year ended 31 December 2014, primarily due to the unfavourable impact of foreign currency exchange rates and an unfavourable package mix. These declines were partially offset by the impact of higher sales volume and a favourable product mix. Net operating revenues were nearly even in 2014 and 2013 (US$2.8 billion). Black sold 680.1 million, 669.0 million and 666.3 million unit cases of Coca-Cola products in 2015, 2014 and 2013, respectively.

Black's cost of goods sold decreased by 15.7 per cent. in 2015 to US$1.40 billion compared to 2014. This is mainly attributable to the impact of changes in foreign currency exchange rates and lower commodity costs (primarily sugar and PET), which was partially offset by a higher sales volume and the accelerated depreciation resulting from the phasing out of certain packages. In addition, cost of goods sold had decreased by 0.5 per cent. in 2014 as compared to 2013, which was mainly attributable to savings on personnel expenses as a result of Black's restructuring initiatives, as well as the favourable impact of lower commodity costs primarily related to sugar and energy.

Black's consolidated net loss during the period under review increased from US$57.0 million for the year ended 31 December 2013 to US$63.9 million for the year ended 31 December 2014 and US$138.7 million for the year ended 31 December 2015. The increase between 2013 and 2014 was primarily driven by higher restructuring and other charges in 2014, which offset an improvement in gross profit and a reduction in pension expenses. The increase between 2014 and 2015 was also primarily driven by higher restructuring charges in 2015. These charges primarily relate to several business transformation programmes Black has implemented that are designed to improve its business model and create a platform for driving sustained and profitable future growth. These programmes include a closing of the production sites in Soest, Osnabrück, Herten, a closing of certain warehouse locations, as well as accelerating depreciation on bottles and crates due to the phasing out of certain packages.

Black's total indebtedness was US$154.3 million as of 31 December 2015, as compared to US$400.5 million as of 31 December 2014. All of Black's debt as of these dates was comprised of loans payable to related parties. The current portion of loans payable to related parties was US$67.0 million as of 31 December 2015, as compared to US$303.3 million as of 31 December 2014. As of 31 December 2015, Black held cash in the amount of US$128.4 million, as compared to US$58.7 million as of 31 December 2014. Black continually assesses the counterparties and instruments it uses to hold its cash and cash equivalents, with a focus on preservation of capital and liquidity.

On 1 March 2016 Black announced its intention to close two production sites, six distribution sites and to phase out a refillable PET production line. In addition, Black announced its intention to restructure parts of its finance, human resources, marketing and sales departments. The costs associated with these

		restructuring plans are estimated to amount to approximately €136.9 million and will primarily relate to severance payments and accelerated depreciation of property, plant & equipment. An accrual of €112.0 million for severance payments has been booked by Black in March 2016. Based on the existing tariff agreement, the German works council has a 12 week review period beginning on 1 March 2016 to consider Black's proposal and to discuss alternative plans. Other than as outlined above, there has been no significant change in the financial or trading position of Black since 31 December 2015.
B.8	Selected key *pro forma* financial information	The unaudited pro forma condensed combined statement of net assets of Orange has been prepared based on the historical audited consolidated balance sheets of White, Olive and Black as of 31 December 2015 to illustrate how the Combination and Debt Financing might have affected the financial position of Orange had it taken place on 31 December 2015. The unaudited pro forma condensed combined income statement of Orange has been prepared based on the historical audited consolidated income statements of White, Olive and Black for the year ended 31 December 2015 to illustrate how the Combination and Debt Financing might have affected the results of operations of Orange had the Combination taken place on 1 January 2015. As a result of their nature, the unaudited pro forma condensed combined statement of net assets and income statement address a hypothetical situation, and therefore, do not represent Orange's actual financial position or results following the Completion.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF NET ASSETS OF ORANGE AS OF 31 DECEMBER 2015 (€ in millions)

	Historical IFRS EU				
	White—Reclassified and Adjusted	Olive—Reclassified	Black—Reclassified and Adjusted	Acquisition Accounting	Orange Pro Forma
ASSETS					
Non-current:					
Intangible assets, net	€3,186	€ 26	€ 500	€7,136	€10,848
Goodwill	81	816	742	1,752	3,391
Property, plant and equipment, net	1,708	656	1,087	705	4,156
Non-current derivative assets	22	—	—	—	22
Deferred tax assets	81	90	—	—	171
Other non-current assets	35	4	9	—	48
TOTAL NON-CURRENT ASSETS	**5,113**	**1,592**	**2,338**	**9,593**	**18,636**
Current:					
Current derivative assets	19	—	—	—	19
Current tax assets	14	144	16	—	174
Inventories	370	144	169	72	755
Amounts receivable from TCCC	52	8	35	—	95
Trade accounts receivable, net	1,210	380	374	—	1,964
Cash and cash equivalents	157	214	118	(128)	361
Assets classified as held for distribution to shareholder	—	107	—	(107)	—
Other current assets	61	54	41	—	156
TOTAL CURRENT ASSETS	**1,883**	**1,051**	**753**	**(163)**	**3,524**
TOTAL ASSETS	**€6,996**	**€2,643**	**€3,091**	**€9,430**	**€22,160**

	Historical IFRS EU				
	White—Reclassified and Adjusted	Olive—Reclassified	Black—Reclassified and Adjusted	Acquisition Accounting	Orange Pro Forma
LIABILITIES					
Non-current:					
Borrowings, less current portion	€3,122	€ 31	€ 108	€3,054	€ 6,315
Employee benefit liabilities	148	—	99	—	247
Non-current provisions	14	12	—	—	26
Non-current derivative liabilities	21	—	—	—	21
Deferred tax liabilities	768	32	47	2,222	3,069
Other non-current liabilities	52	—	4	5	61
TOTAL NON-CURRENT LIABILITIES	**4,125**	**75**	**258**	**5,281**	**9,739**
Current:					
Current portion of borrowings	418	5	74	(62)	435
Current provisions	536	—	199	—	735
Current derivative liabilities	46	—	—	—	46
Current tax liabilities	44	32	1	—	77
Amounts payable to TCCC	94	17	73	73	257
Trade and other payables	66	386	431	20	1,703
Liabilities classified as held for distribution to shareholder	—	16	—	(16)	—
TOTAL CURRENT LIABILITIES	**2,004**	**456**	**778**	**15**	**3,253**
TOTAL LIABILITIES	**6,129**	**531**	**1,036**	**5,296**	**12,992**
NET ASSETS	**€ 867**	**€2,112**	**€2,055**	**€4,134**	**€ 9,168**

UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT OF ORANGE FOR THE YEAR ENDED 31 DECEMBER 2015
(€ in millions)

	Historical IFRS EU				
	White—Reclassified and Adjusted	Olive—Reclassified	Black—Reclassified and Adjusted	Acquisition Accounting	Orange Pro Forma
Net sales	€6,315	€2,480	€2,181	€ —	€10,976
Cost of sales	4,005	1,405	1,253	55	6,718
Gross profit	2,310	1,075	928	(55)	4,258
Selling and distribution expenses	919	686	540	(17)	2,128
General and administrative expenses	631	120	509	112	1,372
Operating profit (loss)	760	269	(121)	(150)	758
Finance income	(24)	(3)	—	—	(27)
Finance costs	133	2	7	46	188
Total finance costs (income), net	109	(1)	7	46	161
Other nonoperating expense	4	3	3	—	10
Profit (loss) before income taxes	647	267	(131)	(196)	587
Income tax expense (benefit)	132	77	(4)	(56)	149
PROFIT (LOSS) FOR THE YEAR	**€ 515**	**€ 190**	**€ (127)**	**€(140)**	**€ 438**

B.9	Profit forecast	Not applicable. No profit forecasts are included in the Prospectus.
B.10	Historical audit report qualifications	Not applicable. There are no qualifications included in the audit reports on the historical financial information included in this Prospectus.
B.11	Explanation of insufficient working capital	Not applicable. In the opinion of Orange, taking into account the committed facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months following the date of this Prospectus.

SECTION C—SECURITIES

C.1	Type and class Security identification number	When admitted to trading, the Orange Shares will be registered with International Securities Identification Number ("**ISIN**") GB00BDCPN049. It is expected that the Orange Shares will be listed and traded on Euronext London, Euronext Amsterdam, and the Spanish Stock Exchanges through the AQS under the ticker symbol "CCE" and the NYSE under the symbol "CCE".
C.2	Currency of the Orange Shares	Euro

C.3	Number of shares issued, par value per share	As at the date of this document, 50,001 ordinary shares, each with a nominal value of £1.00, have been issued fully paid. Those shares are expected to be cancelled after Admission. At Admission, an additional number of ordinary shares, each with a nominal value of €0.01, will have been issued fully paid ("**Orange Shares**"). The exact number of Orange Shares to be issued will be determined based on the closing price of White shares on the NYSE on 27 May 2016. Based on the closing price of White shares on the NYSE as at 20 May 2016 (being the latest practicable date before the publication of this prospectus), the number of Orange Shares expected to be in issue, fully paid, as at Admission, will be 482,255,739.
C.4	Rights attached to the securities	Each Orange Share ranks equally in the right to receive a relative proportion of shares in case of a capitalisation of reserves. Subject to the provisions of the Companies Act, any equity securities issued by the Company for cash must first be offered to shareholders in proportion to their holdings of Orange Shares. The Companies Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the shareholders, whether generally or specifically, for a maximum period not exceeding five years. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Orange Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Orange Shares on or off market, subject to the Companies Act and the requirements of the Listing Rules.
C.5	Restrictions on free transferability of the securities	On Admission, the Orange Shares will be freely transferable in Europe and will be issued as fully paid and free from all liens and from any restriction on the right of transfer, subject to transfer restrictions under applicable foreign laws. Each of Red and Olive HoldCo is, however, subject to certain restrictions on the disposal of Orange Shares under the terms of the shareholders' agreement to be entered into prior to Admission. In particular, subject to certain exceptions, neither Red nor Olive HoldCo is permitted to dispose of Orange Shares for a one year period following the Completion. Following the expiry of this lock-up period, each of Red and Olive HoldCo may: (i) dispose of Orange Shares on an "off-market" basis (provided that neither Red nor Olive HoldCo may transfer Orange Shares representing more than 18 per cent. of the Company's share capital to a single person/persons acting in concert, without the other's prior approval); and/or (ii) dispose of Orange Shares on an "on-market" basis (provided that neither Red nor Olive HoldCo may transfer Orange Shares representing more than 5 per cent. of the Company's issued share capital in any rolling 12-month period without the approval in advance of a simple majority of the Board's independent non-executive directors). Exceptions to these restrictions include: (i) a carve-out from the lock-up restrictions to permit each of Red and Olive HoldCo to accept, or agree to accept, an offer for the Company either before or after its announcement; and (ii) Red may transfer its Shares to affiliates at any time.

C.6	Listing and admission to trading	Application will be made (i) to the FCA for all of the Orange Shares, issued and to be issued, to be admitted to the standard listing segment of the Official List of the FCA and (ii) to Euronext Amsterdam, Euronext London and the Spanish Stock Exchanges for the Orange Shares to be admitted to listing and trading on such markets.
C.7	Dividend policy	The dividend policy of Orange will be determined by the board of directors of Orange (the "**Orange Board**") after the Completion. The Board may periodically reassess the Company's dividend policy. The ability of the Company to pay dividends is dependent on Orange's results, financial condition, future prospects, profits being available for distribution and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws. There can be no assurance that the Company will pay a dividend. The Company has not traded since incorporation and immediately on Completion will lack distributable reserves. It is therefore intended that, as soon as practicable following the Completion, Orange will reduce the share premium in respect of the Orange Shares, and certain capital, to an amount to be determined through a court-approved reduction in order to create a reserve of distributable profits to support the payment of possible future dividends or future share repurchases, in accordance with the Companies Act and the Companies (Reduction of Share Capital) Order 2008. It is intended that the reduction of capital will become effective as soon as practicable after the Completion and in any event within six months of the date of the Completion unless the Orange Board otherwise decides to extend such period. The reduction of capital will not impact shareholders' relative interests in the capital of Orange.
SECTION D—RISKS		
D.1	Key risks relating to the Company and its industry	The combination of three independent companies is a complex, costly and time-consuming process. As a result, Orange will be required to devote significant management attention and resources to integrating the business practices and operations of White, Olive and Black. The integration process may disrupt the business of Orange and, if implemented ineffectively, could preclude realization of the full benefits expected by White, Olive and Black. The failure of Orange to meet the challenges involved in successfully integrating the operations of White, Olive and Black or otherwise to realise the anticipated benefits of the Combination could cause an interruption of the activities of Orange and could have a material adverse effect on its results of operations. In addition, the overall integration of the three companies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, and diversion of management's attention, and may cause Orange's stock price to decline. The IRS may not agree that Orange should be treated as a non-U.S. corporation and may not agree that Orange is not subject to certain adverse consequences for U.S. federal income tax purposes following the Combination. A corporation generally is considered a tax resident in the jurisdiction of its organisation or incorporation for U.S. federal income tax purposes. Because Orange is incorporated under the laws of England and Wales, it would generally be classified as a non-U.S. corporation (and therefore a non-U.S. tax resident) under these rules. However,

section 7874 of the Internal Revenue Code of 1986, as amended (the "Code"), provides an exception under which a non-U.S. incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. However, these rules are complex and there is limited guidance as to their application. If Orange were to be treated as a U.S. corporation for U.S. federal income tax purposes, Orange could be subject to substantial U.S. income tax liabilities. Additionally, Non-U.S. Holders of Orange Shares would be subject to U.S. withholding tax on the gross amount of any dividends paid by Orange to such Non-U.S. Holders.

Under current law Orange expects to be treated as a non-U.S. corporation for U.S. federal income tax purposes. However, changes to section 7874 of the Code or the U.S. Treasury Regulations promulgated thereunder could adversely affect Orange's status as a foreign corporation for U.S. federal tax purposes, and any such changes could have prospective or retroactive application. If Orange were to be treated as a U.S. corporation for U.S. federal income tax purposes, it could be subject to materially greater U.S. tax liability than currently contemplated as a non-U.S. corporation.

Orange will operate in the highly competitive beverage industry and faces strong competition from other general and specialty beverage companies. Orange's response to continued and increased competitor and customer consolidations and marketplace competition may result in lower than expected net pricing of its products.

Orange will be dependent on consumer demand for its products and brands, and changes in consumer preferences toward products or brands not carried by Orange would negatively affect Orange's sales. Consumers and public health and government officials are highly concerned about the public health consequences of obesity, particularly among young people. In this regard, on 16 March 2016, the UK Government announced its intention to introduce the Sugar Levy, with effect from April 2018, targeted at producers and importers of soft drinks that contain added sugar. According to the announcement, the Sugar Levy will be paid by producers and importers at a main rate for drinks containing more than 5 grams of sugar per 100 millilitres and at a higher rate for drinks containing more than 8 grams of sugar per 100 millilitres. The UK Government announced that it would consult on the details of the Sugar Levy during summer 2016 and publish draft legislation in Finance Bill 2017. In addition, some researchers, health advocates, and dietary guidelines are suggesting that consumption of sugar-sweetened beverages is a primary cause of increased obesity rates and are encouraging consumers to reduce or eliminate consumption of such products. Increasing public concern about obesity and additional governmental regulations concerning the marketing, labelling, packaging, or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, Orange's sugar-sweetened beverages.

Orange's success will depend on its and TCCC's products having a positive brand image with customers and consumers. Product quality issues, real or perceived, or allegations of product contamination, even if false or unfounded, could tarnish the image of the affected brands and cause customers and consumers

to choose other products. Orange could be liable if the consumption of its products causes injury or illness. Orange could also be required to recall products if they become or are perceived to become contaminated or are damaged or mislabelled. A significant product liability or other product-related legal judgment against Orange or a widespread recall of its products could negatively impact Orange's business, financial results, and brand image. Additionally, adverse publicity surrounding health and wellness concerns, water usage, customer disputes, labour relations, product ingredients and the like could negatively affect Orange's overall reputation and its products' acceptance by its customers and consumers, even when the publicity results from actions occurring outside Orange's territory or control. Similarly, if product quality-related issues arise from products not manufactured by Orange but imported into an Orange territory, Orange's reputation and consumer goodwill could be damaged.

The indebtedness of Orange following the Completion could adversely affect Orange. Orange's pro forma indebtedness as of 31 December 2015, after giving effect to the Combination and the indebtedness expected to be incurred in connection with the Combination, is approximately €6.8 billion. This level of indebtedness could reduce funds available for Orange's capital expenditures and other activities and may create competitive disadvantages for Orange relative to other companies with lower debt levels.

A significant amount of Orange's volume will be sold through large retail chains, including supermarkets and wholesalers, many of which are becoming more consolidated and may, at times, seek to use their purchasing power to improve their profitability through lower prices, increased emphasis on generic and other private-label brands, and/or increased promotional programmes. Additionally, hard-discount retailers and online retailers continue to challenge traditional retail outlets, which can increase the pressure on customer relationships and Orange's supply terms. These factors, as well as others, could have a negative impact on the availability of Orange's products, as well as its profitability. In addition, at times, a customer may choose to temporarily stop selling certain of Orange's products as a result of a dispute Orange may be having with that customer. A dispute with a large customer that chooses not to sell certain of Orange's products for a prolonged period of time may adversely affect Orange's sales volume and/or financial results.

White, Olive and Black's business models depend, and Orange's business model will depend, on the availability of its various products and packages in multiple channels and locations to satisfy the needs and preferences of its customers and consumers. Laws that restrict Orange's ability to distribute products in certain channels and locations, as well as laws that require deposits for certain types of packages, or those that limit Orange's ability to design new packages or market certain packages, could negatively impact Orange's financial results. In addition, taxes or other charges imposed on the sale of certain of Orange's products could increase costs or cause consumers to purchase fewer of Orange's products. Many countries in Europe, including territories in which Orange will operate, are evaluating the implementation of, or increase in, such taxes. For example, Belgium and the

		Netherlands have announced increases in the excise tax on certain of Orange's products effective 1 January 2016. Furthermore, the UK has announced its intention to introduce the Sugar Levy with effect from April 2018 onwards. Orange's business success following the Completion, including its financial results, will depend upon Orange's relationship with TCCC. Disagreements with TCCC concerning business issues may lead TCCC to act adversely to Orange's interests. Following the Completion, Orange may be dependent on TCCC for some period of time for certain specified business and IT services. If TCCC does not satisfactorily provide such services (should they be required by Orange), it may adversely affect Orange's business successes, including its financial results following the Completion.
D.3	Key risks relating to the securities	There is no trading market for the Orange Shares, and there can be no assurance that a trading market will develop. Following the Combination, the Orange Shares will be listed and admitted to trading on the NYSE, Euronext Amsterdam and Euronext London and will also be admitted to trading on the Spanish Stock Exchanges. However, there can be no assurance that an active public trading market for the Orange Shares will develop on any or all of these exchanges, or that, if it develops, the market will be sustained, which could affect the ability of investors to buy and sell Orange Shares and may depress the market price of Orange Shares. White Shareholders may sell the Orange Shares they receive in the Combination. Such sales of Orange Shares may take place promptly following the Combination and could have the effect of decreasing the market price for Orange Shares below the market price of White Common Stock prior to the closing of the Combination. After the Completion, approximately 18 per cent. and 34 per cent. of the outstanding Orange Shares will be owned by Red and Olive HoldCo, respectively, and each of Red and Olive HoldCo will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval. As a result, after the Completion, Orange's public shareholders will have limited influence over matters presented to Orange's shareholders for approval, including, subject to the Orange Articles and the Shareholders' Agreement, election and removal of directors, and change-in-control transactions. The interests of Red and/or Olive HoldCo may not always align with the interests of other Orange shareholders.
SECTION E—OFFER		
E.1	Net proceeds and estimated expenses	The fees and expenses to be borne by the Company in connection with Admission are estimated to amount to approximately €253 million (including VAT).
E.2a	Reasons for the offer and use of proceeds	Not applicable. No offer of shares will be made.
E.3	Terms and conditions of the offer	Not applicable. No offer of shares will be made.
E.4	Interests material to the offer (including conflicting interests)	Not applicable. No offer of shares will be made.

E.5	Person or entity offering to sell the securities and lock-up arrangements	Not applicable.
E.6	Dilution	Not applicable.
E.7	Estimated expenses charged to the investors by the Company	Not applicable.

RISK FACTORS

Investing in and holding the Orange Shares involves financial and other risks. Prospective investors should carefully consider all of the information contained in this Prospectus, paying particular attention to the risk factors set out below. Although the Company believes that the risks and uncertainties described below are the material risks and uncertainties, they are not the only risks the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently deems to be immaterial may also have a material adverse effect on the Company's business, results of operations or financial condition and could negatively affect the value of the Orange Shares. The occurrence of any of these risks may have a material adverse effect on Whites, Olive's, Red's and, following the Combination, the Combined Group's business, results of operations, financial condition and/or prospects and/or the price of the Orange Shares.

Prospective investors should note that the risks relating to the Combination, the Combined Group and the Orange Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Orange Shares. However, as the risks which the Combined Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

In addition to considering carefully the risk factors set out below, and this entire Prospectus, before making an investment decision with respect to the Orange Shares, you should also consult your own financial, legal and tax advisers to carefully review the risks associated with an investment in the Orange Shares and consider such an investment decision in light of your personal circumstances.

*All references to the Company, Orange or the Combined Group are to Coca-Cola European Partners plc and, as the context requires, any or all of its subsidiaries, taken as a whole. The Combination and the related transactions in connection therewith and in furtherance thereof and the payment of consideration in connection with such transactions are collectively referred to as the "**Combination Transactions**". All references to the "**United States**" or "**U.S.**" are to the United States of America.*

Risks Relating to the Combination

Orange may not realise the cost savings, synergies and other benefits that the parties expect to achieve from the Combination.

The combination of three independent companies is a complex, costly and time-consuming process. As a result, Orange will be required to devote significant management attention and resources to integrating the business practices and operations of White, Olive and Black. The integration process may disrupt the business of Orange and, if implemented ineffectively, could preclude realisation of the full benefits expected by White, Olive and Black. The failure of Orange to meet the challenges involved in successfully integrating the operations of White, Olive and Black or otherwise to realise the anticipated benefits of the Combination could cause an interruption of the activities of Orange and could have a material adverse effect on its results of operations. In addition, the overall integration of the three companies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, and diversion of management's attention, and may cause Orange's stock price to decline. The difficulties of combining the operations of the companies include, among others:

- managing a significantly larger company;
- coordinating geographically separate organisations;
- the potential diversion of management focus and resources from other strategic opportunities and from operational matters;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- integrating three unique business cultures, which may prove to be incompatible;
- the possibility of assumptions underlying expectations regarding the integration process proving to be incorrect;
- issues in achieving anticipated operating efficiencies, business opportunities and growth prospects;

- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- issues in integrating information technology, communications and other systems;
- changes in applicable laws and regulations;
- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by the governmental authorities;
- managing costs or inefficiencies associated with integrating the operations of Orange; and
- unforeseen expenses or delays associated with the Combination.

Many of these factors are outside of Orange's control and any one of them could result in increased costs, decreased revenues and diversion of management's time and energy, which could materially impact Orange's businesses, financial condition and results of operations. In addition, even if the operations of White, Olive and Black are integrated successfully, Orange may not realise the full benefits of the Combination, including the synergies, cost savings or sales or growth opportunities that the parties expect. These benefits may not be achieved within the anticipated time frame, or at all. As a result, there can be no assurance that the combination of White, Olive and Black will result in the realisation of the full benefits anticipated from the Combination.

White, Olive and Black's business relationships may be subject to disruption due to uncertainty associated with the Combination.

Parties with which White, Olive or Black do business may experience uncertainty associated with the Combination, including with respect to future business relationships with Orange. White, Olive and Black's business relationships may be subject to disruption as customers, distributors, suppliers, vendors and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than Orange (as the successor to White, Olive and Black). These disruptions could have an adverse effect on the businesses, financial condition, results of operations or prospects of Orange, including an adverse effect on Orange's ability to realise the anticipated benefits of the Combination. The risk and adverse effect of such disruptions could be exacerbated by a delay in the Completion or termination of the master agreement (the "**Master Agreement**") entered into by Orange, Olive, Orange US HoldCo, LLC ("**U.S. HoldCo**"), Orange MergeCo LLC ("**MergeCo**"), Red and White on 6 August 2015 as amended and/or restated prior to the date of implementation (the "**Effective Date**").

Orange may have difficulty attracting, motivating and retaining executives and other key employees due to uncertainty associated with the Combination.

Orange's success after the Completion will depend in part upon its ability to retain people who were key employees of White, Olive and Black prior to the Combination. Employee retention may be particularly challenging during the pendency of the Combination, as employees of each of the parties may experience uncertainty about their future roles with Orange. If there is a departure of key employees in connection with the Combination, the integration of the companies may be more difficult, and Orange's business following the Completion may be harmed. Furthermore, Orange may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business, and Orange's ability to realise the anticipated benefits of the Combination may be adversely affected. In addition, there could be disruptions to or distractions for the workforce and management associated with activities of labour unions or works councils or integrating employees into Orange. Accordingly, no assurance can be given that any of the parties will be able to attract or retain its employees to the same extent that it has been able to attract or retain its own employees in the past, or that Orange will, following the Completion, have the benefit of the on-going employment of current employees of each party during the integration of the three businesses.

The IRS may not agree that Orange should be treated as a non-U.S. corporation and may not agree that Orange is not subject to certain adverse consequences for U.S. federal income tax purposes following the Combination.

A corporation generally is considered a tax resident in the jurisdiction of its organisation or incorporation for U.S. federal income tax purposes. Because Orange is incorporated under the laws of England and Wales, it would generally be classified as a non-U.S. corporation (and therefore a non-U.S. tax resident) under these rules. However, section 7874 of the Internal Revenue Code of 1986, as amended (the "**Code**"), provides an exception under which a non-U.S. incorporated entity may, in certain circumstances, be

treated as a U.S. corporation for U.S. federal income tax purposes. However, these rules are complex and there is limited guidance as to their application.

Under section 7874 of the Code, if the former shareholders of White ("**White Shareholders**") own (within the meaning of section 7874 of the Code) 80 per cent. or more (by vote or value) of the Orange Shares by reason of holding common stock, par value US$0.01 per share, in White, and certain other circumstances exist, Orange will be treated as a U.S. corporation for U.S. federal income tax purposes. The percentage (by vote and value) of the Orange Shares considered held (for purposes of section 7874 of the Code) by former White Shareholders immediately after the Combination Transactions by reason of holding the common stock of White, par value US$0.01, ("**White Common Stock**") is referred to in this prospectus as the "**Section 7874 Percentage**."

Ownership for purposes of section 7874 of the Code is subject to various adjustments under the Code and the Treasury regulations promulgated thereunder. There is limited guidance regarding section 7874 of the Code, including with respect to the calculation of the Section 7874 Percentage and, as such, determining the Section 7874 Percentage is complex and is subject to factual and legal uncertainties. For example, the U.S. Treasury issued temporary regulations ("**U.S. Treasury Regulations**") that disregard, for purposes of determining the Section 7874 Percentage, certain non-ordinary course distributions made by White during the 36 months preceding the Completion, including any transfer of cash to White Shareholders in connection with the Combination Transactions to the extent such cash is directly or indirectly provided by White. The U.S. Treasury also issued temporary U.S. Treasury Regulations that disregard, for purposes of determining the Section 7874 Percentage, certain Orange Shares held by Red or Olive HoldCo if the Section 7874 Percentage equals or exceeds 60 per cent. Although such U.S. Treasury Regulations have been issued in temporary form, they are effective as issued, and will apply in full to transactions such as the Combination. Such U.S. Treasury Regulations likely have the effect of increasing the Section 7874 Percentage. In addition, although it is anticipated that the Section 7874 Percentage should be less than 60 per cent., in the event that the Section 7874 Percentage equals or exceeds 60 per cent. prior to the application of the rules that could disregard certain Orange Shares held by Red or Olive HoldCo, these U.S. Treasury Regulations could, and would be expected to, increase the Section 7874 Percentage to 80 per cent. or greater and, in such a case, Orange would be treated as a U.S. corporation for U.S. federal income tax purposes.

If Orange were to be treated as a U.S. corporation for U.S. federal income tax purposes, Orange could be subject to substantial U.S. income tax liabilities. Additionally, Non-U.S. Holders of Orange Shares would be subject to U.S. withholding tax on the gross amount of any dividends paid by Orange to such Non-U.S. Holders.

Even taking into account these uncertainties, it is expected that the Section 7874 Percentage should be less than 60 per cent. (in which case, Orange should not be treated as a U.S. corporation and the consequences described in the preceding paragraph should not apply). However, because the Section 7874 Percentage must be finally determined after the completion of the Combination Transactions, by which time there could be adverse changes to the relevant facts and circumstances, there can be no assurance that the IRS will agree with the position that the Section 7874 Percentage is less than 60 per cent.

Changes in law could affect Orange's status as a foreign corporation for U.S. federal income tax purposes or limit the U.S. tax benefits from Orange engaging in certain transactions.

Under current law Orange expects to be treated as a non-U.S. corporation for U.S. federal income tax purposes. However, changes to section 7874 of the Code or the U.S. Treasury Regulations promulgated thereunder could adversely affect Orange's status as a foreign corporation for U.S. federal tax purposes, and any such changes could have prospective or retroactive application. If Orange were to be treated as a U.S. corporation for U.S. federal income tax purposes, it could be subject to materially greater U.S. tax liability than currently contemplated as a non-U.S. corporation.

Recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence, including by potentially causing Orange to be treated as a U.S. corporation if the management and control of Orange and its affiliates were determined to be located primarily in the United States, or by reducing the Section 7874 Percentage at or above which Orange would be treated as a U.S. corporation. In addition, other recent legislative proposals would cause Orange and its affiliates to be subject to certain intercompany financing limitations, including with respect to their ability to use certain interest expense deductions, if the Section 7874 Percentage were to be at least 60 per cent. Thus, the rules under

Section 7874 and other relevant provisions could change on a prospective or retroactive basis in a manner that could adversely affect Orange and its affiliates.

The U.S. Treasury recently issued proposed regulations that would treat certain debt between related parties as stock for U.S. federal income tax purposes. If such proposed regulations are finalised in their current form, they could have an adverse U.S. tax effect on Orange and its affiliates. It is uncertain whether the proposed regulations will be adopted and, if so, in what form. Thus, the potential impact on Orange and its affiliates cannot be determined at this time.

Future changes to U.S., United Kingdom and other tax laws to which Orange is subject could adversely affect Orange.

The U.S. Congress, HMRC, the Organisation for Economic Co-operation and Development and other government agencies in jurisdictions where Orange and its affiliates will conduct business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the United States, the United Kingdom and other countries in which Orange and its affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect Orange and its affiliates (including White and its affiliates after the Combination Transactions).

Proposed changes to U.S. Model Income Tax Treaty could adversely affect Orange.

On May 20, 2015, the U.S. Treasury released proposed revisions to the U.S. model income tax convention (the "**Model**"), the baseline text used by the U.S. Treasury to negotiate tax treaties. The proposed revisions address certain aspects of the Model by modifying existing provisions and introducing entirely new provisions. Specifically, the proposed revisions target (1) exempt permanent establishments, (2) special tax regimes, (3) expatriated entities otherwise subject to section 7874 of the Code, (4) the anti-treaty shopping measures of the limitation on benefits article and (5) subsequent changes in treaty partners' tax laws.

With respect to the proposed changes to the Model pertaining to expatriated entities, because it is expected that the Combination Transactions will not otherwise be subject to section 7874 of the Code, payments of interest, dividends, royalties and certain other items of income by or to U.S. members of the Orange group to or from non-U.S. persons would not become subject to full withholding tax, even if applicable treaties were subsequently amended to adopt such proposed changes to the Model.

The corporate tax rate that will apply to Orange is uncertain and may vary from expectations.

There can be no assurance that the Combination Transactions will improve Orange's ability to maintain any particular worldwide effective corporate tax rate. No assurance can be given as to what Orange's effective tax rate will be after the Completion because of, among other things, uncertainty regarding the tax policies of the jurisdictions to which Orange and its affiliates will be subject. Orange's actual effective tax rate may vary from our expectations, and such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have a material adverse impact on Orange and its affiliates.

Orange may be subject to U.S. Federal tax withholding as a result of U.S. HoldCo's subscription for Orange Shares in exchange for property.

If the merger of White into MergeCo (the "**Merger**") qualifies as a reorganization under Section 368(a) of the Code and if the "Orange income amount" exceeds the "U.S. shareholders gain amount" (both as defined below under "*U.S. Federal Income Tax Consequences of the Merger to White Shareholders*") then, as described below, Orange should be treated for U.S. tax purposes as receiving a distribution from U.S. HoldCo immediately prior to the Merger. The deemed distribution for U.S. tax purposes should be treated as a taxable dividend to Orange to the extent of the current and accumulated earnings and profits of U.S. HoldCo (including the accumulated earnings and profits of White) for the year of the deemed distribution and such dividend will be subject to U.S. withholding tax (at a rate of 5 per cent.) in accordance with the United Kingdom-United States Tax Treaty (the "**Tax Treaty**"). The amount of U.S. HoldCo's and White's current and accumulated earnings and profits for the year of the deemed distribution is uncertain, but could be substantial.

Notwithstanding the foregoing, if, instead, the U.S. shareholders' gain amount equals or exceeds the Orange income amount, such deemed distribution and U.S. withholding tax consequences would not apply to Orange. This comparison cannot be made conclusively until the Merger is completed.

Orange is responsible for significant transaction and combination-related costs incurred by White, Olive and Black in connection with the Combination.

White, Olive and Black expect to incur significant nonrecurring costs and expenses associated with the Combination and combining the operations of the three companies. The substantial majority of these costs and expenses will be comprised of transaction, advisory and regulatory costs related to the Combination. The Master Agreement provides that if the Combination is completed, the transaction related costs and expenses of Red, Black, White, Olive and Olive HoldCo will be borne by the Orange group. White, Olive and Black will also incur transaction fees and costs related to formulating and implementing integration plans, including facilities and systems consolidation costs and employment-related costs. White, Olive and Black continue to assess the magnitude of these costs, and additional significant unanticipated costs may be incurred in the Combination and the integration of the three companies. The incurrence of these costs may materially impact Orange's businesses, financial condition and results of operations.

Legal proceedings in connection with the Merger, the outcomes of which are uncertain, could delay or prevent the closing of the Merger.

Since the announcement of the Merger, three putative class action lawsuits have been filed in the Court of Chancery of the State of Delaware on behalf of White Shareholders, challenging the Merger. On 7 January 2016 the Court of Chancery of the State of Delaware entered an order consolidating the actions and appointing lead plaintiffs and counsel for the consolidated action. The lawsuits allege that members of the Board of White, and/or White management breached their fiduciary duties in approving the Merger and that White, Olive, Red, Black, Orange, MergeCo and U.S. HoldCo aided and abetted these alleged breaches. Plaintiffs allege that members of the White Board, and/or White management conducted a flawed sales process that favoured Red's interests at the expense of White Shareholders, failed to obtain a sufficiently high price for White's shares, and agreed to preclusive deal protection measures including a US$450 million termination fee. Plaintiffs seek to enjoin the Combination Transactions, and also ask for damages and other relief. The actions are consolidated under the caption In Re Coca-Cola Enterprises, Inc. Consolidated Stockholders Litigation (Case No. 11492-VCS). On 2 March 2016, plaintiffs filed a consolidated amended class action complaint in the consolidated action, making substantially similar allegations regarding the Merger, and adding allegations that the registration statement on Form F-4 and amendment no. 1 thereto, filed with the SEC on 15 December 2015 and 28 January 2016, contain misstatements and omissions in their disclosures regarding the Merger. In March 2016, the defendants moved to dismiss the consolidated amended class action complaint. Pursuant to a confidentiality order approved by the parties and entered by the Court of Chancery of the State of Delaware on 31 March 2016, White produced three rounds of documents pertaining to the Merger for review by plaintiffs and their counsel. On 8 May 2016, plaintiffs confirmed to defendants that the supplemental disclosures contained in the proxy statement/prospectus supplement filed with the SEC on 11 May 2016 (the "**Proxy Supplement**") address all of plaintiffs' claims. The parties to the litigation expect to secure the dismissal of the litigation following the consummation of the Merger and to address thereafter the anticipated application by plaintiffs' counsel for an award of attorneys' fees relating to the supplemental disclosures contained in the Proxy Supplement. The parties have no agreement on the anticipated application by plaintiffs' counsel for an award of attorneys' fees.

Risks relating to the business and industry of Orange

Orange may not be able to respond successfully to changes in the marketplace.

Orange will operate in the highly competitive beverage industry and faces strong competition from other general and specialty beverage companies. Orange's response to continued and increased competitor and customer consolidations and marketplace competition may result in lower than expected net pricing of its products. For example, the German retail market is currently very competitive, leading to high pressure on prices that retailers can charge customers for Black's products, which pressures retailers pass on to Black. Increasing concentration in the German retail industry may lead to stronger competition by in-house brands. Orange's ability to gain or maintain share of sales or gross margins may be limited by the actions of Orange's competitors, who may have lower costs and, thus, advantages in setting their prices.

The deterioration of global and local economic conditions could adversely affect Orange's business and/or the market price of Orange Shares.

The global economy significantly deteriorated beginning in 2008 as a result of an acute financial and liquidity crisis. Concerns over geopolitical issues, the availability and cost of credit, sovereign debt and the instability of the Euro have contributed to increased volatility since then and diminished expectations for the global economy and global capital markets in the future. These factors, combined with declining global business and consumer confidence and rising unemployment, precipitated an economic slowdown and led to a recession and weak economic growth in many economies. This crisis had a global impact, affecting the economies in which Orange will conduct its operations.

The performance of White's, Olive's and Black's businesses has in the past been closely linked to the economic cycle in the countries, regions and cities where each operates. Normally, robust economic growth in those areas where White, Olive and Black are located results in greater demand for products, while slow economic growth or economic contraction adversely affects demand for certain products and otherwise adversely affect Orange's sales. For example, economic forces may cause consumers to purchase more private-label brands, which are generally sold at a price point lower than Orange's products, or to defer or forego purchases of beverage products altogether. Additionally, consumers that do purchase Orange's products may choose to shift away from purchasing higher-margin products and packages. Adverse economic conditions could also increase the likelihood of customer delinquencies and bankruptcies, which would increase the risk of uncollectability of certain accounts. Each of these factors could adversely affect Orange's revenue, price realization, gross margins, and/or Orange's overall financial condition and operating results and/or the market price of Orange Shares.

Economic growth, globally and in the EU, has recovered since then but remains fragile and subject to constraints on private sector lending, concerns about future interest rate increases, and continuing uncertainty about the ultimate resolution of the Eurozone crisis, particularly the uncertainty surrounding the Greek economy. Sovereign debt concerns, whether real or perceived, could result in limitation on the availability of capital in impacted territories, which would restrict Orange's liquidity and negatively impact its financial results.

Continuing disruptions in the global economy and in the global markets may, therefore, have a material adverse effect on Orange's business, results of operations and financial condition and/or the market price of Orange Shares.

Moreover, even in the absence of a market downturn, Orange will be exposed to substantial risk stemming from volatility in areas such as consumer spending, capital markets conditions, which affect the business and economic environment and, consequently, may affect the size and profitability of Orange's business and/or the market price of Orange Shares.

In addition to the international economic situation, political uncertainty could also affect Orange. Growth of anti-EU political parties, as well as emerging political forces in member states of the EU with alternative economic policies and priorities, and concerns about independence movements within the EU, could affect the economic situation in the Eurozone and could have a material adverse effect on Orange's business, results of operations, financial condition and cash flows. In Spain, general elections were held on 20 December 2015. The purpose of the general elections is to form a Parliament so that such Parliament elects a prime minister (*Presidente del Gobierno*), who in turn forms a government. No political party obtained a sufficient majority in Parliament to elect a prime minister (*Presidente del Gobierno*), and no political coalition was formed by different parties with a sufficient majority to elect a prime minister (*Presidente del Gobierno*). Hence, new general elections will be held on 26 June 2016 and there is uncertainty surrounding the outcome of those general elections. This uncertainty and the potentially continuing inability of the new Parliament to elect a prime minister (*Presidente del Gobierno*) who forms a government may have a material adverse effect on the Spanish economy and negatively affect Orange. Further, once a new prime minister (*Presidente del Gobierno*) is elected, the policies adopted by the resulting government may have a material adverse effect on the Spanish economy, and, by extension, on Orange's business, results of operations, financial condition and cash flows.

Concerns about health and wellness, including obesity, could further reduce the demand for some of Orange's products.

Orange will be dependent on consumer demand for its products and brands, and changes in consumer preferences toward products or brands not carried by Orange would negatively affect Orange's sales.

Consumers and public health and government officials are highly concerned about the public health consequences of obesity, particularly among young people. In this regard, on 16 March 2016, the UK Government announced its intention to introduce the Sugar Levy, with effect from April 2018, targeted at producers and importers of soft drinks that contain added sugar. According to the announcement, the Sugar Levy will be paid by producers and importers at a main rate for drinks containing more than 5 grams of sugar per 100 millilitres and at a higher rate for drinks containing more than 8 grams of sugar per 100 millilitres. The UK Government announced that it would consult on the details of the Sugar Levy during summer 2016 and publish draft legislation in Finance Bill 2017. In addition, some researchers, health advocates, and dietary guidelines are suggesting that consumption of sugar-sweetened beverages is a primary cause of increased obesity rates and are encouraging consumers to reduce or eliminate consumption of such products. Increasing public concern about obesity and additional governmental regulations concerning the marketing, labelling, packaging, or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, Orange's sugar-sweetened beverages.

Health and wellness trends have resulted in an increased desire for more low-calorie soft drinks, water, enhanced water, isotonics, energy drinks, teas, and beverages with natural sweeteners. Orange's failure to provide any of these types of products or otherwise satisfy changing consumer preferences relating to non-alcoholic beverages could adversely affect Orange's business and financial results.

If Orange, TCCC or other licensors and bottlers of products Orange distributes are unable to maintain a positive brand image or if product liability claims or product recalls are brought against Orange, TCCC, or other licensors and bottlers of products Orange distributes, Orange's business, financial results, and brand image may be negatively affected.

Orange's success will depend on its and TCCC's products having a positive brand image with customers and consumers. Product quality issues, real or perceived, or allegations of product contamination, even if false or unfounded, could tarnish the image of the affected brands and cause customers and consumers to choose other products. Orange could be liable if the consumption of its products causes injury or illness. Orange could also be required to recall products if they become or are perceived to become contaminated or are damaged or mislabelled. A significant product liability or other product-related legal judgment against Orange or a widespread recall of its products could negatively impact Orange's business, financial results, and brand image.

Additionally, adverse publicity surrounding health and wellness concerns, water usage, customer disputes, labour relations, product ingredients and the like could negatively affect Orange's overall reputation and its products' acceptance by its customers and consumers, even when the publicity results from actions occurring outside Orange's territory or control. Similarly, if product quality-related issues arise from products not manufactured by Orange but imported into an Orange territory, Orange's reputation and consumer goodwill could be damaged.

Furthermore, through the increased use of social media, individuals and non-governmental organisations will have the ability to disseminate their opinions regarding the safety or healthiness of Orange's products or Orange's financial or tax position to an increasingly wide audience at a faster pace. Orange's failure to effectively respond to any negative opinions in a timely manner could harm the perception of its brands and damage its reputation, regardless of the validity of the statements.

Orange's business will be vulnerable to products being imported from outside its territories, which will adversely affect Orange's sales.

The territories in which White, Olive and Black operate and in which Orange will operate are susceptible to the import of products manufactured by bottlers from countries outside Orange's territories where prices and costs are lower. During 2015, the gross profit of White's business was negatively impacted by approximately US$40 million to US$45 million due to products imported into its territories. In the case of such imports from members of the European Economic Area, Orange will generally be prohibited from taking actions to stop such imports.

Adverse weather conditions could limit the demand for Orange's products.

Orange's sales may be significantly influenced by weather conditions in the markets in which Orange will operate. In particular, due to the seasonality of Orange's business, cold or wet weather during the summer months may have a negative impact on the demand for Orange's products and contribute to lower sales, which could have an adverse effect on Orange's financial results.

Global or regional catastrophic events could impact Orange's business and financial results.

Orange's business may be affected by large-scale terrorist acts, especially those directed against Orange's territories or other major industrialised countries, the outbreak or escalation of armed hostilities, major natural disasters, or widespread outbreaks of infectious disease. Such events in the geographic regions in which Orange does business could have a material impact on Orange's sales volume, cost of sales, earnings, and overall financial condition.

Orange may be affected by the impact of global issues such as water scarcity and climate change, including the legal, regulatory, or market responses to such issues.

Water, which is the primary ingredient in all of Orange's products, will be vital to its manufacturing processes and is needed to produce the agricultural ingredients that will be essential to its business. While water is generally regarded as abundant in Europe, it is a limited resource in many parts of the world, affected by overexploitation, growing population, increasing demand for food products, increasing pollution, poor management, and the effects of climate change. Water scarcity and deterioration in the quality of available water sources in Orange's territories, or its supply chain, even if temporary, may result in increased production costs or capacity constraints, which could adversely affect its ability to produce and sell its beverages and increase its costs.

Political and scientific consensus indicates that increased concentrations of carbon dioxide and other greenhouse gases ("**GHG**") in the atmosphere are leading to gradual rises in global average temperatures. This is influencing global weather patterns and extreme weather conditions around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability, or increase the cost, of key raw materials that Orange will use to produce its products. Additionally, increased frequency of extreme weather events linked to climate change such as storms or floods in Orange's territories could have adverse impacts on Orange's facilities and distribution network, leading to an increased risk of business disruption.

Concern over climate change, including global warming, has led to legislative and regulatory initiatives directed at limiting GHG emissions. The territories in which Orange operates have in place a variety of GHG emissions, reduction covenants in which Orange participates. Proposals that would impose mandatory requirements on GHG emissions and reduction and reporting continue to be considered by policy makers. Furthermore, climate laws that, directly or indirectly, affect Orange's production, distribution, packaging, cost of raw materials, fuel, ingredients, and water could impact Orange's business and financial results.

As part of White's commitment to corporate responsibility and sustainability, White has calculated the carbon foot-print of its operations in each country where it does business, developed a GHG emissions inventory management plan, and set a public goal to reduce its carbon footprint of core business operations by 50 per cent. and the carbon footprint of each individual beverage it produces by one third by the year 2020, as compared to a 2007 baseline. Similarly, Olive has programmes in place for the reduction of GHGs and has a goal to reduce its carbon footprint by 25 per cent. by the year 2020, as compared to a 2010 baseline. After the Completion, Orange will undertake such calculations and goal setting for Orange. Commitments to reduce its carbon footprint and potential forthcoming regulatory requirements and stakeholder expectations will necessitate Orange's investment in technologies that improve the energy efficiency of its facilities and reduce the carbon emissions of its vehicle fleet. In general, the cost of these types of investments is greater than investments in less energy efficient technologies, and the period of return is often longer. Although Orange believes these investments will provide long-term benefits, there is a risk that Orange may not achieve its desired returns. Additionally, there is reputational risk should Orange not achieve its stated goals.

Orange's actual financial position and results of operations may differ materially from the unaudited pro forma condensed combined financial data included in this prospectus.

The unaudited pro forma condensed combined financial information contained in this prospectus is presented for illustrative purposes only and may not be an accurate indication of Orange's financial position or results of operations for any period. The unaudited pro forma condensed combined financial information has been derived from the audited historical financial statements of White, Olive and Black and certain adjustments and assumptions have been made after giving effect to the Combination and the financing of the US$14.50 which the White Shareholders are entitled to receive for each share of White

Common Stock outstanding immediately prior to the Effective Date (the "**Cash Consideration**"). The assets and liabilities of Olive and Black have been measured at fair value based on various preliminary estimates arrived at based on certain assumptions after giving effect to the Combination and the financing of the Cash Consideration. The process for estimating the fair value of assets acquired and liabilities assumed requires the use of judgment in determining the appropriate assumptions and estimates. These estimates may be revised as additional information becomes available and as additional analyses are performed. Differences between preliminary estimates in the unaudited pro forma condensed combined financial information and the final acquisition accounting will occur and could have a material impact on Orange's financial position and future results of operations.

In addition, the assumptions used in preparing the unaudited pro forma condensed combined financial information may not prove to be accurate, and other factors may affect Orange's financial condition or results of operations following the Completion. Any potential decline in Orange's financial condition or results of operations may cause significant variations in the price of Orange Shares.

The indebtedness of Orange following the Completion could adversely affect Orange.

Orange's pro forma indebtedness as of 31 December 2015, after giving effect to the Combination and the indebtedness expected to be incurred in connection with the Combination, is approximately €6.8 billion. This level of indebtedness could reduce funds available for Orange's capital expenditures and other activities and may create competitive disadvantages for Orange relative to other companies with lower debt levels.

Increases in costs, limitation of supplies, or lower than expected quality, of raw materials could harm Orange's financial results.

If there are increases in the costs of raw materials, ingredients, or packaging materials, such as aluminium, steel, sugar, PET (plastic), fuel, or other cost items, and Orange is unable to pass the increased costs on to its customers in the form of higher prices, Orange's financial results could be adversely affected. White, Olive and Black use supplier pricing agreements and White and Black, at times, use derivative financial instruments to manage volatility and market risk with respect to certain commodities, and it is expected that Orange will do the same. Generally, these hedging instruments establish the purchase price for these commodities in advance of the time of delivery. As such, it is possible that these hedging instruments may lock Orange into prices that are ultimately greater than the actual market price at the time of delivery.

Due to the increased volatility in commodity prices and tightness of the capital and credit markets, certain of White, Olive and Black's suppliers have restricted White's, Olive's and Black's ability to hedge prices through supplier agreements. As a result, White has expanded, and Orange expects it will continue to expand, its non-designated hedging programmes, which could expose Orange to additional earnings volatility with respect to the purchase of these commodities.

If suppliers of raw materials, ingredients, packaging materials, or other cost items are affected by strikes, weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, insolvency, or other events, and Orange is unable to obtain the materials from an alternate source, Orange's cost of sales, revenues, and ability to manufacture and distribute product could be adversely affected.

Additionally, lower than expected quality of delivered raw materials, ingredients, packaging materials, or finished goods could lead to a disruption in Orange's operations as Orange seeks to substitute these items for ones that conform to its established standards or if Orange is required to replace under-performing suppliers.

Miscalculation of Orange's need for infrastructure investment could impact its financial results.

Projected requirements of Orange's infrastructure investments, including cold drink equipment, fleet, technology, and production equipment, may differ from actual levels if Orange's volume growth or product demands are not as anticipated. Orange's infrastructure investments are anticipated to be long-term in nature, and, it is possible that investments may not generate the expected return due to future changes in the marketplace. Significant changes from Orange's expected need for and/or returns on these infrastructure investments could adversely affect Orange's financial results.

Changes in Orange's relationships with large customers may adversely impact Orange's financial results.

A significant amount of Orange's volume will be sold through large retail chains, including supermarkets and wholesalers, many of which are becoming more consolidated and may, at times, seek to use their purchasing power to improve their profitability through lower prices, increased emphasis on generic and other private-label brands, and/or increased promotional programmes. Additionally, hard-discount retailers and online retailers continue to challenge traditional retail outlets, which can increase the pressure on customer relationships and Orange's supply terms. These factors, as well as others, could have a negative impact on the availability of Orange's products, as well as its profitability. In addition, at times, a customer may choose to temporarily stop selling certain of Orange's products as a result of a dispute Orange may be having with that customer. A dispute with a large customer that chooses not to sell certain of Orange's products for a prolonged period of time may adversely affect Orange's sales volume and/or financial results.

Changes in interest rates or Orange's debt rating could harm Orange's financial results and financial position.

Orange will be subject to interest rate risk, and changes in Orange's debt rating could have a material adverse effect on interest costs and debt financing sources. Orange's debt rating can be materially influenced by factors, including its financial performance, acquisitions, and investment decisions, as well as capital management activities of TCCC and/or changes in the debt rating of TCCC.

Changes in the stability of the Euro could significantly impact Orange's financial results and ultimately hinder its competitiveness in the marketplace.

There are concerns regarding the short- and long-term stability of the Euro and its ability to serve as a single currency for a number of individual countries. These concerns could lead individual countries to revert, or threaten to revert, to local currencies, or, in more extreme circumstances, to exit from the EU, and the Eurozone may be dissolved entirely. Should this occur, the assets Orange holds in a country that reintroduces local currency could be subject to significant changes in value when expressed in Euro. Furthermore, the full or partial dissolution of the Euro, the exit of one or more EU member states from the EU or the full dissolution of the EU could cause significant volatility and disruption to the global economy, which could impact Orange's financial results, including its ability to access capital at acceptable financing costs, if at all, the availability of supplies and materials and the demand for Orange's products. Also, the UK government has announced that a referendum on the United Kingdom's continued membership of the EU will be held on 23 June 2016. This announcement, together with the process of holding the referendum, could lead to volatility in the currency markets and impact Orange's business. Finally, if it becomes necessary for Orange to conduct its business in additional currencies, it would be subjected to additional earnings volatility as amounts in these currencies are translated into Euros.

A UK exit from the EU could impact Orange's profits.

Orange faces potential risks associated with the referendum on the United Kingdom's continued membership of the EU (which will be held on 23 June 2016) and potential uncertainty preceding and following the referendum. If the outcome of the referendum is a vote in favour of the United Kingdom leaving the EU, this could materially and adversely affect the operational, regulatory, currency, insurance and tax regime to which Orange is currently subject. It could also result in prolonged uncertainty regarding aspects of the UK economy and damage customers' and investors' confidence. The effect of these risks, were they to materialise, could be to increase operating costs for Orange, restrict the movement of capital and the mobility of personnel, and may also materially affect Orange's tax position or business, results of operation and financial position.

Default by or failure of one or more of Orange's counterparty financial institutions could cause Orange to incur significant losses.

Orange will be exposed to the risk of default by, or failure of, counterparty financial institutions with which it will do business. This risk may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of Orange's counterparties were to become insolvent or file for bankruptcy, its ability to recover amounts owed from or held in accounts with such counterparty may be limited. In the event of default by or failure of one or more of its counterparties, Orange could incur significant losses, which could negatively impact its results of operations and financial condition.

Technology failures could disrupt Orange's operations and negatively impact Orange's business.

Orange will rely extensively on information technology systems to process, transmit, store, and protect electronic information. For example, the production and distribution facilities and inventory management of White, Olive and Black all utilize information technology to maximize efficiencies and minimize costs.

Furthermore, a significant portion of the communications between Orange's personnel, customers, and suppliers will depend on information technology. Orange's information technology systems may be vulnerable to a variety of interruptions due to events that may be beyond Orange's control including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers, additional security issues, and other technology failures. The technology and information security processes and disaster recovery plans that Orange will have in place may not be adequate or implemented properly to ensure that Orange's operations are not disrupted. In addition, a miscalculation of the level of investment needed to ensure Orange's technology solutions are current and up-to-date as technology advances and evolves could result in disruptions in Orange's business should the software, hardware, or maintenance of such items become out-of-date or obsolete. Furthermore, when Orange implements new systems and/or upgrades existing system modules (e.g. SAP), there is a risk that Orange's business may be temporarily disrupted during the period of implementation.

The occurrence of cyber incidents, or a deficiency in Orange's cybersecurity, could negatively impact its business by causing a disruption to its operations, a compromise or corruption of its confidential information, and/or damage to its brand image, all of which could negatively impact its financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our data or information systems. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorised access to systems to disrupt operations, corrupt data, or steal confidential information. As reliance on technology increases, so will the risks posed to Orange's systems, both internal and those it may outsource to a third party provider. Orange's three primary risks that could result from the occurrence of a cyber incident include operational interruption, damage to brand image, and private data exposure.

Orange may not fully realise the expected operating efficiencies from its outsourcing programmes.

White, Olive and Black have outsourced certain financial transaction processing and business information services to third-party providers. In the future, Orange may also outsource other functions to achieve further efficiencies and cost savings. If the third-party providers do not supply the level of service expected with Orange's outsourcing initiatives, Orange may incur additional costs to correct the errors and may not achieve the level of cost savings originally expected. Disruptions in transaction processing or information technology due to the ineffectiveness of Orange's third-party providers could result in inefficiencies within other business processes.

If Orange fails to qualify as a foreign private issuer, then it may incur significant costs to comply with applicable rules of the NYSE and U.S. Securities and Exchange Commission.

As a foreign private issuer under the Exchange Act following the Completion, Orange will be exempt from certain rules under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations. Moreover, Orange will not be required to file periodic reports and financial statements with the United States Securities and Exchange Commission ("**SEC**") as frequently or as promptly as domestic U.S. companies with securities registered under the Exchange Act and will not be required to comply with Regulation FD, which imposes certain restrictions on the selective disclosure of material information.

Orange's status as a foreign private issuer is subject to an annual review and test, and will be tested again as of the last business day of Orange's second fiscal quarter of 2016. If Orange loses its status as a foreign private issuer, then it will no longer be exempt from the rules and requirements described above. Among other things, beginning on the first day of the fiscal year following the loss of foreign private issuer status, Orange would be required to file periodic reports and financial statements as if it were a company incorporated in the United States. The costs incurred in fulfilling these additional regulatory requirements could be substantial.

Legislative or regulatory changes (including changes to tax laws) that affect Orange's products, distribution, or packaging could reduce demand for its products or increase Orange's costs.

White, Olive and Black's business models depend, and Orange's business model will depend, on the availability of its various products and packages in multiple channels and locations to satisfy the needs and preferences of its customers and consumers. Laws that restrict Orange's ability to distribute products in certain channels and locations, as well as laws that require deposits for certain types of packages, or those that limit Orange's ability to design new packages or market certain packages, could negatively impact Orange's financial results. In addition, taxes or other charges imposed on the sale of certain of Orange's products could increase costs or cause consumers to purchase fewer of Orange's products. Many countries in Europe, including territories in which Orange will operate, are evaluating the implementation of, or increase in, such taxes. For example, Belgium and the Netherlands have announced increases in the excise tax on certain of Orange's products effective 1 January 2016. Furthermore, the UK has announced its intention to introduce the Sugar Levy with effect from April 2018 onwards.

Additional taxes levied on Orange could harm Orange's financial results.

Orange's tax filings for various periods will be subject to audit by tax authorities in most jurisdictions in which Orange will do business. These audits may result in assessments of additional taxes, as well as interest and/or penalties, and could affect Orange's financial results.

Changes in tax laws, regulations, court rulings, related interpretations, and tax accounting standards in countries in which Orange will operate may adversely affect Orange's financial results.

Additionally, amounts Orange may need to repatriate for the payment of dividends, share repurchases, interest on debt, salaries and other costs may be subject to additional taxation when repatriated.

Legal judgments obtained, or claims made, against Orange's vendors or suppliers could impact their ability to provide Orange with agreed upon products and services, which could negatively impact Orange's business and financial results.

Many of Orange's outside vendors will supply services, information, processes, software, or other deliverables that rely on certain intellectual property rights or other proprietary information. To the extent these vendors face legal claims brought by other third parties challenging those rights or information, Orange's vendors could be required to pay significant settlements or even discontinue use of the deliverables furnished to Orange. These outcomes could require Orange to change vendors or develop replacement solutions, which could result in significant inefficiencies within Orange's business, or higher costs, and ultimately could negatively impact Orange's financial results.

Legal disputes, proceedings and investigations in Spain relating to Olive and its management could adversely impact Olive's and Orange's financial results and/or reputation.

In connection with an internal restructuring, in January 2014, Olive announced the closure of four factories in Spain resulting in a collective dismissal of 840 workers. In June 2014, in response to claims brought by unions representing the laid-off workers, the Spanish National Court declared the collective dismissal null because Olive had not adequately informed workers of its layoff plans and had illegally circumvented their right to strike. Olive lost its appeal before the Spanish Supreme Court and was ordered to rehire any worker who had not accepted the layoff package it offered, notwithstanding a formal dissenting opinion from several members of the Court. In compliance with the court ruling, Olive has reopened its facility in Fuenlabrada (Madrid) as a logistics centre and has offered employment to those workers who had been laid off. On 9 October 2015, Olive received the court ruling arising from a further claim in which the labour unions requested that 272 workers be reinstated to their former positions and job functions. The court ruled that Fuenlabrada employees were correctly reinstated in the logistics centre even if their functions were not identical, and the court rejected the unions' request to reopen the Fuenlabrada centre as a production plant. In addition, the court held that employees who were offered a job doing the same tasks but in different locations to their original workplaces could not be effectively reinstated, and should be paid severance and accrued salaries. This ruling has been appealed by the unions to the Spanish Supreme Court and the outcome of such appeal is pending.

In addition, under applicable Spanish law, representatives of employees involved in labour disputes, among others, may raise criminal claims against individuals who were allegedly involved in the matters. In Spain, it is not unusual for criminal claims to be raised in parallel with civil claims. Penalties in the event of an

adverse finding in the criminal proceedings may include imprisonment and/or monetary penalties. In connection with the Fuenlabrada labour dispute described above, the Fuenlabrada works council of one of the labour unions, accounting for a minority of Olive's employees who were members of that union, filed a claim in Madrid against the then CEO and Chairman of Olive, Sol Daurella Comadrán, and the then General Manager of Olive, Victor Rufart, who will, respectively, be the initial Chairman and Chief Integration Officer of Orange, alleging a criminal violation of workers' rights under Spanish law as a result of serving customers in Madrid with products manufactured in facilities outside of Madrid. Other works councils of the same union at other Olive facilities publicly criticised the claim, and requested its withdrawal. While in December 2014 the public prosecutor issued a report stating that the allegations were insufficient to constitute an offense, proceedings are ongoing. Several claims have also been lodged before a court in Zaragoza against Ms Daurella, in her capacity as a director of Cacaolat, S.A., by employees of Cacaolat in connection with the acquisition of Cacaolat by a shareholder of Olive, alleging certain violations of law affecting the employees' rights in connection with the insolvency process at Cacaolat. A court ruling has been issued declaring the definitive dismissal of charge ("*sobreseimiento libre*") of the proceeding on the basis that the allegations set out could not constitute a criminal offence. This ruling, which if confirmed would terminate the proceedings, has been appealed by the claimants and the outcome of such appeal is pending.

While none of the current proceedings is expected to result in an adverse decision against Olive or any member of Olive's or Orange's management, there can be no assurance that the result will nevertheless not be adverse to Olive or such persons, or that additional claims may not be raised against Olive, Orange or Orange's management. Further proceedings or claims involving or affecting Olive, Orange or Orange's management could result in additional costs or otherwise adversely affect Olive's and Orange's financial results and/or adversely impact the reputation of Orange or its management.

Orange may be exposed to significant risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programmes.

Orange and its subsidiaries will be required to comply with the laws and regulations of the various jurisdictions in which it will conduct business, as well as certain laws of other jurisdictions, including the United States. In particular, Orange's operations will be subject to anti-corruption laws and regulations, such as, among others, the U.S. Foreign Corrupt Practices Act of 1977 (the "**FCPA**"), the United Kingdom Bribery Act of 2010 (the "**Bribery Act**"), and economic sanctions programmes, including those administered by the United Nations, the EU and the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), and regulations set forth under the Comprehensive Iran Accountability Divestment Act. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage.

Orange may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of respects, including jurisdiction, non-exemption of facilitation payments and penalties. While Orange does not currently operate in jurisdictions that are subject to territorial sanctions imposed by OFAC or other relevant sanctions authorities, such economic sanctions programmes will restrict Orange's ability to engage or confirm business dealings with certain sanctioned countries.

Violations of anti-corruption and sanctions laws and regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on Orange's reputation and consequently on its ability to win future business.

Orange and its subsidiaries will need to adopt policies and procedures (or review existing policies and procedures) to ensure compliance, seek to continuously improve systems of internal controls and remedy any weaknesses identified. There can be no assurance, however, that the policies and procedures will be followed at all times, or effectively detect and prevent violations of the applicable laws by Orange's employees, consultants, agents or partners. As a result of any such violation, Orange could be subject to penalties and material adverse consequences on its business, financial condition or results of operations.

Employee and supplier relations risks relating to Orange

Orange's business success following the Completion, including its financial results, will depend upon Orange's relationship with TCCC.

Orange has entered into bottling agreements with TCCC under the following terms:

- Orange will purchase its entire requirement of concentrates and syrups for Coca-Cola Trademark Beverages (sparkling beverages bearing the trademark "Coca-Cola" or the "Coke" brand name) and Allied Beverages (beverages of TCCC or its subsidiaries that are sparkling beverages, but not Coca-Cola Trademark Beverages or energy drinks) from TCCC at prices, terms of payment, and other terms and conditions of supply determined from time to time by TCCC at its sole discretion;
- there will be no limits on the prices that TCCC may charge for concentrate, except, upon the Completion, TCCC will maintain current effective concentrate incidence at the same levels that White, Olive and Black currently have in place, provided certain specific mutually agreed metrics are achieved;
- much of the marketing and promotional support that Orange will receive from TCCC will be at TCCC's discretion. Programmes may contain requirements, or be subject to conditions, established by TCCC that Orange may not be able to achieve or satisfy. The terms of most of the marketing programmes will not contain an express obligation for TCCC to participate in future programmes or continue past levels of payments into the future;
- Orange's bottling agreements with TCCC will be for fixed terms, and most of them will be renewable only at the discretion of TCCC at the conclusion of their terms. A decision by TCCC not to renew a fixed-term bottling agreement at the end of its term could substantially and adversely affect Orange's financial results; and
- Orange will be obligated to maintain sound financial capacity to perform its duties, as required and determined by TCCC at its sole discretion. These duties will include, but not be limited to, making certain investments in marketing activities to stimulate the demand for products in Orange's territories and making infrastructure improvements to ensure Orange's facilities and distribution network are capable of handling the demand for these beverages.

Disagreements with TCCC concerning business issues may lead TCCC to act adversely to Orange's interests with respect to the relationships described above.

Following the Completion, Orange may be dependent on TCCC for some period of time for certain specified business and IT services. If TCCC does not satisfactorily provide such services (should they be required by Orange), it may adversely affect Orange's business successes, including its financial results following the Completion.

Increases in the cost of employee benefits, including pension retirement benefits, could impact Orange's financial results and cash flow.

Unfavourable changes in the cost of Orange's employee benefits, including pension retirement benefits and employee healthcare, could materially impact Orange's financial condition or results of operations. Orange sponsors a number of defined benefit pension plans. Estimates of the amount and timing of Orange's future funding obligations for defined benefit pension plans are based upon various assumptions, including discount rates, mortality assumptions and long-term asset returns. In addition, the amount and timing of pension funding can be influenced by funding requirements, negotiations with pension trustee boards or action of other governing bodies.

If Orange is unable to renew existing labour bargaining agreements on satisfactory terms, if Orange experiences employee strikes or work stoppages, or if changes are made to employment laws or regulations, Orange's business and financial results could be negatively impacted.

The majority of Orange's employees will be covered by collectively bargained labour agreements in the countries in which White, Olive and Black currently operate. If Orange is unable to maintain labour bargaining agreements on satisfactory terms, or if it experiences employee strikes or work stoppages, or if changes are made to employment laws or regulations, its financial results could be negatively impacted. The terms and conditions of existing or renegotiated agreements could also increase the cost to Orange of fully implementing any operations changes, or otherwise affect its ability to do so. The majority of White

employees are covered by collectively bargained labour agreements, most of which do not expire. However, wage rates must be renegotiated at various dates through 2017. Orange currently believes that it will be able to renegotiate subsequent agreements on satisfactory terms. All of Olive's employees are covered by collective bargaining agreements that are valid through 31 December 2016. The collective bargaining agreements that expired on 31 December 2015 have been extended and will be re-negotiated in due course. Substantially all of Black's employees are covered by a collective bargaining agreement relating to wages and salaries that may be terminated after 31 December 2016.

Orange's operations may be negatively impacted by employee strikes and work stoppages. In the last two years, Olive has experienced labour unrest and work stoppages that have had a negative impact on its operations. Olive has experienced labour unrest at its facility in Fuenlabrada (Madrid) following an internal restructuring in January 2014 that involved the closure of four factories (including the facility in Fuenlabrada) and the collective dismissal of 840 workers. The unions representing the laid-off workers organised protests against Olive and lawsuits challenging the collective dismissal.

Risks relating to Orange Shares

No trading market currently exists for Orange Shares.

There is no trading market for the Orange Shares, and there can be no assurance that a trading market will develop. Following the Combination, the Orange Shares will be listed and admitted to trading on the NYSE, Euronext Amsterdam and Euronext London and will also be admitted to trading on the Spanish Stock Exchanges. However, there can be no assurance that an active public trading market for the Orange Shares will develop on any or all of these exchanges, or that, if it develops, the market will be sustained, which could affect the ability of investors to buy and sell Orange Shares and may depress the market price of Orange Shares.

After the closing of the Combination, the market price of Orange Shares may fall.

White Shareholders may sell the Orange Shares they receive in the Combination. Such sales of Orange Shares may take place promptly following the Combination and could have the effect of decreasing the market price for Orange Shares below the market price of White Common Stock prior to the closing of the Combination.

Orange's business will be focused geographically in Western Europe, which may limit U.S. investor interest in Orange Shares.

Because Orange will be geographically focused in Western Europe, its Shares may not be followed as closely by U.S. investors and analysts. If there is only a limited following by market analysts or the investment community in the United States, the amount of market activity in Orange Shares may be reduced, making it more difficult to sell Orange Shares. If holders of Orange Shares decide to sell all or some of their shares, or the market perceives that these sales could occur, the trading value of Orange Shares may decline.

The maintenance of multiple exchange listings may adversely affect liquidity in the market for Orange Shares and could result in pricing differentials between exchanges.

The multiple listings of the Orange Shares on the NYSE, Euronext Amsterdam and Euronext London and on the Spanish Stock Exchanges may split trading between exchanges, which may adversely affect the liquidity of the Orange Shares in one or more markets. In addition, differences in the trading schedules of the relevant exchanges, fluctuations in the exchange rate between U.S. Dollars and Euros and differences in trading volume between the relevant exchanges may contribute to different trading prices for Orange Shares on the relevant exchanges.

Orange may not be able to pay dividends.

Under English law, Orange will be able to declare dividends, make distributions or repurchase shares only out of "distributable profits." "Distributable profits" are a company's accumulated, realised profits, so far as not previously utilised by distribution or capitalization, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made. In addition, Orange, as a public limited company organised under the laws of England and Wales, may only make a distribution if the amount of its net assets is not less than the aggregate amount of its called-up share capital and

undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate amount. Immediately after the Completion, Orange will not have any "distributable profits." It is intended that as soon as practicable following the Completion, Orange will reduce the share premium in respect of the Orange Shares, and certain capital, to an amount to be determined through a court-approved reduction of capital in order to create a reserve of distributable profits to support the payment of possible future dividends or future share repurchases. It is intended that the reduction of capital will become effective as soon as practicable after the Completion and in any event within six months of the date of the Completion unless the Orange Board otherwise decides to extend such period. The reduction of that capital will not impact shareholders' relative interests in the capital of Orange. The Articles of Association of Orange ("**Orange Articles**") will, from the Completion, permit Orange by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend may not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that it is appropriate to do so. When recommending or declaring the payment of a dividend, the directors will be required to comply with their duties under English law, including considering Orange's future financial requirements.

Transfers of Orange Shares may be subject to UK stamp duty or UK stamp duty reserve tax, which could increase the cost of dealing in Orange Shares.

Orange expects that, upon the Completion, Orange Shares to be issued to White Shareholders will be eligible for deposit and clearing within the DTC clearance system. While Orange Shares are held within the DTC clearance system, and provided that DTC satisfies various conditions specified in UK legislation, electronic book-entry transfers of such Orange Shares should not be subject to UK stamp duty and agreements to transfer such shares should not be subject to stamp duty reserve tax ("**SDRT**"). The parties have obtained confirmation of this position by way of formal clearance by HMRC. Likewise, transfers of, or agreements to transfer, such Orange Shares from the DTC clearance system into another clearance system (or into a depositary receipt system) should not, provided that the other clearance system or depositary receipt system satisfies various conditions specified in UK legislation, be subject to UK stamp duty or SDRT.

In the event that Orange Shares have left the DTC clearance system otherwise than into another clearance system or depositary receipt system, any subsequent transfer of, or agreement to transfer, such Orange Shares may, subject to any available exemption or relief, be subject to UK stamp duty or SDRT at a rate of 0.5 per cent. of the consideration for such transfer or agreement. Any such UK stamp duty or SDRT will generally be payable by the transferee and must be paid (and any relevant transfer document stamped by HMRC) before the transfer can be registered in the books of Orange.

In the event that Orange Shares which have left the DTC clearance system otherwise than into another clearance system or depositary receipt system are subsequently transferred back into a clearance system or depositary receipt system, such transfer, or agreement to transfer, may, subject to any available exemption or relief, be subject to UK stamp duty or SDRT at a rate of 1.5 per cent. of the consideration for such transfer (or, where there is no such consideration, 1.5 per cent. of the value of such Orange Shares).

If Orange Shares are not eligible for deposit and clearing within the facilities of The Depository Trust Company, then transactions in its securities may be disrupted.

The facilities of The Depository Trust Company ("**DTC**") are a widely-used mechanism that allow for rapid electronic transfers of securities between the participants in the DTC system, which include many large banks and brokerage firms. Orange expects that, upon the Completion, Orange Shares that are freely tradeable under U.S. securities laws will be eligible for deposit and clearing within the DTC system. However, DTC is not obligated to accept Orange Shares for deposit and clearing within its facilities at the Completion and, even if DTC does initially accept Orange Shares, it will generally have discretion to cease to act as a depository and clearing agency for Orange Shares. If DTC determines at any time that Orange Shares are not eligible for continued deposit and clearance within its facilities, Orange believes that Orange Shares would not be eligible for continued listing on a U.S. securities exchange, and trading in Orange Shares would be disrupted. While Orange would pursue alternative arrangements to preserve the listing and maintain trading on a U.S. securities exchange, any such disruption could have a material adverse effect on the price of Orange Shares and unless and until an alternative is achieved, a material adverse effect on liquidity.

If, after the Completion, Orange is unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as it applies to a foreign private issuer that is listed on a United States exchange, or if Orange's internal controls over financial reporting are not effective, then the reliability of Orange's financial statements may be questioned and the price of Orange Shares may suffer.

After the Completion, Orange will be subject to the requirements of Section 404 of the Sarbanes-Oxley Act ("**Section 404**"), which requires a company that is subject to the reporting requirements of the U.S. securities laws to conduct a comprehensive evaluation of its and its subsidiaries' internal controls over financial reporting. To comply with this statute, Orange will be required to document and test its internal control procedures, and its management will be required to assess and issue a report concerning its internal controls over financial reporting. It also requires an audit by its independent registered public accounting firm.

Orange may need to prepare for compliance with Section 404 by strengthening, assessing and testing its system of internal controls over financial reporting to provide the basis for the report of Orange's management. However, the continuous process of maintaining Orange's internal controls over financial reporting and complying with Section 404 is complicated and time consuming. Over the course of testing its internal controls over financial reporting, Orange's management may identify material weaknesses or significant deficiencies, that it may not be able to remedy before the deadline imposed by the Sarbanes-Oxley Act. If Orange's management cannot favourably assess the effectiveness of its internal controls over financial reporting, or its independent registered public accounting firm identifies material weaknesses in its internal controls, then investor confidence in Orange's financial results may weaken, and its share price may suffer.

After the Completion, Red and Olive HoldCo will hold a significant interest in Orange and their interests may differ from or conflict with those of Orange's public shareholders.

After the Completion, approximately 18 per cent. and 34 per cent. of the outstanding Orange Shares will be owned by Red and Olive HoldCo, respectively, and each of Red and Olive HoldCo will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval. As a result, after the Completion, Orange's public shareholders will have limited influence over matters presented to Orange's shareholders for approval, including, subject to the Orange Articles and the Shareholders' Agreement, election and removal of directors, and change-in-control transactions. The interests of Red and/or Olive HoldCo may not always align with the interests of other Orange shareholders. If Red and Olive HoldCo vote in the same manner on any shareholder proposal, they would control the outcome on any proposal that requires a majority vote of Orange shareholders and, whether or not they vote in the same manner on a shareholder proposal, other Orange shareholders will have limited influence over proposals that require a shareholder vote and proposals that require approval of Red-appointed and/or Olive HoldCo-appointed board members.

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE

Directors	Sol Daurella Comadrán John F. Brock[(1)] José Ignacio Comenge Sánchez-Real[(1)] J. Alexander M. Douglas, Jr.[(1)] Irial Finan Alfonso Líbano Daurella[(1)] Mario Rotllant Solá[(1)] Francisco Ruiz de la Torre Esporrín[(1)] Jan Bennink[(1)] Christine Cross[(1)] Javier Ferrán[(1)] L. Phillip Humann[(1)] Orrin H. Ingram II[(1)] Thomas H. Johnson[(1)] Veronique Morali[(1)] Garry Watts Curtis R. Welling[(1)]
Company Secretary	Suzanne Forlidas
Registered and head office of the Company and telephone number[(2)] . . .	20–22 Bedford Row London United Kingdom WC1R 4JS Tel: +44 1895 231 313
English legal advisers to the Company	Allen & Overy LLP One Bishops Square London E1 6AD United Kingdom
	Cleary Gottlieb Steen & Hamilton LLP City Place House, 55 Basinghall Street London EC2V 5EH United Kingdom
	Slaughter and May 1 Bunhill Row London EC1Y 8YY United Kingdom
Dutch legal advisers to the Company .	Allen & Overy LLP Apollolaan 15 1077 AB Amsterdam The Netherlands
Spanish legal advisers to the Company	Uría Menéndez Abogados, S.L.P. Av. Diagonal, 514 08006—Barcelona Spain
	Pérez-Llorca Paseo de la Castellana, 50 28046—Madrid Spain
	Garrigues c/ Hermosilla, 3 28001—Madrid Spain

U.S. legal advisers to the Company . .	Allen & Overy LLP 1221 Avenue of the Americas New York, New York 10020 United States of America
	Cahill Gordon & Reindel LLP 80 Pine Street New York, New York 10005 United States of America
	Cleary Gottlieb Steen & Hamilton LLP One Liberty Plaza New York, New York 10006 United States of America
Auditor of the Company	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom
Auditor of Olive	Deloitte, S.L. Plaza Pablo Ruiz Picasso, 1 Torre Picasso 28020—Madrid Spain
Auditor of White and Reporting Accountant of the Company	Ernst & Young LLP 55 Ivan Allen Jr. Boulevard Suite 1000 Atlanta, Georgia 30308 United States of America
Auditor of Black	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Ingersheimer Straße 18 70499 Stuttgart Deutschland
Registrars and Nominee	Computershare Trust Company, N.A. 250 Royall Street Canton, MA 02021 United States of America
Euronext Amsterdam Listing Agent . .	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands

(1) Director has been appointed conditional on and with effect from Completion.

(2) The registered and head office of the Company will be Enterprises House, Bakers Road, Uxbridge, Middlesex UB8 1EZ, United Kingdom with effect from the Completion.

IMPORTANT INFORMATION

General

Prospective investors are expressly advised that an investment in the Orange Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. A prospective investor should not invest in the Orange Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Orange Shares will perform under changing conditions, the resulting effects on the value of the Orange Shares and the impact this investment will have on the prospective investor's overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Orange Shares. In making an investment decision, prospective investors must rely on their own examination of the Company, the Orange Shares, the Merger, the Combination and Admission, including the merits and risks involved. All references to the Company or the Combined Group are to Coca-Cola European Partners plc and, as the context requires, any or all of its subsidiaries, taken as a whole.

This Prospectus will be published in English only. Certain definitions of capitalised terms used herein are set out in "*Definitions*".

Prospective investors should rely only on the information contained in this Prospectus and any supplement to this Prospectus (if any).

Prospective investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Merger, the Combination or Admission, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, that information or representation may not be relied upon as having been authorised by the Company, the Directors or any of their respective representatives. The delivery of this Prospectus at any time after the date of this Prospectus will not, under any circumstances, create any implication that there has been no change in the Company's affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any time since its date.

ABN AMRO Bank N.V. has been engaged by the Company solely as Listing Agent and liquidity provider for the Orange Shares, in relation to the admission of the Orange Shares to listing and trading on Euronext in Amsterdam. The Listing Agent's activities consist essentially of filing the application for admission to trading with Euronext in Amsterdam. The Listing Agent is acting for the Company only and will not regard any other person as its client in relation to the matters described in this Prospectus. Neither the Listing Agent nor any of its directors, officers, agents or employees makes any representation or warranty as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Company or the Orange Shares. Accordingly, the Listing Agent disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and or any such other statements.

Notice to Investors

No Orange Shares have been marketed to, and Orange Shares are not available for purchase by, the public in the Netherlands, Spain, the United Kingdom or elsewhere in connection with the introduction of the Orange Shares to the Official List and to trading on Euronext London, Euronext Amsterdam and for listing and trading on the Spanish Stock Exchanges. This document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in the Company. This document is intended solely for holders of Orange Shares.

No action has been taken to permit the distribution of this document in any jurisdiction where any action would be required for such purpose.

Presentation of financial and other information

White Financial Information

All financial information relating to White contained in this Prospectus, unless otherwise stated, has been taken from the audited consolidated financial statements of White as at and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 and the unaudited condensed consolidated financial statements of White as at 1 April 2016 and 3 April 2015 and for the quarterly periods then ended,

which are included herein in the section of this Prospectus titled "*Historical Financial Information of White*". The financial information is presented in U.S. Dollars and has been prepared in accordance with U.S. GAAP.

Olive Financial Information

All financial information relating to Olive contained in this Prospectus, unless otherwise stated, has been taken from the audited consolidated financial statements of Olive as at and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, which are included herein in the section of this Prospectus titled "*Historical Financial Information of Olive*". The financial information is presented in Euro and has been prepared in accordance with IFRS IASB. There are no material differences applicable to the Group between IFRS IASB and IFRS as adopted by the European Union ("**IFRS EU**") for any of the periods presented.

Olive had no assets, liabilities and operations prior to the completion of the integration of eight existing beverage businesses in the Iberian region and its commencement of operations on 1 June 2013. Since the integration was accounted for prospectively, Olive's results of operations for the year ended 31 December 2013 are not comparable with the results of operations for any subsequent period.

Black Financial Information

All financial information relating to Black contained in this Prospectus, unless otherwise stated, has been taken from the audited consolidated financial statements of Black as at and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, which are included herein in the section of this Prospectus titled "*Historical Financial Information of Black*". The financial information is presented in U.S. Dollars and has been prepared in accordance with U.S. GAAP.

No Incorporation of Website Information

The contents of the websites of White, Olive, Black and TCCC do not form part of this document.

Exchange Rates

All references to the "Euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended. Orange will prepare its financial statements in Euros. All references to "U.S. dollars", "USD", "US$", or "$" are to the lawful currency of the United States. The rates below may differ from the actual rates used in the preparation of the financial statements and other financial information that appears elsewhere in this Prospectus. The inclusion of these exchange rates is for illustrative purposes only and does not mean that the U.S. dollar amounts actually represent such Euro amounts or that such U.S. dollar amounts could have been converted into Euro at any particular rate, if at all.

Rates presented against the U.S. Dollar

	Euro			
Year	Period End	Average	High	Low
2011	1.2961	1.3926	1.4830	1.2907
2012	1.3193	1.2860	1.3458	1.2061
2013	1.3743	1.3285	1.3802	1.2780
2014	1.2098	1.3285	1.3934	1.2098
2015	1.0862	1.1102	1.2104	1.0496
January 2016	1.0831	1.0866	1.0940	1.0748
February 2016	1.0873	1.1104	1.1323	1.0873
March 2016	1.1380	1.1142	1.1380	1.0868
April 2016	1.1451	1.1340	1.1451	1.1222
May 2016 (through 20 May 2016)	1.1224	1.1370	1.1534	1.1203

Source: European Central Bank

Notes

The preceding table sets out, for the periods indicated, certain information concerning the exchange rate expressed in U.S. dollars to Euro as published by the European Central Bank. The currency information presented above is based on data published by the European Central Bank, and such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading. The average is computed using the rate on the last day of each month during the period indicated.

Rounding, Adjustment

Certain figures contained in this Prospectus, including financial information and market and industry data, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this Prospectus may not conform exactly to the total figure given for that column or row.

Restrictions

The distribution of this document in certain jurisdictions other than the Netherlands, Spain and the United Kingdom may be restricted by law. Accordingly, neither this document nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Information Regarding Forward-Looking Statements

This prospectus contains forward-looking statements that reflect Orange's or, as appropriate, the Directors' or third parties' current views with respect to, among other things, the intentions, beliefs and current expectations of Orange or the Directors or such third parties concerning, amongst other things, the results of operations, the financial condition, prospects, growth, strategies, synergies arising from the Combination and dividend policy of Orange and the industry in which it operates. All statements, trend analyses and other information contained herein about the markets for the services and products of White, Olive, Black and Orange and trends in revenue, expectations or projections with respect to the Combination, as well as other statements identified by the use of forward-looking terminology, including "anticipate," "believe," "plan," "estimate," "expect," "goal," "intend," "may," "could," "would," "should," "might," "will," "forecast," "outlook," "guidance," "possible," "potential," "predict" or the negative of these terms or other similar expressions, constitute forward-looking statements. These forward-looking statements are based on estimates and reasonable assumptions as of the time the statements are made. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements or historical experience, present expectations or projections. Forward-looking statements should therefore be considered in light of various important factors, including those set forth in this prospectus. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, but are not limited to, obesity concerns; water scarcity and poor quality; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality concerns; perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in their beverage products or packaging materials; increased demand for food products and decreased agricultural productivity; changes in the retail landscape or the loss of key retail or foodservice customers; an inability to expand operations in emerging or developing markets; fluctuations in foreign currency exchange rates; interest rate increases; an inability to maintain good relationships with their partners; a deterioration in their partners' financial condition; increases in income tax rates, changes in income tax laws, regulations or unfavourable resolution of tax matters; increased or new indirect taxes in the United States or in other tax jurisdictions; increased cost, disruption of supply or shortage of energy or fuels; increased cost, disruption of supply or shortage of ingredients, other raw materials or packaging materials; changes in laws and regulations relating to beverage containers and packaging; significant additional labelling or warning requirements or limitations on the availability of their respective products; an inability to protect their respective information systems against service interruption, misappropriation of data or breaches of security; unfavourable general economic or political conditions in the United States, Europe or elsewhere; litigation or legal proceedings; adverse weather conditions; climate change; damage to their respective

brand images and corporate reputation from negative publicity, even if unwarranted, related to product safety or quality, human and workplace rights, obesity or other issues; changes in, or failure to comply with, the laws and regulations applicable to their respective products or business operations; changes in accounting standards; an inability to achieve their respective overall long-term growth objectives; deterioration of global credit market conditions; default by or failure of one or more of their respective counterparty financial institutions; an inability to timely implement their previously announced actions to reinvigorate growth, or to realise the economic benefits they anticipate from these actions; failure to realise a significant portion of the anticipated benefits of their respective strategic relationships; an inability to renew collective bargaining agreements on satisfactory terms, or they or their respective partners experience strikes, work stoppages or labour unrest; future impairment charges; multiemployer plan withdrawal liabilities in the future; an inability to successfully manage the possible negative consequences of their respective productivity initiatives; global or regional catastrophic events; risks and uncertainties relating to the transaction, including the risk that the businesses will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, which could result in additional demands on resources, systems, procedures and controls, disruption of its on-going business and diversion of management's attention from other business concerns, the possibility that certain assumptions with respect to Orange or the Combination could prove to be inaccurate, the failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with, all required regulatory approvals and the satisfaction of the conditions to the Completion, the potential failure to retain key employees of White, Olive or Black as a result of the proposed transaction, during integration of the businesses or due to disruptions resulting from the proposed transaction, making it more difficult to maintain business relationships; and other risks discussed in this prospectus. Any or all of the forward-looking statements contained in this prospectus may prove to be incorrect. Except as required under applicable law, no party is under any obligations, and each expressly disclaims any obligation, to update, alter or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, or the Disclosure and Transparency Rules of the FCA (the **"Disclosure and Transparency Rules"**).

CONSEQUENCES OF A STANDARD LISTING

Application will be made for the Orange Shares to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings.

Continuing Obligations

Listing Rule 14.3 sets out the continuing obligations applicable to companies with a Standard Listing. The Listing Rules require that such companies' listed securities must be admitted to trading on a regulated market at all times. Where an application is made for the admission to the Official List of a class of shares, at least 25 per cent. of shares of that class must be distributed to the public in one or more EEA states; for a company such as Orange which will have a listing in the United States, account may also be taken of holders in the United States. Taking into account the listing of the Orange Shares on the NYSE, Euronext Amsterdam, Euronext London and the Spanish Stock Exchanges, the percentage of Orange Shares in public hands in one or more EEA states and states which are not EEA states is expected to be above 25 per cent. on Admission.

The continuing obligations under Chapter 14 also include requirements as to:

(a) forwarding of circulars and other documentation to the National Storage Mechanism, and related notification to a RIS;

(b) the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;

(c) the form and content of temporary and definitive documents of title;

(d) the appointment of a registrar;

(e) notifying an RIS in relation to changes to equity and debt capital; and

(f) compliance with the applicable requirements of the Disclosure and Transparency Rules.

In addition, pursuant to the Listing Rules (Listing Regime Enhancements) Instrument 2014 (FCA 2014/33) published by the FCA on 2 May 2014, the scope of Listing Principles 1 (requiring listed companies to establish and maintain adequate procedures, systems and controls to enable them to comply with their obligations) and 2 (requiring listed companies to deal with the FCA in an open and co-operative manner) has been extended to apply to all listed companies, including those with a Standard Listing (such Listing Principles being referred to as Standard Listing Principles).

Level of Regulatory Protection

A company with a Standard Listing is not required to comply with the Listing Rules that apply to a company with a Premium Listing. In particular, the Company will, following Admission, not be required to comply with, inter alia, the provisions of Chapters 6 and 8 to 13 of the Listing Rules and certain provisions of Chapter 7, which set out more onerous requirements for issuers with a Premium Listing of equity securities. The Company is not subject to the Premium Listing Principles and will not be required to comply with them by the UKLA. As a consequence, the Shareholders will not receive the full protections of the Listing Rules associated with a Premium Listing.

For so long as the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

(a) Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities;

(b) Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company does not have, and does not intend to appoint, such a sponsor in connection with Admission;

(c) Chapter 9 of the Listing Rules relating to continuing obligations. Chapter 9 includes provisions relating to transactions, including, inter alia, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications, and the content requirements of certain financial information;

(d) the Company has adopted, with effect from Admission, a code of securities dealings which is based on the model code as published in the Listing Rules. Such securities dealing code also satisfies the

requirements of article 225.2 of the Restated Text of the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, dated 23 October. The code adopted will apply to the Directors and other relevant employees of the Company;

(e) Chapter 10 of the Listing Rules relating to significant transactions which requires shareholder consent for certain acquisitions;

(f) Chapter 11 of the Listing Rules regarding related party transactions;

(g) Chapter 12 of the Listing Rules regarding purchases by the Company of its own shares;

(h) Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to shareholders; and

(i) the UK Corporate Governance Code (the "**Governance Code**") published in September 2014 by the Financial Reporting Council. However, Orange will follow the Governance Code on a comply or explain basis, so that it will explain any non-compliance with the Governance Code in its annual report. The Shareholders' Agreement and the Orange Articles contain provisions which depart from certain recommendations of the Governance Code. These matters are further explained in the section of this Prospectus titled "*Directors, Senior Management and Corporate Governance*".

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules and/or the Governance Code which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and date
Publication of this Prospectus	25 May 2016
Completion	12:15a.m. (Eastern time) 28 May 2016
Admission and commencement of dealings in Orange Shares on Euronext Amsterdam	3:30p.m. (CET) 31 May 2016
Admission and commencement of dealings in Orange Shares on Euronext London	2:30p.m. (BST) 31 May 2016
Admission and commencement of dealings in Orange Shares on the NYSE	9:30a.m. (Eastern Time) 31 May 2016
Admission and commencement of dealings in Orange Shares on the Spanish Stock Exchanges	12 noon (CET) 2 June 2016

All references to times in this Prospectus are to London time unless otherwise stated. Dates are indicative and may be subject to change.

Application will be made for the Orange Shares to be admitted to the standard listing segment of the Official List and to listing on Euronext London, Euronext Amsterdam and the Spanish Stock Exchanges for trading through the AQS under the ticker symbol "CCE" and ISIN Code "GB00BDCPN049" and the NYSE under the symbol "CCE".

INFORMATION ON THE COMBINATION TRANSACTIONS

Overview

Orange was formed to act as the holding company for the group to be formed by the combination of White, a NYSE listed company that owns the Coca-Cola bottling operations in Great Britain, continental France, Monaco, Belgium, Luxembourg, the Netherlands, Sweden and Norway, Olive, the company that owns the Coca-Cola bottling operations in Spain, Portugal and Andorra, and Black, the company that owns the Coca-Cola bottling operations in Germany (such combination is referred to herein as the "**Combination**"). The Combination also includes the acquisition of Vifilfell hf., a public limited company incorporated and registered in Iceland that owns the Coca-Cola bottling operations in Iceland ("**Vifilfell**") that will become a subsidiary of Orange shortly after completion of the Combination.

Background to the Combination

Each of White, Olive and Black conducts virtually all of its business under bottler's agreements with TCCC.

The bottler's agreements generally give each of White, Olive and Black the exclusive right to market, produce, and distribute TCCC beverage products in authorised containers in specified territories. These agreements also provide TCCC with the ability, at its sole discretion, to establish its sales prices, terms of payment, and other terms and conditions for each of White, Olive and Black's purchases of concentrates and syrups from TCCC. Other significant transactions and agreements with TCCC include arrangements for cooperative marketing; advertising expenditures; purchases of sweeteners, juices, mineral waters and finished products; strategic marketing initiatives; cold drink equipment placement; and, from time to time, acquisitions of bottling territories.

As part of each of White's and Olive's significant business relationships with TCCC, members of their respective senior management teams meet regularly with TCCC to discuss business performance and strategy, including the efficiency and effectiveness with which the companies' products are produced, distributed and marketed as well as potential strategic options to improve the business. During the course of regular business meetings in 2014, White, Olive and TCCC discussed possible strategic alternatives, including the Combination. The idea generated was a result of several factors, including macroeconomic developments in Europe, change in customer and consumer preferences and the necessity of efficient and effective operations across European markets, and other industry related matters. In addition, White, Olive and TCCC discussed several factors in favour of the Combination, including strategic efficiencies and opportunities for growth, potential value creation (including cost and tax efficiencies), synergies and increased scale providing for operational effectiveness.

On 6 August 2015, Orange, Olive, U.S. HoldCo, MergeCo, Red and White entered into the Master Agreement. The Master Agreement sets forth the terms and conditions of the Combination whereby White, Olive HoldCo and Red will combine their non-alcoholic, ready-to-drink ("**NARTD**") beverage bottling businesses in Western Europe by combining White, Olive and Black through the Merger, the contribution by Red of all of the issued and outstanding share capital of Black to Orange (the "**Black Contribution**") and the contribution by Olive HoldCo of the issued and outstanding share capital of Olive to Orange (the "**Olive Contribution**"). Also on 6 August 2015, Orange, U.S. HoldCo and MergeCo entered into a merger agreement with White under which White will merge with and into MergeCo, with MergeCo continuing as the surviving company and an indirect wholly owned subsidiary of Orange (the "**Merger Agreement**").

The Master Agreement provides that substantially simultaneously with, but prior to the Merger, all of the issued and outstanding shares of Olive will be contributed by Olive HoldCo to Orange in exchange for Orange Shares representing approximately 34 per cent. of Orange Shares on a fully diluted basis (the "**Diluted Orange Share Count**"), and all of the issued and outstanding shares of Black, will be contributed by Red to Orange in exchange for Orange Shares representing approximately 18 per cent. of the Diluted Orange Share Count, which will be effected through the "Olive Contribution Agreement" and the "Black Contribution Agreement," respectively. Immediately following the Completion, on a fully-diluted basis, subject to the terms of the Master Agreement, White Shareholders will own approximately 48 per cent. of the Orange Shares, Olive HoldCo will own approximately 34 per cent. of the Orange Shares, and Red will own approximately 18 per cent. of the Orange Shares. MergeCo, the surviving company of the Merger, will be an indirect wholly owned subsidiary of Orange. Olive and Black will also be indirectly wholly owned subsidiaries of Orange.

Following the effective date of the Combination, 28 May 2016 (being the "**Effective Date**"), the Orange Shares will be listed and admitted to trading on the NYSE, Euronext Amsterdam and Euronext London and will also be admitted to trading on the Spanish Stock Exchanges. This transaction will create the world's largest independent Coca-Cola bottler based on net revenues.

Other than approval of the Orange Shares for listing on the NYSE (subject to official notice of issuance), and approval of the EU prospectus by the UKLA having been notified to the AFM (in each case, subject to issuance), all of the conditions to the Completion have been satisfied prior to the date of this Prospectus. In particular, White Shareholder approval was received on 24 May 2016.

Iceland

In accordance with the Master Agreement, Cobega, S.A. ("**Cobega**") and Solinbar, S.L.U., a subsidiary of Cobega ("**Solinbar**"), will shortly after the Completion sell the entire issued and outstanding share capital of Vifilfell to the Orange group in exchange for cash consideration of no more than €35 million.

The Completion

On the Effective Date:

- Olive HoldCo will contribute all of the issued and outstanding share capital of Olive to Orange in exchange for newly issued ordinary shares of Orange representing approximately 34 per cent. ownership of Orange.
- Black's owner, Red, will contribute all of the issued and outstanding share capital of Black to Orange in exchange for newly issued ordinary shares of Orange representing approximately 18 per cent. ownership of Orange. The ordinary shares issued by the Company in consideration of the Olive Contribution and the Black Contribution are referred to herein collectively as the "**Contribution Shares**".
- White will merge with and into MergeCo, with MergeCo surviving the Merger. Each share of White Common Stock outstanding immediately prior to the Effective Date, other than any shares of White Common Stock that are owned by Olive, Olive Holdco, Red, the Company or any of their respective subsidiaries immediately prior to the Effective Date, held by White as treasury stock outstanding immediately prior to the Effective Date or owned by dissenting White shareholder ("**Excluded Shares**"), will be converted into the right of White Shareholders to receive US$14.50 per White share in cash (the "**Cash Consideration**") and one newly issued ordinary share of Orange (such newly issued ordinary shares, in the aggregate, the "**Merger Shares**"). Excluded Shares will be cancelled. The Merger Shares issued will represent approximately 48 per cent. ownership of the Company.
- The Cash Consideration will be paid out of cash on hand, the net proceeds of a eurobond offering and the term facility (the "**Debt Financing**"). Refer to the paragraphs below titled "*Bank Financing*" and "*The Eurobond Offering*" for further information on the Debt Financing.

The exact number of Orange Shares that will be in issue immediately after the Completion and upon Admission will be determined based on the closing price of the White Common Stock on the NYSE on 27 May 2016 (in the manner described more fully in the paragraph "*Transaction Consideration*" immediately below). Based on the closing price of the White Common Stock on the NYSE on 20 May 2016 (being the latest practicable date before the publication of this Prospectus), the number of Orange Shares that would be in issue upon Admission is 482,255,739.

Transaction Consideration

At the Completion, each White Shareholder will receive one Orange Share and US$14.50 in cash for each share of White Common Stock. Upon the Completion, White Shareholders will own approximately 48 per cent. of the Orange Shares, Olive HoldCo will own approximately 34 per cent. of Orange Shares and Red will own approximately 18 per cent. of Orange Shares. Ownership percentages will be based on White's fully-diluted share count, which will equal the sum of (A) (i) the number of shares of White Common Stock subject to, underlying or issuable in connection with the vesting, settlement or exercise of all White Equity Awards as of immediately prior to the Completion minus (ii) the number of shares of White Common Stock that could be purchased with the aggregate exercise price in respect of any outstanding in-the-money White Options (as defined in the Merger Agreement), assuming a price per share of White Common Stock equal to the closing price of White Common Stock at close of trading on the trading day

immediately prior to the Completion and (B) White Common Stock outstanding immediately prior to the Completion (including, for the avoidance of doubt, the Dissenting Shares (as defined in the Master Agreement)) (otherwise referred to as the "treasury stock method" in this Prospectus).

Bank Financing

The cash consideration portion of the Combination is to be financed using a combination of cash on hand and the net proceeds of a eurobond offering (the "**Eurobond Offering**") and an amortising Euro term loan facility in an aggregate amount of €1.0 billion (the "**Term Facility**").

The expected total amount of funds to be used in the Combination is approximately €3.2 billion.

The Term Facility is to be made available to an indirect wholly-owned UK subsidiary of the Company ("**UK Holdco**"), and onlent to the Company for the purpose of facilitating the Combination, which has a final maturity date falling five years after the execution date of such facility.

The Term Facility is documented by a facility agreement, dated 3 May 2016, governed by English law between, amongst others, UK Holdco, Santander, Citi and DB as coordinators, bookrunners and mandated lead arrangers, Citi as agent and documentation agent, DB as syndication agent and the lenders named therein (the "**Term Facility Agreement**"). The Term Facility is divided into two tranches. One tranche is €400 million terminating on the third anniversary of the date of the Term Facility Agreement, €200 million of which is payable on the second anniversary of the date of the Term Facility Agreement. The other tranche is €600 million terminating on the fifth anniversary of the date of the Term Facility Agreement, €300 million of which is payable on the fourth anniversary of the date of the Term Facility Agreement.

In addition, a multicurrency revolving credit facility (the "**RCF**" and, together with the Term Facility, the "**Facilities**") in an aggregate amount of €1.5 billion is also available to the Company and UK Holdco for working capital and general corporate purposes. The RCF matures five years after its execution date and the Company will have the option to increase the size of the RCF by €500 million, with the consent of the increasing lenders, and to extend the RCF by 12 months on two separate occasions with the consent of the extending lenders.

The RCF is documented by a facility agreement, dated 3 May 2016, governed by English law between, amongst others, the Company, UK Holdco, Santander, Citi and DB as coordinators, bookrunners and mandated lead arrangers, Citi as agent and documentation agent, DB as syndication agent and the lenders named therein (the "**RCF Agreement**"). Drawings may be made under the RCF Agreement by way of cash advances, bilateral ancillary facilities or Euro swingline advances.

The Term Facility Agreement and the RCF Agreement (the "**Facilities Agreements**") contain certain representations and warranties (subject to certain exceptions and qualifications and with certain representations being repeated), undertakings (subject to certain qualifications) and events of default (subject to certain grace periods, thresholds and other qualifications). There are no financial covenants. In addition the Facilities Agreements contain the conditions precedent for the drawing of the Facilities. The Facilities Agreements contain certain indemnities for certain liabilities in connection with the Facilities.

The Eurobond Offering

The notes to be issued under the Eurobond Offering (the "**Notes**") were sold initially to the managers of the Eurobond Offering (the "**Managers**") in reliance on Regulation S under the United States Securities Act of 1933, as amended, pursuant to a subscription agreement (the "**Subscription Agreement**") governed by New York law amongst the Company, White and the Managers. The Subscription Agreement provided for customary representations and warranties from Orange and White to the Managers, customary conditions to the closing of the Eurobond Offering, including provision of certain legal opinions and accountants' comfort letters, and indemnities and contribution from Orange and White to the Managers and vice versa for certain liabilities in connection with the Eurobond Offering.

The Notes are represented by global certificates held by a custodian on behalf of the depositaries for the Notes and are governed by New York law. Orange's obligations under the Notes are fully and unconditionally guaranteed on an unsubordinated unsecured basis by White. Orange will pay interest on the Notes annually in arrear in respect of Notes with a fixed rate of interest (the "**Fixed Rate Notes**") and quarterly in arrear in respect of Notes with a floating rate of interest. The Fixed Rate Notes will be subject to redemption at Orange's option in whole at any time or in part from time to time at a redemption price

based on a make-whole premium and, for a limited time immediately prior to maturity, at a redemption price equal to 100 per cent. of the principal amount of the applicable series of Notes. The Notes may also be redeemed, at any time, in the event of certain developments affecting taxation. The Notes contain covenants limiting Orange's ability and the ability of its restricted subsidiaries (as defined in the Notes) to create certain liens, subject to certain qualifications and exceptions. The Notes also contain customary events of default with respect to the Notes, including failure to make required payments, failure to comply with certain agreements or covenants, and certain events of bankruptcy, insolvency and reorganisation.

The Notes benefit from a fiscal agency agreement (the "**Fiscal Agency Agreement**") amongst Orange, White, Deutsche Bank AG, London Branch, as fiscal agent, principal paying agent and transfer agent (the "**Fiscal Agent**"), and Deutsche Bank Luxembourg S.A., as registrar, transfer agent and paying agent (together with the Fiscal Agent, the "**Eurobond Agents**"). The Fiscal Agency Agreement is governed by New York law. The Fiscal Agency Agreement sets out the duties, rights and obligations of the Eurobond Agents as well as certain administrative provisions relating to the Notes, such as relevant transfer restrictions.

Net Financial Position

The Master Agreement provided for adjustments of the equity allocations among the parties on the Completion and certain other adjustments based on the net financial position of each of White, Olive and Black. No such adjustments were required or implemented.

Restrictions on transfer

On Completion, the Shares will be freely transferable and will be issued as fully paid and free from all liens and from any restriction on the right of transfer, subject to generally applicable transfer and foreign ownership restrictions imposed by applicable laws and regulations. Each of Red and Olive HoldCo is, however, subject to certain restrictions on the disposal of Orange Shares under the terms of the Shareholders' Agreement. In particular, subject to certain exceptions, neither Red nor Olive HoldCo is permitted to dispose of Shares for a one year period following Admission.

Following the expiry of this lock-up period, each of Red and Olive HoldCo may: (i) dispose of shares on an "off-market" basis (provided that neither Red nor Olive HoldCo may transfer shares representing more than 18 per cent. of the Company's share capital to a single person/persons acting in concert, without the other's prior approval); and/or (ii) dispose of shares on an "on-market" basis (provided that neither Red nor Olive HoldCo may transfer shares representing more than 5 per cent. of the Company's issued share capital in any rolling 12-month period without the approval in advance of a simple majority of the Orange Board's independent non-executive directors). Exceptions to these restrictions include: (i) a carve-out from the lock-up restrictions to permit each of Red and Olive HoldCo to accept, or agree to accept, an offer for the Company either before or after its announcement; and (ii) Red may transfer its shares to affiliates at any time. The Contribution Shares will be issued in one or more private placement transactions and will be beneficially owned by Olive HoldCo and Red (or Red's designee), which are affiliates of Orange.

The Contribution Shares will not be freely tradeable under U.S. securities laws for so long as they are beneficially owned by affiliates of Orange, except for certain excepted transfers, including transfers pursuant to an effective resale registration statement or in accordance with the time and volume limitations under Rule 144. The Contribution Shares will bear restrictive legends or electronic equivalents thereof that reflect such restrictions. The Merger Shares have been registered by the Company with the SEC on a registration statement on Form F-4 and will be issued in a public offering pursuant to that registration statement. The Merger Shares will not be subject to any U.S. securities laws transfer or ownership restrictions following their issuance.

Financial and accounting considerations

Upon Admission, Orange will, for U.S. reporting purposes, prepare its consolidated financial statements and report on a calendar year basis in accordance with IFRS IASB. To comply with applicable EU regulations, the basis of accounting will be IFRS EU, in accordance with the requirements of the Disclosure and Transparency Rules and the Companies Act. There are currently no substantial differences between IFRS IASB and IFRS EU.

For the purposes of this Prospectus, and as included in Unaudited Pro Forma Condensed Combined Financial Information of Orange, the Combination will be accounted for using the acquisition method of

accounting for business combinations in accordance with IFRS EU, with White to be deemed the accounting acquirer.

Dividend policy

The dividend policy of Orange will be determined by the Orange Board after the Completion. The Board may periodically reassess the Company's dividend policy. The ability of the Company to pay dividends is dependent on Orange's results, financial condition, future prospects, profits being available for distribution and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws. There can be no assurance that the Company will pay a dividend. The Company has not traded since incorporation and immediately on Completion will lack distributable reserves. It is therefore intended that, as soon as practicable following the Completion, Orange will reduce the share premium in respect of the Orange Shares, and certain capital, to an amount to be determined through a court-approved reduction of that capital in order to create a reserve of distributable profits to support the payment of possible future dividends or future share repurchases, in accordance with the Companies Act and the Companies (Reduction of Share Capital) Order 2008. It is intended that the reduction of capital will become effective as soon as practicable after the Completion and in any event within six months of the date of the Completion unless the Orange Board otherwise decides to extend such period. The reduction of capital will not impact shareholders' relative interests in the capital of Orange.

INFORMATION RELATING TO ORANGE

Orange was incorporated on 4 August 2015 as a private limited company under the laws of England and Wales and under the name Spark Orange Limited, with an issued share capital consisting of one ordinary share, nominal value £1.00, fully paid up in cash. As at the date of the publication of this Prospectus, Orange is a wholly-owned subsidiary of Olive HoldCo. Orange is the parent company of Orange U.S. HoldCo, LLC, a Delaware limited liability company ("**U.S. HoldCo**") and Orange MergeCo, LLC, a Delaware limited liability company ("**MergeCo**"). Orange, U.S. HoldCo and Orange MergeCo have not conducted any business operations other than those which are incidental to their formation and in connection with the transactions contemplated by the Master Agreement. The Merger Agreement provides that White will merge with and into MergeCo, with MergeCo continuing as the surviving company and an indirect wholly owned subsidiary of Orange. Until consummation of the Merger, White will be a public company incorporated in Delaware, U.S.A and White Common Stock is listed and traded on the NYSE and Euronext Paris under the ticker symbol "CCE". Upon effectiveness of the Merger, the listing of White shares on the NYSE and Euronext Paris will be cancelled.

On 4 May 2016, Orange was re-registered as a public limited company with the name Coca-Cola European Partners plc. Following the Combination, Orange will be the holding company of the combined businesses of White, Olive and Black and Orange Shares will be traded on the NYSE, Euronext London, Euronext Amsterdam and on the Spanish Stock Exchanges.

From the Completion, the principal executive offices of Orange will be located at Enterprises House, Bakers Road, Uxbridge, Middlesex UB8 1EZ, United Kingdom.

Benefits of the Combined Group

It is expected that the Combination will provide the following opportunities to enhance the overall offerings, strategic position and growth of the Combined Group:

- the combination of White, Olive and Black will result in a combined company with an enhanced financial profile, including strong operating cash flows and an increased operational scale, including the ability to serve over 300 million consumers across a larger continuous area that includes 13 Western European countries;
- as compared to White, Olive or Black on a stand-alone basis, Orange should be better-positioned to innovate, compete and drive growth across developed European markets in multiple product segments and categories due to broader procurement capability, cost-efficient production, expandable infrastructure and flexible and efficient logistics;
- the Combined Group should benefit from a stronger partnership and an aligned strategic focus across Western Europe with TCCC, its most significant supplier, which will have, through Black, approximately 18 per cent. indirect ownership interest in Orange;
- based on estimated numbers prepared in June 2015 and prior to the announcement of the Combination by a consultancy firm jointly engaged in May 2015 by White, Olive and Black to identify and analyse opportunities for synergies arising from the Combination, the Combined Group could realise annual pre-tax savings in a range of US$350 to US$375 million within three years of the Completion as a result of the increased scale of the Combined Group, eliminating overlapping selling, general and administrative expenses and overhead in the Combined Group, and improving operational efficiencies including procurement savings;
- the management teams of White, Olive and Black share a common vision to drive growth in Western Europe, which is expected to facilitate the integration of the businesses and better enable the combined company to effectively leverage the best of each entity to be more competitive;
- the Company is domiciled and headquartered in the UK, which:
  - has a stable and well-developed legal system that encourages high standards of corporate governance and provides shareholders with substantial rights;
  - will enhance the Company's ability to develop relations with potential European institutional investors and diversify the investor base of the Company; and
  - will enhance cash management flexibility, including access to non-U.S. cash flow with associated financial benefits, as compared to incorporation in the United States; and

- while Orange will be organised in the UK, Orange Shares will be listed on the NYSE, which will facilitate trading in the United States by U.S.-based White Shareholders who will, following the Completion, own an interest in Orange.

Competitive Strategies of Orange

The management teams of White, Olive and Black have adopted long-term targets that are designed to drive shareholder value. These targets, which are aspirational in nature and are not forecasts of performance, are comparable (by excluding items that White, Olive and Black believe are not necessarily indicative of ongoing results) and currency neutral (by adjusting for the impact of changes in foreign currency exchange rates) and will provide a basis against which future actual performance can be measured. The information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the paragraph "*Important Information—Information Regarding Forward-Looking Statements*" in this Prospectus.

The core target is to grow cash from operations in the long-term by:

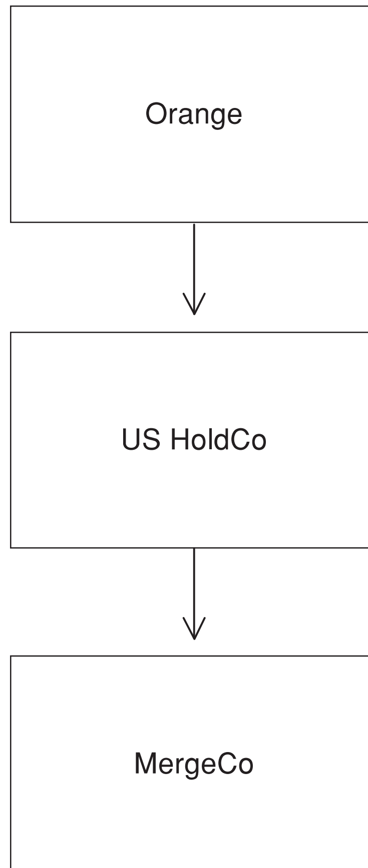
- growing net sales in a low single-digit range and operating income in a mid-single-digit range;
- investing approximately 4 to 5 per cent. of annual net sales in capital projects with an attractive return; and
- increasing conversion of net income into free cash flow to approximately 100 per cent.

Orange intends to maintain financial discipline by:

- maintaining an optimal capital structure by targeting a net debt to EBITDA ratio of 2.5x to 3.0x (Orange has a goal of reducing its net debt to EBITDA ratio to approximately 2.5x by the end of 2017) and an investment grade rating;
- pursuing disciplined and attractive investments (e.g. incremental capital expense, mergers and acquisitions and restructuring), where the short-term use of cash is expected to produce positive cash flows over the longer term, intended to result in a positive net present value for total shareholder return. Any investments would be evaluated against alternatives, including returning cash to Orange Shareholders; and
- returning cash to Orange Shareholders. Orange will target an initial dividend pay-out ratio of 30 to 40 per cent. of net income (and the Company will also consider returning excess cash to Orange Shareholders via share repurchases and/or special dividends).

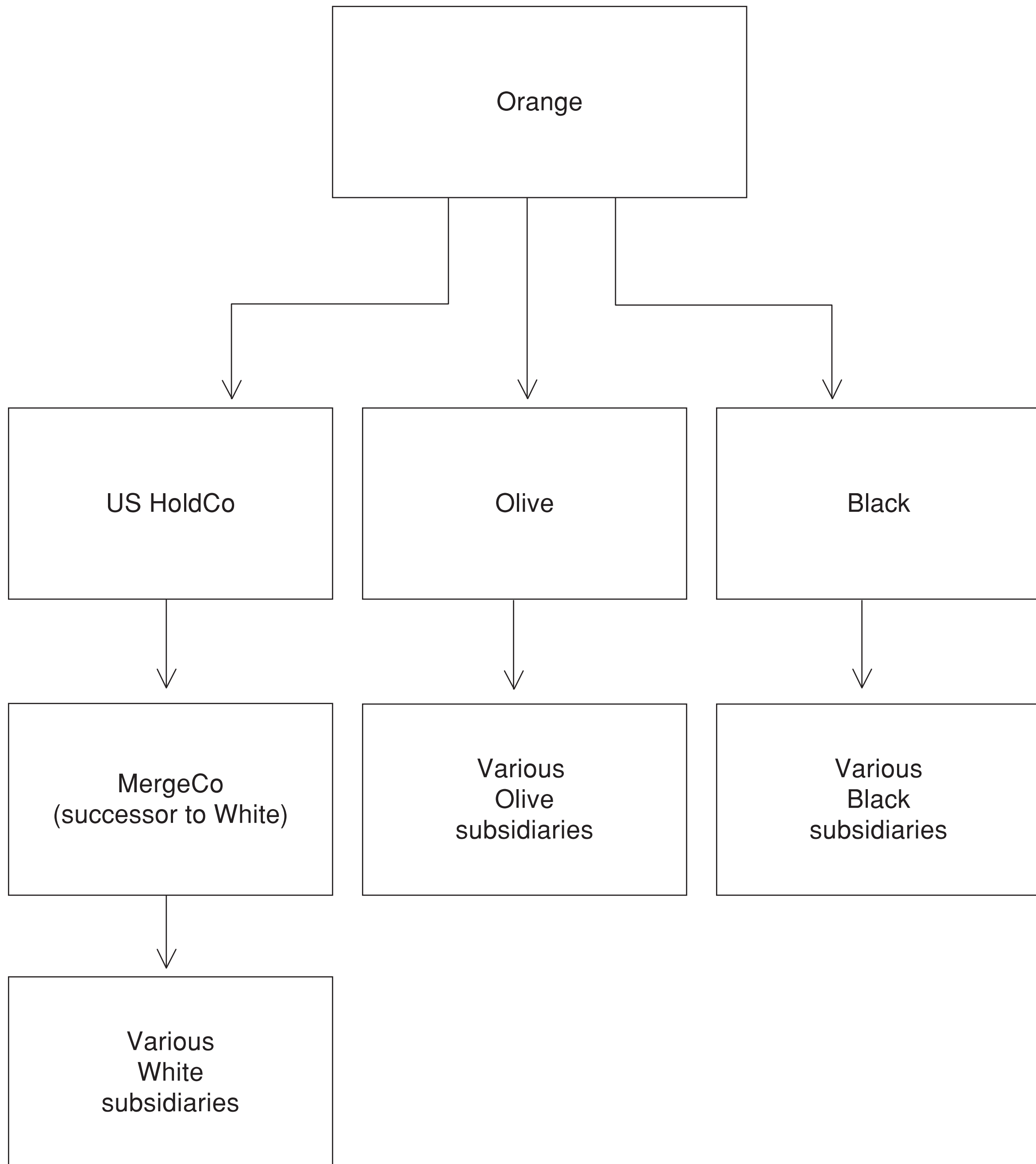
Orange expects that, if it achieves these targets, it will be able to drive long-term earnings per share growth in a mid to high single-digit range, ahead of the growth in operating income and improve return on invested capital by 20 basis points or more annually. The management teams of White, Olive, and Black currently expect 2015 to 2016 year over year, currency neutral net sales growth in a modest low single-digit range.

The following is a simplified organizational chart showing the structure of Orange and its subsidiaries immediately prior to the Effective Date*:



* Note: This chart excludes special purpose, nonoperating subsidiaries

Immediately after the Combination, the structure of Orange and its subsidiaries will be as follows*:



* Note: This organizational chart is intended to provide a simplified overview of the structure of Orange only. The chart does not include all subsidiaries, including indirect subsidiaries, of Orange and excludes special purpose, nonoperating subsidiaries of Orange.

BUSINESS OVERVIEW OF WHITE

As used throughout the Business Overview of White, Business Overview of Olive and Business Overview of Black sections, the term "sparkling" beverage means non-alcoholic ready-to-drink beverages with carbonation including waters, and flavoured waters with carbonation. The term "still" beverage means non-alcoholic beverages without carbonation, including energy drinks, waters and flavoured waters without carbonation, juice and juice drinks, teas, coffees, and sports drinks. The term "Coca-Cola trademark" refers to sparkling beverages bearing the trademark "Coca-Cola" or the "Coke" brand name. The term "allied beverages" refers to sparkling beverages of TCCC or its subsidiaries other than Coca-Cola trademark beverages. The term "pre-mix" refers to ready-to-serve beverages which are sold in tanks or kegs, and the terms "post-mix" refers to fountain syrup.

Introduction

White was incorporated in Delaware in 2010 and is a publicly traded company listed on the NYSE and NYSE Euronext Paris.

White is TCCC's strategic bottling partner in Western Europe and one of the world's largest independent Coca-Cola bottlers. White has 10-year bottling agreements with TCCC for each of its territories which extend through 2 October 2020, with each containing the right for White to request a 10-year renewal. Products licensed to White through TCCC and its affiliates represent greater than 90 per cent. of White's sales volume, with the remainder of its volume being attributable to sales of non-TCCC products.

White has bottling rights within its territories for various beverage brands, including products with the name "Coca-Cola." For substantially all products, the bottling rights include stated expiration dates. For all bottling rights granted by TCCC with stated expiration dates, White believes its interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by nonrenewals of these licenses ensure that they will continue to be renewed. For additional information about the terms of these licenses, refer to the section of this Prospectus titled "*Product Licensing and Bottling Agreements*."

On 6 August 2015, White entered into agreements with Red, Olive, the privately-owned Coca-Cola bottler operating primarily in Spain and Portugal, and Black, the indirectly wholly-owned TCCC bottler operating in Germany, related to a pending transaction to form Orange. The Combination will be effected through the contribution of Olive and Black to a newly created entity, Orange, and the merger of White with and into a newly formed indirect U.S. subsidiary of Orange (MergeCo), with MergeCo continuing as the surviving entity. For further details, refer to Note 2 of the Consolidated Financial Statements of White (Part A) included in this Prospectus.

Relationship with TCCC

White conducts its business primarily under agreements with TCCC. These agreements generally give White the exclusive right to market, produce, and distribute beverage products of TCCC in authorised containers in specified territories. These agreements provide TCCC with the ability, at its sole discretion, to establish its sales prices, terms of payment, and other terms and conditions for its purchases of concentrates and syrups from TCCC. However, concentrate prices have been subject to the terms of an incidence-based concentrate pricing agreement between White and TCCC which extended through 31 December 2015. White and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding programme which was effective on 1 January 2016. The term of this new understanding is tied to the term of White's bottling agreements, which expire on 2 October 2020. If White's bottling agreements are terminated due to the closing of the Merger, this understanding will continue until the commencement of a new incidence pricing agreement between TCCC and Orange.

Other significant transactions and agreements with TCCC include arrangements for cooperative marketing; advertising expenditures; purchases of sweeteners, juices, mineral waters, and finished products; strategic marketing initiatives; cold-drink equipment placement; and, from time to time, acquisitions of bottling territories.

Territories

White's bottling territories consist of Belgium, continental France, Great Britain, Luxembourg, Monaco, the Netherlands, Norway and Sweden (for the purposes of this section, "White's Bottlers"). The aggregate population of these territories was approximately 170 million at 31 December 2015. White generated

US$7.0 billion in net sales and sold approximately 12 billion bottles and cans (or 600 million physical cases) during 2015.

Product Licensing and Bottling Agreements

Product Licensing and Bottling Agreements with TCCC

White's Bottlers operate in their respective territories under licensing, bottling, and distribution agreements with TCCC and The Coca-Cola Export Corporation, a Delaware subsidiary of TCCC (the product licensing and bottling agreements). White believes that the structure of these product licensing and bottling agreements are substantially similar to agreements between TCCC and other European bottlers of Coca-Cola trademark beverages and allied beverages.

Exclusivity

Subject to the Supplemental Agreement (described below) and with certain minor exceptions, White's Bottlers have the exclusive rights granted by TCCC in their territories to sell the beverages covered by their respective product licensing and bottling agreements in containers authorised for use by TCCC (including pre- and post-mix containers). The covered beverages include Coca-Cola trademark beverages, allied beverages, still beverages, and certain other beverages specific to the European market. TCCC has retained the right, under certain limited circumstances, to produce and sell, or authorise third parties to produce and sell, the beverages in any manner or form within its territories.

White's Bottlers are prohibited from selling covered beverages outside their territories, or to anyone intending to resell the beverages outside their territories, without the consent of TCCC, except for sales arising out of an unsolicited order from a customer in another member state of the European Economic Area (EEA) or for export to another such member state. The product licensing and bottling agreements also contemplate that there may be instances in which large or special buyers have operations transcending the boundaries of White's territories, and, in such instances, White's Bottlers agree to collaborate with TCCC to provide sales and distribution to such customers.

Pricing

The product licensing and bottling agreements provide that sales by TCCC of concentrate, syrups, juices, mineral waters, finished goods, and other goods to White's Bottlers are at prices that are set from time to time by TCCC at its sole discretion. White and TCCC have operated under an incidence-based concentrate pricing agreement through 31 December 2015, under which concentrate prices increase in a manner that generally tracks White's annual net sales per case growth.

White and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding programme which was effective on 1 January 2016. The term of this new understanding is tied to the term of White's bottling agreements, which expire on 2 October 2020. If White's bottling agreements are terminated due to the closing of the proposed Merger, this understanding will continue until the commencement of a new incidence pricing agreement between TCCC and Orange. The new pricing model and funding programme will result in simplified administration without value transfer between the parties when compared to the previous model. White and TCCC believe that this new understanding should be a key factor for better alignment between the parties and position both parties to win in the marketplace and create value.

Term and Termination

The product licensing and bottling agreements have 10-year terms, extending through 2 October 2020, with each containing the right for White to request a 10-year renewal. While the agreements contain no automatic right of renewal beyond 2 October 2020, White believes that its interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by nonrenewals ensure that these agreements will continue to be renewed. Neither White nor its predecessor entity have ever had a franchise license agreement with TCCC terminated due to nonperformance of the agreement terms or due to a decision by TCCC to not renew an agreement at the expiration of a term.

TCCC has the right to terminate the product licensing and bottling agreements before the expiration of the stated term upon the insolvency, bankruptcy, nationalisation, or similar condition of White's Bottlers. The product licensing and bottling agreements may be terminated by either party upon the occurrence of a default that is not remedied within 60 days of the receipt of a written notice of default, or in the event that

U.S. currency exchange is unavailable or local laws prevent performance. They also terminate automatically, after a certain lapse of time, if any of White's Bottlers refuse to pay a concentrate base price increase.

Supplemental Agreement with TCCC

In addition to the product licensing and bottling agreements with TCCC, White's Bottlers, TCCC, and The Coca-Cola Export Corporation are parties to a supplemental agreement (the "**Supplemental Agreement**") with regard to White's Bottlers' rights. The Supplemental Agreement permits White's Bottlers to prepare, package, distribute, and sell the beverages covered by any of its Bottlers' product licensing and bottling agreements in any other territory of its Bottlers, provided that White and TCCC have reached agreement on a business plan for such beverages. The Supplemental Agreement may be terminated, either in whole or in part by territory, by TCCC at any time with 90 days' prior written notice.

Product Licensing and Bottling Agreements with Other Licensors

The product licensing and bottling agreements between White and other licensors of beverage products and syrups generally give those licensors the unilateral right to change the prices for their products and syrups at any time at their sole discretion. Some of these agreements have limited terms of appointment and some prohibit White from selling competing products with similar flavors. These agreements contain restrictions that are generally similar in effect to those in the product licensing and bottling agreements with TCCC as to the use of trademarks and trade names; approved bottles, cans, and labels; planning; and causes for termination.

Schweppes

In Great Britain, White distributes Schweppes, Dr Pepper, Oasis, and Schweppes Abbey Well (collectively the "**Schweppes Products**") pursuant to agreements with an affiliate of TCCC (the "**Schweppes Agreements**"). These agreements cover the marketing, sale, and distribution of Schweppes Products in Great Britain. The Schweppes Agreements run through 2 October 2020, and will be automatically renewed for one 10-year term unless terminated by either party.

In November 2008, the Abbey Well water brand was acquired by an affiliate of TCCC. White's use of the Schweppes name with the brand is pursuant to, and under the terms of, the Schweppes Agreements. Abbey Well is a registered trademark of Waters & Robson Ltd., and White has been granted the right to use the Abbey Well name until 10 February 2022, but only in connection with the sale of Schweppes Abbey Well products.

White commenced distribution of Schweppes and Dr Pepper products in the Netherlands in early 2010, pursuant to agreements with Schweppes International Limited. The agreements to distribute products such as Schweppes and Dr Pepper were renegotiated and effective 1 January 2014 for five-year periods each, replacing the previous agreements. The terms of these agreements include certain annual volume targets for Schweppes and Dr Pepper in the Netherlands, but do not include any monetary remedies if these targets are not met.

WILD

White distributes Capri-Sun beverages in France, Belgium, the Netherlands, and Luxembourg through a distribution agreement with a related entity of WILD GmbH & Co. KG ("**WILD**"). White also produces and distributes Capri-Sun beverages in Great Britain through a manufacturing and license agreement. As the initial duration of some of its prior agreements expired on 31 December 2013, White signed a new pan-European distribution agreement for France, Belgium, the Netherlands, and Luxembourg and a new license and manufacturing agreement in Great Britain, effective 1 January 2014. The new terms extended the agreements for an initial period of five years expiring on 31 December 2018, and will be renewable for an additional five-year period, subject to achieving certain performance criteria. Although these contracts do not impose monetary penalties in the event that the defined volume targets are not met, meeting the volume targets is part of the performance criteria evaluated in determining whether White would be able to renew these agreements for the additional five-year period.

White also reached agreement with a related entity of WILD to extend the pan-European master distribution agreement to Sweden and distribution of Capri-Sun beverages commenced in Sweden effective 1 June 2015, for an initial period of three years. The agreement in Sweden will be renewable for an

additional five-year period, subject to performance criteria and conditions similar to those in its other European territories.

Monster

White distributes Monster-branded beverages in all of its territories (including Norway as of June 2015) under distribution agreements between it and Monster Beverage Corporation. These agreements, for all territories except for Belgium, have 20-year terms from November 2008, comprised of four five-year terms, and can be terminated by either party under certain circumstances, subject to a termination penalty in some cases. In Belgium, the agreement has a 10-year term, comprised of two five-year terms, and can be terminated by either party under certain circumstances, subject to a termination penalty in some cases. In Great Britain, White also produces selected Monster-branded beverages through a manufacturing agreement with Monster Energy Limited. White renewed this agreement for a new term that will expire on 2 October 2018, with the possibility of renewal for two successive periods of five years each.

As of 13 June 2015, as a part of a global transaction between TCCC and Monster Energy Company, Monster acquired full ownership from TCCC of the following energy brands: Relentless, Nalu, and Burn. White shall continue to have the exclusive right to prepare, package, distribute, and sell these energy brands within its territories under bottling agreements currently being finalised (with the exception of Norway and Luxembourg which are limited to distribution only). These bottling/distribution agreements between Monster Energy Company and each of White's Bottlers are substantially similar to its product licensing and bottling agreements with TCCC, including the same term and termination provisions.

Other Agreements

White currently distributes Ocean Spray products in France, subject to a new agreement with Ocean Spray International, Inc. The new agreement with Ocean Spray International commenced on 1 February 2016 and will continue until 31 May 2019. This agreement may be extended by mutual agreement of the parties.

In April 2011, White entered into an agreement with SAB Miller International BV to manufacture, distribute, market, and sell Appletiser products in Great Britain. This agreement has an initial term of 10 years and will continue thereafter until either party terminates the agreement upon providing a 12-month notice. In October 2015, White entered into an ancillary agreement with SAB Miller International Brands Limited to extend its manufacturing, distribution, marketing, and sales of Appletiser products into Belgium and Luxembourg, that commenced on 1 February 2016 for an initial 10-year term.

White manufactures, distributes, and markets Fernandes products in the Netherlands. On 1 January 2006, White entered into a 10-year distribution agreement with the Fernandes family and its Netherlands representative, Holfer BV. Although distribution of Fernandes products is currently limited to the Netherlands, White has the right to distribute Fernandes products in the remainder of Europe and Africa. Although the current bottling agreement ended as of 31 December 2015, White and the Fernandes family are negotiating a new bottling agreement. The current agreement has been extended until a new agreement can be reached.

Products, Packaging, and Distribution

White derives its net sales from marketing, producing, and distributing nonalcoholic beverages. White's beverage portfolio consists of some of the most recognised brands in the world, including one of the world's most valuable beverage brands, Coca-Cola. White manufactures approximately 92 per cent. of the finished product it sells from concentrates and syrups that it buys. The remainder of the products White sells are purchased in finished form. Although in some of White's territories it delivers its product directly to retailers, White's product is principally distributed to its customers' central warehouses and through wholesalers who deliver to retailers.

White's top five brands by volume are:

- Coca-Cola
- Diet Coke/Coca-Cola light
- Coca-Cola Zero
- Fanta
- Capri-Sun

During 2015, 2014, and 2013, sales of certain major brand categories represented more than 10 per cent. of White's total net sales. The following table summarises the percentage of total net sales contributed by these major brand categories for the periods presented (rounded to the nearest 0.5 per cent.):

	2015	2014	2013
Coca-Cola trademark	64.0%	64.0%	64.0%
Sparkling flavors and energy	17.0	17.0	17.0

White's products are available in a variety of different package types and sizes, including, but not limited to, aluminium and steel cans, glass, polyethylene terephthalate ("**PET**") and aluminium bottles, pouches, and bag-in-box for fountain use.

For additional information about White's various products and packages, refer to the Operating and Financial Review of White in this Prospectus.

Seasonality

Sales of White's products are seasonal, with the second and third calendar quarters accounting for higher unit sales of products than the first and fourth quarters. In a typical year, White earns more than 60 per cent. of its annual operating income during the second and third quarters of the year. The seasonality of White's sales volume, combined with the accounting for fixed costs, such as depreciation, amortisation, rent, and interest expense, impacts White's results on a quarterly basis. Additionally, year-over-year shifts in holidays, selling days, and weather patterns, particularly cold or wet weather during the summer months, can impact White's results on an annual or quarterly basis.

Large Customers

No single customer accounted for 10 per cent. or more of White's total net sales in 2015, 2014, or 2013.

Advertising and Marketing

White relies extensively on advertising and sales promotions in marketing its products. TCCC and other licensors that supply concentrates, syrups, and finished products to it advertise in all major media to promote sales in the local areas White serves. White also benefits from regional, local, and global advertising programmes conducted by TCCC and other licensors. Certain of the advertising expenditures by TCCC and other licensors are made pursuant to annual arrangements.

White and TCCC engage in a variety of marketing programmes to promote the sale of products of TCCC in territories in which it operates. The amounts to be paid to White by TCCC under the programmes are determined annually and are periodically reassessed as the programmes progress. Marketing support funding programmes entered into with TCCC provide financial support, principally based on White's product sales or upon the completion of stated requirements, to offset a portion of its costs of the joint marketing programmes. Except in certain limited circumstances, TCCC has no specified contractual obligation to participate in expenditures for advertising, marketing, and other support in its territories. The terms of similar programmes TCCC may have with other licensees and the amounts paid by TCCC pursuant thereto could differ from White's arrangements.

Global Marketing Fund

White and TCCC have utilised a Global Marketing Fund ("**GMF**") under which TCCC paid White US$45 million annually through 31 December 2015. During each of the years 2015, 2014, and 2013, White received US$45 million under the GMF.

White and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding programme effective on 1 January 2016. The term of this new understanding is tied to the term of White's bottling agreements, which expire on 2 October 2020. Under the new funding programme, the US$45 million GMF, which terminated 31 December 2015, has been replaced by the integration of US$20 million into the incidence rate and annual payments of US$25 million from TCCC to White to support the execution of commercial strategies focused on capturing growth opportunities. This US$25 million funding will be paid in two equal installments each year.

Competition

The market for nonalcoholic beverages is highly competitive. White faces competitors that differ within individual categories in its territories. Moreover, competition exists not only within the nonalcoholic beverage market, but also between the nonalcoholic and alcoholic markets.

The most significant competitive factors impacting White's business include advertising and marketing, brand image, product offerings that meet consumer preferences and trends, new product and package innovations, pricing, and cost inputs. Other competitive factors include supply chain (procurement, manufacturing, and distribution) and sales methods, merchandising productivity, customer service, trade and community relationships, and the management of sales and promotional activities. Management of cold-drink equipment, including coolers and vending machines, is also a competitive factor. White believes its most favorable competitive factor is the consumer and customer goodwill associated with its brand portfolio.

White faces strong competition from companies that produce and sell competing products to a retail sector that is consolidating and in which buyers are able to choose freely between its products and those of its competitors. White's competitors include the local bottlers and distributors of competing products and manufacturers of private-label products. For example, White competes with bottlers and distributors of products of PepsiCo, Inc., Nestlé S.A., Groupe Danone S.A., and other private-label products, including those of certain of White's customers. In certain of White's territories, it sells products against which it competes in other territories. However, in all of White's territories, its primary business is marketing, producing, and distributing products of TCCC.

Raw Materials and Other Supplies

White purchases concentrates and syrups from TCCC and other licensors to manufacture products. In addition, White purchases sweeteners, juices, mineral waters, finished product, carbon dioxide, fuel, PET (plastic) preforms, glass, aluminium and plastic bottles, aluminium and steel cans, pouches, closures, post-mix, and packaging materials. White generally purchases its raw materials, other than concentrates, syrups, and mineral waters, from multiple suppliers. The product licensing and bottling agreements with TCCC and agreements with some of its other licensors provide that all authorised containers, closures, cases, cartons and other packages, and labels for their products must be purchased from manufacturers approved by the respective licensor.

The principal sweetener White uses is sugar derived from sugar beets. White's sugar purchases are made from multiple suppliers. White does not separately purchase low-calorie sweeteners because sweeteners for low-calorie beverage products are contained in the concentrates or syrups White purchases.

White produces most of its plastic bottle requirements within its production facilities using preforms purchased from multiple suppliers. White believes the self-manufacture of certain packages serves to ensure supply and to reduce or manage its costs.

White does not use any materials or supplies that are currently in short supply, although the supply and price of specific materials or supplies are, at times, adversely affected by strikes, weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, price or supply fluctuations of their raw material components, and currency fluctuations.

Governmental Regulation

The production, distribution, and sale of many of White's products is subject to various laws and regulations of the countries in which it operates that regulate the production, packaging, sale, safety, advertising, labeling, and ingredients of its products.

Packaging

The European Commission has a packaging and packing waste directive that has been incorporated into the national legislation of the European Union (EU) member states in which White does business. The weight of packages collected and sent for recycling (inside or outside the EU) in the countries in which White operates must meet certain minimum targets, depending on the type of packaging. The legislation sets targets for the recovery and recycling of household, commercial, and industrial packaging waste and imposes substantial responsibilities on bottlers and retailers for implementation.

In the Netherlands, White includes approximately 25 per cent. recycled content in its recyclable plastic bottles, in accordance with an agreement it has with the government. In compliance with national regulation within the sparkling beverage industry, White charges its customers in the Netherlands a deposit on all containers greater than a ½ litre, which is refunded to them if and when the containers are returned. Container deposit schemes also exist in Norway (which is part of the EEA but is not an EU member state) and Sweden, under which a deposit fee is included in the consumer price, which is refunded to them if and when the container is returned. The Norwegian government further imposes two types of packaging taxes: (1) a base tax and (2) an environmental tax calculated against the amount returned. The Norwegian base tax applies only to one-way packages such as cans and nonreturnable PET (plastic) that may not be used again in their original form.

White has taken actions to mitigate the adverse financial effects resulting from legislation concerning deposits and restrictive packaging, which impose additional costs on it. White is unable to quantify the impact on current and future operations that may result from additional legislation, if enacted or enforced in the future, but the impact of any such legislation could be significant.

Excise and Other Taxes

There are specific taxes on certain beverage products in certain territories in which White does business. Excise taxes on the sale of sparkling and still beverages are in place in Belgium, France, the Netherlands, and Norway.

Proposals could be adopted to increase existing excise tax rates, or to impose new special taxes, on certain beverages that White sells. White is unable to forecast whether such new legislation will be adopted and, if enacted, what the impact would be on its financial results.

Beverages in Schools

Throughout White's territories, different policies exist related to the presence of its products in schools, from a total ban of vending machines in schools in France, to a limited choice in Great Britain, and self-regulation guidelines in its other territories, including its commitment to selling primarily low-calorie options in this channel. Despite White's established internal guidelines, White continues to face pressure from regulatory intervention to further restrict the availability of sugared and sweetened beverages in schools. During 2015, sales in schools represented less than 1.0 per cent. of its total sales volume.

Environmental Regulations

Substantially all of White's facilities are subject to laws and regulations dealing with above-ground and underground fuel storage tanks and the discharge of materials into the environment.

White's beverage manufacturing operations do not use or generate a significant amount of toxic or hazardous substances. White believes its current practices and procedures for the control and disposition of such wastes comply with applicable laws in each of its territories.

White is subject to, and operates in accordance with, the provisions of the EU Directive on Waste Electrical and Electronic Equipment ("**WEEE**"). Under the WEEE Directive, companies that put electrical and electronic equipment (such as its cold-drink equipment) on the EU market are responsible for the costs of collection, treatment, recovery, and disposal of their own products.

Trade Regulation

As the exclusive manufacturer and distributor of bottled and canned beverage products of TCCC and other manufacturers within specified geographic territories, White is subject to antitrust laws of general applicability.

EU rules adopted by the European countries in which White does business preclude restriction of the free movement of goods among the member states. As a result, the product licensing and bottling agreements grant White exclusive bottling territories, subject to the exception that other EEA bottlers of Coca-Cola trademark beverages and allied beverages can, in response to unsolicited orders, sell such products in its European territories (as it can in their territories). For additional information about White's bottling agreements, refer to the section above titled "*Product Licensing and Bottling Agreements*."

Employees

At 31 December 2015, White had approximately 11,500 employees. A majority of White's employees in Europe are covered by collectively bargained labour agreements, most of which do not expire. However, wage rates must be renegotiated at various dates through 2017. White believes it will be able to renegotiate these wage rates with satisfactory terms.

Financial Information on Industry Segments and Geographic Areas

For financial information about White's industry segment and operations in geographic areas, refer to Note 14 of the Consolidated Financial Statements of White (Part A) included in this Prospectus.

BUSINESS OVERVIEW OF OLIVE

Introduction

Olive was incorporated in October 2012 under the name Ibérica de Bebidas no Alcohólicas, S.A., and in March 2013 changed its name to Coca-Cola Iberian Partners, S.A. Since 29 December 2015, Olive's name is Coca-Cola Iberian Partners, S.A.U. Olive is a Spanish company with a registered office at Paseo de la Castellana, 259-C (Torre de Cristal), Floor 9, 28046, Madrid and Spanish tax identification number A-86,561,412, and its telephone number is (+34) 913348529. In June 2013, as a result of the integration of eight existing beverage businesses in the Iberian region, Olive commenced operations as a combined business. On 11 November 2015, pursuant to the framework agreement dated 30 July 2015 (the "**Olive Framework Agreement**"), Olive became a subsidiary of Olive Partners, S.A., a private company incorporated under the laws of Spain with registered office in Madrid and registered with the commercial register of Madrid ("**Olive HoldCo**"), following which the Olive shareholders effected a reorganisation as a result of which Olive HoldCo acquired shares in Olive representing approximately 98.3 per cent. of the share capital of Olive and Olive transferred its shares in Orange to Olive HoldCo. On 29 December 2015, Olive HoldCo acquired a further final minority stake in Olive and became the owner of the shares in Olive representing 100 per cent. of the share capital of Olive. In this description, "Olive" refers to Olive and its subsidiaries, taken as a whole, unless the context indicates otherwise. For the avoidance of doubt, Olive does not include Olive HoldCo.

Olive's bottling territories consist of Spain, Portugal and Andorra. The aggregate population of these territories was approximately 57 million at 31 December 2015, and in 2015 some 78 million tourists visited these territories giving a total market of approximately 135 million consumers. Olive is TCCC's strategic bottling partner for Spain, Portugal and Andorra and operates in these territories under product bottling and distribution agreements with TCCC. Olive has bottling rights within its territories for various beverage brands, including products with the name "Coca-Cola." Olive operates principally under product bottling and distribution agreements. For all products, the bottling rights under the bottling and distribution agreements include stated expiration dates.

Product Bottling and Distribution Agreements with TCCC

Olive produces, markets and distributes TCCC's products in Spain, Portugal and Andorra under product bottling and distribution agreements with TCCC and The Coca-Cola Export Corporation, a State of Delaware subsidiary of TCCC.

Exclusivity

With certain minor exceptions, Olive has the exclusive rights granted by TCCC in its territories to produce, bottle and sell the beverages covered by the relevant product bottling and distribution agreements in containers authorised for use by TCCC (including pre- and post-mix containers). The covered beverages include Coca-Cola trademark beverages, allied beverages, still beverages and certain other beverages specific to the European market. TCCC has retained the right, under certain limited circumstances, to produce and sell, or authorise third parties to produce and sell, the beverages that are the subject of the product bottling and distribution agreements.

Olive is prohibited from selling covered beverages outside its territories, or to anyone intending to resell the beverages outside its territories, without the consent of TCCC, except for sales arising out of an unsolicited order from a customer in another Member State or for export to another such Member State. The product bottling and distribution agreements also contemplate that there may be instances in which large or special buyers have operations transcending the boundaries of Olive's territories and, in such instances, Olive agrees to collaborate with TCCC to provide sales and distribution to such customers.

Pricing

The product bottling and distribution agreements provide that sales by TCCC of concentrate, syrups, juices, mineral waters, finished goods, and other goods to Olive are at prices that are set from time to time by TCCC at its sole discretion. These agreements provide TCCC with the ability, in its sole discretion, to establish its sales prices, terms of payment, and other terms and conditions for Olive's purchases of concentrates, syrups, juices, finished goods and other goods from TCCC. Concentrate prices follow an incidence-based concentrate pricing model that generally tracks Olive's annual net sales per case growth.

Term and Termination

The product bottling and distribution agreements of Olive have 10-year terms, extending through 21 February 2023. Any extension to the term must be expressly agreed in writing by the parties, there being no tacit or automatic extension of the term.

TCCC has the right to terminate the product bottling and distribution agreements before the expiration of the stated term upon the insolvency, bankruptcy (in both cases, which are not stayed or dismissed within 120 days), nationalisation, or similar condition of Olive. The product bottling and distribution agreements may be terminated by either party upon the occurrence of a default that is not remedied within 60 days of the receipt of a written notice of default, or in the event that foreign currency exchange to remit abroad payment of import of the concentrate or ingredients or material necessary for the manufacture of the concentrate, the syrup or the beverage is unavailable or local laws prevent performance. They also terminate automatically, after a certain lapse of time, if Olive refuses to pay a concentrate base price increase.

Olive has never had a product bottling and distribution agreement with TCCC terminated due to non-performance of the agreement terms or due to a decision by TCCC to not renew an agreement at the expiration of a term.

Agreements with other Licensors

Olive produces and sells Burn beverages in Spain, Portugal and Andorra under a product bottling and distribution agreement with an affiliate of Monster Beverage Corporation.

Olive produces and sells Nestea beverages in Spain, Portugal and Andorra under product bottling and distribution agreements with an affiliate of Beverage Partners Worldwide SA.

Olive sells Monster beverages in Spain, Portugal and Andorra under a distribution agreement with an affiliate of Monster Beverage Corporation.

Products, Packaging, and Distribution

Olive derives its revenues from producing, selling and distributing non-alcoholic beverages. Olive produces approximately 99.8 per cent. of the finished product it sells from concentrates and syrups that it buys. The remainder of the products Olive sells are purchased in finished form.

Olive's top five brands by volume (and the brand category that each of them belongs to) are:

Brand	Brand Category
Coca-Cola	Coca-Cola Trademark
Coca-Cola Zero	Coca-Cola Trademark
Fanta Naranja	Sparkling flavours
Aquabona	Water
Coca-Cola Light	Coca-Cola Trademark

During 2015, 2014 and 2013, sales of certain major brand categories represented more than 10 per cent. of Olive's total revenues in Spain, Portugal and Andorra. The following table summarises the percentage of total revenues contributed by these major brand categories for the periods presented (rounded to the nearest 0.1 per cent.):

	2015 (%)	2014 (%)	2013 (%)
Spain and Andorra			
Coca-Cola trademark	64.4	66.0	66.5
Sparkling flavours	15.7	15.9	16.0
Portugal			
Coca-Cola trademark	77.8	79.3	79.2

Olive's products are available in a variety of package types and sizes (single-serve and multi-serve), including, but not limited to, aluminium and steel cans, glass, PET (plastic resin) and aluminium bottles, pouches, and bag-in-box for fountain use.

Although in some of Olive's territories Olive sells its products to wholesalers, Olive's products are principally sold to retailers; in certain cases, products are delivered to its customers' central warehouses.

For additional information about Olive's various brands and packages, please refer to the Operating and Financial Review of Olive included in this Prospectus.

Seasonality

The seasonality of Olive's business is due to higher sales of Olive's products during the second and third calendar quarters.

Large Customers

No single customer accounted for 10 per cent. or more of Olive's total revenues in 2015, 2014 or 2013.

Advertising and Marketing

Olive relies extensively on advertising and sales promotions in marketing products manufactured by Olive. TCCC and other licensors that supply concentrates, syrups, and finished products to Olive advertise in all major media to promote their trademarks in the local areas Olive serves. Olive also benefits from regional, local, and global advertising programmes conducted by TCCC and other brand owners. Certain of the advertising expenditures by TCCC and other brand owners are made pursuant to annual arrangements.

Olive and TCCC engage in a variety of marketing programmes to promote the sale of TCCC branded products manufactured by Olive for territories in which Olive operates. According to the product bottling and distribution agreement, TCCC may agree from time to time to contribute financially to Olive's marketing programmes. Under the Annual Marketing Plan for Olive ("**Annual Marketing Plan**"), Olive and TCCC agree, from time to time, guidelines for the commitment and distribution of expenditure on advertising of TCCC branded products in the local areas Olive serves. The amounts to be paid by Olive and TCCC under the marketing programmes are determined annually and are periodically reassessed as the programmes progress. While under the Annual Marketing Plan such marketing expenses are generally borne equally by each of Olive and TCCC except in certain limited circumstances, TCCC has no specified contractual obligation to participate in expenditures for advertising, marketing, and other support in Olive's territories.

Olive has similar marketing agreements with Monster for the advertising and promotion of Burn and Monster beverages.

Competition

The market for non-alcoholic beverages is highly competitive. Olive faces competitors that differ within individual categories in its territories. Moreover, competition exists not only within the non-alcoholic beverage market, but also between the non-alcoholic and alcoholic markets.

The most important competitive factors impacting Olive's business include advertising and marketing, brand image, product offerings that meet consumer preferences and trends, new product and package innovations, pricing, and cost inputs. Other competitive factors include supply chain (procurement, manufacturing, and distribution) and sales methods, merchandising productivity, customer service, trade and community relationships, and the management of sales and promotional activities. Management of cold-drink equipment, including coolers and vending machines, is also a competitive factor.

Olive's competitors include the local bottlers and distributors of competing products and manufacturers and distributors of private-label products. For example, in Spain and Andorra, Olive competes with bottlers and distributors of products of PepsiCo, Inc., Nestlé S.A., Groupe Danone S.A., Pascual and other private-label products. In Portugal, Olive competes with bottlers and distributors of products of Sumol+Compal S.A., Unilever Jerónimo Martins, Lda., Orangina Schweppes, and other private-label products. Private-label products against which Olive competes include those of certain of Olive's customers.

Raw Materials and Other Supplies

Olive purchases concentrates and syrups from TCCC and other brand owners to produce products. Olive's major raw materials, other than water and concentrate, are sugar and other sweeteners, carbon dioxide, juice concentrates, glass, labels, PET (plastic resin), closures, plastic crates, aluminium cans, aseptic packages and other packaging materials. Olive generally purchases its raw materials, other than concentrates and syrups, from multiple suppliers. The product bottling and distribution agreements require

that all authorised containers, closures, cases, cartons and other packages, and labels for the products must be purchased from manufacturers approved by TCCC or the other licensors, as applicable.

The principal sweetener Olive uses is sugar derived from sugar beets, although small volumes are derived from sugar cane. Olive's sugar purchases are made from multiple suppliers. Olive does not separately purchase low-calorie sweeteners because sweeteners for low-calorie beverage products are contained in the concentrates or syrups Olive purchases.

Olive produces most of its plastic (PET) bottle requirements within its own production facilities using preforms that it self-manufactures. During the first half of 2016, Olive expects to begin purchasing preforms from a third party supplier.

Olive does not use any materials or supplies that are currently in short supply, although the supply and price of specific materials or supplies are, at times, adversely affected by strikes, weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, price or supply fluctuations of their raw material components, and currency fluctuations.

Governmental Regulation

The production, distribution and sale of Olive's products are subject to the laws and regulations of the countries in which Olive operates, which regulate the production, packaging, sale, safety, advertising, labelling, and ingredients of Olive's products.

Packaging

The European Commission has a packaging and packing waste directive that has been incorporated into the national legislation of the EU member states in which Olive does business. The weight of packages collected and sent for recycling (inside or outside the EU) in the countries in which Olive operates must meet certain minimum targets, depending on the type of packaging. The legislation sets targets for the recovery and recycling of household, commercial, and industrial packaging waste and imposes substantial responsibilities on bottlers and retailers for implementation.

Beverages in Schools

Throughout Olive's territories, different policies and self-regulation guidelines exist related to the presence of Olive's products in schools. During 2015, sales in schools represented less than 0.5 per cent. of Olive's total volume.

Environmental Regulations

Substantially all of Olive's facilities are subject to laws and regulations dealing with above-ground and underground fuel storage tanks and the discharge of materials into the environment.

Olive's beverage manufacturing operations do not use or generate a significant amount of toxic or hazardous substances. Olive believes its current practices and procedures for the control and disposition of such wastes comply with applicable laws in each of its territories.

Olive is subject to, and operates in accordance with, the provisions of the EU Directive on Waste Electrical and Electronic Equipment (the "**WEEE Directive**"). Under the WEEE Directive, companies that put electrical and electronic equipment (such as Olive's cold-drink equipment) on the EU market are responsible for the costs of collection, treatment, recovery, and disposal of their own products.

Trade Regulation

As the exclusive producer and distributor of bottled and canned beverage products of TCCC owned trademarks and bottled and canned beverage products of other manufacturers within specified geographic territories, Olive is subject to antitrust laws of general applicability.

EU rules adopted by the European countries in which Olive does business preclude restriction of the free movement of goods among the member states. As a result, the product bottling and distribution agreements grant Olive exclusive bottling territories, subject to the exception that other EEA bottlers of Coca-Cola trademark beverages and allied beverages can, in response to unsolicited orders, sell such products in Olive's territories (as Olive can in their territories).

Employees

Olive employed approximately 4,600 people as of 31 December 2015.

All of Olive's employees are covered by collectively bargained labour agreements.

Legal Proceedings of Olive

Olive has experienced labour unrest at its facility in Fuenlabrada (Madrid) following an internal restructuring in January 2014 that involved the closure of four factories (including the facility in Fuenlabrada) and the collective dismissal of 840 workers. The unions representing the dismissed workers organised protests against Olive and lawsuits challenging the collective dismissal.

In connection with the Fuenlabrada labour dispute described above, the Fuenlabrada works council of one of the labour unions, accounting for a minority of Olive's employees who were members of that union, filed a claim in Madrid against the then CEO and Chairman of Olive, Sol Daurella, and the then General Manager of Olive, Victor Rufart, who will be, respectively, the initial Chairman and the initial Chief Integration Officer of Orange, alleging a criminal violation of workers' rights under Spanish law as a result of serving customers in Madrid with products manufactured in facilities outside of Madrid.

While in December 2014 the public prosecutor issued a report stating that the allegations were insufficient to constitute an offense, proceedings are on-going. See "Risk Factors—*Legal disputes, proceedings and investigations in Spain relating to Olive and its management could adversely impact Olive's and Orange's financial results and/or reputation*" on page 38 of this Prospectus.

BUSINESS OVERVIEW OF BLACK

Introduction

Black is a limited liability company (*Gesellschaft mit beschränkter Haftung*) with its principal place of business in Berlin, Germany, and is registered with the commercial register of the local court (*Amtsgericht*) of Berlin Charlottenburg, Germany—Black's registered office is Stralauer Allee 4, 10245 Berlin, Germany and its telephone number is +49(0)30 9204 01. Effective as of 20 January 2016, Black changed its legal form (*Formwechsel*) from a stock corporation (*Aktiengesellschaft*) into a limited liability company (*Gesellschaft mit beschränkter Haftung*) organised under the laws of Germany. Black is an indirect wholly owned subsidiary of TCCC, representing TCCC's strategic bottling partner in Germany and Germany's largest beverage company based on volume and revenue.

Territory

Black's bottling territory is Germany, a country with a population of about 80 million people. Black generated US$2.4 billion in net sales and sold approximately 680.0 million unit cases during 2015.

Bottling Agreements

Product Bottling and Distribution Agreement with TCCC

Black operates under a product bottling and distribution agreement with TCCC and The Coca-Cola Export Corporation, a Delaware subsidiary of TCCC. Black believes that the structure of this product bottling and distribution agreement is substantially similar to agreements between TCCC and other European bottlers of Coca-Cola trademark beverages and allied beverages.

Exclusivity

With certain minor exceptions, Black has the exclusive right in Germany, granted by TCCC, to prepare, package, distribute and sell the beverages covered by the product bottling and distribution agreement in containers authorised for use by TCCC (including pre- and post-mix containers). The covered beverages include Coca-Cola trademark beverages, allied beverages, still beverages, and certain other beverages specific to the German market. TCCC has retained the right, under certain limited circumstances, to produce and sell, or authorise third parties to produce and sell, the beverages in any manner or form within Germany. Black is prohibited from selling covered beverages outside Germany, or to anyone intending to resell the beverages outside Germany, without the consent of TCCC, except for sales arising out of an unsolicited order from a customer in another member state of the EEA or for export to another such member state. The product bottling and distribution agreement also contemplates that there may be instances in which large or special buyers have operations transcending the boundaries of Germany and, in such instances, Black agrees to collaborate with TCCC to provide sales and distribution to such customers.

Pricing

The product bottling and distribution agreement provides that sales by TCCC to Black of concentrate, syrups, juices, mineral waters, finished goods and other goods are at prices that are set from time to time by TCCC at its sole discretion. Black and TCCC have entered into an agreement under which concentrate prices increase in a manner that generally tracks Black's annual net sales growth. This agreement will expire at the same time as the product bottling and distribution agreement; provided, however, that the agreement will continue until the expiration of any renewal period or the entry into a replacement bottling agreement.

Term and Termination

The product bottling and distribution agreement has a 10-year term, extending through 31 August 2017, and contains the right for Black to request a 10-year renewal.

TCCC has the right to terminate the product bottling and distribution agreement before the expiration of the stated term upon, among other reasons, the insolvency, bankruptcy, nationalization or similar condition of Black. The product bottling and distribution agreement may be terminated by either party upon the occurrence of a default that is not remedied within 60 days of the receipt of a written notice of default, or in the event that U.S. currency exchange is unavailable or German law prevents performance. It

also terminates automatically, after a certain lapse of time, if Black refuses to pay a concentrate base price increase.

Bottling Agreements with Other Parties

Black prepares, packages and distributes Nestea products in Germany pursuant to a bottling agreement between Black and a joint venture between TCCC and Nestlé S.A., dated 1 October 2009. The agreement gives the joint venture the right to change the prices for its products and syrups at any time at its sole discretion. The joint venture can further impose maximum prices for the sale of Nestea products. In addition, the agreement expires on the earlier of 30 September 2019, the expiration of Black's product bottling and distribution agreement with TCCC, and a change in Black's ownership structure, which would be caused by the Combination.

In 2006, in order to receive merger control approval in Germany, Black sold its Schweppes brand to a subsidiary of Krombacher Brauerei Bernhard Schadeberg GmbH & Co. KG. In connection with this divestment, on 11 May 2006 Black entered into a toll-bottling agreement with Schweppes Deutschland GmbH pursuant to which Black manufactures and packages Schweppes beverages on behalf of Schweppes Deutschland GmbH at its site in Bad Neuenahr, Germany. The agreement will expire in 2019.

Black is the exclusive distributor of the energy drink brands Monster™ and Relentless™ in Germany pursuant to a distribution agreement entered into between Black and Monster Beverage Corporation in July 2015.

Products, Packaging, and Distribution

Black derives its net sales from marketing, producing, and distributing non-alcoholic beverages. Black's beverage portfolio consists of some of the most recognised brands in the world, including one of the world's most valuable beverage brands, Coca-Cola. Black manufactures approximately 99 per cent. of the finished product it sells from concentrate, syrups and mineral waters that it buys. The remainder of the products it sells are purchased in finished form. Although Black delivers its products directly to retailers, Black's products are principally distributed to its customers' central warehouses and through wholesalers who deliver to retailers.

During 2015, 2014 and 2013, sales of certain major brand categories represented more than 10 per cent. of Black's total volume. The following table summarises the percentage of volume contributed by these major brand categories for the periods presented:

	2015 (% of total)	2014 (% of total)	2013 (% of total)
Coca-Cola trademark(A)	45.6%	45.5%	45.2%
Sparkling flavours and energy	44.0	44.3	44.7
Juices, isotonics, and other	0.3	0.3	0.3
Water	9.7	9.5	9.4
Hot coffee	0.4	0.4	0.4
Total	100.0%	100.0%	100.0%

(A) Includes Coca-Cola, Coca-Cola Cherry and Coca-Cola Vanilla only. Does not include Coca-Cola light, Coca-Cola light Lemon C, Coca-Cola light koffeinfrei, Coca-Cola Life, Coca-Cola Zero and Coca-Cola Zero koffeinfrei.

Black's products are available in a variety of package types and sizes (single-serve and multi-serve) including, but not limited to aluminium, cans, glass, PET and aluminium bottles, bag-in-box and steel containers for fountain use.

Joint Venture for Certain IT Platform

By the Completion, Black will be a party to a joint venture with Coca-Cola GmbH in relation to an IT platform to be operated by CC Digital GmbH ("**CC Digital**") and used by both Black and TCCC.

Seasonality

Sales of Black's products are seasonal, with the second and third calendar quarters accounting for higher sales of products than the first and fourth quarters. In a typical year, Black earns more than 50 per cent. of

its annual net revenue during the second and third quarters of the year. The seasonality of Black's sales volume, combined with the accounting for fixed costs, such as depreciation, amortization, rent, and salary overhead expenses impacts Black's results on a quarterly basis. Additionally, shifts in holidays, selling days, and weather patterns from year to year, particularly cold or wet weather during the summer months, can impact Black's results on an annual or quarterly basis. Black's methods of accounting for fixed costs, such as depreciation and amortization, are not significantly affected by business seasonality.

Large Customers

Black's two largest customers in 2015, 2014 and 2013 accounted for approximately 25 per cent., 24 per cent. and 22 per cent. of Black's net operating revenues, respectively. The following table provides detail about the percentage of Black's total sales accounted for by its two largest customers:

	2015	2014	2013
Edeka	14.0%	13.0%	12.0%
Rewe	11.0	11.0	10.0
Total	25.0%	24.0%	22.0%

Note: No other single customer accounted for more than 10 per cent. of Black's net operating revenues during these periods.

Advertising and Marketing

Black relies extensively on sponsoring, customer support, advertising via both general media and various retail businesses and sales promotions in marketing its products. In addition to its individual marketing efforts, Black conducts marketing activities jointly with TCCC that focus on advertising in all major media to promote sales in the local areas Black serves.

Black and TCCC engage in a variety of marketing programmes to promote the sale of products of TCCC in Germany. The amounts to be paid to Black by TCCC under the programmes, if any, are determined annually and are periodically reassessed as the programmes progress. Marketing support funding programmes entered into with TCCC provide financial support, principally based on Black's product sales or upon the completion of stated requirements, to offset a portion of Black's costs of the joint marketing programmes. For the years ended 31 December 2015, 2014 and 2013, the amounts paid to Black under these programmes were approximately US$188 million, US$228 million and US$216 million, respectively. Except under the agreement with Black described under "*Business Overview of Black—Bottling Agreements—Product Bottling and Distribution Agreement with TCCC—Pricing*" above and in certain other limited circumstances, TCCC has no specified contractual obligation to participate in expenditures for advertising, marketing or other support. The terms of similar programmes TCCC may have with other franchisees and the amounts paid by TCCC pursuant thereto could differ from Black's arrangements.

Black further benefits from regional, local, and global advertising programmes conducted by TCCC. Certain of the advertising expenditures by TCCC are made pursuant to annual arrangements.

Competition

The market for non-alcoholic beverages is highly competitive. Black faces competitors that differ within individual categories. Moreover, competition exists not only within the non-alcoholic beverage market, but also between the non-alcoholic and alcoholic beverage markets.

The most important competitive factors impacting Black's business include advertising and marketing, brand image, product offerings that meet consumer preferences and trends, new product and package innovations, pricing, and cost inputs. Other competitive factors include supply chain (procurement, manufacturing, and distribution) and sales methods, merchandising productivity, customer service, trade and community relationships, and the management of sales and promotional activities. Management of cold-drink equipment, including coolers and vending machines, is also a competitive factor. Black believes its most favourable competitive factor is the consumer and customer goodwill associated with its brand portfolio.

Black faces strong competition from companies that produce and sell competing products to a retail sector that is increasingly consolidating and in which buyers are able to choose freely between Black's products and those of its competitors. Black's competitors include the local bottlers and distributors of competing products and manufacturers of private-label products. For example, Black competes with bottlers and

distributors of products of PepsiCo, Inc., Nestlé S.A., Groupe Danone S.A. and other private-label products, including those of certain of its customers.

Raw Materials and Other Supplies

Black purchases concentrates and syrups from TCCC to manufacture its products. In addition, Black purchases sweeteners, juices, mineral waters, finished product, carbon dioxide, fuel, PET preforms, glass, aluminium and plastic bottles, plastic cases, cans, closures, post-mix, steel containers, and fountain-related packaging materials. Black generally purchases its raw materials, other than concentrates, syrups, and mineral waters, from multiple suppliers. The product bottling and distribution agreement with TCCC provides that all authorised containers, closures, cases, cartons and other packages and labels for the products must be purchased from manufacturers approved by TCCC.

The principal sweetener Black uses is sugar derived from sugar beets. Black's sugar purchases are made from multiple suppliers. Black does not separately purchase low-calorie sweeteners because sweeteners for low calorie beverage products are contained in the concentrates or syrups Black purchases.

Black produces most of its plastic bottle requirements within its production facilities using preforms purchased from multiple suppliers. Black believes the self-manufacture of certain packages serves to ensure supply and to reduce its costs.

Black does not use any materials or supplies that are currently in short supply, although the supply and price of specific materials or supplies are, at times, adversely affected by strikes, weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, price or supply fluctuations of their raw material components, and currency fluctuations.

Governmental Regulation

The production, distribution, and sale of many of Black's products is subject to various laws and regulations that regulate the production, packaging, sale, safety, advertising, labelling, and ingredients of Black's products.

Packaging

The European Commission has promulgated a packaging and packing waste directive that has been incorporated into German law. The weight of packages collected and sent for recycling (inside or outside the EU) must meet certain minimum targets, depending on the type of packaging. The legislation sets targets for the recovery and recycling of household, commercial and industrial packaging waste and imposes substantial responsibilities on bottlers and retailers for implementation. In compliance with German law and general industry practice, Black charges its customers a deposit of €0.15 or €0.25 on its bottles and cans and a deposit of €1.50 on its cases, which is refunded to them if and when the containers are returned. Black records the bottle deposits charged from its customers as a refund obligation. In its audited financial statements for the fiscal year 2015, such obligation amounted to US$190.6 million.

Black has taken actions to mitigate the adverse financial effects resulting from legislation concerning deposits, which imposes additional costs on Black. Black is unable to quantify the impact on current and future operations that may result from additional legislation if enacted, but the impact of any such legislation could be significant.

Excise and Other Taxes

German municipalities may impose taxes on Black's beverage products served for immediate consumption, such as in restaurants. In the past such taxes, if imposed, were levied at an average rate of 10 per cent. Proposals could be adopted to introduce or increase excise tax rates, or to impose new special taxes, on certain beverages that Black sells. Black is unable to forecast whether such new legislation will be adopted and, if enacted, what the impact would be on its financial results.

Environmental Regulations

Substantially all of Black's facilities are subject to laws and regulations dealing with soil contamination, above-ground and underground fuel storage tanks, and the discharge of materials into the environment. Black monitors its owned and leased sites regularly according to established standards.

German authorities detected potential soil contamination at certain sites currently or previously owned by Black. The authorities may require Black or the current property owner or occupant to undertake certain remediation measures, including investigation, monitoring and analysis of the relevant site as well as the preparation and implementation of a decontamination plan, including with respect to resulting water contamination. If several parties are responsible for contamination, the party addressed by the authorities may seek recourse against other responsible parties. As of 31 December 2015, the authorities have not imposed remediation measures. Black's beverage manufacturing operations do not use or generate a significant amount of toxic or hazardous substances. Black believes its current practices and procedures for the control and disposition of such wastes comply with applicable law in Germany.

Black is subject to, and operates in accordance with, the provisions of the WEEE Directive. Under the WEEE Directive, companies that put electrical and electronic equipment (such as Black's cold-drink equipment) on the EU market are responsible for the costs of collection, treatment, recovery, and disposal of their own products.

Trade Regulation

As the exclusive manufacturer and distributor of bottled and canned beverage products of TCCC within Germany, Black is subject to antitrust laws of general applicability. EU rules adopted by Germany preclude restriction of the free movement of goods among the member states. As a result, the product bottling and distribution agreement grants Black an exclusive bottling territory, subject to the exception that other EEA bottlers of Coca-Cola trademark beverages and allied beverages can, in response to unsolicited orders, sell such products in Germany (as Black can in their territories). For additional information about Black's product bottling and distribution agreement, refer to "*Bottling Agreements*" in this section.

Employees

At 31 December 2015, Black had approximately 9,500 employees, all of whom were located in Germany. Substantially all of Black's employees, with the exception of so called leading-employees and its board members, are covered by collective bargaining agreements either due to their membership of the competent trade union and/or due to a reference to such collective bargaining agreements within the individual employment agreement. The collective bargaining agreement relating to wages and salaries may not be terminated prior to 31 December 2016. No collective bargaining agreement agreed upon in March 2015 (notably on phased retirement arrangements and working time) may be terminated prior to 31 December 2019. Collective bargaining agreements agreed upon before 2015 may be terminated as stipulated within their individual provisions.

Legal Proceedings of Black

Black has been sued by Resilux AG for an amount equal to €5.5 million before the regional court (*Landgericht*) in Lueneburg, Germany. Resilux AG claims that Black wrongfully delayed returning a bottling machine it had leased from Resilux AG. The court decided that Resilux AG is generally entitled to damages. However, Resilux has so far not been able to prove the specific amount it seeks to recover from Black, and, accordingly, Black has made no provision in its financial statements in connection with this dispute.

Black may further, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Except for the above, Black is not party to any material legal proceedings.

SELECTED FINANCIAL INFORMATION OF WHITE

This section contains selected consolidated financial information for White as at and for the three years ended 31 December 2015, and as at 1 April 2016 and 3 April 2015 and for the quarterly periods then ended, as derived from the financial statements prepared in accordance with U.S. GAAP included in this Prospectus beginning on page 261. This section should be read in conjunction with those financial statements, the accompanying notes thereto and the respective independent registered public accounting firm reports thereon provided by Ernst & Young LLP.

The selected consolidated financial information of White shown in the tables below should be read in conjunction with the information contained in "Important Information—Presentation of Financial and Other Information", "Capitalisation and Indebtedness of White", "Operating and Financial Review of White" and "Financial Statements".

	Unaudited		Audited		
	For the Quarterly Periods Ended		For the Years Ended 31 December		
(in US$ millions, except per share data)	**1 April 2016[(A)]**	**3 April 2015[(B)]**	**2015[(C)]**	**2014[(D)]**	**2013[(E)]**
OPERATIONS SUMMARY					
Net sales	1,517	1,631	7,011	8,264	8,212
Cost of sales	957	1,063	4,441	5,291	5,350
Gross profit	560	568	2,570	2,973	2,862
Selling, delivery, and administrative expenses	438	410	1,704	1,954	1,948
Operating income	122	158	866	1,019	914
Interest expense	30	30	118	119	103
Other nonoperating (expense) income	(2)	2	(4)	(7)	(6)
Income before income taxes	90	130	744	893	805
Income tax expense	24	34	148	230	138
Net income	66	96	596	663	667
WEIGHTED AVERAGE SHARES OUTSTANDING					
Basic	228	235	231	247	268
Diluted	232	240	235	252	273
PER SHARE DATA					
Basic earnings per share	0.29	0.41	2.59	2.68	2.49
Diluted earnings per share	0.29	0.40	2.54	2.63	2.44
Dividends declared per share	0.30	0.28	1.12	1.00	0.80
Closing stock price	51.48	44.78	49.24	44.22	44.13
PERIOD-END FINANCIAL POSITION					
Property, plant, and equipment, net	2,000	1,957	1,920	2,101	2,353
Franchise license intangible assets, net	3,384	3,423	3,383	3,641	4,004
Total assets	8,006	8,190	7,611	8,543	9,525
Total debt	4,095	4,201	3,861	3,952	3,837
Total shareowners' equity	937	1,016	957	1,431	2,280

(A) White's first quarter 2016 net income included the following items of significance: (1) charges totalling US$31 million related to restructuring activities; (2) net mark-to-market gains totalling US$3 million related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period; and (3) charges totalling US$12 million related to the pending Merger.

(B) White's first quarter 2015 net income included the following items of significance: (1) charges totalling US$9 million related to restructuring activities; and (2) net mark-to-market gains totalling US$2 million related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period.

(C) White's 2015 net income included the following items of significance: (1) charges totalling US$20 million related to restructuring activities; (2) net mark-to-market losses totalling US$28 million related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period; (3) charges totalling US$45 million related to the pending Merger; (4) a gain of US$10 million related to the sale of a distribution facility in Great Britain; and (5) a deferred tax benefit of US$48 million due to the enactment of corporate tax rate reductions in the United Kingdom and Norway.

(D) White's 2014 net income included the following items of significance: (1) charges totalling US$81 million related to restructuring activities; (2) net mark-to-market gains totalling US$2 million related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period; (3) charges totalling US$10 million related to the impairment of White's investment in its recycling joint venture in Great Britain; and (4) net tax items totalling US$6 million principally related to the tax impact on the cumulative nonrecurring items for the year.

(E) White's 2013 net income included the following items of significance: (1) charges totalling US$120 million related to restructuring activities; (2) net mark-to-market losses totalling US$7 million related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period; (3) charges totalling US$5 million related to changes in certain underlying tax matters covered by White's indemnification to TCCC for the incorporation of White in 2010; and (4) a deferred tax benefit of US$71 million due to the enactment of a corporate income tax rate reduction in the United Kingdom.

SELECTED FINANCIAL INFORMATION OF OLIVE

This section contains selected consolidated financial information for Olive as at and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, as derived from the annual financial statements prepared in accordance with IFRS IASB included in this Prospectus beginning on page 366 and should be read in conjunction with those financial statements, the accompanying notes thereto and the independent auditor's report thereon provided by Deloitte S.L. The financial information for 2013 contained in the following table reflects seven months of results, as no operations prior to 1 June 2013 existed.

The selected consolidated financial information of Olive shown in the tables below should be read in conjunction with the information contained in "Important Information—Presentation of Financial and Other Information", "Capitalisation and Indebtedness of Olive", "Operating and Financial Review of Olive" and "Financial Statements".

	For the Years Ended 31 December		
(in € millions, except per share data)	**2015**	**2014**	**2013**
OPERATIONS SUMMARY			
Revenue	2,920	2,832	1,835
Changes in inventories of finished goods and work in progress and Own work capitalized	(11)	7	(40)
Supplies	(1,186)	(1,224)	(763)
Other operating income	30	30	15
Personnel expenses	(336)	(319)	(179)
Other operating expenses	(1,041)	(1,007)	(620)
Amortization and depreciation	(93)	(93)	(61)
Other income and expenses	(5)	7	(119)
Results from operating activities	267	239	72
Profit before tax	268	238	71
Income tax (expense)/income	(77)	(61)	37
Net profit	191	177	108
SHARES OUTSTANDING			
Total shares outstanding	1,517	1,517	1,517
PER SHARE DATA			
Basic earnings per share	0.13	0.12	0.07
YEAR-END FINANCIAL POSITION			
Property, plant, and equipment, net	652	763	807
Goodwill and intangible assets, net	843	850	833
Total assets	2,641	2,614	2,590
Total interest-bearing loans and borrowings	37	55	95
Total equity	2,110	2,072	1,897

SELECTED FINANCIAL INFORMATION OF BLACK

This section contains selected consolidated financial information for Black as at and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, as derived from the annual financial statements prepared in accordance with U.S. GAAP included in this Prospectus beginning on page 431 and should be read in conjunction with those financial statements, the accompanying notes thereto and the respective independent auditor's reports thereon provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.

The selected consolidated financial information of Black shown in the tables below should be read in conjunction with the information contained in "Important Information—Presentation of Financial and Other Information", "Capitalisation and Indebtedness of Black", "Operating and Financial Review of Black" and "Financial Statements".

	For the Years Ended 31 December		
(in US$ millions, except per share data)	**2015**	**2014**	**2013**
OPERATIONS SUMMARY			
Net operating revenues	2,421	2,827	2,822
Cost of goods sold	1,396	1,657	1,665
Gross profit	1,025	1,170	1,157
Selling, general and administrative expenses	1,161	1,232	1,213
Operating income (loss)	(136)	(62)	(56)
Interest income	—	1	1
Interest expense	3	4	3
Other income (loss)—net	(3)	—	(1)
Income (loss) before income taxes	(142)	(65)	(59)
Income tax expense (benefit)	(3)	(1)	(2)
Net income (loss)	(139)	(64)	(57)
YEAR-END FINANCIAL POSITION			
Property, plant, and equipment, net	1,470	1,543	1,717
Franchise rights with indefinite lives	395	440	499
Total assets	3,528	3,721	4,112
Total debt[(A)]	52	54	61
Total liabilities to related parties	233	421	379
Total shareowners' equity	2,277	2,289	2,524

(A) Total debt reflects Black's capital lease obligations for the periods presented.

OPERATING AND FINANCIAL REVIEW OF WHITE

The following review relates to White's historical financial condition and results of operations as at and for the three years ended 31 December 2015, and as at 1 April 2016 and 3 April 2015 and for the quarterly periods then ended. This "Operating and Financial Review of White" should be read in conjunction with "Important Information—Presentation of Financial and Other Information", "Industry", "Business" and "Financial Statements". Prospective investors should read the entire Prospectus and not just rely on the information set out below. The financial information included in this "Operating and Financial Review of White" has been extracted without material adjustment from White's financial statements as at and for the three years ended 31 December 2015, and as at 1 April 2016 and 3 April 2015 and for the quarterly periods then ended.

The following discussion of White's results of operations and financial condition contains forward looking statements. White's actual results could differ materially from those that it discusses in these forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under "Risk Factors" and "Important Information—Information Regarding Forward Looking Statements".

Overview

Business

White markets, produces, and distributes non-alcoholic beverages to customers and consumers through licensed territory agreements in Belgium, continental France, Great Britain, Luxembourg, Monaco, the Netherlands, Norway, and Sweden. White operates in the highly competitive beverage industry and faces strong competition from other general and specialty beverage companies. White's financial results are affected by a number of factors, including, but not limited to, consumer preferences, cost to manufacture and distribute products, foreign currency exchange rates, general economic conditions, local and national laws and regulations, raw material availability, and weather patterns.

Sales of White's products are seasonal, with the second and third calendar quarters accounting for higher unit sales of products than the first and fourth quarters. In a typical year, White earns more than 60 per cent. of its annual operating income during the second and third quarters of the year. The seasonality of White's sales volume, combined with the accounting for fixed costs, such as depreciation, amortisation, rent, and interest expense, impacts White's results on a quarterly basis. Additionally, year-over-year shifts in holidays, selling days, and weather patterns, particularly cold or wet weather during the summer months, can impact White's results on an annual or quarterly basis. Accordingly, White's results for the first quarter of 2016 may not necessarily be indicative of the results that may be expected for the full year ending 31 December 2016.

White and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding programme effective on 1 January 2016. The term of this new understanding is tied to the term of its bottling agreements, which expire on 2 October 2020. If White's bottling agreements are terminated due to the closing of the Merger, this understanding will continue until the commencement of a new incidence pricing agreement between TCCC and Orange. Under the new funding programme, the US$45 million GMF, which terminated 31 December 2015, has been replaced by the integration of US$20 million into the incidence rate and annual payments of US$25 million from TCCC to White to support the execution of commercial strategies focused on capturing growth opportunities. This US$25 million funding will be paid in two equal instalments each year. The new pricing model and funding programme will result in simplified administration without value transfer between the parties when compared to the previous model. White and TCCC believe that this new understanding should be a key factor for better alignment between the parties and position both parties to win in the marketplace and create value.

In March 2016, the UK government announced the introduction of an excise tax targeted at producers and importers of soft drinks that contain added sugar. According to the announcement, the excise tax will be paid by producers and importers of drinks containing more than 5 grams of sugar per 100 millilitres. The UK government further announced that it would consult on the details of this excise tax during the summer of 2016 with the intent to make the legislation effective April 2018. White continually monitors new laws and regulations which may impact White's business, including this matter. For more information about governmental regulations and risk factors, refer to the sections titled "*Governmental Regulation*" and "*Risk Factors*" in this Prospectus.

Basis of Presentation

White's fiscal year ends on 31 December. For interim quarterly reporting convenience, White's first three quarters close on the Friday closest to the end of the quarterly calendar period. There were the same number of selling days in 2015, 2014, and 2013 (based upon a standard five-day selling week). There was one less selling day in the first quarter of 2016 versus the first quarter of 2015, and there will be one additional selling day in the fourth quarter of 2016 versus the fourth quarter of 2015 (based upon a standard five-day selling week).

The following table summarises the number of selling days by quarter for the years ended 31 December 2016, 2015, 2014, and 2013 (based on a standard five-day selling week):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2016	66	65	65	65	261
2015	67	65	65	64	261
2014	63	65	65	68	261
2013	64	65	65	67	261

Strategic Vision

White's strategic vision is to "*be the best beverage sales and service company,*" and to achieve this aspiration, White looks to its operating framework to serve as its compass to steer its priorities, actions, and behaviours. White's operating framework was refreshed in 2014 to adapt to the changing markets and communities in which it operates and the dynamic customer and consumer landscape. To enable White to best serve its stakeholders and achieve its vision, White's operating framework includes a mission statement and a targeted set of primary objectives.

Mission Statement: Delight White's consumers and drive growth for its customers while proudly supporting its communities every day.

Primary Objectives:

1. Lead category value growth;
2. Excel at serving its customers with world-class capabilities; and
3. Drive an inclusive and passionate culture.

To deliver on White's first objective, *to lead category value growth*, White must focus its efforts on identifying growth opportunities and leveraging White's system capabilities to create a sustainable competitive advantage. This entails offering a range of premium but affordable brands, executing world-class consumer and shopper marketing programmes, and making White's brands an important and intrinsic part of White's customers' own growth strategies.

To achieve its second primary objective, *to excel at serving its customers with world-class capabilities*, White must place a renewed emphasis on building mutually beneficial relationships and continuously strengthen its execution. This requires a focus on fostering and sustaining productive relationships with customers, developing joint operating plans, gaining a deep understanding of its customers' needs and expectations, and delivering executional excellence every day. Also, identifying the most critical organisational capabilities needed for success, and investing in assets, innovation, safety practices, process standardisation, and technology to further develop them, is important to achieve its objective.

To accomplish its third primary objective, *to drive an inclusive and passionate culture*, White must concentrate on building an environment that harnesses the individual and collective potential of its people to consistently serve its customers and win in the marketplace. To create such an environment, White must ensure it has a compelling place for employees to work that fosters inclusion, collaboration and connection, and values diversity of perspectives and experiences.

White's operating framework is focused on consumers, customers, and communities, and by accomplishing its primary objectives, it will be well-positioned to achieve consistent long-term profitable growth. Alongside White's primary objectives, the operating framework is supported by foundational elements critical to achieving its vision and mission; these are sustainability leadership and winning together with TCCC.

Sustainability Leadership

A fundamental part of reaching White's long-term objectives is its commitment to Corporate Responsibility and Sustainability (CRS). White has embedded CRS in its business strategy as a key part of its operating framework and White continues to invest across its territories to incorporate its CRS principles into its business.

White faces rising expectations to be a more sustainable company. White wants to meet or exceed these expectations and take this responsibility seriously. White's goal is to be the CRS leader within its industry and, with input from key stakeholders, White developed a sustainability plan ("Deliver for Today, Inspire for Tomorrow") in 2011. In 2015, White updated this plan, having made significant progress against its original commitments, and in response to increased stakeholder expectations. White's updated sustainability plan includes a revised set of sustainability commitments and targets across all areas of its business, including energy and climate change, sustainable packaging and recycling, water stewardship, sustainable sourcing, wellbeing, community, and workplace. It includes commitments to "reduce calories per litre across its product portfolio by 10 per cent." and to "reduce the absolute carbon footprint of its core business operations by 50 per cent." by 2020.

In 2015, White received strong external recognition of its sustainability progress, becoming a member of the Dow Jones Sustainability World and North American Indices. White continued its strong carbon reduction performance and continued to deliver against its water efficiency and water replenishment targets. White also further expanded its external partnerships on key issues, in particular by signing up to the RE100 initiative whereby White committed to source 100 per cent. of its electricity from renewable sources by 2020. Additionally, White hosted a series of "Rethinking Business" roundtables in partnership with the Financial Times, providing key stakeholders across its territories a forum within which to discuss sustainability challenges, risks, and opportunities on key topics including resource scarcity, climate change, and the role finance can play in shaping stakeholders' views on the value sustainability brings to business.

White continues to develop new collaborative partnerships to drive sustainability, including partnering with key customers on recycling programmes. During 2015, White developed award-winning programmes to improve diversity and inclusion within its business, aspiring to have a minimum of 40 per cent. of women in both leadership and management levels by 2025. White continues to expand its community programmes, aiming to "support the skills development and learning needs of 250,000 young people each year" and to "enable three million people to be physically active by investing in grassroots programmes which support active lifestyles".

Moving forward, White will continue to publish progress against this plan in an annual CRS report and on its corporate website, http://www.cokecce.com.

Winning Together With TCCC

White is TCCC's strategic bottling partner in Western Europe and one of the world's largest independent Coca-Cola bottlers. While White and TCCC are two independent companies, White and TCCC are dependent upon each other for their individual and collective success. For this reason, they understand winning requires them to act with a common vision, one that includes clearly aligned growth targets, common priorities, and a commitment to execute seamlessly together. Their shared vision requires aligned commitments to continuously develop their brands, assets, and capabilities to maximise performance and value, while simultaneously supporting each other. During 2015, they demonstrated their commitment to winning together by entering into the pending Combination to form Orange. White believes this transformational transaction better aligns the Coca-Cola system across Western Europe and will enable it to continue to deliver excellent customer service, become more effective and efficient, and drive growth.

Financial Results—First quarter of 2016 versus first quarter of 2015

White's net income in the first quarter of 2016 was US$66 million, or US$0.29 per diluted share, compared to net income of US$96 million, or US$0.40 per diluted share, in the first quarter of 2015. The following items included in White's reported results affect the comparability of White's year-over-year financial

performance (the items listed below are based on defined terms and thresholds and represent all material items management considered for year-over-year comparability):

First Quarter 2016

- Charges totalling US$12 million (US$8 million net of tax, or US$0.03 per diluted share) related to the pending Merger;
- Charges totalling US$31 million (US$22 million net of tax, or US$0.10 per diluted share) related to restructuring activities; and
- Net mark-to-market gains totalling US$3 million (US$2 million net of tax, or US$0.01 per diluted share) related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period.

First Quarter 2015

- Charges totalling US$9 million (US$7 million net of tax, or US$0.03 per diluted share) related to White's restructuring activities, and
- Net mark-to-market gains totalling US$2 million (US$2 million net of tax, or US$0.01 per diluted share) related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period.

White's year-over-year financial performance during the first quarter of 2016 reflects the impact of the following significant factors:

- Persistent currency headwinds which decreased White's net sales by 3.5 per cent., White's operating income by 3.5 per cent., and White's diluted earnings per share by 5.0 per cent.;
- Continued softness in the consumer environment coupled with temporary supply chain challenges in Great Britain, which contributed to a volume decrease of 4.0 per cent.;
- Favourable cost trends in certain key commodities which drove bottle and can gross margin per case expansion of 2.5 per cent.; and
- An increase in operating expenses related to White's ongoing restructuring projects and costs related to the pending Merger, partially offset by the impact of currency exchange rates.

Volume decreased 4.0 per cent., adjusted for the selling day shift. This performance reflects continued difficult marketplace and macroeconomic trends across White's territories and temporary supply chain disruptions in Great Britain. These disruptions occurred as White replaced aged technologies and implemented new software programmes and processes that temporarily limited its ability to meet the needs of customers in a timely fashion. Key issues included a decreased ability to allocate and fulfil orders, leading to shipment shortages. These issues are being addressed with a focus on ensuring that White is fully prepared for the key summer selling season. The overall volume decrease during the first quarter of 2016 was driven by declines in White's Coca-Cola trademark beverage sales, offset partially by increased sales of its water brands, Monster, and Finley. On a territory basis, Great Britain experienced volume declines of 5.0 per cent., driven by declines in both still and sparkling beverage sales. Volume in White's continental European territories decreased 3.5 per cent., driven by a decrease in sparkling beverage sales, partially offset by an increase in still beverage sales.

Bottle and can gross margin per case expanded year-over-year reflecting a bottle and can cost of sales per case decline of 2.5 per cent. coupled with flat bottle and can net price per case. White's gross margin performance continued to benefit from favourable cost trends in some of White's key commodities, principally sugar.

Operating expenses increased US$28 million during the first quarter of 2016 versus the first quarter of 2015 broadly reflecting increased costs related to White's restructuring projects and costs related to the pending Merger, offset partially by the impact of currency exchange rates.

Year-over-year diluted earnings per share declined US$0.11, including the impact of (1) additional costs related to restructuring of approximately US$0.10, (2) additional costs related to the pending Merger of approximately US$0.03, and (3) a US$0.02 decrease due to currency exchange rates.

Operations Review

The following table summarises White's Condensed Consolidated Statements of Income as a percentage of net sales for the periods presented:

	First Quarter	
	2016	2015
Net sales	100.0%	100.0%
Cost of sales	63.1	65.2
Gross profit	36.9	34.8
Selling, delivery, and administrative expenses	28.9	25.1
Operating income	8.0	9.7
Interest expense, net	2.0	1.8
Other nonoperating (expense) income	(0.1)	0.1
Income before income taxes	5.9	8.0
Income tax expense	1.5	2.1
Net income	4.4%	5.9%

Operating Income

The following table summarises White's operating income by segment for the periods presented (in millions; percentages rounded to the nearest 0.5 per cent.):

	First Quarter			
	2016		2015	
	Amount	Per cent of Total	Amount	Per cent of Total
Europe	US$162	133.0%	US$190	120.5%
Corporate	(40)	(33.0)	(32)	(20.5)
Consolidated	US$122	100.0%	US$158	100.00

During the first quarter 2016, White generated operating income of US$122 million, compared to US$158 million in the same period of 2015. The following table summarises the significant components of the year-over-year change in White's operating income for the period presented (in millions; percentages rounded to the nearest 0.5 per cent.):

	First Quarter 2016	
	Amount	Change Per cent of Total
Changes in operating income:		
Impact of bottle and can price-mix on gross profit	US$ 18	11.5%
Impact of bottle and can cost-mix on gross profit	19	12.0
Impact of bottle and can volume on gross profit	(23)	(14.5)
Impact of bottle and can selling day shift on gross profit	(7)	(4.5)
Impact of post-mix, non-trade, and other on gross profit	2	1.5
Net mark-to-market losses related to non-designated commodity hedges	1	0.5
Net impact of restructuring charges	(22)	(14.0)
Merger related costs	(12)	(7.5)
Other selling, delivery, and administrative expenses	(7)	(4.5)
Currency exchange rate changes	(5)	(3.5)
Change in operating income	US$(36)	(23.0)%

Net Sales

Net sales decreased 7.0 per cent. in the first quarter of 2016 to US$1.5 billion from US$1.6 billion in the first quarter of 2015. This change includes currency exchange rate decreases of 3.5 per cent. when compared to the first quarter of 2015.

Net sales per case decreased 2.0 per cent. in the first quarter of 2016 when compared to the first quarter of 2015. The following table summarises the significant components of the year-over-year change in White's net sales per case for the period presented (rounded to the nearest 0.5 per cent. and based on wholesale physical case volume):

	First Quarter 2016
Changes in net sales per case:	
Bottle and can net price per case	—%
Bottle and can currency exchange rate changes	(3.5)
Post-mix, non-trade, and other	1.5
Change in net sales per case	(2.0)%

During the first quarter of 2016, White's bottle and can sales accounted for approximately 94 per cent. of its total net sales. Bottle and can net price per case is based on the invoice price charged to customers reduced by promotional allowances and is impacted by the price charged per package or brand, the volume generated in each package or brand, and the channels in which those packages or brands are sold. To the extent White is able to increase volume in higher-margin packages or brands that are sold through higher-margin channels, White's bottle and can net pricing per case will increase without an actual increase in wholesale pricing. White's bottle and can net price per case during the first quarter of 2016, reflects its planned approach given current marketplace dynamics.

Volume

The following table summarises the year-over-year change in White's bottle and can volume for the period presented, as adjusted to reflect the impact of one less selling day in the first quarter of 2016 when compared to the first quarter of 2015 (rounded to the nearest 0.5 per cent.):

	First Quarter 2016
Change in volume	(5.5)%
Impact of selling day shift[(A)]	1.5
Change in volume, adjusted for selling day shift	(4.0)%

(A) Represents the impact of changes in selling days between periods (based upon a standard five-day selling week).

Brands

The following table summarises White's bottle and can volume results by major brand category for the periods presented, with the percentage change adjusted to reflect the impact of one less selling day in the first quarter of 2016 when compared to the first quarter of 2015 (rounded to the nearest 0.5 per cent.):

	First Quarter		
	Change	2016 Per cent of Total	2015 Per cent of Total
Coca-Cola trademark	(6.5)%	67.5%	69.0%
Sparkling flavours and energy	2.5%	17.5	16.5
Juices, isotonics, and other	(2.5)	11.0	11.0
Water	12.0	4.0	3.5
Total	(4.0)%	100.0%	100.0%

During the first quarter of 2016, volume declined 4.0 per cent. when compared to the first quarter of 2015. This performance reflects continued difficult marketplace and macroeconomic trends across White's territories and temporary supply chain disruptions in Great Britain. These disruptions occurred as White replaced aged technologies and implemented new software programmes and processes that temporarily limited its ability to meet the needs of customers in a timely fashion. Key issues included a decreased ability to allocate and fulfil orders, leading to shipment shortages. These issues are being addressed with a focus on ensuring that White is fully prepared for the key summer selling season. On a territory basis, Great Britain experienced volume declines of 5.0 per cent., driven by declines in both still and sparkling

beverage sales. Volume in White's continental European territories decreased 3.5 per cent. driven by a decrease in sparkling beverage sales, partially offset by an increase in still beverage sales.

In the first quarter of 2016, White's Coca-Cola trademark beverage brand sales declined 6.5 per cent. Modest volume gains for Coca-Cola Zero were offset by declines in Coca-Cola Classic, Diet Coke/Coca-Cola light, and Coca-Cola Life. White's sparkling flavours and energy category volume increased 2.5 per cent. during the first quarter of 2016, driven by increases in White's energy brands and other soft drink flavours, including double-digit growth in Monster and Finley, respectively. Juices, isotonics, and other volume decreased 2.5 per cent. in the first quarter of 2016 driven by declines in Minute Maid and its sports drinks beverage brands. Sales volume of White's water brands increased 12.0 per cent. in the first quarter of 2016, reflecting the continued growth of smartwater in Great Britain and Chaudfontaine in continental Europe.

Consumption

The following table summarises White's volume by consumption type for the periods presented, with the percentage change adjusted to reflect the impact of one less selling day in the first quarter of 2016 when compared to the first quarter of 2015 (rounded to the nearest 0.5 per cent.):

	First Quarter		
	Change	2016 Per cent of Total	2015 Per cent of Total
Future consumption(A)	(3.5)%	65.0%	65.0%
Immediate consumption(B)	(4.5)	35.0	35.0
Total	(4.0)%	100.0%	100.0%

(A) Future consumption packages include containers that are typically one litre and greater, purchased by consumers in multi-packs in take-home channels at ambient temperatures, and are intended for consumption in the future.

(B) Immediate consumption packages include containers that are typically less than one litre, purchased by consumers as a single bottle or can in cold-drink channels at chilled temperatures, and are intended for consumption shortly after purchase.

Packages

The following table summarises White's volume by package type for the periods presented, with the percentage change adjusted to reflect the impact of one less selling day in the first quarter of 2016 when compared to the first quarter of 2015 (rounded to the nearest 0.5 per cent.):

	First Quarter		
	Change	2016 Per cent of Total	2015 Per cent of Total
PET (plastic)	(3.5)%	43.5%	43.5%
Cans	(5.0)	40.0	40.5
Glass and other	(3.0)	16.5	16.0
Total	(4.0)%	100.0%	100.0%

Cost of Sales

Cost of sales totalled US$1.0 billion during the first quarter of 2016, representing a decrease of 10.0 per cent. when compared to the first quarter of 2015, including a currency exchange rate decrease of 3.5 per cent. when compared to the first quarter of 2015.

Cost of sales per case decreased 5.0 per cent. in the first quarter of 2016 when compared to the first quarter of 2015. The following table summarises the significant components of the year-over-year change

in White's cost of sales per case for the period presented (rounded to the nearest 0.5 per cent. and based on wholesale physical case volume):

	First Quarter 2016
Changes in cost of sales per case:	
Bottle and can ingredient and packaging costs	(2.5)%
Bottle and can currency exchange rate changes	(3.5)
Post-mix, non-trade, and other	1.0
Change in cost of sales per case	(5.0)%

Bottle and can cost of sales per case declined 2.5 per cent. during the first quarter of 2016 reflecting the benefit of favourable cost trends in some of White's key commodities, principally sugar. Though the current cost environment is favourable, White continues to execute its risk management strategy through the use of supplier agreements and hedging instruments designed to mitigate White's exposure to commodity price volatility.

Selling, Delivery, and Administrative Expenses

SD&A expenses increased US$28 million, or 7.0 per cent., in the first quarter of 2016. This change includes currency exchange rate decreases of 3.5 per cent. when compared to the first quarter of 2015.

The following table summarises the significant components of the year-over-year change in White's SD&A expenses for the period presented (in millions; percentages rounded to the nearest 0.5 per cent.):

	First Quarter 2016	
	Amount	Change Per cent of Total
Changes in SD&A expenses:		
General and administrative expenses	US$ 7	1.5%
Selling and marketing expenses	1	0.5
Delivery and merchandising expenses	(2)	(0.5)
Warehousing expenses	5	1.0
Depreciation and amortisation expenses	(4)	(1.0)
Net mark-to-market gains related to non-designated commodity hedges	2	0.5
Net impact of restructuring charges	22	5.5
Merger related costs	12	3.0
Currency exchange rate changes	(15)	(3.5)
Change in SD&A expenses	US$ 28	7.0%

SD&A expenses as a percentage of net sales were 28.9 per cent. and 25.1 per cent. in the first quarter of 2016 and 2015, respectively. White's SD&A expenses primarily reflect the year-over-year impact of additional restructuring costs of US$22 million, all of which related to White's Belgium Supply Chain Optimisation project, and Merger related costs of US$12 million, offset partially by the currency exchange rates impact of US$15 million.

Belgium Supply Chain Optimisation Project

In the fourth quarter of 2015, White announced the relocation and restructuring of certain production operations in Belgium designed to improve White's efficiency and effectiveness. White expects to be substantially complete with this programme by the end of 2016 and anticipate nonrecurring restructuring charges of approximately US$55 million, including severance costs and accelerated depreciation. During the first quarter of 2016, White recorded nonrecurring restructuring charges under this programme totalling US$31 million. As of 1 April 2016, White had incurred US$37 million in cumulative expenses related to the project. Substantially all nonrecurring restructuring charges related to this programme are included in SD&A on White's Condensed Consolidated Statements of Income.

Under this programme White expects to generate ongoing annualised cost savings of approximately US$9 million beginning in 2019, some of which White expects to reinvest into the business.

Interest Expense, Net

Interest expense, net totalled US$30 million for both the first quarter of 2016 and 2015. The following table summarises the primary items that impacted White's interest expense, net for the periods presented (in millions, except percentages):

	First Quarter	
	2016	2015
Average outstanding debt balance	US$3,934	US$4,040
Weighted average cost of debt	2.9%	2.8%
Fixed-rate debt (% of portfolio)	92%	99%
Floating-rate debt (% of portfolio)	8%	1%

Other Nonoperating (Expense) Income

Other nonoperating expense totalled US$2 million in the first quarter of 2016. Other nonoperating income totalled US$2 million in the first quarter of 2015. White's other nonoperating (expense) income principally includes gains and losses on transactions denominated in a currency other than the functional currency of a particular legal entity.

Income Tax Expense

White's effective tax rate was approximately 26 per cent. and 27 per cent. for the first quarter of 2016 and 2015, respectively. Refer to Note 11 of the Notes to Condensed Consolidated Financial Statements of White (Part C) in this Prospectus for a reconciliation of White income tax provision to the U.S. statutory rate for the first quarter of 2016 and 2015.

Cash Flow and Liquidity Review

Liquidity and Capital Resources

White's sources of capital include, but are not limited to, cash flows from operations, public and private issuances of debt and equity securities, and bank borrowings. White believes its operating cash flow, cash on hand, and available short-term and long-term capital resources are sufficient to fund White's working capital requirements, scheduled debt payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations, dividends to White's shareowners, any contemplated acquisitions, and share repurchases for the foreseeable future. White continually assesses the counterparties and instruments it uses to hold its cash and cash equivalents, with a focus on preservation of capital and liquidity. Based on information available as of 28 April 2016, White does not believe it is at significant risk of default by its counterparties.

White has amounts available to it for borrowing under a US$1 billion multi-currency credit facility with a syndicate of eight banks. This credit facility matures in 2017 and is for general corporate purposes, including serving as a backstop to its commercial paper programme and supporting its working capital needs. At 1 April 2016, White's availability under this credit facility was US$1 billion. Based on information available to White, as of 28 April 2016, it has no indication that the financial institutions syndicated under this facility would be unable to fulfill their commitments to it.

White satisfies seasonal working capital needs and other financing requirements with operating cash flow, cash on hand, short-term borrowings under its commercial paper programme, bank borrowings, and its line of credit. At 1 April 2016, White had US$577 million in debt maturities in the next 12 months, including US$320 million in commercial paper. In addition to using operating cash flow and cash on hand, White may repay its short-term obligations by issuing more debt, which may take the form of commercial paper and/or long-term debt.

Beginning in October 2010, White's Board of Directors approved a series of resolutions authorising the repurchase of shares of White's stock. Since 2010, White has repurchased US$4.3 billion in outstanding shares, representing 125.9 million shares, under these resolutions. In December 2014, White's Board of Directors approved a resolution to authorise additional share repurchases for an aggregate price of not more than US$1.0 billion. White currently has US$969 million in authorised share repurchases remaining under the December 2014 resolution. White did not repurchase any shares in the first quarter of 2016 and White does not intend to repurchase additional outstanding shares prior to the closing of the Merger (expected to be during the second quarter of 2016). For additional information about White's share

repurchase programmes, refer to Note 16 of the Notes to Condensed Consolidated Financial Statements of White (Part C) in this Prospectus.

During the second half of 2016, White expects to repatriate to the U.S. a portion of its 2016 foreign earnings to satisfy White's 2016 U.S.-based cash flow needs. The amount to be repatriated to the U.S. will depend on, among other things, White's actual 2016 foreign earnings and its actual 2016 U.S.-based cash flow needs. White's historical foreign earnings will continue to remain indefinitely reinvested, and, if White does not generate sufficient current year foreign earnings to repatriate to the U.S. in any future given year, White expects to have adequate access to capital in the U.S. to allow it to satisfy its U.S.-based cash flow needs in that year. Therefore, historical foreign earnings and future foreign earnings that are not repatriated to the U.S. will remain indefinitely reinvested and will be used to service White's foreign operations, non-U.S. debt, and to fund future acquisitions. For additional information about White's undistributed foreign earnings, refer to Note 11 of the Notes to Condensed Consolidated Financial Statements of White (Part C) in this Prospectus.

At 1 April 2016, substantially all of the cash and cash equivalents recorded on White's Condensed Consolidated Balance Sheets were held by consolidated entities that are located outside of the U.S. White's disclosure of cash and cash equivalents held by consolidated entities located outside of the U.S. is not meant to imply the cash will be repatriated to the U.S. at a future date. Any future repatriation of foreign earnings to the U.S. will be based on actual U.S.-based cash flow needs and actual foreign entity cash available at the time of the repatriation.

Dividend payments on White's common stock totalled US$68 million and US$65 million during the first quarter of 2016 and 2015, respectively. In February 2016, White's Board of Directors approved a US$0.02 per share increase in White's quarterly dividend from US$0.28 per share to US$0.30 per share beginning in the first quarter of 2016.

Credit Ratings and Covenants

White's credit ratings are periodically reviewed by rating agencies. As of 28 April 2016, White's long-term ratings from Moody's, Standard and Poor's (S&P), and Fitch are A3, BBB+, and BBB+, respectively. White's rating outlooks from S&P and Fitch are stable and Moody's is negative. Changes in White's operating results, cash flows, or financial position could impact the ratings assigned by the various rating agencies. White's credit rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, and capital management activities of TCCC and/or changes in the credit rating of TCCC. Should White's credit ratings be adjusted downward, it may incur higher costs to borrow, which could have a material impact on White's financial condition and results of operations.

White's credit facility and outstanding notes contain various provisions that, among other things, require it to limit the incurrence of certain liens or encumbrances in excess of defined amounts. Additionally, White's credit facility requires that it meet a minimum interest coverage ratio. White was in compliance with these requirements as of 1 April 2016. As of 28 April 2016, these requirements are not, nor is it anticipated that they will become, restrictive to White's liquidity or capital resources.

Summary of Cash Activities

During the first quarter of 2016, White's primary sources of cash included: (1) US$123 million from operating activities, net of contributions to White's defined benefit pension plans of US$13 million, cash payments related to merger costs of US$9 million, and cash payments related to restructuring programmes of US$1 million; and (2) net issuances of commercial paper of US$122 million. White's primary uses of cash included (1) capital asset investments of US$87 million; and (2) dividend payments on common stock of US$68 million.

During the first quarter of 2015, White's primary sources of cash included: (1) proceeds of US$527 million on issuances of debt; and (2) US$158 million from operating activities, net of cash payments related to contributions to White's defined benefit pension plans of US$15 million, and restructuring programmes of US$5 million. White's primary uses of cash included: (1) cash payments totalling US$313 million for shares repurchased under its share repurchase programme; (2) net payments on commercial paper of US$109 million; (3) capital asset investments of US$98 million; and (4) dividend payments on common stock of US$65 million.

Operating Activities

White's net cash derived from operating activities totalled US$123 million and US$158 million in the first quarter of 2016 and 2015, respectively. This decrease was driven by a decline in White's year-over-year operating income performance, greater restructuring charges, and Merger related costs incurred during the quarter.

Investing Activities

White's capital asset investments represent the principal use of cash for its investing activities. During 2016, White expects its capital expenditures to be approximately US$325 million and to be invested in a similar proportion of asset categories as those listed below. The following table summarises White's capital asset investments for the periods presented (in millions):

	First Quarter 2016	First Quarter 2015
Supply chain infrastructure improvements	US$52	US$56
Cold-drink equipment	27	32
Information technology	8	9
Fleet and other	—	1
Total capital asset investments	US$87	US$98

Financing Activities

White's net cash derived from financing activities totalled US$65 million during the first quarter of 2016 compared to US$47 million derived from the first quarter of 2015. The following table summarises White's financing activities related to issuances of and payments on debt for the periods presented (in millions):

Issuances of debt	Maturity Date	Rate	First Quarter 2016	First Quarter 2015
€500 million notes	March 2030	1.9%	US$ —	US$527
Total issuances of debt, excluding commercial paper			—	527
Net issuances of commercial paper			122	—
Total issuances of debt			US$122	US$527

Payments on debt	Maturity Date	Rate	First Quarter 2016	First Quarter 2015
Other payments, net	—	—	US$ (1)	US$ (3)
Total payments on debt, excluding commercial paper			(1)	(3)
Net payments on commercial paper			—	(109)
Total payments on debt			US$ (1)	US$(112)

White's financing activities included dividend payments on common stock of US$68 million and US$65 million during the first quarter of 2016 and 2015, respectively, as well as cash payments of US$313 million during the first quarter of 2015 for share repurchases.

Financial Position

1 April 2016 compared to 31 December 2015

The following table illustrates selected changes in White's consolidated balance sheets (in millions), as well as the impact of currency on these changes. Notable fluctuations excluding the impact of currency are discussed below:

	1 April 2016	31 December 2015	Change	Currency Impact	Change Excluding Currency
Trade accounts receivable	US$1,352	US$1,314	US$ 38	US$ 22	US$ 16
Inventories	371	336	35	9	26
Other current assets	220	170	50	3	47
Franchise license intangible assets, net and goodwill	3,477	3,471	6	6	—
Other noncurrent assets	235	159	76	18	58
Accounts payable and accrued expenses	1,766	1,601	165	27	138
Current portion of debt	577	454	123	—	123
Debt, less current portion	3,518	3,392	126	123	3
Other noncurrent liabilities	235	236	(1)	5	(6)
Common stock in treasury, at cost	4,411	4,411	—	—	—

Inventories increased US$26 million, or 7.5 per cent., due to an increase in finished goods primarily the result of lower volume performance experienced in the current quarter.

Other current assets increased US$47 million, or 27.5 per cent., primarily driven by increases in certain deferred taxes and certain derivative assets.

Other noncurrent assets increased US$58 million, or 36.5 per cent., primarily related to increases in certain deferred taxes.

Accounts payable and accrued expenses increased US$138 million, or 8.5 per cent., due to the timing of payments to vendors. The increase in accrued expenses was attributable to increases in certain derivative liabilities, customer marketing agreement accruals, and severance related to ongoing restructuring programmes.

Current portion of debt increased US$123 million, or 27.0 per cent., primarily due to net issuances of commercial paper of US$122 million. For additional information about White's debt, refer to Note 8 of the Notes to Condensed Consolidated Financial Statements of White (Part C) in this Prospectus.

2015 Key Accomplishments

During 2015, White continued to drive shareowner value through the generation of strong cash flows and returning cash to shareowners, despite facing a challenging macroeconomic environment. The following highlights some of White's primary achievements in 2015:

- Successfully delivered key marketing initiatives and programmes surrounding the 2015 Rugby World Cup and its one-brand strategy aimed at bringing a common identity to its Coca-Cola trademark portfolio and encouraging consumers to "Choose Happiness";
- Continued to advance its activation of new beverage brands in the marketplace by (1) introducing Coca-Cola Life in Norway and Finley in Sweden and (2) further expanding its distribution of smartwater in Great Britain, and Capri-Sun and Monster across its territories;
- Achieved significant recognition for its sustainability progress including obtaining: (1) listing on the Dow Jones Sustainability World and North American Indices; (2) certification from the Carbon Trust in the areas of sustainable carbon emissions, water use, and waste management and disposal; (3) a #8 ranking on Newsweek Green Rankings for U.S. Companies; and (4) a #26 ranking on the Corporate Knights 2015 Global 100 Sustainability Index;
- Repurchased US$600 million of shares under its share repurchase programme, bringing the total value of shares repurchased since October 2010 to approximately US$4.3 billion; and
- Increased its quarterly dividend from US$0.25 per share to US$0.28 per share, representing the eighth consecutive year of dividend increases.

Financial Summary

White's financial performance during 2015 reflects the following significant factors:

- Persistent currency headwinds which decreased its net sales by 13.5 per cent., its operating income by 16.0 per cent., and its diluted earnings per share by 22.0 per cent.;
- A softer macroeconomic and consumer environment than anticipated;
- A volume decline of 0.5 per cent., driven by lower sales of its sparkling beverages, partially offset by volume gains in its still portfolio;
- Bottle and can gross margin expansion as its cost of sales per case decline of 2.5 per cent. outpaced a net price per case decline of 1.0 per cent.;
- Essentially flat operating expenses primarily driven by a year-over-year decrease in restructuring expenses, offset by the impact of Merger-related expenses and modest underlying operating expense growth; and
- The continuation of its share repurchase programme, which increased diluted earnings per share in 2015 by approximately 6.5 per cent. (or US$0.17 per diluted share) compared to 2014.

Financial Results—Annual

White's net income in 2015 was US$596 million, or US$2.54 per diluted share, compared to net income in 2014 of US$663 million, or US$2.63 per diluted share. The following items included in its reported results affect the comparability of its year-over-year financial results (the items listed below are based on defined terms and thresholds and represent all material items management considered for year-over-year comparability):

2015

- Charges totalling US$45 million (US$31 million net of tax, or US$0.13 per diluted share) related to the pending Merger;
- Net mark-to-market losses totalling US$28 million (US$19 million net of tax, or US$0.08 per diluted share) related to non-designated commodity hedges associated with underlying transactions that relate to a different reporting period;
- Charges totalling US$20 million (US$14 million net of tax, or US$0.06 per diluted share) related to restructuring activities;
- A gain of US$10 million (US$7 million net of tax, or US$0.03 per diluted share) related to the sale of a distribution facility in Great Britain; and
- A deferred tax benefit of US$48 million (US$0.20 per diluted share) due to the enactment of corporate tax rate reductions in the United Kingdom and Norway.

2014

- Charges totalling US$81 million (US$55 million net of tax, or US$0.22 per diluted share) related to restructuring activities;
- Net mark-to-market gains totalling US$2 million (US$1 million net of tax) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period;
- Charges totalling US$10 million (US$8 million net of tax, or US$0.03 per diluted share) related to the impairment of its investment in its recycling joint venture in Great Britain; and
- Net tax items totalling US$6 million (US$0.03 per diluted share) principally related to the tax impact on the cumulative nonrecurring items for the year.

Volume and Net Sales

White's overall volume performance reflected a decrease in sparkling beverage sales, partially offset by volume increases in still beverages. The decrease in its sparkling beverage sales primarily resulted from declines in Coca-Cola and Diet Coke/Coca-Cola light, partially offset by growth of 5.0 per cent. in Coca-Cola Zero. White's still beverage performance was driven by growth in its water brands and

Capri-Sun across its territories. White's bottle and can net price per case declined 1.0 per cent. compared to the prior year driven by its strategic pricing initiatives in light of the soft consumer and cost environment.

Cost of Sales

White's 2015 bottle and can cost per case declined 2.5 per cent., reflecting the benefit of favourable cost trends in some of its key commodities, including aluminium, sugar, and PET (plastic), and product mix-shifts. Though the current cost environment is favourable, White continues to execute its risk management strategy through the use of supplier agreements and hedging instruments.

Operating Expenses

White's operating expenses decreased 13.0 per cent. in 2015 when compared to 2014, primarily driven by the impact of currency, a decline in restructuring expenses, and a gain on sale of a distribution facility in Great Britain. These declines were partially offset by the impact of Merger-related costs, and promotional expenses associated with the 2015 Rugby World Cup and its brand expansion efforts throughout the year.

Earnings Per Share

White's diluted earnings per share performance was driven by a 16.0 per cent. decline in operating income due to currency; the impact of tax rate reductions in the United Kingdom and Norway which resulted in a US$48 million deferred tax benefit; and the impact of share repurchase activity, which increased diluted earnings per share year-over-year by approximately 6.5 per cent.

Looking Forward

While White expects soft consumer and category trends to persist in 2016, White is committed to and focused on growing its business, enhancing margins and strengthening its long-term outlook. White's business plans for 2016 acknowledge the current marketplace challenges and focus on capturing the benefits of several key brand, packaging, and marketing initiatives. During 2016, White will leverage its key marketing programmes, particularly the 2016 European Cup, through activation of targeted programmes with customers and in-store execution. White will also introduce several brand extensions and package innovations in each of its territories. White will add new emphasis in cold drinks with expanded vendor placements and support TCCC's new initiative, "Taste the Feeling." This effort unites the Coca-Cola brand family under one global creative campaign.

While White is realistic about the current environment, White believes renewed growth, its focus on cash generation, and its demonstrated ability to manage the levers of its business will enable White to achieve continued shareowner value. The pending Combination to create Orange is an important catalyst and strengthens its ability to adapt and respond to changing business conditions.

Operations Review

The following table summarises White's consolidated statements of income as a percentage of net sales for the periods presented:

	2015	2014	2013
Net sales	100.0%	100.0%	100.0%
Cost of sales	63.3	64.0	65.1
Gross profit	36.7	36.0	34.9
Selling, delivery, and administrative expenses	24.3	23.7	23.7
Operating income	12.4	12.3	11.2
Interest expense	1.7	1.4	1.3
Other nonoperating expense	(0.1)	(0.1)	(0.1)
Income before income taxes	10.6	10.8	9.8
Income tax expense	2.1	2.8	1.7
Net income	8.5%	8.0%	8.1%

Operating Income

The following table summarises White's operating income by segment for the periods presented (in millions; percentages rounded to the nearest 0.5 per cent.):

	2015		2014		2013	
	Amount	Per cent of Total	Amount	Per cent of Total	Amount	Per cent of Total
Europe	US$1,063	123.0%	US$1,151	113.0%	US$1,063	116.5%
Corporate	(197)	(23.0)	(132)	(13.0)	(149)	(16.5)
Consolidated	US$ 866	100.0%	US$1,019	100.0%	US$ 914	100.0%

During 2015, White's operating income decreased 15.0 per cent. to US$866 million. The following table summarises the significant components of the change in its operating income for the periods presented (in millions; percentages rounded to the nearest 0.5 per cent.):

	2015 vs. 2014		2014 vs. 2013	
	Amount	Change Per cent of Total	Amount	Change Per cent of Total
Changes in operating income:				
Impact of bottle and can price-mix on gross profit	US$ (61)	(6.0)%	US$ (9)	(1.0)%
Impact of bottle and can cost-mix on gross profit	117	11.5	56	6.0
Impact of bottle and can volume on gross profit	(19)	(2.0)	—	—
Impact of post-mix, non-trade, and other on gross profit	5	0.5	—	—
Other selling, delivery, and administrative expenses	(27)	(2.5)	(16)	(2.0)
Net mark-to-market gains on non-designated commodity hedges	(30)	(3.0)	9	1.0
Restructuring charges	61	6.0	39	4.5
Merger related costs	(45)	(4.5)	—	—
Gain on property sale	10	1.0	—	—
Tax sharing agreement indemnification changes	—	—	5	0.5
Currency exchange rate changes	(166)	(16.0)	24	2.5
Other changes	2	—	(3)	—
Change in operating income	US$(153)	(15.0)%	US$105	11.5%

Net Sales

Net sales decreased 15.0 per cent. in 2015 to US$7.0 billion from US$8.3 billion in 2014. This change included a 13.5 per cent. decrease due to unfavourable currency exchange rate changes, and reflects a 0.5 per cent. decline in volume and a 1.0 per cent. decline in bottle and can net pricing per case versus the prior year. Net sales increased 0.5 per cent. in 2014 to US$8.3 billion from US$8.2 billion in 2013. This change included a 1.0 per cent. increase due to favourable currency exchange rate changes, and reflects essentially flat volume and bottle and can net pricing per case versus the prior year.

The following table summarises the significant components of the change in White's net sales per case for the periods presented (rounded to the nearest 0.5 per cent. and based on wholesale physical case volume):

	2015 vs. 2014	2014 vs. 2013
Changes in net sales per case:		
Bottle and can net price per case	(1.0)%	(0.5)%
Bottle and can currency exchange rate changes	(14.0)	1.0
Post-mix, non-trade, and other	0.5	—
Change in net sales per case	(14.5)%	0.5%

White's bottle and can sales accounted for approximately 94 per cent. of its total net sales during 2015. Bottle and can net price per case is based on the invoice price charged to customers reduced by promotional allowances, and is impacted by the price charged per package or brand, the volume generated in each package or brand, and the channels in which those packages or brands are sold. To the extent

White is able to increase volume in higher-margin packages or brands that are sold through higher-margin channels, its bottle and can net pricing per case will increase without an actual increase in wholesale pricing. During 2015, White's bottle and can net price per case declined 1.0 per cent. versus the prior year as a result of its strategic pricing initiatives in light of the soft consumer and cost environment. During 2014, White's bottle and can net price per case reflected a modest approach to pricing given the difficult retail environment and negative mix-shifts into multi-serve packages.

White participates in various programmes and arrangements with customers designed to increase the sale of its products. The costs of these various programmes, included as a reduction in net sales, totalled US$1.1 billion in each of the years 2015, 2014, and 2013. These amounts included out-of-period accrual reductions related to estimates for prior year programmes of US$50 million, US$46 million, and US$31 million in 2015, 2014, and 2013, respectively.

Volume

The following table summarises the change in White's bottle and can volume for the periods presented (selling days were the same in all years presented; rounded to the nearest 0.5 per cent.):

	2015 vs. 2014	2014 vs. 2013
Change in volume	(0.5)%	—%

Brands

The following table summarises White's bottle and can volume by major brand category for the periods presented (selling days were the same in all years presented; rounded to the nearest 0.5 per cent.):

	2015 vs. 2014 Change	2015 Per cent of Total	2014 vs. 2013 Change	2014 Per cent of Total
Coca-Cola trademark	(2.0)%	68.0%	—%	69.0%
Sparkling flavours and energy	0.5	17.5	(2.0)	17.5
Juices, isotonics, and other	1.5	10.5	—	10.0
Water	12.0	4.0	5.5	3.5
Total	(0.5)%	100.0%	—%	100.0%

2015 Versus 2014

White's 2015 volume declined 0.5 per cent., reflecting a decrease in sparkling beverage sales of 1.5 per cent., partially offset by an increase in still beverage sales of 4.0 per cent. The decrease in White's sparkling beverage sales primarily resulted from declines in its Coca-Cola trademark beverages, partially offset by increases in Monster and Finley. White's still beverage performance was driven by growth in its water brands and Capri-Sun across its territories.

During 2015, White's Coca-Cola trademark volume declined 2.0 per cent. This performance was driven by volume declines in Coca-Cola and Diet Coke/Coca-Cola light of 3.0 per cent. and 4.5 per cent., respectively, partially offset by volume gains in Coca-Cola Zero of 5.0 per cent. and the impact of the expansion of Coca-Cola Life across all of White's territories. White's sparkling flavours and energy volume increased 0.5 per cent., reflecting continued strength in its energy portfolio, growing 10.5 per cent. year-over-year, led by Monster, and the impact of the expansion of Finley into additional territories. These increases were partially offset by declines in the sales of Schweppes, Sprite, and Dr Pepper. Juices, isotonics, and other volume increased 1.5 per cent. reflecting the benefit of expanded distribution of Capri-Sun, offset by declines in Ocean Spray and Minute Maid. White also experienced a 12.0 per cent. increase in sales of its water brands, reflecting the continued success of smartwater in Great Britain and increased sales of Chaudfontaine in continental Europe.

On a territory basis, continental Europe (including Norway and Sweden) and Great Britain experienced volume declines of 1.0 per cent. and 0.5 per cent., respectively. The performance of White's continental Europe territories reflected a 3.0 per cent. decline in the Coca-Cola trademark portfolio, partially offset by sparkling flavours and energy sales gains of 2.5 per cent. as Monster experienced double-digit growth. Sales of juices, isotonics, and other brands increased 6.5 per cent. in continental Europe, driven by strong sales of Capri-Sun and Nestea. In Great Britain, White's volume declines were driven by a decrease in sales of sparkling beverage brands, partially offset by growth in still beverage brands. The decline in sparkling

beverages was driven by a 1.5 per cent. reduction in the sales of other sparkling flavors, including Sprite, Schweppes, and Dr Pepper. The increase in still beverage sales was primarily driven by double-digit growth in White's water brands, which benefited from the continued expansion of smartwater throughout Great Britain, partially offset by a decrease in Ocean Spray sales after the termination of White's agreement in Great Britain in 2014.

2014 Versus 2013

White's 2014 volume remained essentially flat, reflecting a decrease in sparkling beverage sales of 0.5 per cent., offset by an increase in still beverage sales of 1.5 per cent. The decrease in White's sparkling beverage sales primarily resulted from declines in its Sprite, Fanta, and Schweppes brands. White's still beverage performance was driven by growth in its water brands across its territories.

During 2014, White's Coca-Cola trademark volume remained essentially flat. This performance was driven by volume declines in Coca-Cola and Diet Coke/Coca-Cola light of 1.0 per cent. and 5.5 per cent., respectively, offset by volume gains in Coca-Cola Zero of 11.0 per cent. White's sparkling flavours and energy volume declined 2.0 per cent. during 2014, reflecting declines in Sprite, Fanta, and Schweppes. These declines were partially offset by continued strength in White's energy portfolio, growing 6.5 per cent. year-over-year led by Monster and Relentless. Juices, isotonics, and other volume remained flat reflecting continued strong growth in Nestea, offset by significant declines in Ocean Spray as a result of the termination of its agreement in Great Britain in early 2014. White also experienced a 5.5 per cent. increase in sales of its water brands, primarily driven by Chaudfontaine in continental Europe and the introduction of smartwater in Great Britain.

On a territory basis, continental Europe (including Norway and Sweden) volume grew 0.5 per cent. during 2014, offset by a volume decrease of 0.5 per cent. in Great Britain. The performance of White's continental Europe territories reflected flat volume performance in its Coca-Cola trademark portfolio. Sparkling flavours and energy sales grew 0.5 per cent. Sales of juices, isotonics, and other brands increased 0.5 per cent. in continental Europe, as increases in Capri-Sun and Nestea were partially offset by declines in sports drinks. In Great Britain, White's volume declines were driven by a decrease in sales of sparkling beverage brands, partially offset by growth in still beverage brands. The decline in sparkling beverages was driven by a 3.5 per cent. reduction in the sales of other sparkling flavours, including Sprite and Schweppes. The increase in still beverage sales was primarily driven by double-digit growth in its water brands, which benefited from the introduction of smartwater in Great Britain in 2014, partially offset by a 0.5 per cent. decrease in its juices, isotonics, and other category led by declines in sales of Ocean Spray, as a result of the termination of its agreement in Great Britain in early 2014, and Powerade.

Consumption

The following table summarises the change in volume by consumption type for the periods presented (selling days were the same in all years presented; rounded to the nearest 0.5 per cent.):

	2015 vs. 2014 Change	2015 Per cent of Total	2014 vs. 2013 Change	2014 Per cent of Total
Future Consumption[(A)]	(0.5)%	65.0%	—%	65.0%
Immediate Consumption[(B)]	(1.0)	35.0	—	35.0
Total	(0.5)%	100.0%	—%	100.0%

(A) Future consumption packages include containers that are typically one litre and greater, purchased by consumers in multi-packs in take-home channels at ambient temperatures, and are intended for consumption in the future.

(B) Immediate consumption packages include containers that are typically less than one litre, purchased by consumers as a single bottle or can in cold drink channels at chilled temperatures, and are intended for consumption shortly after purchase.

Packages

White's products are available in a variety of package types and sizes (future consumption and immediate consumption) including, but not limited to, aluminium and steel cans, glass, PET (plastic) and aluminium bottles, pouches, and bag-in-box for fountain use. The following table summarises its volume results by

major package category for the periods presented (selling days were the same in all years presented; rounded to the nearest 0.5 per cent.):

	2015 vs. 2014 Change	2015 Per cent of Total	2014 vs. 2013 Change	2014 Per cent of Total
PET (plastic)	(0.5)%	43.0%	(2.5)%	43.0%
Cans	(1.0)	41.0	2.5	41.5
Glass and other	0.5	16.0	1.5	15.5
Total	(0.5)%	100.0%	—%	100.0%

Cost of Sales

Cost of sales decreased 16.0 per cent. in 2015 to US$4.4 billion as compared to the prior year. This change included a 14.0 per cent. decrease due to currency exchange rate changes. Cost of sales decreased 1.0 per cent. in 2014 to US$5.3 billion as compared to the prior year. This change included a 1.0 per cent. increase due to currency exchange rate changes.

The following table summarises the significant components of the change in White's cost of sales per case for the periods presented (rounded to the nearest 0.5 per cent. and based on wholesale physical case volume):

	2015 vs. 2014	2014 vs. 2013
Changes in cost of sales per case:		
Bottle and can ingredient and packaging costs	(2.5)%	(1.0)%
Bottle and can currency exchange rate changes	(14.0)	1.0
Post-mix, non-trade, and other	1.0	(1.0)
Change in cost of sales per case	(15.5)	(1.0)%

White's 2015 bottle and can ingredient and packaging costs per case decreased 2.5 per cent. This decline reflects the benefit of favourable cost trends in some of its key commodities, including aluminium, sugar, and PET (plastic). Though the current cost environment is favourable, White continues to execute its risk management strategy through the use of supplier agreements and hedging instruments designed to mitigate its exposure to commodity price volatility.

White's 2014 bottle and can ingredient and packaging costs per case decreased 1.0 per cent. This decline reflects mix-shifts into lower cost packages and benefits from favourable cost trends in some of its key inputs, principally sugar and PET (plastic).

Selling, Delivery, and Administrative Expenses

Selling, delivery, and administrative ("**SD&A**") expenses decreased 13.0 per cent. to US$1.7 billion in 2015. SD&A expenses increased 0.5 per cent. to US$2.0 billion in 2014.

The following table summarises the significant components of the change in White's SD&A expenses for the periods presented (in millions; percentages rounded to the nearest 0.5 per cent.):

	2015 vs. 2014		2014 vs. 2013	
	Amount	Change Per cent of Total	Amount	Change Per cent of Total
Changes in SD&A expenses:				
General and administrative expenses	US$ 5	0.5%	US$13	0.5%
Selling and marketing expenses	31	1.5	24	1.5
Delivery and merchandising expenses	1	—	(12)	(0.5)
Warehousing expenses	(6)	(0.5)	(11)	(0.5)
Net mark-to-market losses on non-designated commodity hedges	(3)	—	11	0.5
Restructuring charges	(61)	(3.0)	(34)	(1.5)
Merger related costs	45	2.5	—	—
Gain on property sale	(10)	(0.5)	—	—
Tax sharing agreement indemnification changes	—	—	(5)	(0.5)
Currency exchange rate changes	(248)	(13.0)	18	1.0
Other changes	(4)	(0.5)	2	—
Change in SD&A expenses	US$(250)	(13.0)%	US$ 6	0.5%

The decrease in White's SD&A expenses in 2015 when compared to 2014 primarily reflects the year-over-year impact of currency exchange rates that decreased expenses by 13.0 per cent., a decrease in restructuring expenses, and the sale of a distribution facility in Great Britain. These decreases were partially offset by the impact of Merger related costs, and promotional expenses associated with the 2015 Rugby World Cup and White's brand expansion efforts throughout the year.

The increase in White's SD&A expenses in 2014 when compared to 2013 relates to its efforts to expand promotional activity in Great Britain to respond to marketplace dynamics and marketing initiatives to support the 2014 FIFA World Cup, as well as currency exchange rate changes. These increases are partially offset by the realisation of cost savings associated with efforts under its restructuring programmes, and a decline in expenses incurred related to its business transformation programme as it approached its completion.

Interest Expense

Interest expense, net totalled US$118 million, US$119 million, and US$103 million in 2015, 2014, and 2013, respectively. The following tables summarise the primary items impacting its interest expense during the periods presented (in millions):

Debt

	2015	2014	2013
Average outstanding debt balance	US$4,225	US$4,231	US$3,706
Weighted average cost of debt	2.7%	2.8%	2.8%
Fixed-rate debt (% of portfolio)	95%	96%	97%
Floating-rate debt (% of portfolio)	5%	4%	3%

Other Nonoperating Expense

Other nonoperating expense totalled US$4 million, US$7 million, and US$6 million in 2015, 2014, and 2013, respectively. White's other nonoperating expense principally included gains and losses on transactions denominated in a currency other than the functional currency of a particular legal entity. In 2014, its other nonoperating expense also includes charges related to the impairment of its investment in its recycling joint venture in Great Britain.

Income Tax Expense

In 2015, White's effective tax rate was 20.0 per cent. This rate included a deferred tax benefit of US$48 million (an approximate 6 percentage point decrease in the effective tax rate) due to the enactment of corporate income tax rate reductions in the United Kingdom and Norway. White's 2015 effective tax rate also reflected the U.S. tax impact associated with repatriating to the U.S. US$450 million of its 2015 foreign earnings (refer to Note 11 of the Consolidated Financial Statements of White (Part A) in this Prospectus).

In 2014, White's effective tax rate was 26.0 per cent. White's 2014 effective tax rate reflected the U.S. tax impact associated with repatriating to the U.S. US$450 million of its 2014 foreign earnings (refer to Note 11 of the Consolidated Financial Statements of White (Part A) in this Prospectus).

In 2013, White's effective tax rate was 17.0 per cent. This rate included a deferred tax benefit of US$71 million (an approximate 9 percentage point decrease in the effective tax rate) due to the enactment of a corporate income tax rate reduction in the United Kingdom. White's 2013 effective tax rate also reflected the U.S. tax impact associated with repatriating to the US$450 million of its 2013 foreign earnings.

Cash Flow and Liquidity Review

Liquidity and Capital Resources

White's sources of capital include, but are not limited to, cash flows from operations, public and private issuances of debt and equity securities, and bank borrowings. White believes its operating cash flow, cash on hand, and available short-term and long-term capital resources are sufficient to fund its working capital requirements, scheduled debt payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations, dividends to its shareowners, any contemplated acquisitions, and share repurchases for the foreseeable future. White continually assesses the counterparties and instruments it uses to hold its cash and cash equivalents, with a focus on preservation of capital and liquidity. Based on information available as of 11 February 2016, White does not believe it is at significant risk of default by its counterparties.

White has amounts available to it for borrowing under a US$1.0 billion multi-currency credit facility with a syndicate of eight banks. This credit facility matures in 2017 and is for general corporate purposes, including serving as a backstop to its commercial paper programme and supporting its working capital needs. At 31 December 2015, White had no amount drawn under this credit facility. Based on information available to White as of 11 February 2016, it has no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to it.

White satisfies seasonal working capital needs and other financing requirements with operating cash flow, cash on hand, short-term borrowings under its commercial paper programme, bank borrowings, and its line of credit. At 31 December 2015, White had US$454 million in debt maturities in the next 12 months, including US$198 million in commercial paper. In addition to using operating cash flow and cash on hand, White may repay its short-term obligations by issuing more debt, which may take the form of commercial paper and/or long-term debt.

Beginning in October 2010, White's Board of Directors has approved a series of resolutions authorising the repurchase of shares of its stock. Since 2010, White has repurchased US$4.3 billion in outstanding shares, representing 125.9 million shares, under these resolutions. In December 2013, White's Board of Directors authorised share repurchases for an aggregate price of not more than US$1.0 billion. Share repurchase activity under this authorisation commenced during the second quarter of 2014. In the third quarter of 2015 White completed authorised share repurchases under the December 2013 resolution. In December 2014, White's Board of Directors approved a resolution to authorise additional share repurchases for an aggregate price of not more than US$1.0 billion. As of 11 February 2016, White has US$969 million in authorised share repurchases remaining under the December 2014 resolution. White completed its planned share repurchases for 2015 during the third quarter and does not intend to repurchase additional outstanding shares in the open market prior to the closing of the Merger (expected to be during the second quarter of 2016). For additional information about White's share repurchase programmes, refer to Note 16 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

During the third quarter of 2015, White repatriated to the U.S. US$450 million of its 2015 foreign earnings for the payment of dividends, share repurchases, interest on U.S.-issued debt, salaries for U.S.-based

employees, and other corporate-level operations in the U.S. White's historical foreign earnings, including its 2015 foreign earnings that were not repatriated in 2015, will continue to remain indefinitely reinvested, and, if White does not generate sufficient current year foreign earnings to repatriate to the U.S. in any future given year, White expects to have adequate access to capital in the U.S. to allow it to satisfy its U.S.-based cash flow needs in that year. Therefore, historical foreign earnings and future foreign earnings that are not repatriated to the U.S. will remain indefinitely reinvested and will be used to service its foreign operations, non-U.S. debt, and to fund future acquisitions. During 2016, White expects to repatriate a portion of its 2016 foreign earnings to satisfy its 2016 U.S.-based cash flow needs. The amount to be repatriated to the U.S. will depend on, among other things, its actual 2016 foreign earnings and its actual 2016 U.S.-based cash flow needs. For additional information about repatriation of foreign earnings, refer to Note 11 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

At 31 December 2015, substantially all of the cash and cash equivalents recorded on White's Consolidated Balance Sheets was held by consolidated entities that are located outside the U.S. White's disclosure of cash and cash equivalents held by consolidated entities located outside the U.S. is not meant to imply the cash will be repatriated to the U.S. at a future date. Any future repatriation of foreign earnings to the U.S. will be based on actual U.S.-based cash flow needs and actual foreign entity cash available at the time of the repatriation.

During 2015, White paid dividends of US$257 million. In February 2015, its Board of Directors approved an increase in its quarterly dividend from US$0.25 per share to US$0.28 per share beginning in the first quarter of 2015.

Credit Ratings and Covenants

White's credit ratings are periodically reviewed by rating agencies. As of 11 February 2016, White's long-term ratings from Moody's, Standard and Poor's (S&P), and Fitch are A3, BBB+, and BBB+, respectively. White's ratings outlook from S&P and Fitch are stable and Moody's is negative. Changes in White's operating results, cash flows, or financial position could impact the ratings assigned by the various rating agencies. White's credit rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, and capital management activities of TCCC, and/or changes in the credit rating of TCCC. Should White's credit ratings be adjusted downward, it may incur higher costs to borrow, which could have a material impact on its financial condition and results of operations.

White's credit facility and outstanding notes contain various provisions that, among other things, require it to limit the incurrence of certain liens or encumbrances in excess of defined amounts. Additionally, White's credit facility requires that it meet a minimum interest coverage ratio. White was in compliance with these requirements as of 31 December 2015. As of 11 February 2016 these requirements are not, nor is it anticipated that they will become, restrictive to White's liquidity or capital resources.

Summary of Cash Activities

2015

During 2015, White's primary sources of cash included (1) US$941 million from operating activities, net of cash payments related to restructuring programmes of US$28 million, merger costs of US$25 million, and contributions to its defined benefit pension plans of US$52 million; (2) proceeds of US$527 million from the issuances of debt; (3) the receipt of US$56 million upon maturity of certain of its cross-currency swaps related to intercompany loans; and (4) net issuances of commercial paper of US$52 million. White's primary uses of cash were (1) cash payments totalling US$614 million for shares repurchased under its share repurchase programme; (2) payments on debt of US$485 million, primarily resulting from the maturing of US$475 million notes; (3) capital asset investments totalling US$321 million; and (4) dividend payments on common stock of US$257 million.

2014

During 2014, White's primary sources of cash included (1) US$982 million from operating activities, net of cash payments related to restructuring programmes of US$88 million and contributions to its defined benefit pension plans of US$51 million; (2) proceeds of US$347 million from the issuances of debt; and (3) net issuances of commercial paper of US$146 million. White's primary uses of cash were (1) cash payments totalling US$912 million for shares repurchased under its share repurchase programme; (2) capital asset investments totalling US$332 million; (3) dividend payments on common stock of

US$246 million; and (4) payments on debt of US$114 million, primarily resulting from the maturing of US$100 million notes.

2013

During 2013, White's primary sources of cash included (1) US$833 million from operating activities, net of cash payments related to restructuring programmes of US$117 million and contributions to its defined benefit pension plans of US$72 million; and (2) proceeds of US$931 million from the issuances of debt. White's primary uses of cash were (1) cash payments totalling US$1.0 billion for shares repurchased under its share repurchase programme; (2) payments on debt of US$623 million, primarily resulting from the maturing of its Swiss franc (CHF) 200 million notes and its US$400 million notes; (3) capital asset investments totalling US$313 million; and (4) dividend payments on common stock of US$213 million.

Operating Activities

2015 Versus 2014

White's net cash derived from operating activities totalled US$941 million in 2015 versus US$982 million in 2014. This decrease resulted from a decline in White's year-over-year operating income performance driven primarily by currency exchange rate changes, partially offset by favourable working capital changes due to its continued focus on working capital management.

2014 Versus 2013

White's net cash derived from operating activities totalled US$982 million in 2014 versus US$833 million in 2013. This change reflected its improved year-over-year operating income performance, a US$29 million decrease in cash payments under its restructuring programmes, and a US$21 million decrease in the amount of contributions made to its defined benefit plans.

Investing Activities

Capital asset investments represent a principal use of cash for White's investing activities. During 2016, White expects its capital expenditures to approximate US$325 million and to be invested in similar asset categories as those listed in the table below. The following table summarises its capital asset investments for the periods presented (in millions):

	2015	2014	2013
Supply chain infrastructure	US$168	US$187	US$190
Cold-drink equipment	110	101	73
Information technology	41	37	35
Fleet and other	2	7	15
Total capital asset investments	US$321	US$332	US$313

During 2015, investing activities also included the receipt of US$32 million from the settlement of net investment hedges as well as US$13 million in capital disposals driven primarily by the sale of a distribution facility in Great Britain.

During 2014, White's investing activities included US$27 million in capital asset disposals, driven, in part, by its business transformation programme. Additionally, investing activities for 2014 included the receipt of US$21 million from the settlement of net investment hedges.

Financing Activities

White's net cash used in financing activities totalled US$698 million and US$789 million in 2015 and 2014, respectively. The following table summarises White's financing activities related to the issuances of and payments on debt for the period presented (in millions):

Issuances of Debt	Maturity Date	Rate	2015	2014
€500 million notes	March 2030	1.9%	US$527	US$ —
€250 million notes	May 2026	2.8%	—	347
Total issuances of debt, excluding commercial paper			527	347
Net issuances of commercial paper	—	—	52	146
Total issuances of debt			US$579	US$493

Payments on Debt	Maturity Date	Rate[(A)]	2015	2014
US$475 million notes	September 2015	2.1%	US$(475)	US$ —
US$100 million notes	February 2014	floating	—	(100)
Other payments, net	—	—	(10)	(14)
Total payments on debt			US$(485)	US$(114)

(A) The US$100 million notes carried a variable interest rate at three-month USD LIBOR plus 30 basis points. At maturity the effective rate on these notes was 0.5 per cent.

White's financing activities during 2015 and 2014 also included cash payments of US$614 million and US$912 million for share repurchases, respectively. White does not intend to repurchase additional outstanding shares in the open market prior to the closing of the Merger (expected to be during the second quarter of 2016). Additionally, financing activities during 2015 included the receipt of US$56 million upon maturity of certain of its cross-currency swaps related to intercompany loans.

In February 2015, White's Board of Directors approved an increase in its quarterly dividend from US$0.25 per share to US$0.28 per share beginning in the first quarter of 2015. As a result, White paid dividends of US$257 million during 2015. During 2014, White paid dividends of US$246 million.

Financial Position

31 December 2015 compared to 31 December 2014

The following table illustrates selected changes in White's consolidated balance sheets (in millions), with underlying movements discussed below:

31 December	2015	2014	Change	Currency Impact	Change Excluding Currency
Trade accounts receivable, net	US$ 1,314	US$ 1,514	US$(200)	US$(122)	US$ (78)
Inventories	336	388	(52)	(34)	(18)
Other current assets	170	268	(98)	(15)	(83)
Franchise license intangible assets, net and goodwill	3,471	3,742	(271)	(271)	—
Other noncurrent assets	174	240	(66)	(10)	(56)
Accounts payable and accrued expenses	1,601	1,872	(271)	(151)	(120)
Current portion of debt	454	632	(178)	—	(178)
Debt, less current portion	3,407	3,320	87	(189)	276
Other noncurrent liabilities	236	207	29	(15)	44
Common stock in treasury, at cost	(4,411)	(3,807)	(604)	—	(604)

Trade accounts receivable, net decreased US$78 million, or 5.0 per cent., attributable to White's continued focus on working capital management as well as the timing of cash receipts late in the fourth quarter of 2015.

Inventories decreased US$18 million, or 4.5 per cent., due primarily to favourable cost trends in some of White's key commodities, including aluminium, sugar, and PET (plastic).

Other current assets decreased US$83 million, or 31.0 per cent., primarily driven by the maturing of certain derivative assets (refer to Note 6 of the Consolidated Financial Statements of White (Part A) in this Prospectus) and a decrease in current deferred income tax assets (refer to Note 11 of the Consolidated Financial Statements of White (Part A) in this Prospectus).

Other noncurrent assets decreased US$56 million, or 23.5 per cent., driven by declines in noncurrent deferred income tax assets (refer to Note 11 of the Consolidated Financial Statements of White (Part A) in this Prospectus) and declines in noncurrent assets related to its defined benefit pension plans (refer to Note 10 of the Consolidated Financial Statements of White (Part A) in this Prospectus).

Accounts payable and accrued expenses decreased US$120 million, or 6.5 per cent., driven by a decrease in customer marketing agreement accruals, particularly in Great Britain, as well as a decrease in accrued compensation due to the timing of certain severance payments under White's business transformation programme.

Current portion of debt decreased US$178 million, or 28.0 per cent., primarily due to the payment of its US$475 million, 2.1 per cent. notes in September 2015, partially offset by net issuances of commercial paper of US$52 million and the reclassification of its US$250 million, 2.0 per cent. notes due 2016 to current liabilities. For additional information about White's debt, refer to Note 7 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

Debt, less current portion increased US$276 million, or 8.5 per cent., due to the March 2015 issuance of €500 million, 1.9 per cent. notes due 2030, partially offset by the reclassification of White's US$250 million, 2.0 per cent. notes due 2016 to current liabilities. For additional information about White's debt, refer to Note 7 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

Other noncurrent liabilities increased US$44 million, or 21.5 per cent., primarily attributable to an increase in White's defined benefit pension plan liabilities (refer to Note 10 of the Consolidated Financial Statements of White (Part A) in this Prospectus), certain derivative liabilities (refer to Note 6 of the Consolidated Financial Statements of White (Part A) in this Prospectus), and an increase in certain income tax liabilities (refer to Note 11 of the Consolidated Financial Statements of White (Part A) in this Prospectus).

Common stock in treasury, at cost increased US$604 million, or 16.0 per cent., primarily driven by White's repurchase of US$600 million in outstanding shares during 2015 under its share repurchase programmes (refer to Note 16 of the Consolidated Financial Statements of White (Part A) in this Prospectus). The remaining difference represents shares withheld for taxes upon the vesting of employee share-based payment awards.

31 December 2014 compared to 31 December 2013

The following table illustrates selected changes in White's consolidated balance sheets (in millions), as discussed below:

31 December	2014	2013	Increase (Decrease)	Per cent Change
Trade accounts receivable	US$ 1,514	US$ 1,515	US$ (1)	US$ —%
Inventories	388	452	(64)	(14.0)
Other current assets	268	169	99	(58.5)
Franchise license intangible assets, net	3,641	4,004	(363)	(9.0)
Goodwill	101	124	(23)	(18.5)
Other noncurrent assets	240	476	(236)	(49.5)
Accounts payable and accrued expenses	1,872	1,939	(67)	(3.5)
Current portion of debt	632	111	521	469.5
Debt, less current portion	3,320	3,726	(406)	(11.0)
Other noncurrent liabilities	207	221	(14)	(6.5)
Common stock in treasury, at cost	(3,807)	(2,868)	(939)	32.5

Trade accounts receivable, net decreased US$1 million, driven by increased sales volume late in 2014, offset by currency exchange rate changes.

Inventories decreased US$64 million, due to currency exchange rate changes and the impact of incremental purchase of certain raw materials in the latter part of the fourth quarter of 2013.

Other current assets increased US$99 million, driven by an increase in current deferred income tax assets (refer to Note 10 of the Consolidated Financial Statements of White (Part B) in this Prospectus) and an increase in certain derivative assets (refer to Note 5 of the Consolidated Financial Statements of White (Part B) in this Prospectus), partially offset by currency exchange rate changes.

Franchise license intangible assets, net and goodwill decreased US$386 million, due to the effect of currency exchange rate changes. For additional information about White's franchise license intangible assets and goodwill, refer to Note 2 of the Consolidated Financial Statements of White (Part B) in this Prospectus.

Other noncurrent assets decreased US$236 million, driven by declines in noncurrent deferred income tax assets (refer to Note 10 of the Consolidated Financial Statements of White (Part B) in this Prospectus), declines in noncurrent assets related to White's defined benefit pension plans (refer to Note 9 of the Consolidated Financial Statements of White (Part B) in this Prospectus), and currency exchange rate changes.

Accounts payable and accrued expenses decreased US$67 million, driven by currency exchange rate changes, and a decrease in accrued compensation due to the timing of certain severance payments under White's business transformation programme, and the payment of certain incentive compensation amounts. These decreases were partially offset by an increase in accounts payable due to the timing of payments and an increase in accrued expenses related to White's customer marketing programmes in Great Britain, primarily resulting from changes in programme levels and timing of payments.

Current portion of debt increased US$521 million, primarily driven by White's US$475 million, 2.1 per cent. notes due September 2015, which became current in the third quarter of 2014, and net issuances of commercial paper of US$146 million. These increases were partially offset by the repayment of White's US$100 million floating rate notes at maturity in February 2014. For additional information about White's debt, refer to Note 6 of Consolidated Financial Statements of White (Part B) in this Prospectus.

Debt, less current portion decreased US$406 million, primarily driven by White's US$475 million, 2.1 per cent. notes due September 2015, which became current in the third quarter of 2014, as well as currency exchange rate changes. These decreases were partially offset by the issuance in May 2014 of €250 million, 2.8 per cent. notes due 2026. For additional information about White's debt, refer to Note 6 of the Consolidated Financial Statements of White (Part B) in this Prospectus.

Other noncurrent liabilities decreased US$14 million, primarily attributable to currency exchange rate changes and a decrease in certain derivative liabilities (refer to Note 5 of the Consolidated Financial Statements of White (Part B) in this Prospectus), partially offset by an increase in noncurrent liabilities related to White's defined benefit pension plans (refer to Note 9 of the Consolidated Financial Statements of White (Part B) in this Prospectus).

Common stock in treasury, at cost increased US$939 million, primarily driven by White's repurchase of US$925 million in outstanding shares during 2014 under White's share repurchase programmes (refer to Note 15 of the Consolidated Financial Statements of White (Part B) in this Prospectus). The remaining difference represents shares withheld for taxes upon the vesting of employee share-based payment awards.

Contractual Obligations

The following table summarises White's significant contractual obligations as of 31 December 2015 (in millions):

Contractual Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Debt, excluding capital leases(A)	US$3,844	US$448	US$380	US$ 901	US$2,115
Interest obligations(B)	685	101	180	161	243
Purchase agreements(C)	241	73	113	55	—
Operating leases(D)	231	54	74	40	63
Other purchase obligations(E)	179	179	—	—	—
Capital lease obligations(F)	19	6	9	3	1
Total contractual obligations	US$5,199	US$861	US$756	US$1,160	US$2,422

(A) These amounts represent White's scheduled debt maturities, excluding capital leases. For additional information about White's debt, refer to Note 7 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

(B) These amounts represent estimated interest payments related to White's long-term debt obligations, excluding capital leases. For fixed-rate debt, White has calculated interest based on the applicable rates and payment dates for each individual debt instrument. For variable-rate debt, White has estimated interest using the forward interest rate curve. At 31 December 2015, approximately 95 per cent. of its debt portfolio was fixed-rate debt and 5 per cent. was floating-rate debt.

(C) These amounts represent noncancelable purchase agreements with various suppliers that are enforceable and legally binding, and that specify a fixed or minimum quantity that White must purchase. All purchases made under these agreements are subject to standard quality and performance criteria. White has excluded amounts related to supply agreements with requirements to purchase a certain percentage of its future raw material needs from a specific supplier, since such agreements do not specify a fixed or minimum quantity requirement.

(D) These amounts represent White's minimum operating lease payments due under noncancelable operating leases with initial or remaining lease terms in excess of one year as of 31 December 2015. Income associated with sublease arrangements is not significant. For additional information about White's operating leases, refer to Note 8 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

(E) These amounts represent outstanding purchase obligations primarily related to commodity purchases and capital expenditures.

(F) These amounts represent White's minimum capital lease payments (including amounts representing interest). For additional information about White's capital leases, refer to Note 7 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

Defined Benefit Plan Contributions

Contributions to White's pension plans totalled US$13 million and US$15 million during the first quarter of 2016 and 2015, respectively. The following table summarises the contributions made to White's defined benefit pension plans for the years ended 31 December 2015 and 2014, as well as its projected contributions for the year ending 31 December 2016 (in millions):

	Actual(A)		Projected(A)
	2015	2014	2016
Pension contributions	US$52	US$51	US$51

(A) These amounts represent only contributions made by White. White funds its pension plans at a level to maintain, within established guidelines, the appropriate funded status for each country.

For additional information about White's pension plans, refer to Note 10 of the Notes to Condensed Consolidated Financial Statements of White (Part C) in this Prospectus and Note 10 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

Critical Accounting Policies

White makes judgments and estimates with underlying assumptions when applying accounting principles to prepare its Consolidated Financial Statements. Certain critical accounting policies requiring significant judgments, estimates, and assumptions are detailed in this section. White considers an accounting estimate to be critical if (1) it requires assumptions to be made that are uncertain at the time the estimate is made and (2) changes to the estimate or different estimates that could have reasonably been used would have

materially changed White's Consolidated Financial Statements. The development and selection of these critical accounting policies have been reviewed with the audit committee of White's Board of Directors.

White believes the current assumptions and other considerations used to estimate amounts reflected in its Consolidated Financial Statements are appropriate. However, should its actual experience differ from these assumptions and other considerations used in estimating these amounts, the impact of these differences could have a material impact on White's Consolidated Financial Statements.

Indefinite Reinvestment of Foreign Earnings

White had approximately US$1.8 billion in cumulative undistributed foreign earnings as of 31 December 2015. These earnings are exclusive of amounts that would result in little or no tax under current tax laws if remitted in the future. The cumulative undistributed earnings from its foreign subsidiaries are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state income taxes has been made in White's Consolidated Financial Statements. A distribution of these foreign earnings to the U.S. in the form of dividends, or otherwise, would subject White to U.S. income taxes, as adjusted for foreign tax credits, and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognised deferred U.S. income tax liability on these undistributed earnings is not practicable.

During the third quarter of 2015, White repatriated to the U.S. US$450 million of its 2015 foreign earnings for the payment of dividends, share repurchases, interest on U.S.-issued debt, salaries for U.S.-based employees, and other corporate-level operations in the U.S. White's historical foreign earnings, including its 2015 foreign earnings that were not repatriated in 2015, will continue to remain indefinitely reinvested, and, if White does not generate sufficient current year foreign earnings to repatriate to the U.S. in any future given year, White expects to have adequate access to capital in the U.S. to allow White to satisfy its U.S.-based cash flow needs in that year. Therefore, historical foreign earnings and future foreign earnings that are not repatriated to the U.S. will remain indefinitely reinvested and will be used to service its foreign operations, non-U.S. debt, and to fund future acquisitions. During the third quarter of 2014, White repatriated to the U.S. US$450 million of its 2014 foreign earnings for the payment of dividends, share repurchases, interest on U.S.-issued debt, salaries for U.S.-based employees, and other corporate-level operations in the U.S.

The following table illustrates the hypothetical U.S. taxes that White would be subjected to if the entire amount of its indefinitely reinvested foreign earnings as of 31 December 2015 were repatriated to the U.S. (in millions):

Incremental U.S. Tax Percentage[(A)]	Incremental U.S. Taxes[(B)]
5 per cent.	US$ 90
10 per cent.	180
15 per cent.	270
20 per cent.	360

(A) These percentages are not based on any specific facts or circumstances, but instead were selected for illustrative purposes only. Each rate represents the hypothetical incremental U.S. tax assessed on earnings from a foreign jurisdiction upon repatriation to the U.S.

(B) Amounts are derived by multiplying the hypothetical incremental U.S. tax percentages by White's cumulative undistributed indefinitely reinvested foreign earnings as of 31 December 2015.

Pension Plan Valuation

White sponsors a number of defined benefit pension plans covering substantially all of its employees. Several critical assumptions are made in valuing its pension plan assets and liabilities and related pension expense. White believes the most critical of these assumptions are the discount rate, salary rate of inflation, and expected long-term return on assets ("**EROA**"). Other assumptions White makes are related to employee demographic factors such as mortality rates, retirement patterns, and turnover rates.

White determines the discount rate primarily by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the expected payments to be made under the plans. Decreasing its discount rate (3.5 per cent. for the year ended 31 December 2015 for pension expense and 3.5 per cent. as of 31 December 2015 for its projected benefit obligation ("**PBO**") by 0.5 per cent. would have increased its 2015 pension expense by approximately US$13 million and its PBO by approximately US$177 million.

White determines the salary rate of inflation by considering the following factors: (1) expected long-term price inflation; (2) allowance for merit and promotion increases; (3) prior years' actual experience; and (4) any known short-term actions. Increasing White's salary rate of inflation (3.2 per cent. for the year ended 31 December 2015 for pension expense and 3.3 per cent. as of 31 December 2015 for its PBO) by 0.5 per cent. would have increased its 2015 pension expense by approximately US$9 million and its PBO by approximately US$65 million.

The EROA is based on long-term expectations given current investment objectives and historical results. White utilises a combination of active and passive fund management of pension plan assets in order to maximise plan asset returns within established risk parameters. White periodically revises asset allocations, where appropriate, to improve returns and manage risk. Decreasing the EROA (6.9 per cent. for the year ended 31 December 2015) by 0.5 per cent. would have increased its pension expense in 2015 by approximately US$5 million.

White utilises the five-year asset smoothing technique to recognise market gains and losses for 92 per cent. of its pension plan assets.

As a result of changes in discount rates, asset performance, and other assumption changes, White's net losses deferred in accumulated other comprehensive income (AOCI) have increased in recent years. As of 31 December 2015, its net losses totalled US$489 million, of which US$26 million will be amortised in 2016 as a component of its 2016 net periodic benefit cost.

For additional information about White's pension plans, refer to Note 10 of the Consolidated Financial Statements of White (Part A) in this Prospectus.

Customer Marketing Programmes and Sales Incentives

White participates in various programmes and arrangements with customers designed to increase the sale of its products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or for participating in specific marketing programmes. Coupon programmes are also developed on a customer- and territory-specific basis with the intent of increasing sales by all customers. White believes its participation in these programmes is essential to ensuring volume and revenue growth in the competitive marketplace. The costs of all these various programmes, included as a reduction in net sales, totalled US$1.1 billion in each of the years 2015, 2014, and 2013.

Under customer programmes and arrangements that require sales incentives to be paid in advance, White amortises the amount paid over the period of benefit or contractual sales volume. When incentives are paid in arrears, White accrues the estimated amount to be paid based on the programme's contractual terms, expected customer performance, and/or estimated sales volume. White's accrued marketing costs were US$508 million as of 31 December 2015 and US$656 million as of 31 December 2014. These estimates are determined using historical customer experience and other factors, which sometimes require significant judgment. In part due to the length of time necessary to obtain relevant data from White's customers, actual amounts paid can differ from these estimates. During the years ended 31 December 2015, 2014, and 2013, White recorded out-of-period accrual reductions related to estimates for prior year programmes of US$50 million, US$46 million, and US$31 million, respectively.

Contingencies

For information about White's contingencies, refer to Note 9 of the Notes to Condensed Consolidated Financial Statements of White (Part C) in this Prospectus.

Workforce

At 31 December 2015, White had approximately 11,500 employees. A majority of White's employees in Europe are covered by collectively bargained labour agreements, most of which do not expire. However, wage rates must be renegotiated at various dates through 2017. White believes that it will be able to renegotiate wage rates with satisfactory terms.

Off-Balance Sheet Arrangements

Not applicable.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rates

Interest rate risk is present with both White's fixed-rate and floating-rate debt. Interest rate swap agreements and other risk management instruments are used, at times, to manage White's fixed/floating debt portfolio. At 1 April 2016, approximately 92 per cent. of White's debt portfolio was comprised of fixed-rate debt, and 8 per cent. was floating-rate debt. White estimates that a 1 per cent. change in market interest rates as of 1 April 2016 would change the fair value of its fixed-rate debt outstanding as of 1 April 2016 by approximately US$540 million.

White also estimates that a 1 per cent. change in the interest costs of floating-rate debt outstanding as of 1 April 2016 would change interest expense on an annual basis by US$3 million. This amount is determined by calculating the effect of a hypothetical interest rate change on White's floating-rate debt after giving consideration to its interest rate swap agreements and other risk management instruments. This estimate does not include the effects of other actions to mitigate this risk or changes in White's financial structure.

Currency Exchange Rates

White's operations are in Western Europe. As such, White is exposed to translation risk because its operations are in local currency and must be translated into U.S. dollars for financial reporting purposes. As currency exchange rates fluctuate, translation of White's Statements of Income into U.S. dollars affects the comparability of revenues, expenses, operating income, and diluted earnings per share between years. White estimates that a 10 per cent. unidirectional change in currency exchange rates would have changed White's operating income for the first quarter of 2016 by approximately US$15 million.

Commodity Price Risk

The competitive marketplace in which White operates may limit its ability to recover increased costs through higher sales prices. As such, White is subject to market risk with respect to commodity price fluctuations, principally related to its purchases of aluminium, PET (plastic), steel, sugar, and vehicle fuel. When possible, White manages its exposure to this risk primarily through the use of supplier pricing agreements, which enable White to establish the purchase price for certain commodities. White also, at times, uses derivative financial instruments to manage its exposure to this risk. Including the effect of pricing agreements and other hedging instruments entered into to date, White estimates that a 10 per cent. increase in the market prices of these commodities over the current market prices would cumulatively increase its cost of sales during the next 12 months by approximately US$10 million. This amount does not include the potential impact of changes in the conversion costs associated with these commodities.

Certain of White's suppliers restrict White's ability to hedge prices through supplier agreements. As a result, at times, White enters into non-designated commodity hedging programmes. Based on the fair value of its non-designated commodity hedges outstanding as of 1 April 2016, White estimates that a 10 per cent. change in market prices would change the fair value of its non-designated commodity hedges by approximately US$10 million. For additional information about White's derivative financial instruments, refer to Note 7 of the Notes to Condensed Consolidated Financial Statements of White (Part C) in this Prospectus.

OPERATING AND FINANCIAL REVIEW OF OLIVE

The following review relates to Olive's historical financial condition and results of operations as at and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 respectively. This "Operating and Financial Review of Olive" should be read in conjunction with "Important Information—Presentation of Financial and Other Information", "Industry", "Business" and "Financial Statements". Prospective investors should read the entire Prospectus and not just rely on the information set out below. The financial information included in this "Operating and Financial Review of Olive" has been extracted without material adjustment from Olive's financial statements for the years ended 31 December 2015, 31 December 2014 and 31 December 2013.

The following discussion of Olive's results of operations and financial condition contains forward looking statements. Olive's actual results could differ materially from those that it discusses in these forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under "Risk Factors" and "Important Information—Information Regarding Forward Looking Statements"

The following Operating and Financial Review of Olive should be read in conjunction with the audited consolidated financial statements of Olive as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, included in this Prospectus. This discussion includes forward-looking statements, which, although based on assumptions that Olive considers reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "*Forward Looking Statements*," and, for a discussion of risks and uncertainties facing Olive, you should also see "*Risk Factors*" beginning on page 27 in this prospectus.

Overview

Business

Olive markets, produces and distributes non-alcoholic beverages in Spain, Portugal and Andorra through product bottling and distribution agreements with TCCC and other licensors.

Olive was incorporated in October 2012 under the name Ibérica de Bebidas no Alcohólicas, S.A., and in March 2013 changed its name to Coca-Cola Iberian Partners, S.A. Since 29 December 2015 Olive's name is Coca-Cola Iberian Partners, S.A.U. From and after 1 June 2013, as a result of the integration of eight existing beverage businesses in the Iberian region, Olive commenced operations as a combined business. This integration has been fundamental to building a group with the capacity to succeed in a highly competitive beverage industry. This integration has also positioned Olive to take advantage of the opportunities offered by the recovery of the economy and the ongoing trend of increased consumption in the Iberian region. Olive faces strong competition from other general and specialty beverage companies. Olive's financial results are affected by a number of factors, including, but not limited to, consumer preferences, cost to manufacture and distribute products, general economic conditions, local and national laws and regulations, raw material availability and weather patterns.

Olive's business is seasonal due to higher sales of its products during the second and third calendar quarters. Olive's methods of accounting for fixed costs, such as depreciation and amortisation, are not significantly affected by business seasonality.

Basis of Presentation

The consolidated financial statements of Olive as of and for the years ended 31 December 2015, 2014, and 2013, have been prepared in accordance with IFRS IASB.

The financial information for 2013 contained in the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flow reflects seven-months of results, as no operations existed prior to 1 June 2013 and therefore is not comparable with the financial information for 2015 and 2014, which covers twelve months of results.

Principal Factors Affecting Results

Macro-economic Conditions and Levels of Consumer Spending

Challenging economic conditions played a major role in Olive's operating performance and financial results in 2015, 2014 and 2013. Because non-alcoholic beverages are consumer goods, their consumption is influenced by the overall level of economic activity and consumer spending. Olive operates in the markets of Spain, Portugal and Andorra, and Olive's territories, as a whole, experienced negative GDP growth from the advent of the global financial crisis through 2013. These economic conditions negatively impacted consumer spending and, thus, demand for Olive's products.

However, for the years ended 31 December 2015 and 2014, an improved economic environment in Spain and Portugal (including modest GDP growth beginning in 2014, an improved consumer environment and a decrease in the unemployment rate) provided a positive impact on financial results, as compared to 2013. Nevertheless, the challenging consumer environment persisted through the year ended 31 December 2015.

Integration and Business Transformation

The integration process that followed the commencement of operations of Olive had an impact on Olive's financial results in each of 2015, 2014 and 2013, as Olive worked to consolidate the operations of eight independent beverage businesses. After commencing operations on 1 June 2013, Olive established an integration office to manage the integration of the individual beverage businesses and to help Olive operate at full capacity as an integrated company.

As of November 2014, the integration office had reached its integration goals and handed off supervision of the on-going integration to the business transformation office, which was established to wrap up integration projects and to focus on new opportunities for development, innovation, and growth within Olive.

During the year ended 31 December 2015, Olive's integration and restructuring charges totalled €82 million, including severance, transition and consulting costs. During the years ended 31 December 2014 and 2013, Olive recorded integration and restructuring charges under this programme totalling €68 million and €156 million, respectively.

Staff and professional service expenses

The integration process has also led to several restructuring costs related to staff adjustments and professional service expenses incurred to achieve the desired objectives of the integration process, which are not related to Olive's core results of operations.

Focus on cost management

The reorganisation of Olive's industrial base and corporate structure, as well as the optimization of the pricing structure, has led to several synergies that have had a positive impact on Olive's overall cost structure, in particular its cost of raw materials. Olive's major raw materials, other than water and concentrate, are sugar and other sweeteners, carbon dioxide, juice concentrates, glass, labels, plastic resin, closures, plastic crates, aluminium cans, aseptic packages and other packaging materials. The integration process has led to cost savings in the purchase of the commodities that serve as raw materials. These cost savings principally resulted from the aggregation of the various purchase departments of the different beverage businesses into a single purchase department, generating efficiencies achieved by applying best market practices in procurement across all of Olive's operations, and as an outcome of successful negotiations with various suppliers.

Operations Review

Years ended 31 December 2015, 2014 and 2013

The following table summarises Olive's audited consolidated statements of profit or loss, as a percentage of revenue, for the periods presented:

	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
Revenue	100%	100%	100%
Changes in inventories of finished goods and work in progress	—%	—%	2%
Supplies	41%	43%	42%
Other operating income	1%	1%	1%
Personnel expenses	11%	11%	10%
Other operating expenses	36%	36%	34%
Amortization and depreciation	3%	3%	3%
Other income and expenses	—%	—%	6%
PROFIT BEFORE TAX	9%	8%	4%
Income tax expense/(income)	3%	2%	(2)%
NET PROFIT	7%	6%	6%
Profit/(Loss) attributable to the parent	7%	6%	6%

Revenue

Revenue came principally from sales generated by distributing products under the brands of TCCC.

Year ended 31 December 2015 compared to year ended 31 December 2014

Revenue increased by €88 million, or 3 per cent., from €2,832 million for the year ended 31 December 2014, to €2,920 million for the year ended 31 December 2015. Olive's bottle and can net price per case between the year ended 31 December 2015 and the year ended 31 December 2014 increased by 0.3 per cent.

Year ended 31 December 2014 compared to year ended 31 December 2013

Olive's bottle and can net price per case decreased by 0.6 per cent. from the year ended 31 December 2013, to the year ended 31 December 2014. This decrease was mainly due to the fact that Olive introduces tariff variations during the last quarter of any given year, so the effects of such variations are deeper on longer periods (in this case, deeper on the year ended 31 December 2014, than on the year ended 31 December 2013).

Sales volume

Sales volume increased by 2.8 per cent. for the year ended 31 December 2015, as compared to the year ended 31 December 2014.

Brands

The following table summarises Olive's volume mix by major brand category for the periods presented:

	Year Ended 31 December			
	2015 vs. 2014 Change	2015 % of Total Volume	2014 % of Total Volume	2013 % of Total Volume
Carbonated Soda Drinks	1.4%	78.4%	79.6%	80.0%
Non-carbonated Soda Drinks	10.1%	12.3%	11.4%	11.0%
Water	5.9%	9.3%	9.0%	9.0%
Total	2.8%	100%	100%	100.0%

In 2015, the 10.1 per cent. growth in volume of Non-carbonated Soda Drinks for the year ended 31 December 2015, as compared to the year ended 31 December 2014, was due to the positive results of

Olive's strategy to promote the Aquarius and Nestea brands, Olive's two core brands in the Non-carbonated Soda Drinks product range. Sales volume of Aquabona, Olive's water brand, increased by 5.9 per cent. over the same period.

Consumption

The following table summarises the volume mix by consumption type for the periods presented:

	Year Ended 31 December			
	2015 vs 2014 Change	2015 % of Total Volume	2014 % of Total Volume	2013 % of Total Volume
Future Consumption[(A)]	0.7%	56.5%	57.9%	58.0%
Immediate Consumption[(B)]	5.9%	43.5%	42.1%	42.0%
Total	2.8%	100%	100%	100%

(A) Future Consumption packages include containers that are typically one litre or greater, purchased by consumers in multi-packs in take-home channels at ambient temperatures and intended for consumption in the future.

(B) Immediate Consumption packages include containers that are typically less than one litre, purchased by consumers as a single bottle or can in cold drink channels at chilled temperatures and intended for consumption shortly after purchase.

For the year ended 31 December 2015, the volume of Immediate Consumption increased by 5.9 per cent., as compared to the year ended 31 December 2014. This was due to commercial efforts undertaken to enhance the sales of cans and the introduction of a new glass bottle size.

There was no significant variation in consumption mix between the year ended 31 December 2014 and the year ended 31 December 2013.

Packages

The following table summarises Olive's volume mix by package type for the periods presented:

	Year Ended 31 December			
	2015 vs 2014 Change	2015 % of Total Volume	2014 % of Total Volume	2013 % of Total Volume
PET (plastic)	0.9%	53.6%	54.7%	55.5%
Cans	4.3%	29.4%	29.0%	28.3%
Glass and other	6.7%	17.0%	16.3%	16.2%
Total	2.8%	100%	100%	100%

During 2015 and 2014, Olive was able to achieve a positive product mix as a result of its strategy to prioritize the most profitable packaging formats. This strategy led to an increase in the percentage of sales of the Cans package type and the Glass and other package types. The Cans package type increased from 28.3 per cent. to 29 per cent. to 29.4 per cent. of total volume for the years ended 31 December 2013, 2014 and 2015, respectively. The Glass and other package types increased from 16.2 per cent. to 16.3 per cent. to 17 per cent. for the years ended 31 December 2013, 2014 and 2015, respectively.

Supplies

Supplies consisted principally of raw materials and other consumables and merchandise needed to bottle Olive's products.

Year ended 31 December 2015 compared to year ended 31 December 2014

Supplies decreased by €38 million, or 3 per cent., from €1,224 million for the year ended 31 December 2014 to €1,186 million for the year ended 31 December 2015. This decrease was mainly due to the synergies achieved as a result of the integration and beneficial trends in the evolution of prices of the main commodities that Olive uses, mainly sugar and PET. As a result, the raw materials cost per package decreased by 6.2 per cent. for the year ended 31 December 2015, as compared to the year ended 31 December 2014.

Year ended 31 December 2014 compared to year ended 31 December 2013

Supplies used in the year ended 31 December 2014 amounted to €1,224 million, principally consisting of the raw materials needed to manufacture Olive's products. As a result of the 2013 business integration, Olive achieved successful synergies resulting from the aggregation of the various purchase departments of the different beverage businesses into a single purchase department. On the other hand, the increase in sales of the smaller packaging formats led to an increase of 3.2 per cent. in bottle and can ingredient and packaging cost per case.

Supplies used for the year ended 31 December 2013 amounted to €763 million. Following the integration on 1 June 2013, the combined Olive group was able to obtain better prices through the negotiation of purchases jointly across all operations and the achievement of successful synergies in the purchase department.

Personnel expenses

Personnel expenses consisted principally of total remuneration paid to Olive's employees, including administrative and executive staff, including a base salary and additional compensation depending on the status of the employee (permanent or temporary), as well as employee benefit expenses.

Year ended 31 December 2015 compared to year ended 31 December 2014

Personnel expenses increased by €17 million, or 5 per cent., from €319 million for the year ended 31 December 2014, to €336 million for the year ended 31 December 2015. This increase was mainly due to restructuring costs related to the integration processes, including expenses incurred by Olive relating to employee compensation as a result of either termination or geographic relocation.

Year ended 31 December 2014 compared to year ended 31 December 2013

Personnel expenses for the years ended 31 December 2014 and 2013 amounted to €319 million and €179 million, respectively, consisting mainly of personnel expenses incurred through Olive's normal operations.

Other operating expenses

Other operating expenses consisted principally of external services primarily related to consulting and marketing costs.

Year ended 31 December 2015 compared to year ended 31 December 2014

Other operating expenses increased by €34 million, or 3 per cent., from €1,007 million for the year ended 31 December 2014 to €1,041 million for the year ended 31 December 2015, mainly due to transaction expenses associated with the Combination Transactions.

Year ended 31 December 2014 compared to year ended 31 December 2013

Other operating expenses for the year ended 31 December 2014 amounted to €1,007 million, as compared to €620 million for the year ended 31 December 2013. Other operating expenses in both periods were principally driven by the significant external operations costs incurred, and consulting services used, in connection with the integration process, as well as marketing expenses.

Other income and expenses

Other income and expenses for the year ended 31 December 2013, amounted to €119 million, which is mainly related to expenses in connection with restructuring activities. Note 19.5 of the notes to the consolidated financial statements of Olive for the years ended 31 December 2015, 2014 and 2013 provides further disclosure on the items included.

Income tax expense

Olive's effective tax rates were approximately 29 per cent. and 26 per cent. for the years ended 31 December 2015 and 2014, respectively. The increase in the effective tax rate for the year ended 31 December 2015, as compared to the year ended 31 December 2014, was principally due to the statutory tax rate in each of those years and reflected an amendment to the corporate income tax law in Spain, which

changed the corporate tax rate from 30 per cent. in 2014, to 28 per cent. and 25 per cent. for tax periods beginning on or after 1 January 2015 and 2016, respectively. In connection with this change, in 2014 Olive's management re-estimated Olive's amount of deferred taxes considering the year in which such deferred taxes were likely to reverse. The deferred taxes that were not reversed during 2015 have been re-estimated at the 2016 statutory tax rate.

Olive's effective tax rate for the year ended 31 December 2013 was (53 per cent.). This rate included a net deferred tax benefit of €59 million, due to tax deductions capitalised by Olive when the new tax group was created after the integration of the eight beverage businesses.

Cash Flow and Liquidity Review

Liquidity and Capital Resources

Olive's primary sources of capital are its cash flows from operations. Olive's management believes that Olive's operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund Olive's working capital requirements, capital expenditures, income tax obligations, dividends to Olive's shareholders, scheduled debt payments, interest payments and other obligations.

On 23 March 2015, the board of directors of Olive proposed the distribution of a dividend out of 2014 profit amounting to €60 million that was later approved by the general meeting of the company. This dividend was paid on 11 May 2015. An additional dividend of €90 million was approved in 22 June 2015 and paid in July 2015. The dividend payments on Olive's common stock during the year ended 31 December 2015, totalled €150 million. No dividends were paid to Olive's shareholders for the years ended 31 December 2014, or 31 December 2013. As of 31 December 2015, 2014 and 2013, Olive had amounts available for borrowing of €500 million, €275 million and €150 million, respectively.

Summary Cash Flow Activity

As of 31 December 2015, Olive had cash and cash equivalents of €214 million, as compared to €216 million as of 31 December 2014. During the year ended 31 December 2015, Olive's primary source of cash was €269 million from operating activities. Olive's primary uses of cash included (1) dividend payments of €150 million, (2) investment in capital assets of €87 million and (3) €52 million in short-term financial investments.

As of 31 December 2014, Olive had cash and cash equivalents of €216 million. During the year ended 31 December 2014, Olive's primary sources of cash included (1) €201 million from operating activities and (2) €59 million, mainly from the maturity of short-term financial investments. Olive's primary uses of cash included (1) investments in capital assets of €72 million and (2) €25 million for the repayment of borrowings from credit institutions.

As of 31 December 2013, Olive had cash and cash equivalents of €48 million. During the year ended 31 December 2013, Olive's primary sources of cash included (1) €44 million from operating activities and (2) €86 million arising from cash positions of each of the entities that was part of the integration. Olive's primary uses of cash included (1) investments in capital assets of €36 million and (2) €50 million in the repayment of borrowings from credit institutions.

Operating Activities

Net cash provided from operating activities was €269 million for the year ended 31 December 2015, as compared to €201 million for the year ended 31 December 2014. The increase of €68 million in net cash provided from operating activities was mainly due to (1) an increase of profit/(loss) for the period before taxes of €30 million, (2) an increase in provisions of €96 million, mainly related to restructuring provisions and (3) a working capital decrease of €68 million.

Net cash provided from operating activities was €201 million for the year ended 31 December 2014, as compared to €44 million for the year ended 31 December 2013. The increase of €157 million in net cash provided from operating activities was mainly due to (1) an increase in profit/(loss) for the period before taxes of €167 million, mainly due to recognition of the restructuring provision in 2013; (2) the negative impact of €175 million due to a restructuring costs provision related to the integration process; (3) a working capital increase of €221 million in 2014, mainly due to the integration process and the seasonality of the business; and (4) a decrease of €67 million due to income tax payments.

Investing Activities

Net cash used in investing activities was €112 million for the year ended 31 December 2015, as compared to €5 million for the year ended 31 December 2014. The €107 million increase was mainly due to (1) the difference in capital expenditures between periods and (2) the difference in the amount invested and the maturities of short-term financial investments between periods.

Net cash used in investing activities was €5 million for the year ended 31 December 2014, as compared to €55 million provided by investing activities in the year ended 31 December 2013. The €60 million increase was mainly due to (1) the difference in capital expenditures between the periods; (2) proceeds of €59 million, mainly from the maturity of short-term investments during 2014; and (3) €86 million arising from the cash positions of each of the entities that was part of the integration.

Financing Activities

Net cash used in financing activities was €159 million for the year ended 31 December 2015, as compared to €28 million for the year ended 31 December 2014. The €131 million increase was mainly due to (1) dividend payments of €150 million during the year ended 31 December 2015 and (2) the difference in the repayment of borrowings between periods.

Net cash used in financing activities was €28 million for the year ended 31 December 2014, as compared to €51 million provided by investing activities in the year ended 31 December 2013. The decrease was mainly due to the difference in the level of Olive's borrowing from credit institutions between the periods.

Financial Position

31 December 2015 compared to 31 December 2014

The following table illustrates selected changes in Olive's consolidated statement of financial position. Notable fluctuations are discussed below:

(€ in millions)	As of 31 December 2015	As of 31 December 2014	% Change
Trade and other receivables	532	487	9%
Inventories	144	169	(15)%
Current investments	52	13	302%
Property, plant and equipment	652	763	(15)%
Assets classified as held for distribution to shareholder	107	—	100%
Liabilities classified as held for distribution to shareholder	16	—	100%

Trade and other receivables increased by 9 per cent., primarily attributable to Olive not having entered into any non-recourse factoring scheme agreements as of 31 December 2015, while €101 million was advanced through a non-recourse factoring scheme agreement as of 31 December 2014. Although Olive's business activities continuously improved, accounts receivable related to those business activities did not increase significantly, due to the effort made by Olive to improve the timing of collection from customers.

Inventories decreased by 15 per cent., due to (1) improvements in stock management and (2) the reclassification of some assets as held for distribution to shareholder.

Current investments increased by 302 per cent., primarily attributable to short-term financial investments during 2015.

Property, plant and equipment decreased by 15 per cent., mainly due to the reclassification of some assets as held for distribution to shareholder, as described in more detail below.

Assets and liabilities classified as held for distribution to shareholder correspond primarily to offices, production plants and businesses that are considered non-core operations that will not be used following the integration process. Prior to the Completion, Olive expects to distribute these assets and businesses to the existing shareholder in the form of a dividend in kind. Refer to Note 13 of the notes to the consolidated financial statements of Olive for the years ended 31 December 2015, 2014 and 2013 included in this Prospectus.

31 December 2014 compared to 31 December 2013

The following table illustrates selected changes in Olive's consolidated statement of financial position. Notable fluctuations are discussed below:

(€ in millions)	As of 31 December 2014	As of 31 December 2013	% Change
Trade and other receivables	487	510	(5)%
Inventories	169	176	(4)%
Current investments	13	62	(79)%
Property, plant and equipment	763	807	(5)%
Current provisions	15	106	(86)%
Trade and other payables	426	429	(1)%

Trade and other receivables decreased by 5 per cent., primarily attributable to the use of a non-recourse factoring scheme agreement. The amount advanced under this agreement was €101 million as of 31 December 2014. No agreement was in place as of 31 December 2013. This was offset by an increase in the outstanding net position of VAT receivables from the Spanish tax authorities.

Inventories decreased by 4 per cent., primarily attributable to synergies and the impairment of certain inventory included in certain production facilities that were closed as part of the integration process.

Current investments decreased by 79 per cent., primarily attributable to the maturity of fixed assets investments during 2014.

Property, plant and equipment decreased by 5 per cent., primarily attributable to normal depreciation expenses, which were higher than new additions to property, plant and equipment during 2014.

Current provisions decreased by 86 per cent., due to payments related to the restructuring during 2014. Those provisions had been recognised as of 31 December 2013. Trade and other payables decreased by 1 per cent., primarily attributable to a decrease of the current income tax payable as a result of Olive's tax consolidation.

Finance Leases

Olive holds the following assets under finance leases:

(€ in millions)	Net carrying amount of assets		
	As of 31 Dec 2015	As of 31 Dec 2014	As of 31 Dec 2013
Finance leases			
Buildings	31.7	33.8	36.1
Information technology equipment	0.1	0.2	0.2
Machinery	0.4	0.7	1.3
Total	32.2	34.7	37.6

The present value of future finance lease payments is as follows:

(€ in millions)	As of 31 Dec 2015	As of 31 Dec 2014	As of 31 Dec 2013
Up to 1 year	2.5	2.4	2.6
Between 1 and 5 years	9.2	9.3	9.4
More than 5 years	20.5	23.0	25.6
Total	32.2	34.7	37.6

Contingencies

For information about Olive's contingencies, refer to Notes 16 and 18 of the notes to the consolidated financial statements of Olive for the years ended 31 December 2015, 2014 and 2013 included in this Prospectus.

Off-Balance Sheet Arrangements

Olive did not have any off-balance sheet arrangements as of 31 December 2015.

Contractual Obligations

The following table summarises Olive's significant contractual obligations as of 31 December 2015:

(€ in millions) Contractual Obligations	Payments Due by Period Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Capital Lease Obligations	32.2	2.5	4.5	4.7	20.5
Operating Lease Obligations	35.7	17.8	8.5	3.2	6.2
Other[(A)]	4.4	2.8	1.1	0.3	0.2
Total contractual obligations	72.3	23.1	14.1	8.2	26.9

(A) These amounts mainly represent government grants.

Critical Accounting Policies and Estimates

Olive's management made judgments and estimates with underlying assumptions when applying accounting principles to prepare Olive's consolidated financial statements. Olive's management considers an accounting estimate to be critical if (1) it requires assumptions to be made that are uncertain at the time the estimate is made and (2) changes to the estimate or different estimates that could have reasonably been used would have materially changed Olive's consolidated financial statements. The development and selection of these critical accounting policies have been reviewed by Olive's board of directors or sole director, as applicable.

Olive's management believes that the current assumptions and other considerations used to estimate amounts reflected in Olive's consolidated financial statements are appropriate. However, should Olive's actual experience differ from these assumptions and other considerations used in estimating these amounts, the impact of these differences could have a material impact on Olive's consolidated financial statements.

Capital Expenditures

Olive's capital expenditures for the years ended 31 December 2015, 2014 and 2013, were €81.9 million, €49.3 million and €30.8 million, respectively. In the second quarter of 2015, Olive introduced a new glass bottle size, which resulted in increased capital expenditures for labelling machines in the Technical installations and machinery category, as well as for purchases of cooling equipment and the new bottles in the Other property, plant and equipment category. Olive's capital expenditures for 2016 will be primarily in asset categories similar to those listed in the table below.

The following table summarises Olive's capital asset investments for the periods presented (in millions):

(€ in millions)	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
Lands and buildings	2.0	1.6	0.9
Technical installations and machinery	31.1	13.3	8.3
Other installations, equipment and furniture	6.2	2.1	6.1
Other property, plant and equipment	41.4	32.3	12.0
Under construction and advances	1.2	—	3.5
Total capital asset investments	81.9	49.3	30.8

Quantitative and Qualitative Disclosures about Market Risks

In the ordinary course of business, Olive is exposed to a variety of market risks that are typical for the industry and sector in which Olive operates. The principal market risks that affect Olive's financial position, results of operations and prospects relate to credit risk and commodity price risk.

Credit Risk

Olive controls its bad debt and insolvency risks by setting credit limits and applying strict conditions on collection periods.

As a general rule, Olive places cash and cash equivalents with financial institutions that have high credit ratings. In addition, there is no significant concentration of credit risk with third parties; a significant portion of Olive's receivables are guaranteed through credit insurance. In 2015, credit insurance covered around 66 per cent. of receivables (53 per cent. in 2014 and 2013). In addition, around 3 per cent. of the remaining receivables were covered by deposits with surety bonds (13 per cent. in 2014 and 2013).

Olive also regularly monitors trends in average collection periods and customers that, for whatever reason, are late paying their debts.

In addition, credit risk from cash deposits is minimal, as they are placed at renowned financial institutions. Olive has a "cash-pooling" system with the rest of the companies of the Olive group, so cash management is centralised.

In December 2014, Olive arranged loan assignment agreements through non-recourse factoring with a number of different financial institutions. The amount advanced at 31 December 2014 was €101 million. As of 31 December 2015 and 2013, Olive was not party to any factoring agreements.

Commodity Price Risk

Olive is subject to market risk with respect to commodity price fluctuations, principally related to its purchases of aluminium, PET (plastic), steel, sweeteners, electricity and vehicle fuel. Through the use of supplier pricing agreements, Olive establishes the purchase price of certain commodities. Olive has agreements that regulate this market risk through fixed price contracts in sweeteners, aluminium, steel, electricity and vehicle fuel. Olive is working to establish a mechanism to mitigate the market risk in PET. Olive does not expect a negative impact resulting from increases in the commodity prices related to PET and secondary plastic packaging. This does not include the potential impact of changes in the conversion costs associated with these commodities.

OPERATING AND FINANCIAL REVIEW OF BLACK

The following review relates to Black's historical financial condition and results of operations as at and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 respectively. This "Operating and Financial Review of Black" should be read in conjunction with "Important Information—Presentation of Financial and Other Information", "Industry", "Business" and "Financial Statements". Prospective investors should read the entire Prospectus and not just rely on the information set out below. The financial information included in this "Operating and Financial Review of Black" has been extracted without material adjustment from Black's financial statements for the years 31 December 2015, 31 December 2014 and 31 December 2013.

The following discussion of Black's results of operations and financial condition contains forward looking statements. Black's actual results could differ materially from those that it discusses in these forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under "Risk Factors" and "Important Information—Information Regarding Forward Looking Statements".

Overview

Business

Black markets, produces, and distributes approximately 80 different non-alcoholic beverages to customers and consumers on the basis of bottling agreements, almost entirely with TCCC, throughout Germany. For the year ended 31 December 2015, Black was the largest German beverage company based on volume and revenue.

Black operates in the highly competitive beverage industry and faces strong competition from other general and specialty beverage companies in Germany. Black's financial results are affected by a number of factors, including consumer preferences, cost to manufacture and distribute products, general economic conditions, local and national laws and regulations, raw material availability and weather patterns.

Sales of Black's products are seasonal, with the second and third calendar quarters accounting for higher sales of products than the first and fourth quarters. In a typical year, Black generally earns more than 50 per cent. of its annual net revenue during the second and third quarters of the year. The seasonality of Black's sales volume, combined with the accounting for fixed costs, such as depreciation, amortization, rent, and salary overhead expenses impacts Black's results on a quarterly basis. Additionally, shifts in holidays, selling days, and weather patterns from year to year, particularly cold or wet weather during the summer months, can impact Black's results on an annual or quarterly basis. Black's methods of accounting for fixed costs, such as depreciation and amortization, are not significantly affected by business seasonality.

Basis of Presentation

Each of Black's interim reporting periods, other than the fourth interim reporting period, ends on the Friday closest to the last day of the corresponding quarterly calendar period. Black's fourth interim reporting period and its fiscal year end on 31 December regardless of the day of the week on which 31 December falls. There were the same number of selling days in 2015, 2014 and 2013 (based upon a standard five-day selling week).

The following table summarises the number of selling days by quarter for the years ended 31 December 2015, 2014 and 2013 (based on a standard five-day selling week):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2015	67	65	65	64	261
2014	63	65	65	68	261
2013	64	65	65	67	261

Key Accomplishments for the Year Ended 31 December 2015

During the year ended 31 December 2015, while the German market for carbonated soft drink beverages continued to decline, Black increased its sales volume and expanded its market share. The following highlights some of Black's primary achievements in 2015:

- Black remains the largest German beverage company based on volume and revenue.

- Black's German market share for carbonated soft drinks in the home channel (i.e., supermarkets and similar wholesale purchasers that sell to their customers for consumption at home) both in terms of value (47.4 per cent.) and volume (32.2 per cent.) is the highest in Black's history.
- The German market volume for carbonated soft drink beverages in the home channel decreased by 1.2 per cent. as compared to the prior year. Excluding the impact of foreign exchange rates, Black increased its net revenue and achieved a 1.1 per cent. increase in market share based on volume.
- Product innovations, such as "Coca-Cola Life" with stevia extracts, "Fanta Klassik" providing a retro-like Fanta bottle and formula, and the launch of Black's first 100 per cent. organic lemonade "Vio Bio," targeted at adults, helped to increase Black's sales volume and market share during the year.
- Black became the exclusive distributor for the energy drink brand MonsterTM in Germany.

Financial Summary

Black's financial performance during 2015 reflects the following significant factors:

- The German economy grew 1.7 per cent. during 2015. The unemployment rate in Germany is at a historical low of 6.4 per cent.. During 2015, the German market for non-alcoholic ready-to-drink (NARTD) beverages increased by 1.4 per cent. as compared to 2014, primarily driven by an increase in sales in water by 2.1 per cent. and in still beverages by 3.8 per cent.. At the same time, the market for carbonated soft drinks decreased by 1.2 per cent..
- Net operating revenues in 2015 decreased by 14.4 per cent., to US$2.4 billion, as compared to 2014, primarily due to the unfavorable impact of foreign exchange rates and a negative package mix (i.e., revenues per unit were lower). These declines were partially offset by an increase in sales volume and positive product mix (i.e., higher priced products were sold).
- Total cost of goods sold in 2015 decreased by 15.7 per cent., as compared to 2014, largely due to lower commodity costs related to sugar and PET, and the impact of foreign exchange rates, being partially offset by an increase in sales volume.

Black's financial performance during 2014 reflects the following significant factors:

- A stable German economy with an increasing employment rate for the eighth consecutive year and solid growth as compared to the ten-year average.
- The market for carbonated soft drinks continued to undergo changes. The market's overall sales volume slightly declined by 1.3 per cent. during 2014 versus 2013.
- In a declining market, Black increased sales volume for the fifth consecutive year, by 0.4 per cent. as compared to 2013.
- Net operating revenues were nearly even in 2014 and 2013, at US$2.8 billion.
- Cost of goods sold decreased by 0.5 per cent. in 2014 as compared to 2013, resulting from lower commodity costs for sugar and energy, partially offset by higher sales volume and an increase in concentrate pricing.

Financial Results

Black's consolidated net loss for the year ended 31 December 2015 increased to US$138.7 million, from US$63.9 million during the year ended 31 December 2014. The increased net loss was primarily driven by higher restructuring charges in 2015. Total restructuring charges were US$314.2 million for the year ended 31 December 2015, as compared to US$215.6 million for the year ended 31 December 2014. These charges primarily relate to several business transformation programmes Black has implemented that are designed to improve its business model and create a platform for driving sustained and profitable future growth. These programmes include a closing of the production sites in Soest, Osnabrück, Herten, a closing of certain warehouse locations, as well as accelerating depreciation on bottles and crates due to the phasing out of certain packages.

Black's consolidated net loss in 2014 increased to US$63.9 million, as compared to a consolidated net loss in 2013 of US$57.0 million. The increased net loss was primarily driven by higher restructuring and other charges in 2014, which offset an improvement in gross profit and a reduction in pension expenses. Total restructuring and other charges were US$215.6 million in 2014, as compared to US$186.2 million in 2013. These charges primarily relate to several business transformation programmes Black has implemented that are designed to improve its business model and create a platform for driving sustained profitable future growth. In addition, Black benefited from an US$11.2 million reduction in pension expense primarily as a result of funding its pension plan in 2014.

Volume and Net Operating Revenues

Black measures total sales volume in terms of unit cases. A "unit case" refers to 192 ounces of finished beverage product (24 eight-ounce servings) and, when applied to soda fountains, refers to the volume of syrup, powders and concentrate that is required to produce 192 ounces of finished beverage product.

Black's overall volume performance increased by 1.7 per cent. for the year ended 31 December 2015. This growth was primarily a result of extensive investments in trade marketing, promotion and front-line or retail selling activities including capital investments for coolers to expand cold drink availability. In addition, product innovations such as Fanta Klassik, Vio Bio, Coca-Cola Life and the commencement of the exclusive distribution of Monster™ products in the third quarter of 2015 contributed to sales volume growth.

Black's overall volume performance increased by 0.4 per cent. for the year ended 31 December 2014. This growth was primarily a result of extensive investments in trade marketing, promotion and front line or retail selling activities including capital investments for coolers to expand cold drink availability.

Gross Profit

Gross profit decreased by US$145.1 million, or 12.4 per cent., during the year ended 31 December 2015, as compared to the year ended 31 December 2014, primarily due to the unfavourable impact of foreign currency exchange rates, which was partially offset by an increase in sales volume and favourable commodity costs.

Gross profit improved by US$13.1 million in 2014, as compared to 2013, reflecting an increase in gross profit margin by 0.4 per cent., primarily driven by favourable commodity costs.

Operating Expenses

Black's operating expenses decreased by US$71.1 million in 2015, as compared to 2014, a decrease of 5.8 per cent. driven by the impact of foreign currency exchange rates and lower operating expenses related to the success in Black's ongoing restructuring activities, partially offset by higher restructuring costs.

Black's operating expenses increased by US$19.0 million in 2014, as compared to 2013, an increase of 1.6 per cent. reflecting higher restructuring and other charges, which was partially offset by lower employee salary expense resulting from these restructuring activities and a reduction in pension costs.

Recent Developments

On 1 March 2016 Black announced its intention to close two production sites, six distribution sites and to phase out a refillable PET production line. In addition, Black announced its intention to restructure parts of its finance, human resources, marketing and sales departments. The costs associated with these restructuring plans are estimated to amount to approximately €136.9 million and will primarily relate to severance payments and accelerated depreciation of property, plant & equipment. An accrual of €112.0 million for severance payments has been booked by Black in March 2016. Based on the existing tariff agreement, the German works council has a 12 week review period beginning on 1 March 2016 to consider Black's proposal and to discuss alternative plans.

Looking Forward

Black expects an overall neutral to favourable macro-economic environment for Germany during the years 2016 and 2017. Low oil prices are expected to have a positive effect on consumer spending, although this may be offset by fears of continuing economic risks in the Eurozone. Although the German market for non-alcoholic beverages is expected to slightly decrease year on year, Black expects to gain market share

and to grow net sales revenue before foreign exchange rate effects. Overall, Black believes that certain segments of the market for non-alcoholic beverages have further potential for volume and value growth, especially in the product categories of low-calorie beverages, still drinks and water. Black expects to benefit from this trend through extensive investments in both innovations and its traditional carbonated soft drink portfolio. In 2016, Black plans to further build on its successful product introductions of 2015, including the organic Vio Bio range, which will be further expanded, and the mid-calorie Coca-Cola Life with stevia extracts. In May 2015, Black entered into a distribution agreement with Monster Beverage Corporation ("Monster") to become their exclusive distributor in Germany for the energy drink brand Monster™. Black believes this agreement will make it the second largest distributor in the growing market for energy drinks in Germany in terms of revenue. Black has also announced its intention to replace its 0.5 litre PET refillable package with a same-sized non-refillable bottle in order to reduce logistics costs and in response to consumer and customer trends towards non-refillable packaging.

Given Black's continuous investment in marketing and distribution, Black expects its market share and its net operating revenues to grow over the next few years. Black expects the various restructuring activities and on-going investments in digital capability to strengthen its competitiveness, speed and customer service.

The most important investments for 2016 and going forward are an increase in production capacity for nonrefillable PET bottles to reflect the intended packaging shift. Further investment in can capacity will allow inhouse production of energy drinks Black distributes under the agreement with Monster. Black intends to continue to invest in sales equipment as well as in staff educational programmes.

Operations Review

The following table summarises Black's consolidated statements of income (loss) as a percentage of net operating revenues for the years presented:

	Year Ended		
	2015	2014	2013
Net operating revenues	100.0%	100.0%	100.0%
Cost of goods sold	57.7	58.6	59.0
Gross profit	42.3	41.4	41.0
SG&A expenses	47.9	43.6	43.0
Operating income (loss)	(5.6)	(2.2)	(2.0)
Net interest expense	0.1	0.1	0.1
Other income (loss)	(0.1)	0.0	(0.0)
Income tax expense (benefit)	(0.1)	(0.0)	(0.1)
Net income (loss)	(5.7)%	(2.3)%	(2.0)%

Revenue

Fiscal Year Ended 2015 Compared to Fiscal Year Ended 2014

Revenue came principally from sales generated by distributing products under the brands of TCCC. Net operating revenues declined 14.4 per cent., or US$406 million, for the year ended 31 December 2015, as compared to the year ended 31 December 2014, primarily due to the unfavourable impact of foreign currency exchange rates and an unfavourable package mix. These declines were partially offset by the impact of higher sales volume and a favourable product mix.

Fiscal Year Ended 2014 Compared to Fiscal Year Ended 2013

Net operating revenues were nearly even in 2014 and 2013 (US$2.8 billion). This result was achieved in spite of a decreasing market for carbonated soft drinks. Overall sales volume in the carbonated soft drinks market decreased by 3.7 per cent. in Germany, as compared to the prior year.

Brands

The following table summarises Black's volume by major brand category for the years presented:

	2015 Versus 2014 Change	2015 % of Total	2014 Versus 2013 Change	2014 % of Total	2013 % of Total
Coca-Cola Trademark[(A)]	1.8%	45.6%	1.2%	45.5%	45.2%
Sparkling flavours and energy	1.1	44.0	(0.5)	44.3	44.7
Juices, isotonics, and other	(2.4)	0.3	2.7	0.3	0.3
Water	3.9	9.7	1.5	9.5	9.4
Hot coffee	5.8	0.4	(13.0)	0.4	0.4
Total	1.7%	100.0%	0.4%	100.0%	100.0%

(A) Includes Coca-Cola, Coca-Cola Cherry and Coca-Cola Vanilla only. Does not include Coca-Cola light, Coca-Cola light Lemon C, Coca-Cola light koffeinfrei, Coca-Cola Life, Coca-Cola Zero and Coca-Cola Zero koffeinfrei.

Black sold 680.1 million, 669.0 million and 666.3 million unit cases of Coca-Cola products in 2015, 2014 and 2013, respectively.

In 2015, despite a 1.2 per cent. decline in the overall German carbonated soft drink market, Black grew its total sales volume by 1.7 per cent. as compared to 2014. This increase included 1.8 per cent. growth in Coca-Cola trademark beverages, 5.8 per cent. growth in hot coffee, 3.9 per cent. growth in water and 1.1 per cent. growth in sparkling flavors and energy. Growth in these products and categories was partially offset by a decline in juices, isotonics and other beverages. The overall sales volume growth was the result of significant investments in brand marketing by TCCC and Black's extensive investments in trade marketing, promotion and front-line selling activities, including capital investments for cold-drink availability. In addition, the overall sales volume growth was the result of product innovations such as Fanta Klassik, Vio Bio and Coca-Cola Life. The commencement of the exclusive distribution of Monster™ products in the third quarter of 2015 also contributed to sales volume growth.

In 2014, despite a 3.7 per cent. decline in the overall German carbonated soft drink market, Black grew its total sales volume by 0.4 per cent. as compared to 2013. This increase included 1.2 per cent. growth in Coca-Cola trademark beverages, 2.7 per cent. growth in juices, isotonics and other beverages and 1.5 per cent. growth in water. Growth in these products and categories was partially offset by declines in other sparkling flavours, energy drinks and Black's hot coffee business. The overall sales volume growth was the result of significant investments in brand marketing by TCCC and Black's extensive investments in trade marketing, promotion and front-line selling activities, including capital investments for cold-drink availability. In 2014, Black's sales volume also benefited from strong joint efforts with TCCC for the FIFA World Cup 2014 marketing campaign.

Consumption

The following table summarises the change in volume by consumption type for the years presented:

	2015 Versus 2014 Change	2015 % of Total	2014 Versus 2013 Change	2014 % of Total	2013 % of Total
Future Consumption[(A)]	1.0%	69.7%	(1.2)%	79.1%	80.4%
Immediate Consumption[(B)]	3.3	30.3	6.8	20.9	19.6
Total	1.7%	100.0%	0.4%	100.0%	100.0%

(A) Future consumption packages include containers that are typically one litre or more, purchased by consumers in multi-packs in take-home channels at ambient temperatures, and are intended for consumption in the future.

(B) Immediate consumption packages include containers that are typically less than one litre, purchased by consumers as a single bottle or can in cold-drink channels at chilled temperatures, and intended for consumption shortly after purchase.

Packages

The following table summarises Black's volume mix by package type for the years presented:

	2015 Versus 2014 Change	2015 % of Total	2014 Versus 2013 Change	2014 % of Total	2013 % of Total
PET	2.4%	82.3%	1.9%	81.7%	80.5%
Cans	17.3	2.9	14.6	2.5	2.2
Glass & fountain related packages	(4.8)	14.8	(8.1)	15.8	17.3
Total	1.7%	100.0%	0.4%	100.0%	100.0%

Cost of Goods Sold

The following table summarises the significant components of Black's cost of goods sold per physical case for the years presented (based on physical case volume sold):

	2015 Versus 2014 Change	2014 Versus 2013 Change
Production costs	(19.2)%	(15.6)%
Packaging costs	(0.6)	(0.8)
Change in costs of goods sold per physical case	(18.3)%	(13.2)%

Fiscal Year Ended 2015 Compared to Fiscal Year Ended 2014

Cost of goods sold decreased by 15.7 per cent. to US$1.40 billion compared to 2014. The decrease in cost of goods sold is mainly attributable to the impact of changes in foreign currency exchange rates and lower commodity costs (primarily sugar and PET), which was partially offset by a higher sales volume and the accelerated depreciation resulting from the phasing out of certain packages.

Fiscal Year Ended 2014 Compared to Fiscal Year Ended 2013

Cost of goods sold decreased by 0.5 per cent. in 2014 to US$1.66 billion as compared to 2013. The year-on-year decrease in cost of goods sold is mainly attributable to savings on personnel expenses as a result of Black's restructuring initiatives, as well as the favourable impact of lower commodity costs primarily related to sugar and energy.

Selling, General and Administrative Expenses

The following table summarizes the significant components of the change in Black's SG&A expenses for the years presented (amounts in millions):

	2015 Versus 2014 Change		2014 Versus 2013 Change	
	Amount	% of Total	Amount	% of Total
Restructuring and other charges	US$ 74.4	6.0%	US$ 29.4	2.4%
Direct marketing expenses	(9.0)	(0.7)	14.8	1.2
Employee salary expense	(126.3)	(10.3)	9.6	0.8
Temporary Staff	1.7	0.1	7.5	0.6
Freight, demurrage, etc.	3.5	0.3	6.8	0.6
Amortization and depreciation	(11.6)	(0.9)	(0.5)	0.0
Other changes	(3.8)	(0.3)	(48.6)	(4.0)
Change in SG&A expenses	US$ (71.1)	(5.8)%	US$ 19.0	1.6%

Fiscal Year Ended 2015 Compared to Fiscal Year Ended 2014

SG&A expenses decreased by 5.8 per cent. to US$1.16 billion for the year ended 31 December 2015, as compared to 2014. Selling, general and administrative expenses as a percentage of net operating revenues increased to 47.9 per cent. for the year ended 31 December 2015, as compared to 43.6 per cent. in 2014.

The percentage increase is primarily due to the impact of foreign currency exchange rates and the increase in restructuring and other charges, involving a closing of the production sites in Soest, Osnabrück, Herten and the closing of certain warehouse locations, as well as accelerating depreciation on bottles and crates

due to the phasing out of certain packages, which was partially offset by lower salary expenses and lower amortization and depreciation and closing of certain warehouse locations.

Fiscal Year Ended 2014 Compared to Fiscal Year Ended 2013

SG&A expenses increased by 1.6 per cent. to US$1.23 billion in 2014. SG&A expenses as a percentage of net operating revenues increased slightly to 43.6 per cent. in 2014, as compared to 43.0 per cent. in 2013. The increase is primarily due to Black's continued restructuring measures. In addition to the relocation of the sites in Erlangen, Herrieden, Baar-Ebenhausen, Kaiserslautern, Saarbrücken and Bendorf, Black continued the centralization and harmonization of processes in the areas of production, sales and administration during the year. Black also invested in direct marketing to respond to marketplace dynamics and supported marketing initiatives related to the 2014 FIFA World Cup. These increases were partially offset by a reduction in pension costs as a result of funding the pension plan (included in employee salary expense) and a reduction in repairs and maintenance expense (included in other changes).

Operating Income (Loss)

Black's operating loss increased in 2015 to US$135.9 million from US$62.0 million in 2014. The increase in operating loss resulted from additional restructuring charges and a decreased gross profit mainly driven by lower net sales revenues. The decrease of gross profit was only partially offset by lower selling, general and administrative expenses.

Black's operating losses increased in 2014 to US$62.0 million from US$56.1 million in 2013. The increase in operating losses resulted from increased SG&A expenses, including restructuring costs that were only partially offset by higher gross profit generated by increased sales volume, price increases and favourable commodity costs.

Interest Expense

Net interest expense totalled US$2.4 million, US$3.6 million and US$1.4 million in 2015, 2014 and 2013, respectively. Black had no outstanding long-term debt other than intercompany indebtedness with TCCC and capital lease obligations.

Other Income (Loss)

Other losses totalled US$3.4 million in 2015, as compared to other income of US$0.4 million in 2014 and other losses of US$1.1 million in 2013. The losses in 2015 were primarily due to the remeasurement of U.S. dollar liabilities. Other income in 2014 was primarily due to the receipt of a tax indemnity payment.

Income Tax Expense

Black's income tax benefit was US$3.0 million, US$1.4 million and US$1.7 million in 2015, 2014 and 2013, respectively. Black's income tax benefit in each year is impacted by its ability to utilize deferred tax assets resulting from net operating losses and carry forwards used to reduce Black's annual tax expense.

Cash Flow and Liquidity Review

Liquidity and Capital Resources

The principal source of Black's liquidity is cash generated from operations. A significant majority of Black's sales are on a cash basis, with the remainder on a short-term credit basis. Black has traditionally been able to rely on cash generated from operations as well as capital contributions and loans from TCCC to fund its working capital requirements and its capital expenditures.

Black believes its operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund its working capital requirements, interest payments, capital expenditures, benefit plan contributions and income tax obligations for the foreseeable future.

Black's total indebtedness was US$154.3 million as of 31 December 2015, as compared to US$400.5 million as of 31 December 2014. All of Black's debt as of these dates was comprised of loans payable to related parties. The current portion of loans payable to related parties was US$67.0 million as of 31 December 2015, as compared to US$303.3 million as of 31 December 2014. Long-term payables to related parties were US$87.3 million as of 31 December 2015, and US$97.2 million as of 31 December 2014. In addition, as of 31 December 2015, Black had current capital lease obligations of US$12.8 million and long-term

capital lease obligations of US$39.2 million. As of 31 December 2014, current capital lease obligations were US$12.3 million and long-term capital lease obligations were $41.7 million.

As of 31 December 2015, Black held cash in the amount of US$128.4 million, as compared to US$58.7 million as of 31 December 2014. Black continually assesses the counterparties and instruments it uses to hold its cash and cash equivalents, with a focus on preservation of capital and liquidity. Based on information currently available, Black does not believe it is at a significant risk of default by its counterparties.

Summary Cash Flow Activity

The following table summarises the sources and uses of cash for the years presented from Black's consolidated statements of changes in cash flows (amounts in millions):

	Year Ended		
	2015	2014	2013
Net cash provided by (used in) operating activities	US$ 204.4	US$ (30.4)	US$ 80.1
Net cash (used in) investing activities	(258.3)	(192.7)	(201.5)
Net cash provided by financing activities	130.4	231.7	123.6
Effect of exchange rate changes	(6.7)	(13.0)	5.1
Total net cash flow	US$ 69.7	US$ (4.5)	US$ 7.2

Operating Activities

Black's net cash provided by operating activities totalled US$204.4 million in 2015, as compared to cash used in operating activities of US$30.4 million in 2014. This change was driven by US$151.8 million of cash provided by an increase of accounts payable and accrued expenses due to the implementation of a working capital project. Cash flow from operating activities in 2014 was unusually low due to a US$155.2 million pension contribution.

Black's net cash used in operating activities totalled US$30.4 million in 2014, as compared to cash provided by operating activities of US$80.1 million in 2013. This change reflected a US$155.2 million use of cash related to a contribution made to Black's pension plan and US$23.0 million of incremental restructuring payments as compared to the prior year.

Investing Activities

The following table summarises Black's capital asset investments for the years presented (in millions):

	Year Ended		
	2015	2014	2013
Supply chain infrastructure	US$117.2	US$ 66.6	US$105.8
Bottles and crates	57.4	59.4	57.6
Cold-drink equipment	62.0	49.7	25.2
Information technology	15.2	10.4	18.6
Land and buildings	16.2	8.0	7.4
Total capital asset investments	US$268.0	US$194.1	US$214.6

Capital asset investments represent a principal use of cash for Black's investing activities. In the years 2015, 2014 and 2013, the net cash used in capital asset investments varied between US$194.1 million and US$268.0 million, which was mainly caused by different amounts of investments in supply chain infrastructure. Overall, this reflects Black's ongoing efforts to invest not only in supply chain infrastructure, but also in bottles and crates, cold-drink equipment, information technology and land and buildings.

Financing Activities

Black's net cash provided by financing activities decreased by US$101.3 million in 2015 as compared to 2014, mainly because Black drew US$132.1 million less from TCCC's credit line than in 2014. In addition, Black paid back US$317.0 million of the TCCC intercompany loan, which was offset by a capital contribution of US$336.7 million.

During 2014, Black's net cash provided by financing activities improved by US$108.1 million as compared to 2013. This increase is primarily due to a capital contribution received from TCCC, which was used to fund Black's pension plan. Additionally, net borrowings from related parties decreased by US$37.1 million in 2014, or 31.2 per cent., as compared to 2013.

Financial Position

2015 Versus 2014

The following table illustrates selected changes in Black's consolidated balance sheets (amounts in millions), as discussed below:

	31 Dec 2015	31 Dec 2014	Increase (Decrease)	% Change
Trade accounts receivable	US$405.5	US$439.2	(33.7)	(7.7)
Inventories	158.1	171.7	(13.6)	(7.9)
Franchise rights with indefinite lives	395.2	440.4	(45.2)	(10.3)
Goodwill	806.4	898.6	(92.2)	(10.3)
Current liabilities	845.7	990.3	(144.6)	(14.6)

The decrease of accounts receivable by US$33.7 million is mainly driven by currency exchange rate fluctuations offset by increasing underlying trade account receivable balances.

Inventories decreased by US$13.6 million, primarily as a result of currency exchange rate fluctuations and a decrease of finished products on hand, which was partly offset by an increase of raw materials on hand.

As of 31 December 2015 and 31 December 2014, Black's franchise rights with indefinite lives had a carrying value of US$395.2 and US$440.4 million, respectively. The decrease in the carrying value of Black's franchise rights in 2015 was due to the impact of currency translation adjustments.

Goodwill as of 31 December 2015 decreased by US$92.2 million, or 10.3 per cent., as compared to 31 December 2014, driven by the impact of currency translation adjustments.

As of 31 December 2015, current liabilities decreased by US$144.6 million, as compared to 31 December 2014, due to a decrease of amounts payable to related parties. The decrease was partly offset by increasing accounts payables and accrued expenses. Overall, foreign exchange rate adjustments led to decreasing current liabilities.

2014 Versus 2013

The following table illustrates selected changes in Black's consolidated balance sheets (amounts in millions), as discussed below:

	31 Dec 2014	31 Dec 2013	Increase (Decrease)	% Change
Inventories	US$ 171.7	US$ 197.4	(25.7)	(13.0)
Property, plant & equipment	1,542.7	1,716.8	(174.1)	(10.1)
Franchise rights with indefinite lives	440.4	498.8	(58.4)	(11.7)
Goodwill	898.6	1,017.8	(119.2)	(11.7)
Other noncurrent liabilities	108.5	206.8	(98.3)	(47.5)

Inventories decreased by US$25.7 million as of 31 December 2014, as compared to 31 December 2013, primarily due to currency exchange rate fluctuations.

Property, plant and equipment decreased by US$174.1 million, driven primarily by currency exchange rate fluctuations.

As of 31 December 2014 and 2013, Black's franchise rights had a carrying value of US$440.4 million and US$498.8 million, respectively. The decrease in the carrying value of Black's franchise rights in 2014 was due to the impact of translation adjustments.

Goodwill decreased by US$119.2 million from 31 December 2013 to 31 December 2014 driven by currency exchange rate fluctuations.

Other noncurrent liabilities decreased US$98.3 million from 31 December 2013 to 31 December 2014, as a result of currency exchange rate fluctuations and funding of the pension plan assets.

Contingencies

For information about Black's contingencies, refer to Note 4 to Black's consolidated financial statements.

Off-Balance Sheet Arrangements

As of 31 December 2015 and 31 December 2014, Black did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on Black's financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

The following table summarises Black's significant contractual obligations as of 31 December 2015 (amounts in millions):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More Than 5 Years**
Purchase agreements[A]	US$591.7	US$582.1	US$ 8.0	US$ 1.4	US$ 0.2
Operating leases[B]	91.9	34.7	30.6	11.5	15.1
Marketing obligations	27.9	19.4	7.4	1.1	—
Capital lease obligations[C]	53.9	12.8	22.3	14.1	4.7
Purchase agreements with related parties	25.4	25.4	—	—	—
Current portion of loans payable to related parties	67.0	67.0	—	—	—
Loans payable to related parties	87.3	—	87.3	—	—
Estimated interest payments to related parties	14.6	12.8	1.8	—	—
Total contractual obligations	US$959.7	US$754.2	US$157.4	US$28.1	US$20.0

(A) These amounts represent non-cancellable purchase agreements with various suppliers that are enforceable and legally binding, and that specify a fixed or minimum quantity that Black must purchase. All purchases made under these agreements are subject to standard quality and performance criteria. Black has excluded amounts related to supply agreements with requirements to purchase a certain percentage of Black's future raw material needs from a specific supplier, since such agreements do not specify a fixed or minimum quantity requirement.

(B) These amounts represent Black's minimum operating lease payments due under non-cancellable operating leases with initial or remaining lease terms in excess of one year as of 31 December 2015. Income associated with sublease arrangements is not significant. For additional information about Black's operating leases, refer to Note 4 to Black's consolidated financial statements.

(C) These amounts represent Black's minimum capital lease payments (including amounts representing interest). For additional information about Black's capital leases, refer to Note 4 to Black's consolidated financial statements.

Critical Accounting Policies

Black makes judgments and estimates with underlying assumptions when applying accounting principles to prepare its consolidated financial statements. Certain critical accounting policies requiring significant judgments, estimates and assumptions are detailed in this section. Black considers an accounting estimate to be critical if (1) it requires assumptions to be made that are uncertain at the time the estimate is made and (2) changes to the estimate or different estimates that could have reasonably been used would have materially changed Black's consolidated financial statements.

Black believes the current assumptions and other considerations used to estimate amounts reflected in its consolidated financial statements are appropriate. However, should Black's actual experience differ from these assumptions and other considerations used in estimating these amounts, the impact of these differences could have a material impact on Black's consolidated financial statements.

Recoverability of Noncurrent Assets

Property, Plant and Equipment

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount or remaining useful life of property, plant and equipment should be assessed, including, among others, the manner or length of time in which Black intends to use the asset, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present and an impairment review is performed, Black estimates the future cash flows

expected to result from the use of the asset (or asset group) and its eventual disposition. These estimated future cash flows are consistent with those Black uses in its internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, Black recognises an impairment loss. The impairment loss recognised is the amount by which the carrying amount exceeds the fair value. Black uses a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models, which are consistent with the assumptions Black believes hypothetical marketplace participants would use.

Goodwill, Franchise Rights and Other Intangible Assets

Black classifies intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. When facts and circumstances indicate that the carrying value of definite-lived intangible assets, specifically Black's customer relationship assets, may not be recoverable, management assesses the recoverability of the carrying value of the asset group by preparing estimates of sales volume and the resulting profit and cash flows. These estimated future cash flows are consistent with those Black uses in its internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, Black recognises an impairment loss. The impairment loss recognised is the amount by which the carrying amount of the asset or asset group exceeds the fair value. Black uses a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions Black believes hypothetical marketplace participants would use.

Black tests intangible assets determined to have indefinite useful lives, including franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Black performs these annual impairment reviews as of the first day of its third fiscal quarter. Black uses a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions Black believes hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognised in an amount equal to that excess.

Black has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, prior to completing the impairment test described above. Black must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If Black concludes that this is the case, it must perform the testing described above. Otherwise, Black does not need to perform any further assessment. Black performed a qualitative assessment of its franchise rights in 2015 and a quantitative assessment of its franchise rights in 2014 and 2013. There was no impairment of its franchise rights in any of the years presented.

The goodwill impairment test consists of a two-step process, if necessary. The first step is to compare the fair value of a reporting unit to its carrying value, including goodwill. Black typically uses discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those Black believes hypothetical marketplace participants would use. If the fair value of the reporting unit is less than its carrying value, the second step of the impairment test must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognised in an amount equal to that excess.

Black has the option to perform a qualitative assessment of goodwill prior to completing the two-step process described above to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If Black concludes that this is the case, it must perform the two-step process. Otherwise, Black will forego the two-step process and does not need to perform any further testing. Black performed a qualitative assessment on its goodwill balance in 2015 and a quantitative assessment of its goodwill balance in 2014 and 2013. There was no impairment of Black's goodwill in any of the years presented. As of 31 December 2015 and 31 December 2014, the carrying value of Black's goodwill was US$806.4 million and US$898.6 million, respectively. The decrease in the carrying value of Black's goodwill in 2015 was due to the effect of currency translation adjustments.

Customer Programmes and Sales Incentives

Black participates in various programmes and arrangements with its customers designed to increase the sale of its products by these customers. Among the programmes are arrangements under which allowances can be earned by Black's customers for participating in these programmes. The costs of all of these programmes, included as a reduction in net operating revenues, totalled US$584.9 million, US$659.7 million and US$608.4 million in 2015, 2014, and 2013, respectively. Under customer programmes and arrangements that require sales incentives to be paid in advance, Black amortizes the amount paid over the period of benefit. When incentives are paid in arrears, Black accrues the estimated amount to be paid based on the programme's contractual terms and expected customer performance.

Pension Plan Valuation

Black sponsors two defined benefit pension plans covering the majority of Black's employees. Black cannot withdraw from these plans as a result of the underlying agreements. Several critical assumptions are made in valuing Black's pension plan assets and liabilities and related pension expense. Black believes the most critical of these assumptions are the discount rate and the expected return on assets.

Black determines the discount rate primarily by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the expected payments to be made under the plans.

The expected return on assets is based on factors such as asset class allocations, long-term rates of return (actual and expected), and results of periodic asset liability modelling studies. While historical rates of return play an important role in the analysis, Black also takes into consideration data points from other external sources if there is a reasonable justification to do so.

For additional information about Black's pension plans, refer to Note 5 to Black's consolidated financial statements.

Benefit Plan Contributions

The following table summarises the contributions made to Black's defined benefit pension plans for the years ended 31 December 2015 and 2014, as well as Black's projected contributions for the year ending 31 December 2016 (in millions):

	Actual[(A)]		Projected[(A)]
	2015	2014	2016
Pension plan contributions	US$7.3	US$155.2	US$7.1

(A) These amounts represent only contributions made by Black. Black funds its pension plans at a level to maintain, within established guidelines, the funded status required in Germany. In 2016, Black expects to receive US$5.9 million from the plan assets as reimbursement for payments Black made directly to plan participants in 2015.

For additional information about Black's pension plans, refer to Note 5 to Black's consolidated financial statements.

Workforce

At 31 December 2015, Black had approximately 9,500 employees, all of which were located in Germany. Substantially all of Black's employees, with the exception of so called leading-employees and its board members, are covered by collective bargaining agreements either due to their membership with the competent trade union and/or due to a reference to such collective bargaining agreements within the individual employment agreements. The collective bargaining agreement relating to wages and salaries may not be terminated prior to 31 December 2016. None of the collective bargaining agreements agreed upon in March 2015 (notably on phased retirement arrangements and working time) may be terminated prior to 31 December 2019. Collective bargaining agreements agreed upon before 2015 may be terminated as stipulated within their individual provisions.

Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, Black is exposed to a variety of market risks that are typical for the industry and sector in which Black operates. The principal market risks that affect Black's financial position, results of operations and prospects relate to credit and commodity prices.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Black. Black has a high receivable turnover; hence management believes credit risk is minimal due to the nature of the business, and the conditions under which payments are performed (mostly by way of direct debit and bank transfer). While Black has a concentration of credit risk in the retail sector, Black believes this risk is mitigated due to the diverse nature of the customers it serves, including, but not limited to, their type, size, and beverage channel.

As a general rule, Black places cash and cash equivalents with financial institutions that have high credit ratings. The majority of Black's receivables are guaranteed through credit insurance. In 2015, credit insurance covered approximately 55 per cent. of receivables. In addition, approximately 21 per cent. of the remaining receivables were covered by deposits with surety bonds.

Black further controls its bad debt and insolvency risks by setting credit limits and applying strict conditions on collection periods. Black also regularly monitors trends in average collection periods and customers that, for whatever reason, are late paying their debts.

Commodity Price Risk

The competitive marketplace in which Black operates may limit its ability to recover increased costs through higher prices. As such, Black is subject to market risk with respect to commodity price fluctuations principally related to its purchases of aluminium, PET, sugar and vehicle fuel. When possible, Black manages its exposure to this risk primarily through the use of supplier pricing agreements, which enable Black to establish the purchase price for certain commodities. Black has agreements that regulate this market risk through fixed price contracts with respect to sugar, cans, electricity and natural gas.

EXPLANATORY NOTE REGARDING UNAUDITED FINANCIAL PROJECTIONS

Overview

The registration statement filed by Orange on Form F-4 with the SEC, as declared effective on 11 April 2016 (the "**Registration Statement"),** included unaudited financial projections relating to Orange, White, Olive and Black for each of the six years ended 31 December 2020 (together, the "**Unaudited Financial Projections**"). The Unaudited Financial Projections related to revenue, adjusted EBITDA and adjusted operating income for each of Orange, White, Olive and Black, and adjusted earnings per share for each of White and Orange.

The Unaudited Financial Projections were made available to the board of directors of White and to that board's Franchise Relationship Committee (the "**FRC**") early in August 2015 in connection with their evaluation of the transactions contemplated by the Merger Agreement, the Master Agreement and related agreements, and to Lazard Frères & Co. LLC and Credit Suisse Securities (USA) LLC as financial advisers to the board of directors of White and to the FRC, respectively, in connection with preparing the financial analyses and opinions to be provided by them. The Unaudited Financial Projections were disclosed in the Registration Statement solely to comply with Delaware law and practice (where White is incorporated) that require that White shareholders be given, for the purposes of voting on the Merger and the Combination, access to information that was provided to the White board of directors when it considered those transactions and that was material to their assessment of the transactions.

The Unaudited Financial Projections were not prepared with a view to being publicly disclosed or with a view toward compliance with the published guidelines of the SEC, the UKLA, the Prospectus Rules, the guidelines established by the American Institute of Certified Public Accountants for the preparation of prospective financial information, U.S. GAAP or IFRS. Neither the independent registered public accounting firm nor the statutory auditors of White or Black, nor the independent auditors of Olive, nor any other independent auditors have audited, reviewed, compiled, examined or otherwise performed any procedures with respect to the Unaudited Financial Projections. Neither of Olive or Black has as a matter of course publicly disclosed long-range prospective financial information or shorter term guidance, nor has White publicly disclosed long-range prospective financial information. Whilst White's practice has previously been to provide guidance in December for the next financial year, and to confirm or update this guidance each subsequent quarter, it did not provide any earnings guidance (other than revenues) for 2016 beyond the first quarter of 2016 in anticipation of the Combination completing in the second quarter of 2016.

The Unaudited Financial Projections were prepared by White management based on assumptions and estimates considered reasonable by White management as of the date the unaudited financial projections were presented to the White Board for the purposes for which they were prepared.

The Unaudited Financial Projections were prepared on the following basis:

- the elements of the Unaudited Financial Projections that relate to Orange (the "**Unaudited Orange Financial Projections**") were a mathematical aggregation of the unaudited financial projections prepared by White's management for each of White, Olive and Black, adjusted by White management to reflect certain assumptions by White's management relating to the Combination and to Orange's business subsequent to the Combination, cost improvement opportunities anticipated by White management as being potentially realisable by Orange and assumptions made by White management about, amongst other things, the effective tax rate and capital allocation decisions of Orange following the Combination;
- the elements of the Unaudited Financial Projections that relate to White (the "**Unaudited White Financial Projections**") were prepared by White management based on its own estimates at the time of their preparation; and
- the elements of the Unaudited Financial Projections that relate to Olive and Black (the "**Unaudited Olive Financial Projections**" and "**Unaudited Black Financial Projections**", respectively) were prepared by White management based on unaudited financial projections for Olive and Black prepared by management of Olive and Black, respectively, for each of the three years ended 31 December 2017, adjusted by White management based on its own estimates made at the time of preparation of the Unaudited Financial Projections and then extrapolated by White management with respect to each of the three years ending 31 December 2020.

As the Unaudited Financial Projections were prepared in August 2015, they do not reflect changes in any assumptions and estimates that have occurred after the date they were prepared. In particular, the Unaudited Financial Projections for each of White, Olive and Black do not take into account certain recent trends that have negatively affected each company's results and that are expected to continue, including continued category softness, a challenging consumer environment and the continued weakness of certain European currencies in relation to the U.S. Dollar (as the unaudited financial projections are expressed in U.S. Dollars while a significant portion of White's revenues and costs are denominated in Euro and pounds sterling and Olive's and Black's revenues and costs are denominated in Euro). Further explanations of these (and other) changes in assumptions for each of Orange, White, Olive and Black are set out below.

Accordingly, the Orange directors consider the assumptions on which the Unaudited Financial Projections were originally prepared are no longer valid and the Unaudited Financial Projections do not reflect the view of the Orange directors of the future financial performance of each of Orange, White, Olive and Black following the Combination. As a result, the Unaudited Financial Projections have not been reproduced in this Prospectus.

Unaudited Orange Financial Projections

The assumptions and estimates taken into account in preparing the Unaudited Orange Financial Projections have been subject to material changes since the Unaudited Orange Financial Projections were prepared in August 2015. In particular, the Unaudited Orange Financial Projections:

- assumed that the Combination would be completed on 31 December 2015, whereas the expected completion date is 28 May 2016. As a result, the Unaudited Orange Financial Projections for 2016 consolidate the results of White, Olive and Black five months earlier than Orange will in its first set of consolidated audited financial statements;
- do not give effect to the preparation of consolidated financial information for Orange in accordance with IFRS EU, adjustments to align the accounting policies of White, Olive or Black with those of Orange, or adjustments to take account of the fact that White has historically prepared its consolidated financial information in accordance with U.S. GAAP, Olive in accordance with IFRS IASB and Black in accordance with U.S. GAAP;
- do not reflect changes in exchange rates. The Unaudited Orange Financial Projections assumed constant exchange rates of US$1.12/€, US$1.57/£, US$0.14/NOK and US$0.12/SEK for all projected years. The actual full year average exchange rates for 2015 differed from those assumed rates (other than in the case of US$/SEK). The most significant difference was in the US$/£ rate where the actual full year average rate was US$1.53/£. At that rate, Orange's Revenues, Adjusted EBITDA and Adjusted Operating Income for 2015 were lower than the Unaudited Orange Financial Projections by US$223 million, US$53 million and US$31 million, respectively. As at 20 May 2016, the relevant closing rates were of US$0.8920/€, US$0.6889/£, US$8.3225/NOK and US$8.3264/SEK. In addition, the Unaudited Orange Financial Projections were prepared in U.S. dollars, whereas Orange will report in Euro;
- do not reflect certain consumer and category trends which have subsequently negatively impacted the financial performance of White, Olive and Black. As a result of these trends, Orange's Revenues, Adjusted EBITDA and Adjusted Operating Income for 2015 were lower than the Unaudited Orange Financial Projections by US$267 million, US$28 million and US$37 million, respectively. The reduction in actual 2015 Adjusted EBITDA and Adjusted Operating Income for each of White, Olive and Black resulting from these consumer and category trends as compared to the Unaudited Financial Projections is outlined in the respective sections below;
- do not reflect the impact of purchase price adjustments which will be made once the Combination is effected as part of the acquisition accounting, which would be expected to have a material ongoing impact on Orange's Adjusted Operating Income and adjusted earnings per share for 2016 to 2020. These include adjustments to: customer relationships, resulting in additional amortisation of approximately US$2 million per year for each US$10 million of the purchase price allocated to customer relationships (assuming a five year life); fixed assets, resulting in approximately US$68 million of decreased depreciation per year; and inventories;
- made certain high level assumptions about the timing of realising cost reductions related to the Combination, including an assumption that the Combination would be completed on 31 December

2015. The expected completion date for the Combination is 28 May 2016. As a result, cost reductions will begin to be realised at least five months later than assumed in the Unaudited Orange Financial Projections;

- reflected certain assumptions made by White management regarding the capital allocation decisions of Orange following the Combination, including decisions about share repurchases, dividend policy, repayment and issuance of debt, and capital expenditures. Following the Combination, the Orange directors and its executive leadership team will make their own assessments on the basis of information then available to them and may make different capital allocation decisions than those assumed by White management in preparing the Unaudited Orange Financial Projections; and
- reflected assumptions made by White management about debt to be incurred by Orange on completion of the Combination, including assumed borrowings of US$3.5 billion at an average interest rate of 3.0%, as compared to borrowings in the aggregate principal amount of US$3.6 billion at an average interest rate of 2.1%. These differences are expected to result in a decrease in interest expense as compared to the amounts contemplated by the Unaudited Orange Financial Projections.

Consequently, the assumptions on which the Unaudited Orange Financial Projections were originally prepared are no longer valid and the Unaudited Orange Financial Projections do not reflect the view of the Orange directors of the future financial performance of Orange following the Combination.

Unaudited White Financial Projections

The assumptions and estimates taken into account in preparing the Unaudited White Financial Projections have been subject to material changes since the Unaudited White Financial Projections were prepared in August 2015. In particular, the Unaudited White Financial Projections:

- assumed the continued operation of White as an independent group without considering the effects of the Combination, including the potential synergies and the impact of strategic decisions on operations that will be taken following the completion, which will differ from the decisions assumed by White as a stand-alone company;
- do not reflect subsequent market and industry developments, and in particular certain consumer and category trends which have subsequently negatively impacted the financial performance of White. Reflecting these trends (but excluding foreign currency effects), White's Revenues, Adjusted EBITDA and Adjusted Operating Income for 2015 were US$261 million, US$6 million and US$7 million, respectively, lower than the Unaudited White Financial Projections; and
- do not reflect changes in exchange rates. The Unaudited White Financial Projections assumed constant exchange rates. The most significant divergence from the assumed rates for 2015 was in the US$/£ rate (assumed as US$1.57/£; actual full year average of US$1.53/£) which, compared to the Unaudited White Financial Projections, negatively impacted White's Revenues by US$172 million, Adjusted EBITDA by US$38 million and Adjusted Operating Income by US$23 million.

Consequently, the assumptions on which the Unaudited White Financial Projections were originally prepared are no longer valid and the Unaudited White Financial Projections do not reflect the view of the Orange directors of the future financial performance of White as part of Orange following the Combination.

Unaudited Olive Financial Projections

The assumptions and estimates taken into account in preparing the Unaudited Olive Financial Projections have been subject to material changes since the Unaudited Olive Financial Projections were prepared in August 2015. In particular, the Unaudited Olive Financial Projections:

- assumed the continued operation of Olive as an independent group without considering the effects of the Combination, including the potential synergies and the impact of strategic decisions on operations that will be taken following the completion, which will differ from the decisions assumed by Olive as a stand-alone company;
- do not reflect certain consumer and category trends which have subsequently negatively impacted the financial performance of Olive. Reflecting these trends (but excluding foreign currency effects), Olive's Adjusted EBITDA and Adjusted Operating Income for 2015 were US$19 million lower than the Unaudited Olive Financial Projections;

- were presented in U.S. dollars, whereas the Unaudited Olive Financial Projections provided to White's management were in Euro (which is the currency in which Olive's consolidated financial information is recorded and presented). The information provided to White management by Olive was converted from Euro to U.S. dollars at a constant (assumed) rate of US$1.12/€ for all periods. The actual full year average exchange rate between the Euro and the U.S. dollar for 2015 was US$1.11/€, which negatively impacted Olive's Adjusted EBITDA and Adjusted Operating Income for 2015 by US$6 million and US$5 million respectively;
- do not include the impact of increased costs resulting from the resolution of the Spanish National Court, issued in late 2015 (see "*Risk Factors—Legal disputes, proceedings and investigations in Spain relating to Olive and its management could adversely impact Olive's and Orange's financial results and/or reputation*"), as a result of which Olive was required to re-open its Fuenlabrada facility as a logistics centre and reinstate a number of workers to their former positions and job functions, or the impact of related litigation expenses. Such increased costs and litigation expenses were not included in the Unaudited Olive Financial Projections; and
- do not include certain unexpected recurring costs related to the achievement of operating cost improvements expected to be realised by Olive on a stand-alone basis, which has reduced both Adjusted EBITDA and Adjusted Operating Income by US$13 million as compared to the Unaudited Olive Financial Projections.

Consequently, the assumptions on which the Unaudited Olive Financial Projections were originally prepared are no longer valid and the Unaudited Olive Financial Projections do not reflect the view of the Orange directors of the future financial performance of Olive as part of Orange following the Combination.

Unaudited Black Financial Projections

The assumptions and estimates taken into account in preparing the Unaudited Black Financial Projections have been subject to material changes since the Unaudited Black Financial Projections were prepared in August 2015. In particular, the Unaudited Black Financial Projections:

- assumed the continued operation of Black as an independent group without considering the effects of the Combination, including the potential synergies and the impact of strategic decisions on operations that will be taken following the completion, which will differ from the decisions assumed by Black as a stand-alone company;
- do not reflect certain consumer and category trends which have subsequently negatively impacted the financial performance of Black. Reflecting these trends and the exceptional costs of phasing out refillable bottles packaging (but excluding foreign currency effects), Black's Adjusted Operating Income was US$11 million lower than the Unaudited Black Financial Projections; and
- were presented in U.S. dollars, whereas the Unaudited Black Financial Projections provided to White's management were in Euro. The information provided to White management by Black was converted from Euro to U.S. dollars at a constant (assumed) rate of US$1.12/€ for all periods. The actual full year average exchange rate between the Euro and the U.S. dollar for 2015 was US$1.11/€, which negatively impacted Black's Adjusted EBITDA and Adjusted Operating Income for 2015 by US$6 million and US$4 million respectively.

Consequently, the assumptions on which the Unaudited Black Financial Projections were originally prepared are no longer valid and the Unaudited Black Financial Projections do not reflect the view of the Orange directors of the future financial performance of Black as part of Orange following the Combination.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF ORANGE

SECTION A: UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF ORANGE

The unaudited pro forma condensed combined statement of net assets as of 31 December 2015, the unaudited pro forma condensed combined income statement for the year ended 31 December 2015 and the related notes thereto set out in this Section A: "Unaudited Pro Forma Condensed Combined Financial Information of Orange" (together the "**Unaudited Pro Forma Condensed Combined Financial Information**") have been prepared on the basis of the notes set out below to illustrate the effects of (1) the Combination and (2) the Debt Financing resulting from the incurrence of indebtedness by Orange in the amount of €3.2 billion in connection with the financing of the Cash Consideration (the "**Debt Financing**" and, together with the Combination, the "**Transactions**").

The Unaudited Pro Forma Condensed Combined Financial Information has been prepared in accordance with Annex II of the Prospectus Directive Regulation. It is presented in millions of Euros and in a manner consistent with the accounting policies to be adopted by Orange, as outlined in Note 9 in this Section A, when preparing its audited consolidated financial statements for the year ending 31 December 2016. The historical audited consolidated financial information of White and Black is prepared in accordance with U.S. GAAP and presented in U.S. dollars. Historical data of White and Black reflected in the Unaudited Pro Forma Condensed Combined Financial Information, therefore, was derived from the audited consolidated financial statements of White and Black prepared in accordance with U.S. GAAP and has been adjusted to IFRS EU to be adopted by Orange and translated into Euros. Historical data of Olive reflected in the Unaudited Pro Forma Condensed Combined Financial Information was derived from the audited consolidated financial statements of Olive prepared in accordance with IFRS IASB and presented in Euros and has been adjusted to IFRS EU to be adopted by Orange. For purposes of the Unaudited Pro Forma Condensed Combined Financial Information, Orange has elected to present a statement of net assets. Orange intends to present a full balance sheet when preparing its audited consolidated financial statements for the year ending 31 December 2016.

Stakeholders should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Section A "Unaudited Pro Forma Condensed Combined Financial Information of Orange." Ernst & Young LLP's report on the Unaudited Pro Forma Condensed Combined Financial Information is provided in Section B "Reporting Accountant's Report on Unaudited Pro Forma Condensed Combined Financial Information" below.

The Unaudited Pro Forma Condensed Combined Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Introduction

The Unaudited Pro Forma Condensed Combined Financial Information has been prepared in order to illustrate the effects of the Transactions on the financial position and results of operations of Orange. As described more fully elsewhere in this Prospectus, on 6 August 2015, Orange, White, US HoldCo and MergeCo entered into the Merger Agreement and White, Olive, Red, Orange, MergeCo and US HoldCo entered into the Master Agreement. At the Completion, White, Olive HoldCo and Red will combine their NARTD beverage bottling businesses in western Europe by combining White, Olive and Black through the Olive Contribution, the Black Contribution and the Merger. Based on the terms of the Combination, White, Olive and Black will converge under the common control of Orange, a newly incorporated company based in the United Kingdom, which will be listed on the NYSE, the ASE and the Spanish Stock Exchanges and listed and admitted to trading on Euronext London and Euronext Amsterdam, in each case under the symbol "CCE."

The Unaudited Pro Forma Condensed Combined Financial Information is based on information and assumptions that Orange believes are reasonable, including assumptions regarding the terms of the Combination. The Unaudited Pro Forma Condensed Combined Financial Information has been prepared for illustrative purposes only and because of its nature, addresses a hypothetical situation. It does not intend to represent what Orange's financial position or results of operations actually would have been if the Transactions had been completed on the dates indicated, nor does it intend to represent, predict or estimate the results of operations for any future period or financial position at any future date. In addition, the Unaudited Pro Forma Condensed Combined Financial Information does not reflect ongoing cost

savings that Orange expects to achieve as a result of the Combination or the costs necessary to achieve these cost savings or synergies.

The unaudited pro forma condensed combined statement of net assets as of 31 December 2015 gives effect to the Transactions as if they had occurred on 31 December 2015. The unaudited pro forma condensed combined income statement for the year ended 31 December 2015 is presented as if the Transactions had taken place on 1 January 2015. In particular, as pro forma information is prepared to illustrate retrospectively the effects of transactions that will occur in the future, there are limitations that are inherent to the nature of pro forma information. As such, had the Transactions taken place on the dates assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited Pro Forma Condensed Combined Financial Information.

The Unaudited Pro Forma Condensed Combined Financial Information excludes the impact of the acquisition of Vifilfell hf. from Cobega for no more than €35 million, which is expected to occur shortly after the Completion but is not expected to have a significant impact on the Combination, the statement of net assets, or the income statement of Orange.

Unaudited Pro Forma Condensed Combined Financial Information

This section presents the unaudited pro forma condensed combined statement of net assets as of 31 December 2015, the unaudited pro forma condensed combined income statement for the year ended 31 December 2015 and the related explanatory notes.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF NET ASSETS OF ORANGE AS OF 31 DECEMBER 2015

(€ in millions)

	Historical IFRS EU				
	White—Reclassified and Adjusted (Note 1)	Olive—Reclassified (Note 2)	Black—Reclassified and Adjusted (Note 3)	Acquisition Accounting (Note 4)	Orange Pro Forma
ASSETS					
Non-current:					
Intangible assets, net	€3,186	€ 26	€ 500	€7,136[(A)]	€10,848
Goodwill	81	816	742	1,752[(B)]	3,391
Property, plant and equipment, net	1,708	656	1,087	705[(C)]	4,156
Non-current derivative assets	22	—	—	—	22
Deferred tax assets	81	90	—	—	171
Other non-current assets	35	4	9	—	48
Total non-current assets	5,113	1,592	2,338	9,593	18,636
Current:					
Current derivative assets	19	—	—	—	19
Current tax assets	14	144	16	—	174
Inventories	370	144	169	72[(D)]	755
Amounts receivable from TCCC	52	8	35	—	95
Trade accounts receivable, net	1,210	380	374	—	1,964
Cash and cash equivalents	157	214	118	(128)[(E)]	361
Assets classified as held for distribution to shareholder	—	107	—	(107)[(F)]	—
Other current assets	61	54	41	—	156
Total current assets	1,883	1,051	753	(163)	3,524
Total assets	€6,996	€2,643	€3,091	€9,430	€22,160
LIABILITIES					
Non-current:					
Borrowings, less current portion	€3,122	€ 31	€ 108	€3,054[(G)]	€ 6,315
Employee benefit liabilities	148	—	99	—	247
Non-current provisions	14	12	—	—	26
Non-current derivative liabilities	21	—	—	—	21
Deferred tax liabilities	768	32	47	2,222[(H)]	3,069
Other non-current liabilities	52	—	4	5[(I)]	61
Total non-current liabilities	4,125	75	258	5,281	9,739
Current:					
Current portion of borrowings	418	5	74	(62)[(G)]	435
Current provisions	536	—	199	—	735
Current derivative liabilities	46	—	—	—	46
Current tax liabilities	44	32	1	—	77
Amounts payable to TCCC	94	17	73	73[(J)]	257
Trade and other payables	866	386	431	20[(K)]	1,703
Liabilities classified as held for distribution to shareholder	—	16	—	(16)[(F)]	—
Total current liabilities	2,004	456	778	15	3,253
Total liabilities	6,129	531	1,036	5,296	12,992
NET ASSETS	€ 867	€2,112	€2,055	€4,134	€ 9,168

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF NET ASSETS OF ORANGE

NOTE 1—WHITE'S RECLASSIFIED AND ADJUSTED STATEMENT OF NET ASSETS

The Unaudited Pro Forma Condensed Combined Financial Information includes information of White that was derived from the historical audited consolidated financial statements as of and for the year ended 31 December 2015 prepared in accordance with U.S. GAAP, which are included in the "Financial Statements" section of this Prospectus. The historical audited consolidated balance sheet has been adjusted to (1) present White's balance sheet as a statement of net assets, (2) align with the presentation format to be adopted by Orange, (3) reflect White's historical audited consolidated balance sheet on a basis consistent with the accounting policies to be adopted by Orange under IFRS EU and (4) translate from U.S. Dollars to Euros, which will be the presentation currency of Orange. For the purpose of adjusting White's financial information from U.S. GAAP to IFRS EU, White has adopted IFRS EU with a transition date of 1 January 2014 ("**Transition Date**"). "Note 17—Reconciliation to International Financial Reporting Standards" of White's historical audited consolidated financial statements included in the "Financial Statements" section of this Prospectus includes a reconciliation of net assets as of 1 January 2014 and 31 December 2014 and a reconciliation of net income for the year ended 31 December 2014 from U.S. GAAP to IFRS EU. The order of the line items in the table below presents White's historical audited consolidated balance sheet prepared in accordance with U.S. GAAP, which differs from the order of line

items of Orange's unaudited pro forma condensed combined statement of net assets under IFRS EU. The reconciliation is as follows (which is unaudited, in millions):

White's U.S. GAAP Statement of Net Assets Line Items	As of 31 December 2015 (Audited) USD ($)	Line Item Reclassifications Under Orange's Presentation[B] USD ($)	IFRS EU Accounting Adjustments and Reclassifications USD ($)	White's IFRS EU Reclassified and Adjusted Statement of Net Assets USD ($)	White's IFRS EU Reclassified and Adjusted Statement of Net Assets[A] EUR (€)
ASSETS					
Current:					
Cash and cash equivalents	$ 170	$ —	$ —	$ 170	€ 157
Trade accounts receivable, less allowances	1,314	(1,314)	—	—	—
Trade accounts receivable, net	—	1,314	—	1,314	1,210
Amounts receivable from TCCC	56	—	—	56	52
Inventories	336	—	66[D]	402	370
Other current assets	170	(39)	(65)[D][F][H]	66	61
Current derivative assets	—	23	(2)[E]	21	19
Current tax assets	—	16	—	16	14
Total current assets	2,046	—	(1)	2,045	1,883
Non-current:					
Property, plant and equipment, net	1,920	—	(65)[G]	1,855	1,708
Franchise license intangible assets, net	3,383	(3,383)	—	—	—
Intangible assets, net	—	3,383 13[C]	65[G]	3,461	3,186
Goodwill	88	—	—	88	81
Other noncurrent assets	174	(174)	—	—	—
Non-current derivative assets	—	24	—	24	22
Deferred tax assets	—	46	42[H][I]	88	81
Other non-current assets	—	104 (13)[C]	(53)[D][K]	38	35
Total non-current assets	5,565	—	(11)	5,554	5,113
Total assets	$7,611	$ —	$(12)	$7,599	€6,996
LIABILITIES					
Current:					
Accounts payable and accrued expenses	$1,601	$(1,601)	$ —	$ —	€ —
Trade and other payables	—	919	22[J][L]	941	866
Current provisions	—	582	—	582	536
Current derivative liabilities	—	52	(2)[E]	50	46
Current tax liabilities	—	48	—	48	44
Amounts payable to TCCC	102	—	—	102	94
Current portion of debt	454	(454)	—	—	—
Current portion of borrowings	—	454	—	454	418
Total current liabilities	2,157	—	20	2,177	2,004
Non-current:					
Debt, less current portion	3,407	(3,407)	—	—	—
Borrowings, less current portion	—	3,407	(16)[K]	3,391	3,122
Other noncurrent liabilities	236	(180)	—	56	52
Employee benefit liabilities	—	142	19[L]	161	148
Non-current provisions	—	15	—	15	14
Non-current derivative liabilities	—	23	—	23	21
Noncurrent deferred income tax liabilities	854	(854)	—	—	—
Deferred tax liabilities	—	854	(20)[H][I]	834	768
Total non-current liabilities	4,497	—	(17)	4,480	4,125
Total liabilities	6,654	—	3	6,657	6,129
NET ASSETS	$ 957	$ —	$(15)	$ 942	€ 867

(A) *Conversion rates*—The historical financial information of White has been translated from U.S. Dollars to Euros at the exchange rate at 31 December 2015 of 0.9206.

(B) Certain line items of White's historical audited consolidated balance sheet prepared under U.S. GAAP have been reclassified to be presented in conformity with Orange's financial statement presentation.

The following reclassification was made to align the accounting policies of White to the accounting policies of Orange:

(C) *Customer relationships*—Adjustment reflects a reclassification of US$13 million of customer relationships from other non-current assets to intangible assets.

The following adjustments represent the differences between U.S. GAAP and IFRS EU to present White's historical audited consolidated balance sheet in accordance with IFRS EU:

(D) *Spare parts*—Adjustment reflects the reclassification of US$29 million of spare parts from other current assets and US$37 million of spare parts from other non-current assets to inventories as of 31 December 2015.

(E) *Cross-currency swaps*—Under U.S. GAAP, interest on cross-currency swap agreements is presented on a gross basis. Under IFRS EU, interest on these instruments is presented on a net basis. This adjustment reduces current derivative assets and liabilities by US$2 million each as of 31 December 2015.

(F) *Prepaid taxes*—Adjustment reflects a US$1 million decrease to other current assets to remove certain prepaid taxes that are immediately expensed under IFRS EU as of 31 December 2015.

(G) *Software*—Adjustment reflects the reclassification of US$65 million in software from property, plant and equipment, net ("**PP&E**") to intangible assets, net as of 31 December 2015.

(H) *Deferred tax assets and liabilities classification*—Under U.S. GAAP, deferred tax assets and liabilities must be classified on the balance sheet as current and non-current, consistent with the classification of the related asset or liability. Under IFRS EU, deferred tax assets and liabilities are classified on the balance sheet as non-current. This adjustment reflects the reclassification of US$35 million from other current assets as an increase to deferred tax assets of US$19 million and a decrease to deferred tax liabilities of US$16 million as of 31 December 2015, based on the relevant tax jurisdictions in which White operates. White had no current deferred tax liabilities recorded within its historical U.S. GAAP balance sheet as of 31 December 2015.

(I) *Valuation of deferred taxes*—With respect to White's deferred tax position, under IFRS EU (1) certain of White's historical U.S. GAAP assets and liabilities are not recognised as a temporary difference; (2) deferred taxes on share-based payment awards are valued based on changes in an award's intrinsic value rather than its grant date fair value and (3) deferred taxes on defined benefit pension plans are based on different actuarial valuations than U.S. GAAP.

The net impact of these differences results in an increase of US$23 million to deferred tax assets and a decrease of US$4 million to deferred tax liabilities as of 31 December 2015.

(J) *Share-based compensation plans*—Under U.S. GAAP, share-based payment awards subject to a net settlement arrangement are classified as equity-settled if the amount withheld does not exceed the minimum statutory withholding. Under IFRS EU, awards with a net settlement arrangement must be bifurcated between equity-settled and cash-settled, with the portion of an award withheld for taxes treated as cash-settled. This adjustment reflects an increase to trade and other payables of US$25 million as of 31 December 2015.

(K) *Debt issuance costs*—Under U.S. GAAP, debt issuance costs are presented on the balance sheet on a gross basis separate from the underlying debt instrument; however under IFRS EU these costs are presented on a net basis and reduce the carrying value of the debt instrument. This adjustment reflects a reclassification of US$16 million of debt issuance costs from other non-current assets to borrowings, less current portion as of 31 December 2015.

(L) *Defined benefit pension plans*—With respect to defined benefit pension plans, under U.S. GAAP (1) actuarial gains and losses and prior service cost are initially deferred in equity and subsequently recognised as part of net periodic benefit cost; (2) discount rates are calculated using high-quality corporate bond yields; (3) interest cost is determined using the discount rate; (4) expected return on assets is judgmental and estimated based on asset allocation and expected performance over time and (5) contribution taxes are not included in the calculation of the defined benefit obligation. Under IFRS EU, (1) actuarial gains and losses are permanently deferred in equity; (2) discount rates are calculated using government bond yields; (3) net interest cost (including return on assets) is based on market yields of high-quality long-term corporate bonds; (4) prior service costs are immediately recognised in net periodic benefit cost and (5) taxes payable by the plan on contributions are included in the calculation of the defined benefit obligation. Further, White elected as part of its IFRS EU adoption to reset to zero all pension adjustments deferred in reserves at White's Transition Date as allowed under IFRS 1.

The net impact of these differences resulted in an increase of US$16 million to employee benefit liabilities as of 31 December 2015. Additionally, US$3 million was reclassified from trade and other payables to employee benefit liabilities as of 31 December 2015.

NOTE 2—OLIVE'S RECLASSIFIED STATEMENT OF NET ASSETS

The Unaudited Pro Forma Condensed Combined Financial Information includes information of Olive that was derived from the historical audited consolidated financial statements as of and for the year ended 31 December 2015 prepared in accordance with IFRS IASB, which are included in the "*Financial Statements*" section of this Prospectus. The historical audited consolidated balance sheet has been adjusted to present Olive's balance sheet as a statement of net assets and to align with the presentation format and the accounting policies to be adopted by Orange. The reconciliation is as follows (which is unaudited, in millions):

Olive's IFRS IASB Statement of Net Assets Line Items	As of 31 December 2015 (Audited) EUR (€)	Line Item Reclassifications under Orange's Presentation[(A)] EUR (€)	Accounting Policy Alignment Reclassifications EUR (€)	Olive's IFRS EU Reclassified Statement of Net Assets EUR (€)
ASSETS				
Non-current:				
Goodwill	€ 816	€ —	€ —	€ 816
Intangible assets	26	—	—	26
Property, plant and equipment	652	2	2[(B)]	656
Investment properties	2	(2)	—	—
Non-current investments	4	(4)	—	—
Other non-current assets	—	4	—	4
Deferred tax assets	90	—	—	90
Total non-current assets	1,590	—	2	1,592
Current:				
Inventories	144	—	—	144
Trade and other receivables	532	(532)	—	—
Trade accounts receivable, net	—	380	—	380
Current tax assets	—	144	—	144
Amounts receivable from TCCC	—	8	—	8
Cash and cash equivalents	214	—	—	214
Current investments	52	(52)	—	—
Prepayments for current assets	2	(2)	—	—
Assets classified as held for distribution to shareholder	107	—	—	107
Other current assets	—	54	—	54
Total current assets	1,051	—	—	1,051
Total assets	€2,641	€ —	€ 2	€2,643
LIABILITIES				
Non-current:				
Non-current provisions	€ 12	€ —	€ —	€ 12
Interest-bearing loans and borrowings	31	(31)	—	—
Borrowings, less current portion	—	31	—	31
Deferred tax liabilities	32	—	—	32
Total non-current liabilities	75	—	—	75
Current:				
Interest-bearing loans and borrowings	5	(5)	—	—
Current portion of borrowings	—	5	—	5
Trade and other payables	434	(48)	—	386
Current tax liabilities	—	32	—	32
Current accruals	1	(1)	—	—
Amounts payable to TCCC	—	17	—	17
Liabilities classified as held for distribution to shareholder	16	—	—	16
Total current liabilities	456	—	—	456
Total liabilities	531	—	—	531
NET ASSETS	€2,110	€ —	€ 2	€2,112

(A) Olive's historical audited consolidated balance sheet presented in accordance with IFRS IASB has been adjusted to conform to Orange's financial statement presentation.

(B) *Accumulated depreciation*—Adjustment reflects an increase to PP&E of €2 million as a result of aligning depreciation methods from the declining balance method to the straight-line method for certain items of machinery and equipment.

NOTE 3—BLACK'S RECLASSIFIED AND ADJUSTED STATEMENT OF NET ASSETS

The Unaudited Pro Forma Condensed Combined Financial Information includes information of Black that was derived from the historical audited consolidated financial statements as of and for the year ended 31 December 2015 prepared in accordance with U.S. GAAP, which are included in the "*Financial Statements*" section of this Prospectus. The historical audited consolidated balance sheet has been adjusted to (1) present Black's balance sheet as a statement of net assets, (2) align with the presentation format to be adopted by Orange, (3) reflect Black's historical audited consolidated balance sheet on a basis consistent with the accounting policies to be adopted by Orange under IFRS EU and (4) translate from U.S. Dollars to Euros, which will be the presentation currency of Orange. Black has adopted IFRS EU with a transition date of 1 January 2015. The order of the line items in the table below presents Black's historical audited consolidated balance sheet prepared in accordance with U.S. GAAP, which differs from the order of line items of Orange's unaudited pro forma condensed combined statement of net assets under IFRS EU. The reconciliation is as follows (which is unaudited, in millions):

Black's U.S. GAAP Statement of Net Assets Line Items	As of 31 December 2015 (Audited) USD ($)	Line Item Reclassifications under Orange's Presentation[(B)] USD ($)	IFRS EU Accounting Adjustments and Reclassifications USD ($)	Black's IFRS EU Reclassified and Adjusted Statement of Net Assets USD ($)	Black's IFRS EU Reclassified and Adjusted Statement of Net Assets[(A)] EUR (€)
ASSETS					
Current:					
Cash and cash equivalents	$ 128	$ —	$ —	$ 128	€ 118
Trade accounts receivable, less allowances	406	(406)	—	—	—
Trade accounts receivable, net	—	406	—	406	374
Amounts receivable from related parties	38	(38)	—	—	—
Amounts receivable from TCCC	—	38	—	38	35
Inventories	158	—	26[(C)]	184	169
Prepaid expenses and other assets	97	(97)	—	—	—
Other current assets	—	80	(36)[(D)(H)]	44	41
Current tax assets	—	17	—	17	16
Total current assets	827	—	(10)	817	753
Non-current:					
Property, plant and equipment, net	1,470	—	(289)[(C)(F)(G)(H)]	1,181	1,087
Franchise license intangible assets, net	395	(395)	—	—	—
Definite-lived intangibles	10	(10)	—	—	—
Intangible assets, net	—	405	138[(F)]	543	500
Goodwill	806	—	—	806	742
Other assets	20	(20)	—	—	—
Other non-current assets	—	20	(10)[(I)]	10	9
Total non-current assets	2,701	—	(161)	2,540	2,338
Total assets	$3,528	$ —	$(171)	$3,357	€3,091
LIABILITIES					
Current:					
Accounts payable and accrued expenses	$ 687	$(687)	$ —	$ —	€ —
Trade and other payables	—	470	(1)[(D)]	469	431
Current provisions	—	216	—	216	199
Current tax liabilities	—	1	—	1	1
Amounts payable to related parties	79	(79)	—	—	—
Amounts payable to TCCC	—	79	—	79	73
Loans payable to related parties	67	(67)	—	—	—
Capital lease obligations	13	(13)	—	—	—
Current portion of borrowings	—	80	—	80	74
Total current liabilities	846	—	(1)	845	778
Loans payable to related parties	87	(87)	—	—	—
Capital lease obligations	39	(39)	—	—	—
Borrowings, less current portion	—	126	(9)[(J)]	117	108
Other liabilities	112	(112)	—	—	—
Employee benefit plans	—	108	—	108	99
Other non-current liabilities	—	4	—	4	4
Deferred income taxes	167	(167)	—	—	—
Deferred tax liabilities	—	167	(116)[(D)(E)]	51	47
Total non-current liabilities	405	—	(125)	280	258
Total liabilities	1,251	—	(126)	1,125	1,036
NET ASSETS	$2,277	$ —	$ (45)	$2,232	€2,055

(A) *Conversion rates*—The historical financial information of Black has been translated from U.S. Dollars to Euros at the exchange rate at 31 December 2015 of 0.9206.

(B) Certain line items of Black's historical audited consolidated balance sheet prepared under U.S. GAAP have been reclassified to be presented in conformity with Orange's financial statement presentation.

The following adjustments represent the differences between U.S. GAAP and IFRS EU to present Black's historical audited consolidated balance sheet in accordance with IFRS EU:

(C) *Spare parts*—Adjustment reflects the reclassification of spare parts of US$26 million from PP&E to inventories as of 31 December 2015.

(D) *Deferred tax assets and liabilities classification*—Under U.S. GAAP, deferred tax assets and liabilities must be classified on the balance sheet as current and noncurrent, consistent with the classification of the related asset or liability. Under IFRS EU, deferred tax assets and liabilities are classified on the balance sheet as noncurrent. This adjustment reflects (1) a reclassification of US$12 million from other current assets to deferred tax liabilities and (2) a reclassification of US$1 million from trade and other payables to deferred tax liabilities as of 31 December 2015, based on the relevant tax jurisdictions in which Black operates.

(E) *Valuation of deferred taxes*—With respect to Black's deferred tax position, under IFRS EU (1) certain of Black's historical U.S. GAAP loss carryforwards and valuation allowances are not recognised; (2) deferred taxes on PP&E are based on different capitalised amounts and (3) deferred taxes on defined benefit pension plans are based on different actuarial valuations than U.S. GAAP. The net impact of these differences results in a decrease to deferred tax liabilities of US$105 million.

(F) *Software*—Adjustment reflects the reclassification of US$138 million in software from PP&E to intangible assets, net as of 31 December 2015.

(G) *Immediate expensing of merchandising assets*—Under U.S. GAAP, point of sale merchandising assets provided to vendors in connection with marketing agreements and supply contracts are capitalised within PP&E and depreciated over their useful lives. Under IFRS EU, such assets are immediately recognised within the income statement upon transfer of the assets. This reduction to PP&E of US$6 million reflects the cumulative impact to PP&E to write off assets capitalised under U.S. GAAP as of 31 December 2015.

(H) *Incremental depreciation*—Certain of Black's bottle and case assets included within other current assets meet the definition of PP&E under IFRS EU, resulting in a decrease to other current assets of US$24 million and a reduction to PP&E of US$112 million. Further, additional indirect assets used in the production process are subject to depreciation under IFRS EU, resulting in a reduction to PP&E of US$7 million as of 31 December 2015.

(I) *Defined benefit pension plans*—Under IFRS EU, there are limits on the amount of defined benefit pension plan assets recognised in the balance sheet; there are no such limits under U.S. GAAP. Based on this asset ceiling, this adjustment reflects the removal of Black's overfunded positions in its defined benefit pension plans, resulting in decreases to other non-current assets of US$10 million as of 31 December 2015.

(J) *Non-interest bearing loan*—Under IFRS EU, Black's non-interest bearing loan from a wholly owned subsidiary of TCCC is to be recorded at fair value and amortised using the effective interest method. No amortisation is recorded under U.S. GAAP. As a result, the adjustment reflects a decrease to borrowings, less current portion of US$9 million as of 31 December 2015.

NOTE 4—ACQUISITION ACCOUNTING—STATEMENT OF NET ASSETS

The Combination is reflected in the Unaudited Pro Forma Condensed Combined Financial Information as being accounted for under the acquisition method in accordance with IFRS 3, "**Business Combinations**," with White treated as the accounting acquirer. In the unaudited pro forma condensed combined statement of net assets, the consideration was allocated between the assets acquired and liabilities assumed of Olive and Black based on a preliminary estimate of their fair value. These preliminary estimates are based on key assumptions related to the Combination and have been developed using publicly disclosed information for other mergers or acquisitions in the industry, White's historical experience, data available in the public domain and White's due diligence review of the businesses of Olive and Black. The difference between the amount paid and the fair value of the assets and liabilities of Olive and Black will be recorded as goodwill. A preliminary allocation of the consideration to the assets acquired and liabilities assumed has been made for the purposes of the Unaudited Pro Forma Condensed Combined Financial Information. The final valuation to be carried out by Orange could result in significant differences between those used for the preliminary estimate of fair values included in the Unaudited Pro Forma Condensed Combined Financial Information and the final results. Certain executive officers of White are eligible to receive severance benefits pursuant to his or her employment agreement or a severance plan if the executive's employment is involuntarily terminated without cause or, within two years of a change of control of White, the executive voluntarily terminates his or her employment for good reason. The impact of any such severance will be recognised by Orange as a post-combination expense.

Determination of the consideration for purposes of the Unaudited Pro Forma Condensed Combined Financial Information

At the effective time of the Combination, each share of White Common Stock issued and outstanding immediately prior to the Combination will be cancelled and converted into the right to receive (1) US$14.50 in cash, without interest and (2) one Orange share. At the Completion, on a fully-diluted basis, White Shareholders will receive approximately 48% of the Orange Shares, Olive HoldCo will receive approximately 34% of the Orange Shares and Red will receive approximately 18% of the Orange Shares. These allocations may be adjusted to (1) increase the percentage ownership of Olive HoldCo and Red to account for the exercise and perfection of any appraisal rights by White Shareholders and (2) decrease or increase White Shareholders, Olive HoldCo, or Red's ownership percentage, if required, as a result of the net financial position of each of White, Olive and Black. Based upon the most recent financial information available for each of White, Olive and Black, no adjustment to the equity allocation percentages is

expected as a result of the net financial position computation and therefore, the Unaudited Pro Forma Condensed Combined Financial Information does not reflect any related adjustments.

For purposes of the Unaudited Pro Forma Condensed Combined Financial Information, the preliminary estimate of the total consideration transferred is based on (1) the outstanding shares of White Common Stock on 31 December 2015, (2) the closing price of White Common Stock of €45.19 (US$50.70 converted to Euros at an exchange rate of 0.8914) on 20 May 2016 (the latest practicable date used for preparation of the Unaudited Pro Forma Condensed Combined Financial Information, herein referred to as the "**Valuation Date**") and (3) the number of Orange Shares to be issued to Olive HoldCo and Red based on the allocations of 34% and 18% respectively. Using the assumptions above, the total consideration would be approximately €11.4 billion. Changes in the price of White Common Stock and foreign currency rates could result in material differences in the consideration amount and therefore impact the related accounting for the Combination. The amount of total consideration presented in the Unaudited Pro Forma Condensed Combined Financial Information is not necessarily indicative of the actual consideration that will be transferred in the Combination to Olive HoldCo and Red.

Based on the above information, the consideration for the purposes of the Unaudited Pro Forma Condensed Combined Financial Information is determined as follows (in millions, except per share data):

	Olive HoldCo	Red	Total
Orange Shares issued (rounded)	166	88	254
White Common Stock price as of the Valuation Date	€45.19	€45.19	€ 45.19
Total estimated consideration transferred	€7,484	€3,962	€11,446

The following is a summary of the preliminary estimated fair values of the net assets acquired (in millions):

	Olive	Black	Total
Intangible assets, net	€ 5,276	€ 2,386	€ 7,662
Goodwill	2,343	967	3,310
Property, plant and equipment	1,000	1,448	2,448
Deferred tax assets	90	—	90
Other non-current assets	4	9	13
Current tax assets	144	16	160
Inventories	195	190	385
Amounts receivable from TCCC	8	35	43
Trade accounts receivable, net	380	374	754
Cash and cash equivalents	114	118	232
Other current assets	54	41	95
Total assets acquired	9,608	5,584	15,192
Borrowings, less current portion	(31)	(36)	(67)
Employee benefit liabilities	—	(99)	(99)
Non-current provisions	(12)	—	(12)
Deferred tax liabilities	(1,641)	(694)	(2,335)
Other non-current liabilities	—	(4)	(4)
Current portion of borrowings	(5)	(12)	(17)
Current provisions	—	(199)	(199)
Current tax liabilities	(32)	(1)	(33)
Amounts payable to TCCC	(17)	(146)	(163)
Trade and other payables	(386)	(431)	(817)
Total liabilities assumed	(2,124)	(1,622)	(3,746)
Total estimated consideration transferred	€ 7,484	€ 3,962	€11,446

The preliminary allocation has been made based on limited access to information. Orange will not have sufficient information to make final allocations until after the Completion.

The final determination of the accounting for the Combination is anticipated to be completed as soon as practicable after the Completion. Orange anticipates that the valuations of the assets acquired and liabilities assumed in the Combination will include, but not be limited to, inventory, PP&E and intangible assets. The valuations will consist of physical appraisals, discounted cash flow analyses or other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed.

The final consideration and amounts allocated to assets acquired and liabilities assumed in the Combination could differ materially from the preliminary amounts presented in the Unaudited Pro Forma Condensed Combined Financial Information. A decrease in the fair value of assets acquired or an increase in the fair value of liabilities assumed in the Combination from those preliminary valuations presented in the Unaudited Pro Forma Condensed Combined Financial Information would result in a euro-for-euro increase in the amount of goodwill that will result from the Combination. In addition, if the value of the assets acquired is higher than the preliminary indication, it may result in higher amortisation and depreciation expense than is presented in the Unaudited Pro Forma Condensed Combined Financial Information.

The acquisition accounting adjustments included in the unaudited pro forma condensed combined statement of net assets related to the Transactions are as follows:

(A) *Intangible assets*—Adjustment reflects the preliminary fair value related to identifiable intangible assets acquired in the Combination as follows (in millions):

	Olive	**Black**	**Total**
Total estimated preliminary fair value of intangible assets	€5,276	€2,386	€7,662
Less: Book value of intangible assets, net	(26)	(500)	(526)
Pro forma adjustment to intangible assets	€5,250	€1,886	€7,136

The preliminary estimates of the intangible assets acquired are based on key assumptions and have been developed using publicly disclosed information for other acquisitions in the industry, White's historical experience, data that were available in the public domain and White's due diligence review of the businesses of Olive and Black. These estimates will be finalised following Completion and additional values, if any, assigned to customer relationships or other identifiable intangible assets acquired of Olive and Black will be quantified.

The franchise intangible assets were valued using an income approach (discounted cash flow analysis) assuming a 99 percent probability of renewal and a discount rate equal to the implied internal rate of return for the Combination plus 50 basis points. While the agreements related to franchise intangible assets contain no automatic right of renewal, Orange believes that the interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by non-renewals ensure that these agreements will continue to be renewed and, therefore, are essentially perpetual. After evaluating the contractual provisions of the bottling agreements, the mutually beneficial relationship with TCCC and history of renewals, Orange has assigned indefinite lives to all such franchise intangible assets.

Until Completion, White, Olive and Black are limited in their ability to share competitively sensitive information with each other; therefore, for purposes of the Unaudited Pro Forma Condensed Combined Financial Information it is assumed that the book value of Black's customer relationships, software and other definite-lived intangible assets of €136 million approximates fair value, and the book value of Olive's software of €26 million approximates fair value. As of 31 December 2015, Olive did not have any customer relationships recorded in its historical audited consolidated balance sheet. The estimated fair value of customer relationships, software and other definite-lived intangible assets is expected to be amortised on a straight-line basis over the estimated useful lives; the estimated useful lives reflect the periods over which the assets are expected to provide material economic benefit.

(B) *Goodwill*—Adjustment reflects the preliminary adjustment to goodwill as a result of the Combination. Goodwill represents the excess of the consideration transferred over the preliminary fair value of the assets acquired and liabilities assumed. The goodwill is attributable to the expected synergies of the combined business operations, new growth opportunities and workforce. The goodwill is not expected

to be deductible for tax purposes. The preliminary pro forma adjustment to goodwill is calculated as follows (in millions):

	Olive	Black	Total
Total estimated consideration transferred	€ 7,484	€ 3,962	€11,446
Less: Fair value of net assets to be acquired	(5,141)	(2,995)	(8,136)
Total estimated goodwill	2,343	967	3,310
Less: Book value of existing goodwill	(816)	(742)	(1,558)
Pro forma adjustment to goodwill	€ 1,527	€ 225	€ 1,752

(C) *PP&E*—Adjustment reflects the preliminary fair value of PP&E acquired in the Combination as follows (in millions):

	Olive	Black	Total
Total estimated preliminary fair value of PP&E	€ 1,000	€ 1,448	€ 2,448
Less: Book value of PP&E	(656)	(1,087)	(1,743)
Pro forma adjustment to PP&E	€ 344	€ 361	€ 705

(D) *Inventories*—Adjustment reflects the preliminary estimated fair value adjustment of €72 million (€51 million for Olive and €21 million for Black) to inventory acquired in the Combination. As the raw materials inventory was assumed to be at market value, the preliminary adjustment is related to work-in-process and finished goods inventory. The preliminary fair value for work-in-process inventory considered costs to complete inventory and estimated profit on these costs. The preliminary fair value for finished goods inventory was based on an analysis of estimated future selling prices, costs of selling effort and profit on selling effort.

(E) *Cash and cash equivalents*—Adjustment reflects the preliminary net adjustment to cash and cash equivalents in connection with the Transactions (in millions):

Proceeds from the new Orange Debt Financing[(1)]	€ 3,200
Cash Consideration paid to White Shareholders[(2)]	(3,035)
Payment of Transaction-related expenses[(3)]	(193)
Dividend payment to Olive shareholder[(4)]	(100)
Pro forma adjustment to cash and cash equivalents	€ (128)

(1) Increase in cash resulting from the Debt Financing by Orange of an estimated €3.2 billion;

(2) Decrease in cash related to the cash payment of US$14.50 per share to White Shareholders based on 227 million outstanding shares of White Common Stock as of 31 December 2015;

(3) Decrease in cash related to the estimated Transaction-related expenses of €193 million, consisting of financing fees of €74 million, which will be capitalised and advisory costs of €119 million expected to be expensed as incurred and

(4) Decrease in cash resulting from the dividend payment of €100 million to the Olive Shareholder on 29 April 2016 in connection with certain conditions being met in accordance with the Master Agreement. However, the Unaudited Pro Forma Condensed Combined Financial Information excludes the impact of the payment of €63 million of dividends declared to White Shareholders subsequent to 31 December 2015 as the payment is not directly attributable to the Transaction.

(F) *Assets and liabilities classified as held for distribution to shareholder*—Adjustment reflects the removal of €107 million of certain non-core assets and €16 million of liabilities related to the non-core assets owned by Olive's subsidiaries that will not be contributed as part of the Combination per the Olive Framework Agreement, as described elsewhere in this Prospectus. The results of operations associated with the non-core assets that will be kept by Olive HoldCo were not adjusted in the unaudited pro forma condensed combined income statement because the impact is not significant.

(G) *Borrowings*—Adjustment reflects the preliminary net adjustment to borrowings in connection with the Transactions (in millions):

	Non-current	Current
Proceeds from new Orange Debt Financing[1]	€3,200	€ —
Less: Financing fees[2]	(74)	—
Less: Repayment of a portion of Black's borrowings[3]	—	(61)
Less: Reclassification of borrowings to amounts payable to TCCC[4]	(72)	(1)
Pro forma adjustment to borrowings	€3,054	€(62)

(1) As described in the Introduction, Orange will finance the Cash Consideration using a combination of cash on hand and the Debt Financing. The total amount of funds to be financed and used in the transaction is approximately €3.2 billion, consisting of a term loan for €1.0 billion and a eurobond offering for €2.2 billion, which together will have a weighted average interest rate of 1.0%. Refer to Note 8(D) for additional information regarding pro forma finance costs.

(2) The estimate of financing fees of €74 million related to the Debt Financing of €3.2 billion is capitalised on the unaudited pro forma condensed combined statement of net assets and amortised over the life of the underlying borrowing. For purposes of this Unaudited Pro Forma Condensed Combined Financial Information, Orange has assumed that financing fees will approximate 2.3% of the total proceeds from the Debt Financing. The estimate of financing fees is preliminary and could materially change based on the finalisation of these fees.

(3) A portion of Black's existing borrowings will be repaid through a capital contribution from TCCC prior to the Completion, resulting in a reduction of €61 million to current portion of borrowings.

(4) Orange will assume Black's remaining debt obligation to a wholly-owned subsidiary of TCCC of €73 million (of which €72 million is non-current and €1 million is current). This amount is expected to be paid as soon as practicable following the Completion; therefore, these amounts are reclassified to amounts payable to TCCC within the unaudited pro forma condensed combined statement of net assets. Orange will also assume Black's capital lease obligations of €48 million (of which €36 million is non-current and €12 million is current and Olive's capital lease obligations and other financial liabilities of €36 million (of which €31 million is non-current and €5 million is current).

After giving effect to the Debt Financing and the repayment and reclassification of Black's existing borrowings, Orange's total pro forma indebtedness is €6.8 billion and is comprised of the following (in millions):

	Non-current	Current	Total
Proceeds from new Orange Debt Financing	€3,200	€ —	€3,200
Existing White indebtedness	3,122	418	3,540
Existing Olive indebtedness	31	5	36
Existing Black indebtedness	108	74	182
Less: Repayment of existing Black indebtedness (excluding capital lease obligations assumed by Orange)	—	(61)	(61)
Less: Reclassification of outstanding Black indebtedness to amounts payable to TCCC	(72)	(1)	(73)
Less: Financing fees capitalised	(74)	—	(74)
Total pro forma indebtedness of Orange	€6,315	€435	€6,750

(H) *Deferred tax liabilities*—Deferred tax has been estimated based on a tax rate of 28.5%, which approximates a blended statutory tax rate, based on revenue mix, for the tax jurisdictions where the assets acquired and liabilities assumed reside. The effective tax rate of Orange could be materially different from the rate presented in this Unaudited Pro Forma Condensed Combined Financial Information. This adjustment reflects the deferred income tax effects of the preliminary pro forma

adjustments made to the unaudited pro forma condensed combined balance sheet, primarily as indicated in the table below (in millions):

	Adjustment to asset acquired	Deferred tax liability
Estimated fair value adjustment to:		
Olive		
Intangible assets	€5,250	€1,496
PP&E	344	98
Inventory	51	15
Black		
Intangible assets	1,886	538
PP&E	361	103
Inventory	21	6
Estimated tax impact of fees and expenses incurred in connection with the Combination		(34)
Deferred tax liabilities related to estimated fair value adjustments		€2,222

(I) *Other non-current liabilities*—Adjustment of €5 million reflects the non-current portion of the US$14.50 per share for 1.4 million White Stock Units expected to vest beyond one year.

Each White Stock Unit that is outstanding immediately prior to the effective time of the Merger will be replaced with one Orange Stock Unit and a credit of US$14.50 for each such unit to the account of the holders. All such Orange Stock Units, including the applicable cash credit, will be subject to terms, vesting conditions and other conditions that are the same as were applicable to the White Stock Units immediately prior to the effective time of the Merger, including, with respect to the underlying Orange Shares, an entitlement to the same value of cash dividend equivalents, whether accrued prior to or after the effective time of the Merger. The conversions of White Options and White Stock Units are not expected to result in incremental value to the share/option holders.

(J) *Amounts payable to TCCC*—Adjustment reflects the reclassification of Black's remaining debt obligation assumed by Orange of €73 million from borrowings, less current portion of €72 million and current portion of borrowings of €1 million to amounts payable to TCCC as described in Note 4(G) above. The total balance is expected to be paid as soon as practicable following the Completion.

(K) *Trade and other payables*—Adjustment reflects the €20 million credit of US$14.50 per share for 1.6 million White Stock Units that are expected to vest within one year as described in Note 4(I).

UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT OF ORANGE FOR THE YEAR ENDED 31 DECEMBER 2015

(€ in millions)

	Historical IFRS EU				
	White—Reclassified and Adjusted (Note 5)	Olive—Reclassified (Note 6)	Black—Reclassified and Adjusted (Note 7)	Acquisition Accounting (Note 8)	Orange Pro Forma
Net sales	€6,315	€2,480	€2,181	€ —	€10,976
Cost of sales	4,005	1,405	1,253	55(A)(B)	6,718
Gross profit	2,310	1,075	928	(55)	4,258
Selling and distribution expenses	919	686	540	(17)(A)	2,128
General and administrative expenses	631	120	509	112(A)(C)	1,372
Operating profit (loss)	760	269	(121)	(150)	758
Finance income	(24)	(3)	—	—	(27)
Finance costs	133	2	7	46(D)	188
Total finance costs (income), net	109	(1)	7	46	161
Other nonoperating expense	4	3	3	—	10
Profit (loss) before income taxes	647	267	(131)	(196)	587
Income tax expense (benefit)	132	77	(4)	(56)(E)	149
Profit (loss) for the year	€ 515	€ 190	€ (127)	€(140)	€ 438

NOTE 5—WHITE'S RECLASSIFIED AND ADJUSTED INCOME STATEMENT

The historical audited consolidated income statement of White has been adjusted to (1) align with the presentation format to be adopted by Orange, (2) reflect White's historical audited consolidated income statement on a basis consistent with the accounting policies to be adopted by Orange under IFRS EU and (3) translate from U.S. Dollars to Euros, which will be the presentation currency of Orange. The order of the line items in the table below presents White's historical audited consolidated income statement prepared in accordance with U.S. GAAP, which differs from the order of line items of Orange's unaudited pro forma condensed combined income statement under IFRS EU. The reconciliation is as follows (which is unaudited, in millions):

White's U.S. GAAP Income Statement Line Items	For the year ended 31 December 2015 (Audited) USD ($)	Line Item Reclassifications Under Orange's Presentation[B] USD ($)	IFRS EU Accounting Adjustments and Reclassifications USD ($)	White's IFRS EU Reclassified and Adjusted Income Statement USD ($)	White's IFRS EU Reclassified and Adjusted Income Statement[A] EUR (€)
Net sales	$7,011	$ —	$ —	$7,011	€6,315
Cost of sales	4,441	—	6[C]	4,447	4,005
Gross profit	2,570	—	(6)	2,564	2,310
Selling, delivery and administrative expenses	1,704	(1,704)	—	—	—
Selling and distribution expenses	—	1,015	5[C]	1,020	919
General and administrative expenses	—	689	12[C][E]	701	631
Operating income	866	(866)	—	—	—
Operating profit		866	(23)	843	760
Interest expense, net	118	(118)	—	—	—
Finance income	—	(25)	(2)[C]	(27)	(24)
Finance costs	—	143	5[C][D]	148	133
Other nonoperating expense	(4)	—	—	4	4
Income before income taxes	744	(744)	—	—	—
Profit before income tax	—	744	(26)	718	647
Income tax expense	148	—	(1)[F]	147	132
Net income	596	(596)	—	—	—
Profit for the year	$ —	596	$(25)	$ 571	€ 515

(A) *Conversion rates*—The historical financial information of White has been translated from U.S. Dollars to Euros at the average exchange rate for the year ended 31 December 2015 of 0.9007.

(B) Certain line items of White's historical audited consolidated income statement prepared under U.S. GAAP have been reclassified to be presented in conformity with Orange's financial statement presentation.

The following adjustments represent the differences identified between U.S. GAAP and IFRS EU to present White's historical audited consolidated income statement in accordance with IFRS EU:

(C) *Defined benefit pension plans*—As noted in Note 1(L), IFRS EU differs from U.S. GAAP with respect to the recognition of actuarial gains and losses and prior service costs, the calculation of the discount rate for the defined benefit obligation, the calculation of net interest cost and the recognition of contribution taxes. Additionally, Orange has elected to present interest costs on defined benefit plans within finance costs/finance income as allowable under IFRS EU. The impact of these differences to White's reclassified and adjusted income statement for the year ended 31 December 2015 was an increase to cost of sales of US$6 million, an increase to selling and distribution expenses of US$5 million, an increase to general and administrative expense of US$9 million, an increase to finance income of US$2 million and an increase to finance costs of US$2 million.

(D) *Options designated as hedging instruments*—Increase of US$3 million to finance costs reflects the impact of separating the intrinsic value and time value of options designated as hedging instruments for the year ended 31 December 2015.

(E) *Share-based compensation plans*—Adjustment reflects the additional compensation cost of US$3 million as a result of separating the share-based payment awards between equity- and cash-settled components under IFRS EU for the year ended 31 December 2015.

(F) *Income tax expense*—The total changes in White's tax position from the adjustments between U.S. GAAP and IFRS EU resulted in a decrease to income tax expense of US$1 million.

NOTE 6—OLIVE'S RECLASSIFIED INCOME STATEMENT

The historical audited consolidated income statement of Olive has been adjusted to align with the presentation format and the accounting policies to be adopted by Orange. The reconciliation is as follows (which is unaudited, in millions):

Olive's IFRS IASB Income Statement Line Items	For the year ended 31 December 2015 (Audited) EUR (€)	Line Item Reclassifications under Orange's Presentation[(A)] EUR (€)	Accounting Policy Alignment Reclassifications EUR (€)	Olive's IFRS EU Reclassified Income Statement EUR (€)
Revenue	€ 2,920	€(2,920)	€ —	€ —
Net sales	—	2,920	(440)[(C)]	2,480
Changes in inventories of finished goods and work in progress	(14)	14	—	—
Own work capitalised	3	(3)	—	—
Supplies	(1,186)	1,186	—	—
Cost of sales	—	1,455[(B)]	(50)[(C)(D)(E)]	1,405
Gross profit	—	1,465	(390)	1,075
Other operating income	30	(30)	—	—
Personnel expenses	(336)	336	—	—
Other operating expenses	(1,041)	1,041	—	—
Amortisation and depreciation	(93)	93	—	—
Non-financial and other capital grants	3	(3)	—	—
Impairment and gains/(losses) on disposal of property, plant and equipment	(14)	14	—	—
Other income and expenses	(5)	5	—	—
Selling and distribution expenses	—	1,078[(B)]	(392)[(C)(E)(F)]	686
General and administrative expenses	—	120[(B)]	—	120
Results from operating activities	267	(267)	—	—
Operating profit	—	267	2	269
Finance income	3	—	—	(3)
Finance expenses	(2)	2	—	—
Finance costs	—	(2)	—	2
Other non-operating expense	—	—	3[(F)]	3
Profit before tax	268	—	(1)	267
Income tax expense/(income)	(77)	—	—	77
Net profit	191	(191)	—	—
Profit for the year	€ —	€ 191	€ (1)	€ 190

(A) Olive's historical audited consolidated income statement presented in accordance with IFRS IASB has been adjusted to conform to Orange's financial statement presentation.

(B) Adjustments reflect the reclassification of income statement line items presented in Olive's historical audited consolidated financial statements by nature to align to Orange's income statement presentation by function. The adjustments to reclassify various income statement line items to cost of sales, selling and distribution expense and general and administrative expense to

align with Orange's income statement presentation were determined by identifying the function of the expense included in the historical audited consolidated income statement of Olive by nature. The reclassifications are as follows (in millions):

For the year ended 31 December 2015	Total Olive Historical IFRS (as reported)	Reclassified to: Cost of sales	Selling and distribution expense	General and administrative expense
Changes in inventories of finished goods and work in progress	€ (14)	€ 14	€ —	€ —
Own work capitalised	3	—	—	(3)
Supplies	(1,186)	1,173	13	—
Other operating income	30	—	(27)	(3)
Personnel expenses	(336)	97	204	35
Other operating expenses	(1,041)	106	857	78
Amortization and depreciation	(93)	65	15	13
Non-financial and other capital grants	3	—	(3)	—
Impairment and gains/(losses) on disposal of property, plant and equipment	(14)	—	14	—
Other income and expenses	(5)	—	5	—
Total	€(2,653)	€1,455	€1,078	€120

(C) *Customer Marketing Programs Reclassification*—Olive historically presents certain consideration given to customers as costs incurred. As described within Note 9, the costs of such programs are included as a reduction in net sales under Orange accounting policies. The accounting policy alignment adjustment reflects the reclassification of €29 million of cost of sales and €411 million of selling and distribution expense to net sales for a total reduction of €440 million.

(D) *Depreciation expense*—Adjustment reflects an increase to cost of sales of €1 million for the year ended 31 December 2015 as a result of aligning depreciation methods from the declining balance to the straight-line method for certain items of machinery and equipment.

(E) *Reimbursements from TCCC*—Olive historically presents certain marketing reimbursements received from TCCC as other operating income. As described within Note 9, payments from TCCC for such services are included as a reduction to cost of sales. The accounting policy alignment adjustment reflects the reclassification of €22 million related to the marketing reimbursements received from TCCC from selling and distribution expense to cost of sales for the year ended 31 December 2015.

(F) *Other non-operating expense (income)*—Adjustment reflects the reclassification of €3 million of non-financial capital grants and other income and expenses from selling and distribution expense to other non-operating expense (income) for the year ended 31 December 2015.

NOTE 7—BLACK'S RECLASSIFIED AND ADJUSTED INCOME STATEMENT

The historical audited consolidated income statement of Black has been adjusted to (1) align with the presentation format to be adopted by Orange, (2) reflect Black's historical audited consolidated income statement on a basis consistent with the accounting policies to be adopted by Orange under IFRS EU and (3) translate from U.S. Dollars to Euros, which will be the presentation currency of Orange. The order of the line items in the table below presents Black's historical audited consolidated income statement prepared in accordance with U.S. GAAP, which differs from the order of line items of Orange's unaudited pro forma condensed combined income statement under IFRS EU. The reconciliation is as follows (which is unaudited, in millions):

Black's U.S. GAAP Income Statement Line Items	For the year ended 31 December 2015 (Audited) USD ($)	Line Item Reclassifications Under Orange's Presentation[B] USD ($)	IFRS EU Accounting Adjustments and Reclassifications USD ($)	Black's IFRS EU Reclassified and Adjusted Income Statement USD ($)	Black's IFRS EU Reclassified and Adjusted Income Statement[A] EUR (€)
Net operating revenues	$2,421	$(2,421)	$ —	$ —	€ —
Net sales	—	2,421	—	2,421	2,181
Cost of goods sold	1,396	(1,396)	—	—	—
Cost of sales	—	1,396	(5)[C]	1,391	1,253
Gross profit	1,025	—	5	1,030	928
Selling, general and administrative expenses	1,161	(1,161)	—	—	—
Selling and distribution expenses	—	599	1[C]	600	540
General and administrative expenses	—	562	3[D][E]	565	509
Operating income (loss)	(136)	136	—	—	—
Operating profit (loss)	—	(136)	1	(135)	(121)
Interest expense	3	(3)	—	—	—
Finance costs	—	3	5[F]	8	7
Other income (loss)—net	(3)	3	—	—	—
Other nonoperating expense	—	3	—	3	3
Income (loss) before income taxes	(142)	142	—	—	—
Profit (loss) before income tax	—	(142)	(4)	(146)	(131)
Income tax expense (benefit)	(3)	—	(1)[G]	(4)	(4)
Consolidated net income (loss)	(139)	139	—	—	—
Profit (loss) for the year	$ —	$ (139)	$ (3)	$ (142)	€ (127)

(A) *Conversion rates*—The historical financial information of Black has been translated from U.S. Dollars to Euros at the average exchange rate for the year ended 31 December 2015 of 0.9007.

(B) Certain line items of Black's historical audited consolidated income statement prepared under U.S. GAAP have been reclassified to be presented in conformity with Orange's financial statement presentation.

The following adjustments represent the differences identified between U.S. GAAP and IFRS EU to present Black's historical audited consolidated income statement under IFRS EU:

(C) *Depreciation expense*—Adjustment reflects a decrease to cost of sales of US$5 million and an increase to selling and delivery expenses of US$1 million based on adjustments to Black's PP&E as described in Note 3 above.

(D) *Pensions*—Adjustment reflects an increase to general and administrative expense of US$4 million related to additional net periodic benefit cost as a result of the defined benefit pension plan asset ceiling for the year ended 31 December 2015.

(E) *Provisions*—Adjustment reflects a decrease to general and administrative expense of US$1 million related to a higher interest rate used to discount expected future payments of provisions under IFRS EU as of 31 December 2015.

(F) *Non-interest bearing loan*—Adjustment reflects an increase to finance costs of US$5 million resulting from the application of the effective interest rate method on Black's non-interest bearing loan from a wholly owned subsidiary of TCCC.

(G) *Deferred tax benefit*—Adjustment reflects a decrease of US$1 million to income tax expense resulting from the limitations to valuation allowances and certain loss carry forwards under IFRS EU.

NOTE 8—ACQUISITION ACCOUNTING—INCOME STATEMENT

The acquisition accounting adjustments included in the unaudited pro forma condensed combined income statement related to the Transactions are as follows:

(A) *Fair value adjustment to PP&E*—The preliminary fair value of PP&E acquired in the Combination results in a decrease to depreciation expense. The depreciation expense has been estimated based upon the nature of activities associated with the PP&E acquired, and the pro forma adjustment to depreciation expense is as follows (in millions, except useful life data):

	Estimated weighted average useful life (years)	Preliminary fair value	Depreciation expense for the year ended 31 December 2015
PP&E	16–18	€2,448	€151
Less: Olive historical depreciation expense			(85)
Less: Black historical depreciation expense			(107)
Pro forma adjustment to depreciation expense			€(41)

The total change in depreciation expense is allocated to the relevant income statement line items and is based on White's historical depreciation classification under IFRS EU, resulting in decreases to cost of sales, selling and distribution expenses and general and administrative expenses of €17 million, €17 million and €7 million, respectively, for the year ended 31 December 2015.

(B) *Fair value adjustment to inventories*—Adjustment reflects an increase to cost of sales of €72 million as a result of the preliminary increase in the fair value of inventory acquired in the Combination, which will not have a continuing impact on the income statement of Orange.

(C) *Combination-related expenses*—Adjustment reflects an increase of €119 million for the additional Combination-related expenses expected to be incurred by White, Olive and Black of €85 million, €31 million and €3 million, respectively. In addition to the €119 million, for the year ended 31 December 2015, White, Olive and Black incurred Combination-related expenses of €41 million, €17 million and €2 million, respectively, as reflected in the historical audited consolidated income statements. These Combination-related expenses will not have a continuing impact on the income statement of Orange.

(D) *Finance costs*—As discussed in Note 4(G), Orange will finance the Cash Consideration using a combination of cash on hand and the Debt Financing. The pro forma adjustment to finance costs reflects the additional finance costs that would have been incurred during the historical period presented assuming the Debt Financing had occurred as of 1 January 2015. The pro forma adjustment to finance costs for the Debt Financing is as follows (in millions, except interest rate):

Composition of new borrowings and related finance costs	Weighted Average Interest Rate	Borrowings	Finance costs for the year ended 31 December 2015
Orange Debt Financing	1.0%	€3,200	€32
Amortisation of new debt issuance costs			20
Total interest on new Debt Financing			52
Less: Black historical finance costs(1)			(6)
Pro forma adjustment to finance costs			€46

(1) Black's historical finance costs excludes €1 million of finance costs related to capital lease obligations, which will be assumed by Orange.

(E) *Income tax expense (benefit)*—Adjustment reflects the income tax impact of the pro forma adjustments made to the unaudited pro forma condensed combined income statement, whereby Orange estimated the tax rate at 28.5%, which approximates a blended statutory tax rate, based on revenue mix, for the tax jurisdictions where the certain assets acquired and liabilities assumed reside. The effective tax rate of Orange could be materially different from the rate presented in this Unaudited Pro Forma Condensed Combined Financial Information.

NOTE 9—SIGNIFICANT ACCOUNTING POLICIES TO BE ADOPTED BY ORANGE

The following is a summary of the significant accounting policies to be adopted by Orange in preparing its consolidated financial statements for the year ending 31 December 2016:

Basis of Presentation and Consolidation

The consolidated financial statements of Orange are prepared in accordance with IFRS EU.

Orange's consolidated financial statements include all entities that Orange controls. Orange controls an entity when the group 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.

All significant intercompany accounts and transactions are eliminated in consolidation. Orange's fiscal year ends on 31 December.

Use of Estimates

The consolidated financial statements include estimates and assumptions made by management that affect reported amounts. Actual results could differ materially from those estimates.

Net Sales

Orange recognises net sales when all of the following conditions are met: (1) the amount of revenue can be reliably measured; (2) it is probable that future economic benefits will flow to Orange; (3) the significant risks and rewards of ownership of the products have passed to the buyer, usually on delivery of the goods; (4) Orange retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold and (5) the costs incurred or to be incurred in respect of the transaction can be measured reliably. For product sales, these conditions generally occur when the products are delivered to or picked up by customers and, in the case of full-service vending, when cash is collected from vending machines. Revenue is stated net of sales discounts and marketing and promotional incentives paid to customers.

Orange records value added taxes ("**VAT**") on a net basis (i.e., excluded from net sales) and records excise taxes and taxes on packaging on a gross basis (i.e., included in net sales).

Customer Marketing Programs and Sales Incentives

Orange participates in various programs and arrangements with customers designed to increase the sale of its products. Among these programs are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or for participating in specific marketing programs.

Under customer programs and arrangements that require sales incentives to be paid in advance, Orange amortises the amount paid over the period of benefit or contractual sales volume. When incentives are paid in arrears, Orange accrues the estimated amount to be paid based on the program's contractual terms, expected customer performance and/or estimated sales volume.

Franchisor Support Arrangements

Orange participates in various funding programs supported by TCCC or other franchisors or licensors (as applicable) whereby Orange receives funds from its franchisors or licensors (as applicable) to support customer marketing programs or other arrangements that promote the sale of the franchisors' or licensors' (as applicable) products. Under these programs, certain costs incurred by Orange are reimbursed by the applicable franchisor or licensor. Payments from TCCC and other franchisors or licensors (as applicable) for marketing programs and other similar arrangements to promote the sale of products are classified as a reduction in cost of sales, unless Orange can overcome the presumption that the payment is a reduction in the price of the franchisors' or licensors' (as applicable) products. Payments for marketing programs are recognised as product is sold.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished goods from Orange's manufacturing locations to its sales distribution centres are included in cost of sales on the consolidated income statement. Shipping and handling costs incurred to move finished goods from Orange's sales distribution

centres to customer locations are included in selling and distribution expenses on the consolidated income statement. Customers do not pay Orange separately for these shipping and handling costs.

Share-Based Compensation

Orange recognises compensation expense equal to the grant-date fair value for all share-based payment awards that are expected to vest. For awards not subject to performance conditions, this expense is generally recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. If an award is subject to performance conditions, Orange recognises expense when it becomes probable that the performance related to the share-based payment awards is recorded in general and administrative expenses. Orange determines the grant-date fair value of its share-based payment awards for each separately vesting tranche using a Black-Scholes model, unless the awards are subject to market conditions, in which case Orange uses a binomial-lattice model (e.g., Monte Carlo simulation model). The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that market conditions will be achieved.

Earnings Per Share

Orange calculates its basic earnings per share by dividing profit for the year by the weighted average number of shares and participating securities outstanding during the period. Orange's diluted earnings per share are calculated in a similar manner, but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share. Share-based payment awards that are contingently issuable upon the achievement of a specified market or performance condition are included in Orange's diluted earnings per share calculation in the period in which the condition is satisfied.

Cash and Cash Equivalents

Orange's cash and cash equivalents include cash and short-term, highly liquid investments with maturity dates of less than three months when acquired that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Orange continually assesses the counterparties and instruments used to hold cash and cash equivalents, with a focus on preservation of capital and liquidity. Bank overdrafts are classified as current portion of borrowings in the consolidated balance sheet.

Trade Accounts Receivable

Orange sells its products to retailers, wholesalers and other customers and extends credit, generally without requiring collateral, based on its evaluation of the customer's financial condition. While Orange has a concentration of credit risk in the retail sector, management believes this risk is mitigated due to the diverse nature of the customers it serves, including, but not limited to, their type, geographic location, size and beverage channel. Collections of Orange's receivables are dependent on each individual customer's financial condition and sales adjustments granted after the balance sheet date.

Orange carries its trade accounts receivable at net realisable value. Trade accounts receivable terms vary but typically have terms from 30 to 60 days and do not bear interest. Recoverability of trade accounts receivable is reviewed on an ongoing basis. The carrying amount of trade accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Orange also carries credit insurance on a portion of its accounts receivable balance.

Inventories

Orange values its inventories at the lower of cost or net realisable value, and cost is determined using the first-in, first-out ("**FIFO**") method. Inventories consist of raw materials and supplies (primarily including concentrate, other ingredients and packaging) and finished goods, which also include direct labour and indirect production and overhead costs. Cost includes all costs incurred to bring inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Major property additions, replacements and betterments are capitalised, whilst maintenance and repairs that do not extend the useful life of an asset or add new functionality are expensed as incurred. Land is not depreciated, as it is considered to have an indefinite life. For all other property, plant and equipment, depreciation is recorded using the straight-line method over their respective estimated useful lives.

Gains or losses arising on the disposal or retirement of an asset are determined as the difference between the carrying amount of the asset and any proceeds from its sale. Major refurbishment costs are capitalised as part of total acquisition cost. Routine maintenance and repair costs are expensed as incurred. Leasehold improvements are amortised using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

Orange assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, Orange performs an impairment test to estimate the potential loss of value that may reduce the recoverable amount of the asset to below its carrying amount. Useful lives and residual amounts are reviewed annually and adjustments are made prospectively as required.

For property, plant and equipment, Orange assesses annually whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, a previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised, and only up to the recoverable amount or the original carrying amount net of depreciation that would have been incurred had no impairment losses been recognised.

Intangible Assets

Intangible assets are measured initially at cost of acquisition or production. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment.

Orange capitalises certain development costs associated with internally developed software, including external direct costs of materials and services and payroll costs for employees devoting time to a software project. Capitalised costs for software integral to related hardware is included within property, plant and equipment. When capitalised software is not integral to related hardware it is treated as an intangible asset. Costs incurred during the preliminary project stage, as well as costs for maintenance and training, are expensed as incurred.

Franchise agreements contain performance requirements and convey to us the rights to distribute and sell products of the licensor within specified territories. Franchise intangible assets are assigned indefinite lives and are therefore not amortised, but are tested for impairment at the cash-generating unit level annually or more frequently if events or changes in circumstances indicate that it might be impaired. For definite lived intangible assets, amortization is recorded using the straight-line method over their respective estimated useful lives. Definite lived intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

For intangible assets, Orange assesses annually whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, a previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised, and only up to the recoverable amount or the original carrying amount net of depreciation that would have been incurred had no impairment losses been recognised.

Business Combinations and Goodwill

Business acquisitions are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to Orange.

The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business acquisition, Orange measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the consolidated income statement. Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions

Provisions are recognised when Orange has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all of a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Taxes

Income tax is determined by using the comprehensive balance sheet method of accounting for income taxes which recognises current and future tax consequences of transactions and events, and future tax consequences of future recovery or settlement of the carrying amount of Orange and its subsidiaries assets and liabilities.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be paid to or recovered from taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where Orange and/or its subsidiaries operate.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is determined by identifying the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by Orange and/or its subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- In respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Foreign Currency Translation

For the unaudited pro forma financial statements as presented above, the IFRS EU reclassified and adjusted balance sheets and income statements of White and Black are translated from U.S. Dollars into Orange's Euro presentation currency using currency exchange rates in effect at the end of reporting period and at average annual currency exchange rates, respectively.

The foreign currency translation accounting policy to be adopted by Orange in preparing its financial statements for the year ending 31 December 2016 is as follows: The assets and liabilities of Orange's foreign operations are translated from local currencies into Orange's Euro reporting currency at currency exchange rates in effect at the end of each reporting period. Gains and losses from the translation of Orange's results are included in reserves in the consolidated balance sheet. Revenues and expenses are translated at average monthly currency exchange rates. Gains and losses arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency are included in other nonoperating expense (income) on the consolidated income statement.

Fair Value Measurements

The fair values of Orange's cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amounts due to their short-term nature. The fair values of Orange's debt instruments are estimated based on debt with similar maturities and credit quality and current market interest rates. The estimated fair values of Orange's derivative instruments are calculated based on market rates to settle the instruments. These values represent the estimated amounts Orange would receive upon sale or pay upon transfer, taking into consideration current market rates and credit risk.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1—Quoted prices in active markets for identical assets or liabilities;
- Level 2—Observable inputs other than quoted prices included in Level 1. Orange values assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data; or
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Derivative Financial Instruments

Orange utilizes derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations. The primary risks that Orange seeks to manage through the use of derivative financial instruments include currency exchange risk, commodity price risk and interest rate risk. All derivative financial instruments are recorded at fair value on the consolidated balance sheets. Orange does not use derivative financial instruments for trading or speculative purposes. While certain of Orange's derivative instruments are designated as hedging instruments, it also enters into derivative instruments that are designed to hedge a risk, but are not designated as hedging instruments (referred to as an "economic hedge" or "non-designated hedges"). Changes in the fair value of these non-designated hedging

instruments are recognised in the expense line item on the consolidated income statement that is consistent with the nature of the hedged risk. Orange is exposed to counterparty credit risk on all of its derivative financial instruments. Orange has established and maintained strict counterparty credit guidelines and entered into hedges only with financial institutions that are investment grade or better. Orange continuously monitors counterparty credit risk and utilizes numerous counterparties to minimize its exposure to potential defaults. Orange does not require collateral under these agreements.

Employee Benefit Plans

Orange operates a number of defined benefit and defined contribution pension plans in its territories. The defined benefit plans are made up of both funded and unfunded pension plans. The assets of funded plans are generally held in separate trustee administered funds and are financed by payments from employees and/or Orange. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. All remeasurements of Orange's defined benefit obligation such as actuarial gains and losses and return on plan assets are recognised directly in reserves. Orange presents service costs within cost of sales, selling and distribution expenses and general and administrative expenses in the consolidated income statement. Prior service costs are recognised immediately within cost of sales, selling and distribution expenses and general and administrative expenses in the consolidated income statement. Net interest cost is presented within finance costs or finance income, as applicable, in the consolidated income statement. The projected benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as of the end of each reporting period.

SECTION B: REPORTING ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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The Directors
Coca-Cola European Partners plc
20-22 Bedford Row
London WC1R 4JS
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25 May 2016

Dear Ladies and Gentlemen

We report on the pro forma financial information (the "Pro Forma Financial Information") set out in the Prospectus dated 25 May 2016, which has been prepared on the basis described in Section A, for illustrative purposes only, to provide information about how (1) the Combination and (2) the Debt Financing might have affected the financial information presented on the basis of the accounting policies to be adopted by Coca-Cola European Partners plc in preparing the financial statements for the period ended 31 December 2016. This report is required by item 7 of Annex II of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) No 809/2004, consenting to its inclusion in the Prospectus.

Responsibilities

It is the responsibility of the directors of Coca-Cola European Partners plc to prepare the Pro Forma Financial Information in accordance with items 1 to 6 of Annex II of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Coca-Cola European Partners plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Coca-Cola European Partners plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of Coca-Cola European Partners plc.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

/s/ Ernst & Young LLP

A member firm of Ernst & Young Global Limited

CAPITALISATION AND INDEBTEDNESS OF WHITE

The information set out in the tables below should be read in conjunction with and is qualified by reference to "Operating and Financial Review of White" and the financial statements included in "Historical Financial Statements of White".

The following tables set out the unaudited capitalisation and indebtedness of White as at 1 April 2016.

	As at 1 April 2016[1] (US$ millions)
Total Current debt	
Guaranteed	—
Secured[2]	7
Unguaranteed/unsecured	570
Total current debt	577
Total Noncurrent debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured[2]	13
Unguaranteed/unsecured	3,505
Total noncurrent debt	3,518
Shareholders' equity	
Share capital	4
Legal reserves	—
Other reserves[3]	3,017
Total	3,021
Total capitalisation and indebtedness	7,116
Cash	279
Cash equivalent	—
Trading securities	—
Liquidity	279
Current Financial Receivable	—
Current bank debt	(320)
Current portion of non-current debt	(250)
Other current financial debt	(7)
Current Financial Debt	(577)
Net current Financial Indebtedness	(298)
Non-current bank loans	(3,505)
Bonds issued	—
Other non-current loans	(13)
Non-current Financial Indebtedness	(3,518)
Net Financial Indebtedness	(3,816)

(1) This statement of capitalisation and indebtedness has been prepared under U.S. GAAP using policies that are consistent with those used in the preparation of White's historical unaudited condensed consolidated financial statements for the quarter ended 1 April 2016 included herein in the section of this Prospectus titled "*Historical Financial Information of White*."

(2) Secured debt includes finance leases for which assets leased have been pledged as security to their respective liabilities

(3) Other reserves include additional paid-in capital, foreign currency translation reserve, pension reserve and hedging reserve. Other reserves do not include the profit and loss account reserve.

CAPITALISATION AND INDEBTEDNESS OF OLIVE

The information set out in the tables below should be read in conjunction with and is qualified by reference to "Operating and Financial Review of Olive" and the financial statements included in "Historical Financial Statements of Olive".

The following tables set out the unaudited capitalisation and indebtedness of Olive as at 31 March 2016.

	As at 31 March 2016[(1)] (€ millions)
Total Current debt	
Guaranteed	—
Secured[(2)]	4
Unguaranteed/unsecured	—
Total current debt	4
Total Noncurrent debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured[(2)]	31
Unguaranteed/unsecured	—
Total noncurrent debt	31
Shareholders' equity	
Share capital	1,517
Legal reserves	19
Other reserves[(3)]	275
Total	1,811
Total capitalisation and indebtedness	1,846
Cash	230
Cash equivalent	—
Trading securities	—
Liquidity	230
Current Financial Receivable	—
Current bank debt	—
Current portion of non-current debt	(2)
Other current financial debt	(2)
Current Financial Debt	(4)
Net current Financial Indebtedness	226
Non-current bank loans	—
Bonds issued	—
Other noncurrent loans	(31)
Non-current Financial Indebtedness	(31)
Net Financial Indebtedness	195

(1) This statement of capitalisation and indebtedness has been prepared under IFRS using policies that are consistent with those used in the preparation of Olive's historical audited consolidated financial statements for the year ended 31 December 2015 included herein in the section of this Prospectus titled "*Historical Financial Information of Olive*."

(2) Secured debt includes finance leases for which assets leased have been pledged as security to their respective liabilities.

(3) Other reserves include share premium. Other reserves do not include the profit and loss account reserve.

CAPITALISATION AND INDEBTEDNESS OF BLACK

The information set out in the tables below should be read in conjunction with and is qualified by reference to "Operating and Financial Review of Black" and the financial statements included in "Historical Financial Statements of Black".

The following tables set out the unaudited capitalisation and indebtedness of Black as at 1 April 2016.

	As at 1 April 2016[(1)] (US$ millions)
Total Current debt	
Guaranteed	—
Secured[(2)]	20
Unguaranteed/unsecured	67
Total current debt	87
Total Noncurrent debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured[(2)]	44
Unguaranteed/unsecured	87
Total noncurrent debt	131
Shareholders' equity	
Share capital	190
Legal reserves	—
Other reserves[(3)]	3,233
Total equity	3,423
Total capitalisation and indebtedness	3,641
Cash	89
Cash equivalent	—
Trading securities	—
Liquidity	89
Current Financial Receivable	—
Current bank debt	—
Current portion of non-current debt	(20)
Other current financial debt	(67)
Current Financial Debt	(87)
Net current Financial Indebtedness	2
Non-current bank loans	—
Bonds issued	—
Other non-current loans	(131)
Non-current Financial Indebtedness	(131)
Net Financial Indebtedness	(129)

(1) This statement of capitalisation and indebtedness has been prepared under U.S. GAAP using policies that are consistent with those used in the preparation of Black's historical audited consolidated financial statements for the year ended 31 December 2015 included herein in the section of this Prospectus titled "*Historical Financial Information of Black*."

(2) Secured debt includes finance leases for which assets leased have been pledged as security to their respective liabilities.

(3) Other reserves include additional paid-in capital, foreign currency translation reserve and pension reserve. Other reserves do not include the profit and loss account reserve.

CAPITALISATION AND INDEBTEDNESS OF ORANGE

As at 20 May 2016 (the latest practicable date before the date of this Prospectus):

(a) the Company had issued 50,001 shares, each with a nominal value of £1.00. All such shares were credited as fully paid up, 49,997 of them in cash; and

(b) the Company had no indebtedness. Upon Admission, the Company will have incurred indebtedness in the amount of €3.7 billion pursuant to the arrangements described more fully in the sections of this Prospectus titled "*Information on the Combination Transactions—The Completion—Bank Financing*" and "*Information on the Combination Transactions—The Completion—The Eurobond Offering*".

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

Directors

The following table lists the names, positions and ages of the directors of Orange (the "**Directors**"):

Name	Age	Position
Sol Daurella	49	Chairman
John F. Brock[1]	67	Chief Executive Officer
José Ignacio Comenge Sánchez-Real[1]	64	Non-Executive Director
J. Alexander M. Douglas, Jr[1]	54	Non-Executive Director
Irial Finan	58	Non-Executive Director
Alfonso Líbano Daurella[1]	61	Non-Executive Director
Mario Rotllant Solá[1]	64	Non-Executive Director
Francisco Ruiz de la Torre Esporrín[1]	42	Non-Executive Director
Jan Bennink[1]	59	Independent Non-Executive Director
Christine Cross[1]	64	Independent Non-Executive Director
Javier Ferrán[1]	59	Independent Non-Executive Director
L. Phillip Humann[1]	70	Independent Non-Executive Director
Orrin H. Ingram II[1]	55	Independent Non-Executive Director
Thomas H. Johnson[1]	66	Independent Non-Executive Director
Veronique Morali[1]	57	Independent Non-Executive Director
Garry Watts	59	Independent Non-Executive Director
Curtis R. Welling[1]	66	Independent Non-Executive Director

(1) Appointed conditional on and with effect from Completion.

The Company's registered address serves as the business address for all members of the Orange Board.

Shareholders' Agreement

On Completion, the Company will enter into the Shareholders' Agreement with Olive HoldCo and Red. Under the Shareholders' Agreement, among other matters, the procedures governing the appointment and removal of directors nominated by right by Red and Olive HoldCo, and the appointment and removal of the Chairman and the CEO, depend on whether Olive HoldCo's Equity Proportion is at least 25 per cent. and whether Red's Equity Proportion is at least 10 per cent. See the section of this Prospectus titled "*Additional Information—Material Contracts—Shareholders' Agreement*" for a more detailed description of the Shareholders' Agreement.

Directors and Senior Managers

Sol Daurella (Chairman)

Ms Daurella serves as representative of the legal entity that is the Chairman of Olive HoldCo and as CEO of Olive HoldCo, as director of the board of Cobega and as representative of the legal entity that is the CEO of Cobega, the Daurella family's holding company and majority shareholder of Olive. The Daurella family has been part of the Coca-Cola global system for over 60 years, since the first bottling agreement was signed in Spain in 1951. Ms Daurella is also director of the board of Equatorial Coca-Cola Bottling Company, S.L., the Coca-Cola bottler franchise for 12 African countries; serves as representative of the legal entity that is director of the board of the North Africa Bottling Company; and director of the board of the Algerian company Fruital SpA. Until the end of November 2015, she was a director of the board of Vífilfell hf, the Coca-Cola Bottling Company for Iceland.

Additionally, she is currently a member of the board of directors of Banco Santander, the largest bank in the Eurozone by market value, and from 2009 to 2014 she served as a director of Banco de Sabadell. From 2010 to 2014 she was a director of a number of other public companies, such as Ebro Foods, S.A., a multinational food group operating in the rice, pasta and sauces sectors and Acciona, S.A., a Spanish corporation that develops and manages infrastructure and renewable energy. She is also Co-Chair of Cacaolat, a dairy company based in Barcelona. Until her appointment to Olive HoldCo, Ms Daurella served as Chairman and CEO of Olive. Ms Daurella is Honorary Consul for Iceland in Catalonia and is also involved in foundations dedicated to cancer research, well-being and education.

John F. Brock (CEO)

Mr Brock has been Chairman of Coca-Cola Enterprises, Inc (including its predecessor Coca-Cola Enterprises Inc. in respect of time periods prior to October 2010, "**White**") since April 2008, CEO of White since April 2006 and a director of White since 2006. He was President of White from April 2006 to April 2008. From February 2003 until December 2005, he was CEO of InBev, S.A., a global brewer, and from March 1999 until December 2002, he was Chief Operating Officer of Cadbury Schweppes plc, an international beverage and confectionery company.

Mr Brock is a director of Royal Caribbean Cruises Ltd., a global cruise company. From April 2007 to December 2007, Mr Brock served as a director of Dow Jones & Company, Inc., a publisher and provider of global business and financial news. From 2004 to 2006, he served as a director of the Campbell Soup Company, a global manufacturer and marketer of branded convenience food products. He also served as a director of Reed Elsevier, a publisher, from 1999 to 2005.

José Ignacio Comenge Sánchez-Real (Non-Executive Director)

Mr Comenge serves as representative of a legal entity director of the board of Olive HoldCo. He has also held a variety of roles as Vice-Chairman of Compañía Castellana de Bebidas Gaseosas, S.L., Compañía Levantina de Bebidas Gaseosas, S.A.U. and Refrige-Sociedade Industrial de Refrigerantes, S.A., all of them Coca-Cola Bottling Companies.

Mr Comenge has broad experience as a director of public companies. He serves as a representative of a legal entity director of ENCE, Energía y Celulosa, S.A., a Spanish company involved in renewable energy production with forest biomass and also as representative of a legal entity director of CVNE, Compañía Vinícola del Norte de España, S.A., a Spanish winery. Mr Comenge also serves as director of Ebro Foods S.A., a multinational food group operating in the rice, pasta and sauces sector; B&A, S.A., a glass packaging business; and Azora, S.A., a real estate company. He has also held a variety of roles in AXA, S.A., Aguila and Heineken Spain, and was Vice-Chairman and CEO of the Board of Directors of MMA Insurance. Until his appointment as a representative of a legal entity director of the board of Olive HoldCo, Mr Comenge served as representative of a legal entity director of the board, and was a member of the Executive Committee and the Appointments & Remunerations Committee of Olive.

J. Alexander M. Douglas, Jr (Non-Executive Director)

Mr Douglas has been Executive Vice President of TCCC since April 2015 and President of Coca-Cola North America since January 2014. Prior to these appointments he was Senior Vice President of TCCC since February 2013 and Global Chief Customer Officer since January 2013. Mr Douglas was President of the North America Group from August 2006 through 31 December 2012. He served as Senior Vice President and Chief Customer Officer of TCCC from 2003 until 2006 and continued serving as Senior Vice President until April 2007. In 2000, Mr Douglas was appointed President of the North American Retail Division within the North America Group. In May 1994, he was named Vice President of Coca-Cola U.S.A., initially assuming leadership of the White Sales and Marketing Group and eventually assuming leadership of the entire North American Field Sales and Marketing Groups. Mr Douglas joined TCCC in January 1988 as a District Sales Manager for the Foodservice Division of Coca-Cola U.S.A.

Mr Douglas serves on the boards of the American Beverage Association, the Grocery Manufacturers Association, the Food Marketing Institute and the Healthy Weight Commitment Foundation. He also serves on the charity leadership boards of the East Lake Foundation and Morehouse College.

Irial Finan (Non-Executive Director)

Mr Finan has been Executive Vice President and President, Bottling Investments Group of TCCC since 2004. Mr Finan served from 2001 until 2003 as CEO of Coca-Cola Hellenic Bottling Company S.A. From 1995 to 1999, he served as Managing Director of Molino Beverages, with responsibility for expanding markets, including the Republic of Ireland, Northern Ireland, Romania, Moldova, Russia and Nigeria. From 1991 to 1993, he served as Managing Director of Coca- Cola Bottlers Ulster, Ltd. He was Managing Director of Coca-Cola Bottlers in Romania and Bulgaria until late 1994. From 1984 until 1990, Mr Finan served as Finance Director of Coca-Cola Bottlers Ireland, Ltd. Mr Finan joined the Coca-Cola system in 1981 with Coca-Cola Bottlers Ireland, Ltd., where for several years he held a variety of accounting positions.

Mr Finan also serves on the boards of directors of Coca-Cola FEMSA, Coca-Cola East Japan, The Coca-Cola Foundation, the Supervisory Board of CCE AG (Germany), G2G Trading and Smurfit Kappa Group. He serves as a non-executive director for Co-operation Ireland and Galway University Foundation, as well as American-Ireland Fund. Mr Finan served as a director of Coca-Cola Hellenic Bottling Company S.A. and its subsidiaries from October 1997 to April 2013, and as the non-executive director of Coca-Cola HBC AG since April 2013.

Alfonso Líbano Daurella (Non-Executive Director)

Mr Líbano is director and representative of the legal entity CEO of Cobega, the Daurella family's holding company and majority shareholder of Olive HoldCo where he serves as a director of the board.

He is also Chairman of Equatorial Coca-Cola Bottling Company, S.L., the Coca-Cola bottler franchise for 12 African countries and serves as a director of other bottling companies, including as a member of the board of The Coca-Cola Bottling Company of Egypt and Vice-Chairman of MECC Soft Drinks, DMCC, the Coca-Cola franchise for the territory of South Sudan. He has been a trustee of The Coca-Cola Africa Foundation since 2004. Mr Líbano sits on the board of a number of private companies such as Cacaolat and Daba, S.A. In addition, he sits on the boards of various public organisations including the AMCHAM (American Chamber of Commerce in Spain) and the MACBA Foundation (Contemporary Art Museum of Barcelona). He has been involved with the Family Business Institute of Spain (IEF) since 1991 as a Founding Member and Secretary of the Board of Directors, and he is currently a Member of the International Commission of that organisation. He has been Vice-Chairman of the European Family Business (EFB) since 2007, and currently serves as EFB's Chairman. He is also a board member and treasurer of the Family Business Network (FBN). Until his appointment as representative of a director of the board of Olive HoldCo, Mr Líbano served as a director of the Board and on the Executive Committee of Olive and as Chairman of the Quality and CRS Committee of Olive. Mr Líbano is Ms Daurella's cousin.

Francisco Ruiz de la Torre Esporrín (Non-Executive Director)

Mr Ruiz de la Torre serves as a director of Olive HoldCo from November 2015 and is also director, Chief Executive Officer and managing director of Agriculturas Diversas, S.L.U., a company in the agro-food industrial sector. Mr Ruiz de la Torre has broad experience in the financial sector. Previously, he worked as senior consultant at CBRE Real Estate S.A., a leading international real estate consultancy. He has also held positions at N+1 (NMAS1DINAMIA, S.A.), a global investment banking, asset management and investment firm as well as in Arcalia Patrimonios S.V. S.A., a private banking company absorbed by Bankia S.A. (one of the largest Spanish banks) in 2012. Until his appointment as a director of Olive HoldCo, Mr Ruiz de la Torre served as a director and member of the Quality and CRS Committee of Olive.

Mario Rotllant Solá (Non-Executive Director)

Mr Rotllant serves as representative of the legal entity Vice-Chairman of Olive HoldCo; Vice-Chairman and representative of the legal entity CEO of Cobega, the Daurella family's holding company; Chairman of the North Africa Bottling Company, Coca-Cola's bottler in Morocco; a member of the Board for Equatorial Coca-Cola Bottling Company, S.L., the Coca-Cola bottler franchise for 12 African countries; Chairman of the Advisory Board of Banco Santander S.A. in Catalonia; a director of Copesco & Sefrisa (a codfish, salmon and wine production and commercial company); and Chairman and founder of Bodegas Roda (a winery in La Rioja—Spain), Chairman of Bodegas La Horra (a winery in Ribera del Duero—Spain) and director of Agrícola Aubocasser (extra virgin olive oil elaboration).

Mr Rotllant is also a member of the Executive Committee of Fomento del Trabajo Nacional (Catalan Employers Organisation), Co-Chairman of Conseil Economique Maroc-Espagne, a member of the Executive Committee of Fundació Catalunya-Marroc (Catalonia-Morocco Foundation). Until his appointment to Olive HoldCo, Mr Rotllant served as second Vice-Chairman and director of the board and member of the Executive Committee of Olive and as Chairman of the Appointment & Remuneration Committee of Olive.

Jan Bennink (Independent Non-Executive Director)

Mr Bennink was the Chairman and acting CEO of D.E. Master Blenders 1753, a coffee and tea company during 2012 and 2013. During 2011 to 2012, he was a director and Executive Chairman of Sara Lee Corporation, a food products company. From 2002 until 2007, Mr Bennink served as CEO of Royal

Numico, a baby food and clinical nutrition company. From 1997 to 2002, Mr Bennink served as President of the Dairy Division and member of the Executive Committee of Danone Group, a global producer of cultured dairy and bottled water products. Mr Bennink has also held a variety of leadership roles with Joh. A. Benckiser, a manufacturer of cleaning supplies and cosmetics, and The Procter & Gamble Company, an international consumer products company. He is a native of The Netherlands.

Mr Bennink has been a director of White since 2010. Mr Bennink previously served on the advisory board of directors of ABN AMRO Bank, a financial services company, Boots Company Plc, a retail sales company, Dalli- Werke GmbH & Co KG, a manufacturer of laundry detergent products, and Kraft Foods Inc., an international food and beverage company.

Christine Cross (Independent Non-Executive Director)

Ms Cross has owned her own consulting firm, Christine Cross Ltd, since 2003, and advises a broad range of international retail clients on strategy, marketing and business development. Ms Cross held various roles during her 14 years at Tesco, a British multinational grocery and general merchandise retailer, spending her last two years as Group Business Development Director where she was responsible for the European business expansion. In this role, Ms Cross developed new business and market plans and was in charge of valuation, transaction structures and due diligence, working with investment banks and legal advisers. Ms Cross currently sits on the board of Brambles plc, an Australian based supply chain and logistics group; Kathmandu plc, an outdoor performance wear retailer; Sonae plc, a Portugal based conglomerate operating real estate development, communication and IT services and tourism companies; Hilton Food Group plc, an international added value meat company based in the UK, and Plantasjen, a private equity owned garden superstore chain in the Nordic region. She also sits on the Board of Fenwick, a privately owned department store business.

Javier Ferrán (Independent Non-Executive Director)

Mr Ferrán has been Partner at Lion Capital, a consumer-focused private equity firm, since 2005 where he has worked with companies such as Orangina Schweppes, Picard and others. Before that, he spent over 20 years at Bacardi, culminating in serving as its Worldwide President and Chief Executive Officer and prior to this appointment he had a long tenure as President Europe. After leaving Bacardi, Mr Ferrán also served in several non-executive board positions, including the board of William Grant & Sons, a spirits company that primarily sells whiskey, from 2005 to 2015, and as a director of Desigual, a privately-owned casual clothing brand, from 2014 to 2016. He currently serves on the board of SABMiller, a multinational brewing and beverage company, and Associated British Foods, a food processing and retailing company.

L. Phillip Humann (Independent Non-Executive Director)

Mr Humann was Chairman of the Board of SunTrust Banks, Inc., a bank holding company, from March 1998 to April 2008, also serving as CEO from March 1998 until December 2006 and as President from March 1992 until December 2004.

Mr Humann has been a director of White since 1992. Mr Humann is also a director of Equifax Inc., a credit information provider, and Haverty Furniture Companies, Inc., a furniture retailer.

Orrin H. Ingram II (Independent Non-Executive Director)

Mr Ingram has been President and Chief Executive Officer of Ingram Industries Inc., a diversified products and services company, since 1999. Before that, he held various positions with Ingram Materials Company and Ingram Barge Company and was co-president of Ingram Industries from January 1996 to June 1999. Mr Ingram has been a director of White since 2008. Mr Ingram was a director of Ingram Micro Inc., a global information technology distributor, from 1996 until March 2014.

Thomas H. Johnson (Independent Non-Executive Director)

Mr Johnson has been Managing Partner of THJ Investments, L.P., a private investment firm, since November 2005. Since 2008, he has also served as Chief Executive Officer of the Taffrail Group, LLP, a private strategic advisory firm. Mr Johnson served as Chairman and Chief Executive Officer of Chesapeake Corporation, a specialty packaging manufacturer, from August 1997 to November 2005.

Mr Johnson has been a director of White since 2007. Mr Johnson is also a director of Tumi, Inc., a manufacturer and retailer of premium luggage and business accessories, and Universal Corporation, a leaf

tobacco merchant and processor. He was previously a director of GenOn Corporation and Mirant Corporation, both producers of electricity, ModusLink Global Solutions, Inc., a supply chain business process management company, and Superior Essex Inc., a wire and cable manufacturer.

Veronique Morali (Independent Non-Executive Director)

Ms Morali is the chairman of Fimalac Développement ("**Fimalac**"), the parent company of the international financial services organisation, Fitch Group, and she is Chief Officer of WEBEDIA, for the digital division of Fimalac. In addition, Ms Morali serves in the following roles at organisations within the Fitch Group: board member and vice-chairman, Fitch Group, Inc. (USA); and board member, Fimalac (SA) and Fitch, Inc. (USA). She was a director and chief operating officer of Fimalac from 1990 to 2007 and Alcatel-Lucent from 2014 to 2015. Ms Morali served from 2007 to 2013 as Chief Executive Officer of Terrafemina.com, a website designed for women, which merged with WEBEDIA. She also served four years in the French Civil Service as Inspector General at the Ministry of Finance. She is a native of France.

Ms Morali currently serves as a board member for Publicis Groupe, a French advertising and communications company, Rothschild Group, a private bank and financial institution and in 2015 joined the board of SNCF, the French national public railroad company. Ms Morali has been a director of White since 2010.

Garry Watts (Independent Non-Executive Director)

Mr Watts is Chairman of BTG plc, an international healthcare company, and Executive Chairman of Spire Healthcare group, an operator of United Kingdom-based hospitals. He was Chief Executive Officer of SSL International, a British manufacturer and distributor of healthcare products, from 2003 to November 2010. Before that, he was Chief Financial Officer of SSL International from 2001 to 2006. He is a native of Great Britain.

Mr Watts is a United Kingdom chartered accountant and served as Chief Financial Officer of Medeva plc, an international prescription pharmaceutical company, from 1996 to 2000. Prior to that he was an audit partner with KPMG LLP, an international audit, tax and advisory firm, in London. Mr Watts will continue to serve as a director of Stagecoach Group plc, a transportation company based in the UK, until July 2017, having previously served as deputy Chairman until March 2016. He is also Non-Executive Chairman of the Board of Foxtons, a public London-based real estate agency. Mr Watts has been a director of White since 2010.

Curtis R. Welling (Independent Non-Executive Director)

Mr Welling has been a member of the faculty at Dartmouth College's Amos Tuck School of Business since January 2014. He is a Senior Fellow with a dual appointment at its Center of Business and Society and Center for Global Business and Government. Mr Welling was President and Chief Executive Officer of AmeriCares Foundation, a non-profit worldwide humanitarian aid and disaster relief organisation, from 2002 until his retirement in 2013. Before that, he was Chief Executive Officer of Princeton eCom Corp, an electronic bill and payment company, and SG Cowen Securities Corporation, a securities brokerage firm, and held several executive and management positions with Bear, Stearns, and Co. and the First Boston Corporation (now Credit Suisse), financial advisory and services companies. Mr Welling was a director of Sapient Corporation, a global technology services company until 2015. Mr Welling has been a director of White since 2007.

Senior Managers

On the Completion, the Senior Managers, in addition to the Chief Executive Officer, will be as follows:

Name	Age	Position
Manik Jhangiani	50	Chief Financial Officer
Damian P. Gammell	45	Chief Operating Officer
Victor Rufart	53	Chief Integration Officer
Pamela O. Kimmet	57	Chief Human Resources Officer
Ronald J. Lewis	49	Chief Supply Chain Officer
Esat Sezer	54	Chief Information Officer
Ben Lambrecht	52	General Manager, France
Ulrik Nehammer	48	General Manager, Germany
Stephen Moorhouse	49	General Manager, Northern Europe
Leendert den Hollander	47	General Manager, Great Britain
Francisco Cosano	55	General Manager, Iberia

Manik Jhangiani (Chief Financial Officer)

Mr Jhangiani joined White in 2012 as Vice President, Finance, Europe Group, and he was promoted to Senior Vice President and Chief Financial Officer in November 2013. Prior to joining White, Mr Jhangiani had served as Group Chief Financial Officer of Bharti Enterprises Limited, in New Delhi, India, from 2009 to 2012. Beginning in 2002, he served in several finance positions with Coca-Cola Hellenic Bottling Company S.A., including Chief Financial Officer from 2004 to 2009, also assuming the responsibility of Chief Strategy Officer in 2008. Prior to 2004, he served in multiple roles of increasing responsibility within the Coca-Cola system, first joining The Coca-Cola Company in 1998.

Damian P. Gammell (Chief Operating Officer)

Mr Gammell joins Orange after serving as the Chief Operating Officer of White, a position he held since October 2015. Prior to joining White, Mr Gammell served as President and CEO of Anadolu Efes S.K. ("**Anadolu**"), a position he held since 2014, as well as Managing Director and Group President of Efes Soft Drink since 2012. Within the Anadolu group, he also served as President and Chief Executive Officer of Anadolu Beverage Group, owner of Coca-Cola Icecek from 2010 to 2013. Mr Gammell has held various roles within the Coca-Cola system, serving Coca-Cola Hellenic, Ireland, and White group commercial roles from 1991 to 1999, as Chief Executive Officer of Coca-Cola Hellenic Russia from 2000 to 2004, as Group Commercial Director for Coca-Cola Amatil from 2004 to 2005, and as CEO of Black in Germany from 2005 to 2010.

Victor Rufart (Chief Integration Officer)

Mr. Rufart joins Orange after serving as the General Manager of Olive, a position he held beginning in 2013. Prior to joining Olive, he served as General Manager of Cobega, the majority shareholder of Olive, from 2006 to 2013. He had previously held the position of finance director at Cobega, having worked in several financial roles of increasing responsibility at the company since joining in 1994.

Pamela O. Kimmet (Chief Human Resources Officer)

Ms Kimmet joined White in 2008 as Senior Vice President, Human Resources. Prior to joining White, Ms Kimmet served as senior managing director and head of global human resources for Bear, Stearns & Co. Inc. from 2006 to 2008. From 2001 to 2006 she served as Senior Vice President, Human Resources, for Lucent Technologies Inc., where, from 2000 to 2001, she had previously held the role of Vice President, Compensation, Benefits and Health Services. During the period of 1994 to 2000, Ms Kimmet held various leadership positions within the compensation and benefits department of Citibank, including that of Vice President and Director of Compensation and Benefits. Prior to joining Citibank, Ms Kimmet held positions of increasing responsibility within the human resources function of General Motors between 1980 and 1994. Ms Kimmet joined the board of directors of Manulife Financial Corporation in March 2016.

Ronald J. Lewis (Chief Supply Chain Officer)

Mr Lewis re-joined White in 2015 as Senior Vice President of Supply Chain. Previously, Mr Lewis served as Vice President, Procurement and Chief Procurement Officer for TCCC from 2011 to 2015 and from 2010 to 2011 as Senior Vice President and General Manager for the Southeast Region of its North American subsidiary, Coca-Cola Refreshments. Mr Lewis began his career in the Coca-Cola system with White, serving as Corporate Procurement Director from 2001 to 2002, Europe Group Procurement Director from 2002 to 2005, Vice President and Chief Procurement Officer from 2005 to 2008 and then as Vice President, North America Supply Chain from 2008 to 2010.

Esat Sezer (Chief Information Officer)

Mr Sezer joined White as Senior Vice President, Chief Information Officer in 2006. Prior to joining White, he served as Corporation Vice President and Chief Information Officer for Whirlpool Corporation from 2002 to 2006 and had previously served from 2001 to 2002 as its Vice President, Global Information Services. Between 1991 and 2001, Mr Sezer held several positions with increasing responsibilities within Colgate-Palmolive Co.'s global technology services function.

Ben Lambrecht (General Manager, France)

Mr Lambrecht joins Orange having served as the Vice President and General Manager of White in France since September 2013. Prior to this role, Mr Lambrecht served as Vice President and General Manager of White in Belgium, Netherlands, and Luxembourg from 2010 to 2013. Previously, he had held several commercial and operational roles since joining White in 1996, and prior to that had held several marketing roles with TCCC.

Ulrik Nehammer (General Manager, Germany)

Mr Nehammer serves as Chief Executive Officer of Black, a position he has held since 2012. Prior to this role and since joining The Coca-Cola Company in 1992, Mr Nehammer has held various management positions over the years with both The Coca-Cola Company and bottling operations in seven different countries, with responsibilities spanning more than 20 countries. After several posts in Central Europe and Asia in different management positions covering sales, distribution and marketing, Mr Nehammer joined bottler Coca-Cola Hellenic in 2001, initially as Commercial Director for Poland. He was then appointed General Manager, Poland. After that he was General Manager for Austria and Slovenia before assuming the role of General Manager of Italy.

Stephen Moorhouse (General Manager, Northern Europe)

Mr Moorhouse joins Orange after having served as the Vice President and General Manager of White Northern Europe, a position he held since 2013. Prior to this commercial leadership role, Mr Moorhouse held several supply chain roles, Vice President, Supply Chain from 2009 to 2013 and Vice President, Supply Chain, Great Britain from 2004 to 2007. Prior to joining White in 2001, he worked from 1989 to 2000 with the Swire Group, including nine years with the Coca-Cola bottler in Asia and the US.

Leendert den Hollander (General Manager, Great Britain)

Mr den Hollander joins Orange after having served as the Vice President and General Manager of White Great Britain in 2014. Prior to joining White, he served as the CEO of Young's Seafood from 2011 to 2014. Mr den Hollander served as Managing Director at Findus Group Ltd from 2010 to 2011 and Chief Marketing Officer with that company from 2009 to 2011. Earlier in his career, Mr den Hollander spent 15 years at Procter & Gamble where he worked across multiple well-known brands at country, regional and global levels, including leading its Global Household Cleaners business.

Francisco Cosano (General Manager, Iberia)

Mr Cosano serves as representative of the legal entity sole director and General Manager of Olive. He previously worked as regional commercial manager at Grupo Leche Pascual, S.A., a leading Spanish company in the dairy industry. He has also served at Anglo Española de Distribución, S.A., which was a subsidiary of the international Group Diageo, an alcoholic beverage distributor. Mr Cosano's extensive experience in The Coca-Cola System spans over 20 years. He started working at Cobega, (former bottler in Cataluña, Aragón, Baleares, Canarias and Andorra) as Commercial Manager and reached the position of

Deputy General Manager, in which role he led strategies that resulted in improvements in sales and execution of industrial operations and customer service. Mr Cosano was Chief Operations Officer of Olive for two and a half years prior to his appointment as General Manager.

Potential Conflicts of Interest

Save as set out below and as disclosed in this section of the Prospectus (*Directors, Senior Managers and Corporate Governance*) and as set out in "*Additional Information—Related Party Transactions*", there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

Sol Daurella is representative of the legal entity CEO and representative of the legal entity Chairman, as well as a shareholder of Cobega and Alfonso Líbano Daurella is a director and also representative of the CEO, as well as a shareholder of Cobega. Mario Rotllant Solá is Vice-Chairman and representative of the CEO of Cobega. The Combination includes the sale of the entire issued and outstanding share capital of Vifilfell by Cobega and Solinbar to the Orange group in exchange for cash consideration of no more than €35 million.

In addition, Cobega has a lease and administrative services agreement in place with Cobega Embotellador, a subsidiary of Olive.

Sol Daurella and Alfonso Líbano Daurella are also indirect shareholders of Grupo Norte de Distribución, S.L., a subsidiary of Cobega that has a commercial agreement with Olive for the distribution of Coca-Cola products. In addition, Sol Daurella and Alfonso Líbano Daurella are indirect shareholders of Daufood U. Lda., a subsidiary of Cobega that has a commercial agreement with Olive for the purchase of Coca-Cola products. Olive also currently has agreements in place for the supply of Coca-Cola products to the vending company Gadisven, S.A. Delivra, S.L. and Gadisven, S.A., both subsidiaries of Cobega provide equipment maintenance services to Olive.

Sol Daurella and Alfonso Líbano Daurella also hold, through Cobega, an interest in Norinvest Consumo, S.L. (**Norinvest**). Norinvest has an industrial plants lease agreement in place with Norbega S.A., a subsidiary of Olive.

Irial Finan and J. Alexander M. Douglas, Jr also currently hold, and are expected following Completion to continue to hold, various roles within (including as employees of) TCCC, which will have a commercial relationship with certain members of the Orange Group following Completion, as described elsewhere in this Prospectus.

Veronique Morali is the chairman of Fimalac Développement ("**Fimalac**"), the parent company of the international financial services organisation, Fitch Group, a financial services holding company, and she is Chief Officer of WEBEDIA, for the digital division of Fimalac. In addition, Veronique Morali serves in the following roles at organisations within the Fitch Group: board member and vice-chairman, Fitch Group, Inc. (USA); and board member, Fimalac (SA) and Fitch, Inc. (USA). The Fitch Group has previously provided rating services to White and may, in future, provide such services to Orange and the Orange group.

UK Corporate Governance Code

The Orange Board is committed to strong corporate governance and leadership, through which the strategy and objectives of the Company can be set and monitored. The governance framework of the Orange Board is set out in the Orange Articles and the Shareholders' Agreement which together regulate certain aspects of the affairs and governance of Orange as between Orange, Olive HoldCo and Red. See the sections of this Prospectus titled "*Additional Information*" for a more detailed description of the Shareholders' Agreement and the Orange Articles.

As a company with a standard listing of ordinary shares on the Official List, Orange is not obliged to comply or explain its non-compliance with the Governance Code. However, Orange will follow the Governance Code on a comply or explain basis, so that it will explain any non-compliance with the Governance Code in its annual report. Orange is a "foreign private issuer" for the purposes of the applicable rules of the NYSE and therefore intends to follow the corporate governance practices in the UK as opposed to the requirements that would otherwise apply to a domestic U.S. company listed on the NYSE.

Following Admission, Olive HoldCo and Red will be significant shareholders in the Company. Pursuant to the Shareholders' Agreement, Olive HoldCo is entitled to appoint five directors and Red two directors to the Orange Board while they (or persons connected to them) continue to hold a direct or indirect interest, in respect of Olive HoldCo, in 25 per cent. or more of the Orange Shares and, in respect of Red, in 10 per cent. or more of the Orange Shares. The first such appointees are Sol Daurella, Mario Rotllant Solá, Alfonso Líbano Daurella, José Ignacio Comenge Sánchez-Real and Francisco Ruiz de la Torre Esporrín (for Olive HoldCo) and J. Alexander M. Douglas, Jr. and Irial Finan (for Red). The remaining 10 members of the Orange Board will comprise: (a) John F. Brock, the CEO of Orange; and (b) nine independent non-executive directors ("**INEDs**"), seven of whom (Jan Bennink, L. Phillip Humann, Orrin H. Ingram, Thomas Johnson, Veronique Morali, Garry Watts and Curtis R. Welling) are former directors of White. The Corporate Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the Chairman, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. Having regard to the composition of the Orange Board, the Orange Board considers that the Company complies with the requirements of the Governance Code in this respect.

On Admission the Orange Board will comprise 17 members in total namely: (i) John F. Brock, the CEO of Orange; (ii) five directors nominated by Olive HoldCo (Sol Daurella, Mario Rotllant Solá, Alfonso Líbano Daurella, José Ignacio Comenge Sánchez-Real and Francisco Ruiz de la Torre Esporrín); (iii) two directors nominated by Red (J. Alexander M. Douglas, Jr. and Irial Finan); and (iv) nine INEDs: Jan Bennink; Christine Cross; Javier Ferrán; L. Phillip Humann; Orrin H. Ingram II; Thomas H. Johnson; Veronique Morali; Garry Watts and Curtis R. Welling (the "**Initial INEDs**"). A majority of the Orange Board will be non-U.S. citizens and not resident in the U.S. The Directors believe the Orange Board and Committees (as further described below) will provide the appropriate corporate governance balance in light of the interests of all Orange Shareholders.

Certain differences between the Company's corporate governance practices and the Governance Code

As noted above, despite not being obliged to do so, Orange will follow the Governance Code on a comply or explain basis, so that it will explain any non-compliance with the Governance Code in its annual report. However, the terms of the Shareholders' Agreement and the Orange Articles contain provisions which depart from certain recommendations of the Governance Code and a limited number of the Company's corporate practices therefore vary from the recommendations under the Governance Code. These practices are set forth below.

- The Governance Code recommends that the chairman should, on appointment, be independent. Ms Sol Daurella, the Chairman of the Orange Board nominated by Olive HoldCo, was not, at the time of appointment, independent within the meaning of the Governance Code. Ms Daurella has considerable experience and leadership skills gained as a director and chief executive officer of large institutions, public and private, in several sectors. Ms Daurella also has a deep knowledge of, and long-term commitment to, The Coca-Cola System.
- The Remuneration Committee does not have sole authority to determine the compensation of the CEO or the Chairman as recommended by the Governance Code. Rather, the terms of the compensation of the CEO and the total individual compensation of the Non-Executive Directors (including the Chairman) are determined by the entire Orange Board upon the recommendation of the Remuneration Committee. The Orange Board as a whole will determine compensation (excluding the individual whose compensation is the subject of determination) following a full and rigorous analysis and debate.
- Pursuant to the Shareholders' Agreement, for so long as Olive HoldCo's Equity Proportion is at least 15 per cent., the Remuneration Committee will be required to include at least one Olive HoldCo Nominated Director and for so long as Red's Equity Proportion is at least 10 per cent., it will be required to include at least one Red Nominated Director. The Remuneration Committee will not, therefore, be comprised solely of independent non-executive directors.

The Orange Board believes that, except as set out in the paragraphs above, the Company will on Admission be in compliance with the provisions of the Governance Code.

Committees of the Orange Board

As envisaged by the Governance Code, the Orange Board has established an Audit Committee (the "**Audit Committee**"), Nomination Committee ("**Nomination Committee**"), and Remuneration Committee ("**Remuneration Committee**"). In addition, the Orange Board has established a Corporate Social Responsibility Committee ("**Corporate Social Responsibility Committee**") and Affiliated Transaction Committee (the "**Affiliated Transaction Committee**"). If the need should arise, the Orange Board will set up additional committees as appropriate.

Audit Committee

The Company will, on Admission, comply with the requirement of Rule 7.1 of the Disclosure and Transparency Rules to have an audit committee. All members of the Audit Committee will be INEDs and at least one member, being Garry Watts, will have competence in accounting and/or auditing. On Admission the Audit Committee will be chaired by Garry Watts and the other members of the committee will be Christine Cross, Javier Ferrán, Orrin H. Ingram II and Veronique Morali.

The Company will also include a corporate governance statement in its directors' report in accordance with Disclosure and Transparency Rule 7.2.

The Audit Committee will meet at least four times a year at the appropriate intervals in the reporting and audit cycle. The primary responsibility of the Audit Committee is to oversee the Company's financial control and reporting processes on behalf of the Orange Board and to make regular recommendation and reports on its activities to the Orange Board. It focuses in particular on compliance with legal requirements, accounting standards and judgements and the rules of the FCA and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Orange Board.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, together with requirements of any quorum for and the right to attend meetings. The duties of the Audit Committee covered in the terms of reference include: financial and regulatory reporting, internal controls, internal audit, external audit, risk management and reporting responsibilities. The terms of reference also set out the authority of the committee to carry out its duties.

Remuneration Committee

The Company will, on Admission, have a Remuneration Committee. The Remuneration Committee will be chaired by INED Christine Cross and in addition currently will have two INEDs as members (Thomas H. Johnson and Garry Watts) and two other non-executive directors as members (Irial Finan and Mario Rotllant Solá). Pursuant to the Shareholders' Agreement, for so long as Olive HoldCo's Equity Proportion is at least 15 per cent., the Remuneration Committee will be required to include at least one Olive HoldCo Nominated Director and for so long as Red's Equity Proportion is at least 10 per cent., it will be required to include at least one Red Nominated Director.

The Remuneration Committee, which will meet at least three times a year at appropriate intervals, has responsibility for the recommendation of the remuneration policy for each of the Company's Chairman, CEO and Non-Executive Directors and to approve and set the remuneration for certain senior executives of the Group, including base salary, short- and long-term incentives, pension arrangements and other benefits in cash or in kind.

The terms of reference of the Remuneration Committee cover such issues as membership and frequency of meetings, together with the requirements for quorum for and the right to attend meetings. The duties of the Remuneration Committee covered in the terms of reference include: recommending and monitoring policy on (and, in respect of any applicable senior executives of the Company, setting) level of remuneration, contracts of employment, early termination, performance-related pay, pension arrangements, reporting and disclosure, share schemes and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its duties.

Nomination Committee

The Company will, on Admission, have a Nomination Committee. The Nomination Committee, will be chaired by INED L. Phillip Humann and, in addition, will initially have two INEDs as members

(Orrin H. Ingram II and Jan Bennink) and two other non-executive directors as members (Sol Daurella and Irial Finan). Pursuant to the Shareholders' Agreement, for so long as Olive HoldCo's Equity Proportion is at least 15 per cent., the Nomination Committee will be required to include at least one Olive HoldCo Nominated Director and for so long as Red's Equity Proportion is at least 10 per cent., it will be required to include at least one Red Nominated Director. The Nomination Committee will meet at least three times a year at appropriate intervals.

The Nomination Committee is responsible for considering and making recommendations to the Orange Board in respect of appointments to the Orange Board for the roles of CEO, Senior Independent Director, INEDs, and, in the circumstances where the Committee has a role in the selection of a candidate, for the role of Chairman. The Committee has no role with respect to the recommendation and appointment of nominees for directorships submitted by Olive HoldCo and Red in accordance with their respective rights under the Shareholders' Agreement and the Orange Articles. It is also responsible for keeping the composition of the Orange Board (other than the inclusion of the directors nominated by Olive HoldCo or Red) under regular review, and for making recommendations to the Board with regard to any changes necessary. The Nomination Committee also considers succession planning for directors (other than directors nominated by Olive HoldCo or Red) and other senior executives, taking into account the skills and expertise that will be needed on the Orange Board in the future.

Affiliated Transaction Committee

The Orange Board will, on Admission, have an Affiliated Transaction Committee to review, consider and make recommendations to the Orange Board with regard to any "Affiliated Transaction" as defined in the committee's terms of reference. The Affiliated Transaction Committee will have the responsibility to conduct the negotiation with the representatives of any party to an Affiliated Transaction and to engage independent advisors in respect of the Affiliated Transaction. The Affiliated Transaction Committee will be chaired by Jan Bennink and will have two INEDs as members (Curtis R. Welling and Javier Ferrán) and other non-executive directors as members (Sol Daurella and José Ignacio Comenge Sánchez-Real). A majority of the members of the Affiliated Transaction Committee will be INEDs and the chairman of the committee will also be an INED. No Red Nominated Director may be a member of the Affiliated Transaction Committee. Pursuant to the Shareholders' Agreement, for so long as Olive HoldCo's Equity Proportion is at least 15 per cent., the Affiliated Transaction Committee will be required to include at least one Olive HoldCo Nominated Director.

Corporate Social Responsibility Committee

The Company will, on Admission, have a Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee consists of five members, the majority of whom are INEDs. The initial members of the Committee will be J. Alexander M. Douglas, Jr, Curtis R. Welling, Thomas H. Johnson and Veronique Morali and the chairman will be Alfonso Líbano Daurella. Pursuant to the Shareholders' Agreement, for so long as Olive HoldCo's Equity Proportion is at least 15 per cent., the Corporate Social Responsibility Committee will be required to include at least one Olive HoldCo Nominated Director and for so long as Red's Equity Proportion is at least 10 per cent., it will be required to include at least one Red Nominated Director.

The Corporate Social Responsibility Committee will review, and make recommendations regarding, the corporate, social and environmental responsibilities and sustainability activities of the Company. Other responsibilities include considering the Company's impact on the environment, marketplace, workplace and the communities in which it operates and reviewing and making recommendations to the Orange Board with respect to the Company's policies, programmes and practices, as well as monitoring and reviewing public policy issues which could affect the Company. The Corporate Social Responsibility Committee is not a requirement of the Governance Code but is considered best practice by the Orange Board. The Corporate Social Responsibility Committee will meet at least three times a year at appropriate intervals.

Internal controls and risk management

The Orange Board has overall responsibility for the Company's system of internal control and for reviewing its adequacy and effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and aims to provide reasonable but not absolute assurance against material misstatement. In order to discharge that responsibility in a manner that ensures

compliance with laws and regulations and promote effective and efficient operations, the Orange Board has established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.

The Audit Committee reviews the adequacy and effectiveness of the Company's internal control policies and procedures for the identification, assessment and reporting of risks.

Internal control procedures

The Company's internal control procedures include Orange Board approval for significant projects, transactions and corporate actions. All major expenditures require either senior management or Orange Board approval at the appropriate stages of each transaction. A system of regular reporting covering both technical progress of such matters and the state of the Company's financial affairs provides appropriate information to management to facilitate control. The Orange Board reviews, identifies, evaluates and manages the significant risks that face the Company.

Share dealing code

Orange has adopted, with effect from Admission, a Policy on Share Dealing which includes a code of securities dealings in relation to the Orange Shares which is based on the model code as published in the Listing Rules. Such securities dealing code, together with the Policy on Control of Inside Information that Orange has adopted, also satisfies the requirements of article 225.2 of the Restated Text of the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, dated 23 October 2015. The code adopted will apply to the Directors and other relevant employees of the Combined Group.

TAXATION

Taxation in the United Kingdom, the Netherlands and Spain

The following statements are intended only as a general guide to certain UK, Dutch and Spanish tax considerations and do not purport to be a complete analysis of all potential UK, Dutch and Spanish tax consequences of holding or disposing of Orange Shares. They are based on current or announced UK, Dutch and Spanish tax law as applied by the UK, Dutch or Spanish courts (as appropriate) and what is understood to be the current practice and interpretations of the relevant tax authorities as at the date of this Prospectus, both of which may change, possibly with retroactive effect. They have been prepared on the basis that the Company is resident for tax purposes solely in the UK.

The statements are intended as a general guide only and do not constitute legal or tax advice. Holders of Orange Shares who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK, the Netherlands or Spain are strongly recommended to consult their own professional advisers.

Taxation in the United Kingdom

General

The following statements relate only to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of Non-UK Holders (as defined below)), who hold their Orange Shares as an investment (other than in an individual savings account or a self-invested personal pension) and who are the absolute beneficial owner of both the Orange Shares and any dividends paid on them. Such Shareholders are referred to below as "**UK Holders**". References in this paragraph and below to "**Non-UK Holders**" are to persons who are not resident for tax purposes in the UK, have not within the past five years been resident, or ordinarily resident, for tax purposes in the UK and are not carrying on a trade, profession or vocation in the UK. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

Taxation of dividends

The Company will not be required to withhold UK tax at source from dividend payments it makes, irrespective of the residence or particular circumstances of the Orange Shareholder receiving such dividend payment.

UK Holders—individuals

Provisions announced in the UK Summer Budget 2015 and contained in the Finance Bill published by HM Government on 24 March 2016 will, if passed by Parliament, change the UK tax treatment of dividends in the hands of individual UK Holders.

General

Assuming that the Finance Bill provisions published by HM Government on 24 March 2016 are duly enacted, the general tax treatment of dividends paid by the Company to individual UK Holders will be as follows:

- all dividends received by an individual UK Holder from the Company (or from other sources) will form part of the shareholder's total income for income tax purposes and will represent the highest part of that income;
- a nil rate of income tax will apply to the first £5,000 of taxable dividend income received by an individual UK Holder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income;
- any taxable dividend income received by an individual UK Holder in a tax year in excess of the Nil Rate Amount will be taxed at a special rate, as set out below;
- any such tax will be applied to the amount of the dividend income actually received by individual UK Holder; and
- dividends paid by the Company will not carry a tax credit.

Dividend income in excess of the Nil Rate Amount

Where an individual UK Holder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will be subject to income tax:

- at the rate of 7.5 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
- at the rate of 32.5 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the shareholder's total income for income tax purposes.

UK Holders—corporates

A corporate U.K Holder which is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

Other corporate UK Holders will not be subject to UK corporation tax on any dividend received from the Company so long as the dividend falls within an exempt class and certain conditions are met (including anti-avoidance conditions). For example, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the Company's assets on its winding up, and (ii) dividends paid to a person holding less than a 10 per cent. interest in the Company, should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied for such a corporate UK Holder, or if such a corporate UK Holder elects for an otherwise exempt dividend to be taxable, that corporate UK Holder will be subject to UK corporation tax on dividends received from the Company at the rate of corporation tax applicable to that corporate UK Holder (currently 20 per cent.).

Non-UK Holders

Non-UK Holders may be subject to taxation on dividend income under their local law. Non-UK Holders should consult their own tax advisers concerning their tax liabilities (in the UK and any other country) on dividends received from the Company.

Taxation of disposals

UK Holders—individuals

A disposal or deemed disposal of Orange Shares by an individual UK Holder may, depending on their circumstances and subject to any available exemptions and reliefs (such as the annual exempt amount for individuals, as discussed below), give rise to a capital gain or an allowable loss for the purposes of UK capital gains tax.

The applicable rate for an individual UK Holder who is subject to income tax at a rate or rates not exceeding the basic rate and becomes liable to UK capital gains tax on the disposal or deemed disposal of Orange Shares is 10 per cent. Where an individual UK Holder is subject to income tax at either the higher or the additional rate, or to the extent that any gain on the disposal or deemed disposal takes such an individual's aggregate income and gains over the higher rate threshold, the applicable rate will be 20 per cent. Individual UK Holders are, for each tax year, entitled to an annual exemption from capital gains tax for a specified amount of gains realised in that tax year. The annual exempt amount for the tax year to 5 April 2017 is £11,100.

UK Holders—corporates

A disposal or deemed disposal of Orange Shares by a corporate UK Holder may, subject to any available exemptions and reliefs (such as indexation allowance), give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax on chargeable gains. The applicable rate for a corporate UK Holder which becomes liable to UK corporation tax on chargeable gains on the disposal or deemed disposal of Orange Shares is 20 per cent.

Non-UK Holders

Non-UK Holders are generally not subject to UK taxation on capital gains or chargeable gains. They may, however, be subject to taxation under their local law. However, if such a Non-UK Holder were to carry on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Orange Shareholder, a permanent establishment) to which the Orange Shares are attributable, they would be subject to the same rules that apply to UK Holders.

Generally, an individual Orange Shareholder who has ceased to be resident in the UK for tax purposes for a period of five full tax years or fewer and who disposes, or is deemed to dispose, of their Orange Shares during that period may, on their return to the UK, be liable to UK taxation on any capital gain realised on that disposal (subject to any available exemption or relief). Special rules apply to Orange Shareholders who are subject to tax on a "split-year" basis. Such Orange Shareholders should seek specific professional advice if they are in any doubt about their position.

Transfer taxes and duties

The following statements are intended as a general guide to the current position relating to UK stamp duty and SDRT on the issuance and transfer of Orange Shares, and apply to any holders of Orange Shares irrespective of their place of tax residence. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt arrangements and clearance services, may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for such tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Ordinary Shares to be issued in connection with the Merger

Orange expects that, upon the Completion, Orange Shares to be issued in connection with the Merger will be eligible for deposit and clearing within the DTC clearance system. Under current UK legislation, where UK shares are issued to, or to a nominee for, a person (such as DTC) whose business is or includes the provision of clearance services for the purchase and sale of such shares, SDRT will generally be payable at 1.5 per cent. of the issue price of such shares. Following litigation, HMRC has confirmed in its published guidance that it will no longer seek to impose the 1.5 per cent. SDRT charge on issuances of UK shares to clearance services anywhere in the world, on the basis that the charge is not compatible with EU law. Accordingly, the parties have obtained a formal clearance from HMRC that it will not seek to impose the 1.5 per cent. SDRT charge on the Orange Shares to be issued in connection with the Merger.

While Orange Shares are held within the DTC clearance system, provided that DTC satisfies various conditions specified in UK legislation, electronic book-entry transfers of such shares should not be subject to UK stamp duty and agreements to transfer such shares should not be subject to SDRT. The parties have obtained confirmation of this position by way of formal clearance by HMRC. Likewise, transfers of, or agreements to transfer, such Orange Shares from the DTC clearance system into another clearance system (or into a depositary receipt system) should not, provided that the other clearance system or depositary receipt system satisfies various conditions specified in UK legislation, be subject to UK stamp duty or SDRT.

In the event that Orange Shares have left the DTC clearance system otherwise than into another clearance system or depositary receipt system, any subsequent transfer of, or agreement to transfer, such Orange Shares may, subject to any available exemption or relief, be subject to UK stamp duty or SDRT at a rate of 0.5 per cent. of the consideration for such transfer or agreement. Any such UK stamp duty or SDRT will generally be payable by the transferee and must be paid (and any relevant transfer document stamped by HMRC) before the transfer can be registered in the books of Orange.

In the event that Orange Shares which have left the DTC clearance system otherwise than into another clearance system or depositary receipt system are subsequently transferred back into a clearance system or depositary receipt system, such transfer, or agreement to transfer, may, subject to any available exemption

or relief, be subject to UK stamp duty or SDRT at a rate of 1.5 per cent. of the consideration for such transfer (or, where there is no such consideration, 1.5 per cent. of the value of such Orange Shares).

CREST depository interests representing Orange Shares ("CDIs") transferred through the CREST settlement system

HMRC has confirmed that no stamp duty charge will arise on the issue or electronic transfer of CDIs over Orange shares. HMRC has also confirmed that no SDRT charge will arise on the issue of such CDIs or, provided that the Orange shares in respect of which such CDIs are issued continue to be held within DTC, on agreements to transfer such CDIs.

Taxation in the Netherlands

General

For Dutch tax purposes, an Orange Shareholder may include an individual who, or an entity that, does not have legal title to the Orange Shares, but to whom nevertheless the Orange Shares, or the income thereof, are attributed based either on such individual or entity owning a beneficial interest in the Orange Shares or the income thereof or based on specific statutory provisions. These include statutory provisions pursuant to which Orange Shares are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Orange Shares.

Any reference in this paragraph to Dutch taxes, Dutch tax or Dutch tax law must be construed as a reference to taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

The description of certain Dutch tax consequences in this paragraph is only intended for Orange Shareholders who are (i) individuals who are resident in the Netherlands for Dutch income tax purposes (a "**Dutch Individual**") or (ii) entities that are subject to Dutch corporate income tax pursuant to the Dutch Corporate Income Tax Act 1969 ("CITA") and are resident in the Netherlands for corporate income tax purposes (a "**Dutch Corporate**" and, together with a Dutch Individual, "**Dutch Holders**"). Orange Shareholders who are neither a Dutch Individual nor a Dutch Corporate are referred to in this section as "**Non-Dutch Holders**".

This section does not describe the possible Dutch tax considerations or consequences that may be relevant to an Orange Shareholder:

- who is an individual and for whom the income or capital gains derived from the Orange Shares are attributable to employment activities, the income from which is taxable in the Netherlands;
- who, or that has, a substantial interest (*aanmerkelijk belang*) or fictitious substantial interest (*fictief aanmerkelijk belang*) in the Company within the meaning of chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);
- that is an entity which is, pursuant to the CITA, not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as a qualifying pension fund);
- that is an investment institution (*beleggingsinstelling*) as described in article 6a or 28 CITA; or
- that is entitled to the participation exemption (*deelnemingsvrijstelling*) with respect to the Orange Shares (as defined in article 13 CITA).

Taxation of dividends

An Orange Shareholder will not be subject to Dutch dividend withholding tax on dividends distributed by the Company.

Dutch Holders—individuals engaged in an enterprise or in miscellaneous activities

A Dutch Individual is generally subject to income tax at progressive rates with a maximum of 52 per cent. with respect to any benefits derived from the Orange Shares, including any dividends received, that are either attributable to: an enterprise from which a Dutch Individual derives profits, whether (i) as an entrepreneur (*ondernemer*) or (ii) pursuant to a co-entitlement to the net worth of such enterprise, other than as an entrepreneur or a shareholder; or miscellaneous activities (*resultaat uit overige werkzaamheden*),

including, without limitation, activities which are beyond the scope of regular, active portfolio investment management (*meer dan normaal actief vermogensbeheer*).

Dutch Holders—other Dutch individuals

Generally, the Orange Shares held by a Dutch Individual who is not engaged in an enterprise or in miscellaneous activities will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income and capital gains realized, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Orange Shares, is set at a fixed amount insofar as this amount exceeds a certain threshold (*heffingvrij vermogen*). The fixed amount equals 4 per cent. of the fair market value of the assets reduced by the liabilities, and is measured exclusively at the beginning of every calendar year. This fixed amount is subject to a 30 per cent. flat rate.

Pursuant to the Dutch Tax Bill 2016, as adopted on 22 December 2015, the regime for savings and investments will be amended as of 1 January 2017.

Dutch Holders—Dutch Corporates

A Dutch Corporate is generally subject to corporate income tax at the statutory rate of 25 per cent. with respect to any benefits, including any dividends, derived or deemed to be derived from the Orange Shares. A reduced rate of 20 per cent. applies to the first €200,000 of taxable profits.

Dutch Holders—Non-Dutch Holders

A Non-Dutch Holder will not be subject to any Dutch taxes on income in respect of on dividends received from the Company, except if:

- the Non-Dutch Holder, whether an individual or not, derives profits from an enterprise to which Orange Shares are attributable, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands;
- the Non-Dutch Holder is an individual and derives benefits from miscellaneous activities carried out in the Netherlands in respect of the Orange Shares, including (without limitation) activities which are beyond the scope of active portfolio investment activities;
- the Non-Dutch Holder is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise Orange Shares are attributable; or
- the Non-Dutch Holder is an individual and is entitled to a share in the profits of an enterprise, other than by way of securities, that is effectively managed in the Netherlands and to which Orange Shares are attributable.

Under certain specific circumstances, Dutch taxation rights could be restricted pursuant to treaties for the avoidance of double taxation.

Taxation of disposals

Dutch Holders—Dutch Individuals engaged in an enterprise or in miscellaneous activities

A Dutch Individual is generally subject to income tax at progressive rates with a maximum of 52 per cent. with respect to any benefits derived from the Orange Shares, including any capital gains realized on the disposal thereof, that are either attributable to: an enterprise from which a Dutch Individual derives profits, whether (i) as an entrepreneur (*ondernemer*) or (ii) pursuant to a co-entitlement to the net worth of such enterprise, other than as an entrepreneur or a shareholder; or miscellaneous activities (*resultaat uit overige werkzaamheden*), including, without limitation, activities which are beyond the scope of regular, active portfolio investment management (*meer dan normaal actief vermogensbeheer*).

Dutch Holders—other Dutch Individuals

Generally, the Orange Shares held by a Dutch Individual who is not engaged in an enterprise or in miscellaneous activities will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income and capital gains realized, the annual taxable benefit of all the

assets and liabilities of a Dutch Individual that are taxed under this regime, including the Orange Shares, is set at a fixed amount insofar as this amount exceeds a certain threshold (*heffingvrij vermogen*). The fixed amount equals 4 per cent. of the fair market value of the assets reduced by the liabilities, and is measured exclusively at the beginning of every calendar year. This fixed amount is subject to a 30 per cent. flat rate.

Pursuant to the Dutch Tax Bill 2016, as adopted on 22 December 2015, the regime for savings and investments will be amended as of 1 January 2017.

Dutch Holders—Dutch Corporates

A Dutch Corporate is generally subject to corporate income tax at the statutory rate of 25 per cent. with respect to any benefits derived or deemed to be derived from the Orange Shares, including any capital gains realized on the disposal thereof. A reduced rate of 20 per cent. applies to the first €200,000 of taxable profits.

Non-Dutch Holders

A Non-Dutch Holder will not be subject to any Dutch taxes on income or capital or chargeable gains in respect of the disposal of Orange Shares, except if:

- the Non-Dutch Holder, whether an individual or not, derives profits from an enterprise to which Orange Shares are attributable, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands;
- the Non-Dutch Holder is an individual and derives benefits from miscellaneous activities carried out in the Netherlands in respect of the Orange Shares, including (without limitation) activities which are beyond the scope of active portfolio investment activities;
- the Non-Dutch Holder is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise Orange Shares are attributable; or
- the Non-Dutch Holder is an individual and is entitled to a share in the profits of an enterprise, other than by way of securities, that is effectively managed in the Netherlands and to which Orange Shares are attributable.

Under certain specific circumstances, Dutch taxation rights could be restricted pursuant to treaties for the avoidance of double taxation.

Transfer taxes and duties

No Dutch transfer tax or Dutch taxes of a documentary nature, such as stamp or registration tax or duty, are payable by or on behalf of an Orange Shareholder by reason only of the issue, acquisition or transfer of the Orange Shares.

Taxation in Spain

General

References below to "**Spanish Holders**" are to individuals and corporates who are beneficial owners of Orange Shares and resident in Spain for tax purposes. Orange Shareholders who are not so resident are referred to in this section as "**Non-Spanish Holders**". This tax section does not address the Spanish tax consequences applicable to partnerships or other entities that are taxed as "look through" entities (such as trusts or estates) and does not cover all possible tax consequences of the transactions for all shareholders, some of whom (such as financial institutions, collective investment schemes, co-operatives etc.) may be subject to special rules.

Similarly, this information does not take into account specific regulations established in Navarra or in the historic territories of the Basque Country or the specialties in place in other autonomous communities of Spain (including the cities of Ceuta and Melilla).

For the purpose of this section, it is assumed that the value of the total assets of the Company does not derive more than 50 per cent., directly or indirectly, from immovable property situated in either UK or Spain.

Taxation of dividends

Spanish Holders—individuals

In accordance with the Spanish Income Tax on Individuals (*Impuesto sobre la Renta de las Personas Físicas* ("**IIT**")) Law (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) ("**IIT Law**"), income received by an individual Spanish Holder in the form of dividends, shares in profits, consideration paid for attendance at shareholders' meetings, income from the creation or assignment of rights of use or enjoyment of the Orange Shares and any other income received in his or her capacity as shareholder are considered to be gross capital income.

Administration and custody expenses are deductible from an individual Spanish Holder's gross capital income for IIT, except those incurred in individualised portfolio management. Capital income (being gross capital income less allowable deductions) is allocated to the Spanish Holder's savings IIT taxable base, which is taxed at a flat rate of 19 per cent for the first €6,000, 21 per cent. between €6,000.01 and €50,000, and 23 per cent. for any amount in excess of €50,000.

Spanish Holders—corporates

According to the Spanish Corporate Income Tax (*Impuesto sobre Sociedades* ("***CIT***")) Law (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) ("**CIT Law**"), dividends deriving from the Orange Shares or a share of Orange profits received by corporate Spanish Holders, reduced by any expenses inherent to holding the Orange Shares, are included in the CIT taxable base in accordance with article 10 of the CIT Law. The general CIT tax rate is currently 25 per cent. for tax periods commencing as from 1 January 2016.

However, pursuant to the provisions set forth under article 21 of the CIT Law, corporate Spanish Holders (i) holding at least 5 per cent. of the share capital of the Company or with a tax basis of more than €20 million, and (ii) whose participation is held during at least one year (either prior to or after the dividend deriving from the Orange Shares is received), may benefit from an exemption from CIT in Spain on dividends deriving from the Orange Shares, provided the rest of conditions of article 21 CIT Law are met.

Non-Spanish Holders

Non-Spanish Holders are not subject to Spanish taxes on dividends received from the Company.

Taxation of disposals

Spanish Holders—individuals

Transfers of Orange Shares may trigger capital gains or losses. The taxable amount equals the difference between the Orange Shares' tax basis and their transfer value; Spanish IIT Law considers as transfer value the listed value of the Orange Shares as of the transfer date or, if higher, the agreed transfer price. Costs and expenses and taxes effectively borne on the acquisition and disposal of the Orange Shares are taken into account for the calculation.

Capital gains or losses arising from the transfer of Orange Shares are included in the individual's savings IIT taxable base corresponding to the period when the transfer takes place. Savings IIT taxable base is taxed at a flat rate of 19 per cent. for the first €6,000, 21 per cent. between €6,000.01 and €50,000 and 23 per cent. for any amount in excess of €50,000.

Where the taxpayer owns other equivalent securities, the acquisition price of the transferred shares is based on the principle that those acquired first are deemed to be sold first.

Losses deriving from the transfer of shares admitted to trading on certain official stock exchanges are disregarded if securities of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, capital losses

will be included in the IIT taxable base when the transfer of the remaining such securities of the taxpayer takes place.

Spanish Holders—corporates

The gain or loss deriving from the transfer of the Orange Shares by a corporate Spanish Holder is included in the tax base of CIT taxpayers, being taxed generally at a rate of 25 per cent.

However, should the requirements set forth under article 21 of the CIT Law be fulfilled, any gain deriving from the transfer of the Orange Shares by a corporate Spanish Holder would be exempt from Spanish CIT. Notwithstanding the aforementioned, the participation requirement must be met when the transfer of the shares takes place. If the corporate Spanish Holder transfers securities that fulfil these requirements at a loss and subsequently acquires securities of the same kind, the eventual capital gain obtained in subsequent transfers will only be exempt for the part that exceeds the capital loss previously obtained. In addition, if the corporate Spanish Holder has received exempt dividends and subsequently transfers the shares at a loss, this loss will only be tax-deductible in the amount it exceeds the exempt dividends already received.

If the acquirer of the Orange Shares is an entity within the same group of companies of the transferor pursuant to article 42 of the Spanish Commercial Code, any losses triggered are not CIT deductible until (i) the Orange Shares are transferred to a third party, alien to the corresponding group of companies or (ii) the acquirer or the transferor leaves the corresponding group of companies.

The impairment of the Orange Shares is not deductible for CIT purposes.

Non-Spanish Holders

Non-Spanish Holders are not subject to Spanish taxes on capital or chargeable gains derived from the disposal of Orange Shares by such Non-Spanish Holders.

Transfer taxes and duties

The acquisition of the Orange Shares and any subsequent transfer thereof are not subject to Spanish transfer tax or stamp duty ("*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*") or Spanish value added tax ("*Impuesto sobre el Valor Añadido*").

Taxation in the United States

U.S. federal income tax consequences of the Combination Transaction

The following is a general discussion of the material U.S. federal income tax consequences of the Combination Transactions to White and Orange and the material U.S. federal income tax consequences of the Merger to U.S. Holders and Non-U.S. Holders (each as defined below) of White Common Stock and the subsequent ownership and disposition of Orange Shares received by such holders in the Merger.

This discussion is based on provisions of the Code, the U.S. Treasury Regulations promulgated thereunder (whether final, temporary, or proposed), administrative rulings of the IRS, judicial decisions, and the Tax Treaty, all as in effect on the date hereof, and all of which are subject to differing interpretations or change, possibly with retroactive effect. This discussion does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a holder as a result of the Merger and the Combination Transactions or as a result of the ownership and disposition of Orange Shares. In addition, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular holders nor does it take into account the individual facts and circumstances of any particular holder that may affect the U.S. federal income tax consequences to such holder, and accordingly, is not intended to be, and should not be construed as, tax advice. This discussion does not address the U.S. federal 3.8 per cent. Medicare tax imposed on certain net investment income or any aspects of U.S. federal taxation other than those pertaining to the income tax, nor does it address any tax consequences arising under any U.S. state and local, or non-U.S. tax laws. Holders should consult their tax advisors regarding such tax consequences in light of their particular circumstances. No ruling has been requested or will be obtained from the IRS regarding the U.S. federal income tax consequences of the Merger, the Combination Transactions or any other related matter; thus, there can be no assurance that the IRS will not challenge the U.S. federal income tax treatment described below or that, if challenged, such treatment will be sustained by a court.

This summary is limited to considerations relevant to U.S. Holders and Non-U.S. Holders that hold White Common Stock, and, after the closing of the Merger, Orange Shares, as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to holders in light of their individual circumstances, including holders subject to special treatment under the U.S. tax laws, such as, for example:

- banks or other financial institutions, underwriters, or insurance companies;
- traders in securities who elect to apply a mark-to-market method of accounting;
- real estate investment trusts and regulated investment companies;
- tax-exempt organisations, qualified retirement plans, individual retirement accounts, or other tax deferred accounts;
- expatriates or former long-term residents of the United States;
- partnerships or other pass-through entities or investors in such entities;
- dealers or traders in securities, commodities or currencies;
- grantor trusts;
- persons subject to the alternative minimum tax;
- U.S. persons whose "functional currency" is not the U.S. Dollar;
- persons who received White Common Stock shares through the issuance of restricted stock under an equity incentive plan or through a tax-qualified retirement plan or otherwise as compensation;
- persons who own (directly or through attribution) 5 per cent. or more (by vote or value) of the outstanding White Common Stock, or, after the Merger, the outstanding Orange Shares; or
- holders holding White Common Stock, or, after the Merger, Orange Shares, as a position in a "straddle," as part of a "synthetic security" or "hedge," as part of a "conversion transaction," or other integrated investment or risk reduction transaction.

As used in this prospectus, the term "**U.S. Holder**" means a beneficial owner Orange Shares received in the Merger, that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) that is created or organised in or under the laws of the United States or any State thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) if 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 (ii) that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

For purposes of this discussion, a "**Non-U.S. Holder**" means a beneficial owner of Orange Shares received in the Merger, that is neither a U.S. Holder nor a partnership (or an entity or arrangement treated as a partnership) for U.S. federal income tax purposes.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds Orange Shares received in the Merger, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. A holder that is a partnership and the partners in such partnership should consult their tax advisors with regard to the U.S. federal income tax consequences of the Merger and the subsequent ownership and disposition of Orange Shares received in the Merger.

THIS SUMMARY DOES NOT PURPORT TO BE A COMPREHENSIVE ANALYSIS OR DESCRIPTION OF ALL POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE COMBINATION. SHAREHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE COMBINATION TRANSACTIONS, INCLUDING THE MERGER, AND OF THE OWNERSHIP AND DISPOSITION OF ORANGE SHARES, INCLUDING THE APPLICABILITY AND EFFECTS OF U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX LAWS.

U.S. Federal Income Tax Consequences of the Combination Transactions to White and Orange

U.S. Federal Withholding Tax Consequences of the Merger to Orange

As discussed below, under current law Orange should be treated as a non-U.S. corporation for U.S. federal income tax purposes. If, as described below, the Merger qualifies as a reorganization under section 368(a) of the Code and section 367(a) of the Code does not apply, then Orange should be treated as receiving a distribution from US HoldCo immediately prior to the Merger. This deemed distribution should be treated as a taxable dividend to Orange to the extent of US HoldCo's current and accumulated earnings and profits for the year of the deemed distribution (which should include the accumulated earnings and profits of White from such year and years prior to the year of the deemed distribution) and should be subject to U.S. withholding tax (at a rate of 5 per cent.) in accordance with the Tax Treaty. The amount of US HoldCo's and White's current and accumulated earnings and profits for the year of the deemed distribution (which is expected to be the 2016 calendar year) is uncertain, but could be substantial. Notwithstanding the foregoing, if it is determined that section 367(a) of the Code applies because the U.S. shareholders gain amount exceeds the Orange income amount (as those terms are defined below), the deemed distribution and U.S. withholding tax rules would not apply to Orange.

Tax Residence of Orange for U.S. Federal Income Tax Purposes

Under current U.S. federal income tax law, a corporation generally will be considered to be a tax resident for U.S. federal income tax purposes in its country of organisation or incorporation. Accordingly, under generally applicable U.S. federal income tax rules, Orange, which is incorporated under the laws of England and Wales, would be classified as a non-U.S. corporation (and, therefore, not a U.S. tax resident) for U.S. federal income tax purposes. Section 7874 of the Code, however, contains rules that may cause a non-U.S. corporation to be treated as a U.S. corporation for U.S. federal income tax purposes. These rules are, however, complex and there is limited guidance as to their application.

Under section 7874 of the Code, a corporation created or organised outside the United States (i.e., a non-U.S. corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes (and, therefore, a U.S. tax resident subject to U.S. federal income tax on its worldwide income) if each of the following three conditions are met: (i) the non-U.S. corporation acquires, directly or indirectly, substantially all of the assets held, directly or indirectly, by a U.S. corporation (including through the direct or indirect acquisition of all of the outstanding shares of the U.S. corporation); (ii) after the acquisition, the non-U.S. corporation's "expanded affiliated group" does not have substantial business activities in the non-U.S. corporation's country of organisation or incorporation relative to the expanded affiliated group's worldwide activities (as determined under the U.S. Treasury Regulations); and (iii) after the acquisition, the former stockholders of the U.S. corporation hold at least 80 per cent. (by either vote or value) of the shares of the non-U.S. acquiring corporation by reason of holding shares of the U.S. corporation (which includes the receipt of the non-U.S. corporation's shares in the acquisition) (as determined for purposes of section 7874 of the Code), which requirement is referred to in this prospectus as the "**Ownership Test**".

For purposes of section 7874 of the Code, Orange will acquire indirectly all of the assets of White through the Merger, and Orange, including its expanded affiliated group, may not have substantial business activities in the United Kingdom within the meaning of section 7874 of the Code upon the Completion. As a result, the application of section 7874 of the Code to the Combination Transactions should depend on the satisfaction of the Ownership Test.

As mentioned above, for purposes of the Ownership Test, with respect to the Combination Transactions, the Section 7874 Percentage is the percentage (by vote or value) of the Orange Shares considered held (for purposes of section 7874 of the Code) by former White Shareholders immediately after the Combination Transactions by reason of holding White Common Stock.

Ownership for purposes of section 7874 of the Code is subject to various adjustments under the Code and the U.S. Treasury Regulations promulgated thereunder, and there is limited guidance regarding section 7874 of the Code, including with respect to the application of the Ownership Test and, as such, determining the Section 7874 Percentage is complex and is subject to factual and legal uncertainties. For example, the U.S. Treasury recently issued temporary U.S. Treasury Regulations that disregard, for purposes of determining the Section 7874 Percentage, certain non-ordinary course distributions made by White during the 36 months preceding the Completion, including any transfer of cash to White Shareholders in connection with the Combination Transactions to the extent such cash is directly or indirectly provided by White. The U.S. Treasury also issued temporary U.S. Treasury Regulations that disregard, for purposes of determining the Section 7874 Percentage, certain Orange Shares held by Red or Olive HoldCo if the Section 7874 Percentage equals or exceeds 60 per cent. Although such U.S. Treasury Regulations have been issued in temporary form, they are effective as issued, and will apply in full to transactions such as the Combination. Such U.S. Treasury Regulations likely have the effect of increasing the Section 7874 Percentage. In addition, although it is anticipated that the Section 7874 Percentage should be less than 60 per cent., in the event that the Section 7874 Percentage equals or exceeds 60 per cent. prior to the application of the rules that could disregard certain Orange Shares held by Red or Olive HoldCo, these U.S. Treasury Regulations could, and would be expected to, increase the Section 7874 Percentage to 80 per cent. or greater and, in such a case, Orange would be treated as a U.S. corporation for U.S. federal income tax purposes.

Based on the rules for determining share ownership under section 7874 of the Code and the U.S. Treasury Regulations promulgated thereunder, and certain factual assumptions, after the Merger, the Section 7874 Percentage should be less than 60 per cent. and Orange should therefore be treated as a non-U.S. corporation for U.S. federal income tax purposes. However, whether the Ownership Test has been satisfied must be finally determined after the Completion, by which time there could be adverse changes to the relevant facts and circumstances. The obligation of White to close the Merger is conditioned upon, among other things, receipt of an opinion from its tax counsel, based upon certain facts, representations and assumptions set forth in such opinion, and dated the date the Merger is closed, to the effect that Orange should not be treated as a U.S. corporation for U.S. federal income tax purposes. However, there can be no assurance that the IRS will agree with the position that Orange should not be treated as a U.S. corporation for U.S. federal income tax purposes.

Any changes to the rules in section 7874 of the Code or the U.S. Treasury Regulations promulgated thereunder, or other changes in law, which could be made retroactively effective, could adversely affect Orange's status as a non-U.S. corporation for U.S. federal income tax purposes, possibly with retroactive effect. Thus, there can be no assurance that the IRS will agree with the position that Orange should be treated as a non-U.S. corporation for U.S. federal income tax purposes following the Combination Transactions.

If Orange were to be treated as a U.S. corporation for U.S. federal income tax purposes, it could be subject to liability for substantial U.S. income taxes. The remainder of this discussion assumes that Orange will not be treated as a U.S. corporation for U.S. federal income tax purposes under section 7874 of the Code.

Utilization of White's (and its U.S. Affiliates') Tax Attributes and Ability to Restructure

Following the acquisition of a U.S. corporation by a non-U.S. corporation, section 7874 of the Code can limit the ability of the acquired U.S. corporation and its U.S. affiliates to utilize certain U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions. Specifically, if (i) the non-U.S. corporation acquires, directly or indirectly, substantially all of the assets held, directly or indirectly, by the U.S. corporation (including through the direct or indirect acquisition of all of the outstanding shares of the U.S. corporation), (ii) after the acquisition, the non-U.S. corporation's "expanded affiliated group" does not have substantial business activities in the non-U.S. corporation's country of organisation or incorporation relative to the expanded affiliated group's worldwide activities (as determined under the U.S. Treasury Regulations), and (iii) after the acquisition, the Section 7874 Percentage is at least 60 per cent. (but less than 80 per cent.), then the taxable income of the U.S. corporation (and any U.S. person related to the U.S. corporation) for any given year, within a period beginning on the first date the U.S. corporation's properties were acquired and ending 10 years after the last date the U.S. corporation's properties were acquired, will be no less than that person's "inversion gain" for that taxable year. A person's inversion gain includes gain from the transfer of shares or any other property (other than property held for sale to customers) and income from the license of any property that is either transferred or licensed as part of the acquisition or after the acquisition to a

non-U.S. related person. In addition, the IRS recently issued temporary U.S. Treasury Regulations, which, in that situation, may broaden the definition of "inversion gain" and may limit the ability to restructure the non-U.S. members of the U.S. corporation's tax group or access cash earned in the U.S. corporation's non-U.S. subsidiaries.

Based on the rules for determining share ownership under section 7874 of the Code and the U.S. Treasury Regulations promulgated thereunder, and certain factual assumptions, it is anticipated that the Section 7874 Percentage should be less than 60 per cent. As a result, U.S. members of the Orange group are not expected to be subjected to the limitations under section 7874 of the Code on the utilization of certain U.S. tax attributes. In the event that Orange is treated as a U.S. corporation for U.S. federal income tax purposes, the limitations under section 7874 of the Code with respect to the utilization of certain U.S. tax attributes would not apply to the U.S. members of the Orange group. The obligation of White to close the Merger is conditioned upon, among other things, receipt of an opinion from its tax counsel, based upon certain facts, representations and assumptions set forth in such opinion, and dated the date the Merger is closed, to the effect that Orange should not be subject to such limitations. However, there can be no assurance that the IRS will agree with the position that the Section 7874 Percentage is less than 60 per cent.

U.S. Federal Income Tax Consequences of the Merger to White Shareholders

U.S. Federal Income Tax Consequences of the Merger to U.S. Holders

The Merger is intended to qualify as a "reorganisation" within the meaning of section 368(a) of the Code. However, it is expected that Orange should be respected as a non-U.S. corporation for U.S. federal income tax purposes. In such event, notwithstanding the fact that the Merger will qualify as a reorganization, it is expected that special rules contained in section 367(a) of the Code and the U.S. Treasury Regulations promulgated thereunder will require that U.S. Holders exchanging White Common Stock for Orange Shares in the Merger recognise gain, if any, but not loss on such exchange. The amount of gain recognised will equal the excess, if any, of the sum of the fair market value of the Stock Consideration and the amount of Cash Consideration received in the Merger over the U.S. Holder's adjusted tax basis in the White Common Stock exchanged therefor. Any such gain will be capital gain, and will be long-term capital gain if the U.S. Holder's holding period in its White Common Stock is more than one year on the closing date of the Merger.

A U.S. Holder's adjusted tax basis in the Orange Shares received will be equal to the adjusted tax basis of the shares of White Common Stock exchanged therefor, as increased by the amount of any gain recognised and decreased by the amount of Cash Consideration received by such U.S. Holder. A U.S. Holder's holding period for the Orange Shares will include the holding period for the shares of White Common Stock surrendered in exchange therefor.

While it is expected that U.S. Holders of White Common Stock will recognise the full amount of any gain (but not loss) under section 367(a) of the Code, for the reasons discussed below, this tax treatment cannot be determined with certainty until after the closing date of the Merger. An exception promulgated in the U.S. Treasury Regulations provides that if certain specified conditions (discussed in detail below) are satisfied, section 367(a) of the Code generally will not apply to a reorganisation in which a U.S. subsidiary of a non-U.S. corporation purchases stock of the non-U.S. corporation and uses the purchased stock to acquire another corporation from such corporation's shareholders. Pursuant to the Merger Agreement and the overall plan of reorganisation, for U.S. federal income tax purposes, (i) U.S. HoldCo, a U.S. corporation, should be treated as acquiring Orange Shares from Orange, a non-U.S. corporation, in exchange for property, and (ii) such Orange Shares should be treated as used by U.S. HoldCo to acquire White in the Merger, which is the structure described in the preceding sentence. Accordingly, while it is expected that U.S. Holders of White Common Stock shares will recognise gain under section 367(a) of the Code, if the conditions discussed below are satisfied, section 367(a) of the Code will not apply. If Section 367(a) does not apply, the U.S. Holders of White Common Stock will recognise gain, but only to the extent of the amount of Cash Consideration received in the Merger, and will not recognise any loss on the Merger.

Under the applicable U.S. Treasury Regulations and public pronouncements by the IRS, under specified circumstances, the acquisition of the Orange Shares by U.S. HoldCo in exchange for property is treated as a deemed distribution by U.S. HoldCo to Orange (referenced herein as the "**deemed distribution**") in an amount equal to the fair market value of such property. The deemed distribution is subject to section 301 of the Code. The specified conditions referenced above are satisfied if, as a factual and legal matter: (1) a

portion of the deemed distribution to Orange would be treated as a dividend under section 301(c)(1) of the Code (which is determined based on the current and accumulated earnings and profits of U.S. HoldCo (as determined for U.S. federal income tax purposes, and including the earnings and profits of White)), (2) Orange is subject to U.S. withholding tax on such amount, and (3) the sum of (a) the portion of the deemed distribution to Orange that is treated as a dividend and (b) the portion of the deemed distribution that is treated as gain under section 301(c)(3) of the Code that is subject to U.S. federal income tax in the hands in Orange (such sum referenced herein as the **"Orange income amount**"), exceeds the aggregate built-in gain (generally, fair market value minus adjusted tax basis) in the White Common Stock surrendered by all U.S. Holders in the Merger (such built-in gain is referenced herein as the "**U.S. shareholders gain amount**"). If the above conditions are satisfied, then Section 367(a) will not apply, and U.S. Holders will recognise any gain, but only to the extent of the amount of Cash Consideration received in the Merger, and will not recognise any loss. On the other hand, as noted above, if, instead, the U.S. shareholders gain amount is equal to or exceeds the Orange amount, the deemed distribution rule of the applicable U.S. Treasury Regulations and public pronouncements by the IRS will not be applicable to Orange, and then U.S. Holders will be subject to section 367(a) of the Code as described above and recognise their full amount of gain (if any), but not loss on such exchange.

For purposes of determining the Orange income amount, the amount of U.S. HoldCo's applicable earnings and profits (which should include the accumulated earnings and profits of White that carry over to U.S. HoldCo as a result of the Merger) for the taxable year that includes the Merger (which is expected to be the 2016 calendar year) will depend on overall business conditions and the overall tax position of U.S. HoldCo and White for that taxable year. Such earnings and profits, if any, will take into account, among other things, taxable operating income and loss as well as taxable nonoperating income and loss (including dispositions outside the ordinary course of business and extra-ordinary items), subject to certain adjustments, and cannot be determined until the end of the taxable year in which the Merger is completed. If U.S. HoldCo has positive applicable earnings and profits, and if the Orange income amount exceeds the U.S. shareholders gain amount, Orange will be subject to U.S. withholding on the deemed dividend received from U.S. HoldCo.

It is uncertain whether the Orange income amount will exceed the U.S. shareholders gain amount, because neither the Orange income amount nor the U.S. shareholders gain amount can be known with certainty until after the closing date of the Merger. The U.S. shareholders gain amount will depend on the trading price of White Common Stock and the tax basis of such stock at the time of the Merger, neither of which can be predicted with certainty. In particular, increases in the White Common Stock share price prior to the Merger would increase the U.S. shareholders gain amount and make it more likely that U.S. Holders of White Common Stock will be required to recognise the full amount of any gain (but not loss) on the Merger. Similarly decreases in the White Common Stock share price make it more likely that U.S. Holders will recognise gain (but not loss) only to the extent of the amount of Cash Consideration received in the Merger. Moreover, because White is a public company, information as to the tax basis of the White Common Stock will not be determinable with certainty or obtainable from all U.S. Holders and is subject to change based on trading activity in the shares. Following the Completion, Orange will undertake a study to estimate the tax basis of the White Common Stock at the time of the Merger in order to assist in evaluating the tax treatment of the Merger to U.S. Holders of White Common Stock. The methodology used to determine the U.S. shareholders gain amount or the amount of gain so determined may be challenged by the IRS, and if the IRS were to make such a challenge, there is no assurance that a court would not agree with the IRS.

While available facts and current projections by White indicate that the U.S. shareholders gain amount should exceed the Orange income amount, this comparison cannot be made conclusively until the Merger is completed. Following the Completion, Orange intends to notify White Shareholders via one or more website announcements regarding the tax consequences of the Merger to U.S. Holders. These announcements will be updated once actual year-end information becomes available.

U.S. Holders should consult their tax advisors as to the particular consequences to them of the exchange of White Common Stock for Orange Shares and Cash Consideration pursuant to the Merger. The remainder of this discussion assumes that the Merger will qualify as a reorganisation and that Orange will be considered a non-U.S. corporation.

U.S. Federal Income Tax Consequences of the Merger to Non-U.S. Holders

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realised in the Merger unless:

- the gain is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable tax treaty, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States); or
- such Non-U.S. Holder is a non-resident alien individual who is present in the United States for 183 days or more during the taxable year in which the Merger occurs, and certain other requirements are met.

Unless an applicable treaty provides otherwise, any recognised gain described in the first bullet point above generally will be subject to U.S. federal income tax in the same manner as gain of a U.S. Holder, as described under "*U.S. Federal Income Tax Consequences of the Merger to U.S. Holders*" above. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax equal to 30 per cent. (or such lower rate specified by an applicable tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Recognised gain described in the second bullet point above generally will be subject to U.S. federal income tax at a rate of 30 per cent. (or such lower rate as may be specified by an applicable income tax treaty), but may be offset by U.S.-source capital losses of the Non-U.S. Holder, provided that the holder has timely filed U.S. federal income tax returns with respect to such losses.

U.S. Federal Income Tax Consequences to U.S. Holders of the Ownership and Disposition of Orange Shares

The following discussion is a summary of certain material U.S. federal income tax consequences of the ownership and disposition of Orange Shares to White Shareholders who receive such Orange Shares pursuant to the Merger.

Distributions on Orange Shares

The gross amount of any distribution on Orange Shares that is made out of Orange's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. Holder as ordinary dividend income on the date such distribution is actually or constructively received. Any such dividends paid to corporate U.S. Holders generally will not qualify for the dividends-received deduction that may otherwise be allowed under the Code. Distributions in excess of Orange's current and accumulated earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's basis in its Orange Shares, and thereafter as capital gain, as described below under "—Sale, Exchange, Redemption or Other Taxable Disposition of Orange Shares."

Dividends paid in currencies other than the U.S. Dollar, if any, will generally be taxable to a U.S. Holder as ordinary dividend income in an amount equal to the U.S. Dollar value of the currency received on the date such distribution is actually or constructively received. Such U.S. Dollar value must be determined using the spot rate of exchange on such date, regardless of whether the non-U.S. currency is actually converted into U.S. Dollars on such date. The U.S. Holder may realise exchange gain or loss if the currency received is converted into U.S. Dollars after the date on which it is actually or constructively received. Any such gain or loss will be ordinary and will be treated as from sources within the United States for U.S. foreign tax credit purposes.

Dividends received by non-corporate U.S. Holders (including individuals) from a "qualified foreign corporation" may be eligible for reduced rates of taxation, provided that certain holding period requirements and other conditions are satisfied. For these purposes, a non-U.S. corporation will be treated as a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States which is determined by the U.S. Treasury to be satisfactory for purposes of these rules and which includes an exchange of information provision. The U.S. Treasury has determined that the Tax Treaty meets these requirements, and it is expected that Orange will be eligible for the benefits of the Tax Treaty. A non-U.S. corporation is also treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. U.S. Treasury guidance indicates that shares listed on the NYSE (which the Orange Shares are expected to be) will be considered readily tradable on an established securities market in the United

States. There can be no assurance that the Orange Shares will be considered readily tradable on an established securities market in future years. Orange will not constitute a qualified foreign corporation for purposes of these rules if it is a passive foreign investment company, or "PFIC," for the taxable year in which it pays a dividend or for the preceding taxable year.

Subject to certain conditions and limitations, withholding taxes, if any, on dividends paid by Orange may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability under the U.S. foreign tax credit rules. For purposes of calculating the U.S. foreign tax credit, dividends paid on Orange Shares will generally be treated as income from sources outside the United States and will generally constitute passive category income. However, it is possible that Orange is, or at some future time will be, at least 50 per cent. owned by U.S. persons. Dividends paid by a foreign corporation that is at least 50 per cent. owned by U.S. persons may be treated as U.S. source income (rather than foreign source income) for U.S. foreign tax credit purposes to the extent the foreign corporation has more than an insignificant amount of U.S. source income. The effect of this rule may be to treat a portion of any dividends paid by Orange as U.S. source income. Treatment of the dividends as U.S. source income in whole or in part may limit a U.S. Holder's ability to claim a foreign tax credit with respect to foreign taxes payable or deemed payable in respect of the dividends paid by Orange or on other items of foreign source, passive income for U.S. federal foreign tax credit limitation purposes. The rules governing the U.S. foreign tax credit are complex. U.S. Holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit under particular circumstances.

Sale, Exchange, Redemption or Other Taxable Disposition of Orange Shares

Subject to the discussion below under "—Passive Foreign Investment Company Considerations," a U.S. Holder generally will recognise gain or loss on any sale, exchange, redemption, or other taxable disposition of Orange Shares in an amount equal to the difference between the amount realised on the disposition and such U.S. Holder's adjusted tax basis in such shares. Any gain or loss recognised by a U.S. Holder on a taxable disposition of Orange Shares generally will be capital gain or loss and will be long-term capital gain or loss if the holder's holding period in such shares exceeds one year at the time of the disposition. Preferential tax rates may apply to long-term capital gains of non-corporate U.S. Holders (including individuals). The deductibility of capital losses is subject to limitations. Any gain or loss recognised by a U.S. Holder on the sale or exchange of Orange Shares generally will be treated as U.S. source gain or loss.

Passive Foreign Investment Company Considerations

Notwithstanding the foregoing, certain adverse U.S. federal income tax consequences could apply to a U.S. Holder if Orange is treated as a PFIC for any taxable year during which such U.S. Holder holds Orange Shares. A non-U.S. corporation, such as Orange, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year in which, after the application of certain look-through rules, either (i) 75 per cent. or more of its gross income for such year is "passive income" (as defined in the relevant provisions of the Code) or (ii) 50 per cent. or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. Orange is not currently expected to be treated as a PFIC for U.S. federal income tax purposes, but this conclusion is a factual determination made annually and, thus, is subject to change.

If Orange were to be treated as a PFIC, unless a U.S. Holder elects to be taxed annually on a mark-to-market basis with respect to its Orange Shares, gain realised on any sale or exchange of such Orange Shares and certain distributions received with respect to such shares could be subject to additional U.S. federal income taxes, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. In addition, dividends received with respect to Orange Shares would not constitute qualified dividend income eligible for preferential tax rates if Orange is treated as a PFIC for the taxable year of the distribution or for its preceding taxable year. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to their investment in the Orange Shares.

U.S. Federal Income Tax Consequences to Non-U.S. Holders of the Ownership and Disposition of Orange Shares

In general, a Non-U.S. Holder of Orange Shares will not be subject to U.S. federal income tax or, subject to the discussion below under "*Taxation—Information Reporting and Backup Withholding*," U.S. federal

withholding tax on any dividends received on Orange Shares or any gain recognised on a sale or other disposition of Orange Shares (including any distribution to the extent it exceeds the adjusted basis in the Non-U.S. Holder's Orange Shares) unless:

- the dividend or gain is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable tax treaty, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States); or
- in the case of gain only, such Non-U.S. Holder is a non-resident alien individual present in the United States for 183 days or more during the taxable year of the sale or disposition, and certain other requirements are met.

A Non-U.S. Holder that is a corporation may also be subject to a branch profits tax at a rate of 30 per cent. (or such lower rate specified by an applicable tax treaty) on its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to the Cash Consideration received by U.S. Holders in the Merger, dividends received by U.S. Holders of Orange Shares, and the proceeds received on the disposition of Orange Shares effected within the United States (and, in certain cases, outside the United States), in each case, other than U.S. Holders that are exempt recipients (such as corporations). Backup withholding (currently at a rate of 28 per cent.) may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9 provided to the paying agent or the U.S. Holder's broker) or is otherwise subject to backup withholding.

Certain U.S. Holders holding specified foreign financial assets with an aggregate value in excess of the applicable dollar threshold are required to report information to the IRS relating to Orange Shares, subject to certain exceptions (including an exception for Orange Shares held in accounts maintained by U.S. financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return, for each year in which they hold Orange Shares. Such U.S. Holders should consult their tax advisors regarding information reporting requirements relating to their ownership of Orange Shares.

The Cash Consideration received by a Non-U.S. Holder in the Merger, dividends paid with respect to Orange Shares and proceeds from the sale or other disposition of Orange Shares received in the United States or through certain U.S.-related financial intermediaries by a Non-U.S. Holder, may be subject to information reporting and backup withholding unless such Non-U.S. Holder provides to the applicable withholding agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or otherwise establishes an exemption, and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

ADDITIONAL INFORMATION

General

The following paragraphs summarise certain information concerning the Company's share capital and certain material provisions of the Orange Articles and applicable English law in force as of the date of this Prospectus.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Orange Articles and the relevant provisions of English law as in force on the date of this Prospectus.

The Company was incorporated and registered in England and Wales on 4 August 2015 as a private company limited by shares under the Companies Act with the name Spark Orange Limited and with the registered number 9717350.

On 6 August 2015, the Company changed its name to Coca-Cola European Partners Limited and on 4 May 2016 the Company was re-registered as a public company limited by shares with the name Coca-Cola European Partners plc.

The Company's registered office and principal place of business is at 20–22 Bedford Row, London WC1R 5JS, United Kingdom and its telephone number is +44 1895 231 313. The principal laws and legislation under which the Company operates and the ordinary shares have been issued and allotted are the Companies Act and regulations made thereunder. The Company operates in conformity with the Orange Articles.

The share capital history of the Company is as follows:

- on incorporation, the share capital of the Company was £1 consisting of one ordinary share of nominal value £1. The share was issued to the initial subscriber, Olive, for cash consideration at par and credited as fully paid.
- On 5 August 2015, (i) Olive formed Orange U.S. HoldCo, LLC as a Delaware limited liability company ("**US HoldCo**"), (ii) US HoldCo formed Orange MergeCo, LLC as a Delaware limited liability company ("**MergeCo**"), and (iii) Olive contributed all of the outstanding limited liability company interests of US HoldCo to the Company in exchange for the issuance to Olive of an additional 3 ordinary shares of £1 each in the Company.
- On 25 April 2016, (i) Olive as sole member of the Company transferred the 4 ordinary shares of £1 each in the Company to Olive HoldCo for consideration of £4, and (ii) in preparation for re-registration as a public limited company, the Company issued 49,996 new ordinary shares of £1 each in the Company to Olive HoldCo in consideration for £49,996 in cash.
- On 29 April 2016, Olive HoldCo contributed all of its ownership interests in Orange SubCo, LLC to the Company in exchange for the issuance of one ordinary share of £1 in the Company.
- Immediately prior to the publication of this Prospectus, the issued share capital of the Company was £50,001, comprising 50,001 ordinary shares of £1.00 each (all of which were fully paid or credited as fully paid). On the Completion, the 50,001 ordinary shares of £1.00 each will be re-classified as 50,001 deferred shares of £1.00 each, each such deferred share having no voting rights, no dividend entitlement, and no entitlement on a return of capital (other than, on a winding up of the Company, an entitlement to an amount equal to the nominal value of such deferred share once each of the Orange Shares in issue at the time of such winding up has received, by way of payment on winding up, €10,000,000). It is intended that such deferred shares will be held by the Company until cancellation in due course in accordance with the Companies Act.
- Immediately following Admission, in addition to those 50,001 deferred shares of £1.00 each, the Company's issued share capital will be increased by the nominal value of the Orange Shares issued at Completion (all of which will be issued fully paid). The exact number of such Orange Shares will be determined based on the closing price of the White Common Stock on the NYSE on 27 May 2016 (in the manner described more fully in the section of this Prospectus titled "*Information on the Combination Transaction—The Completion—Transaction Consideration*"). Based on the closing price of the White Common Stock on the NYSE on 20 May 2016 (being the latest practicable date before the publication of this Prospectus), the number of such Orange Shares is expected to be 482,255,739, increasing the issued share capital of Orange by €4,822,557.39. The market capitalisation of Orange on Admission is expected to be €15,473 million.

Immediately prior to the publication of the Prospectus, the Company held no treasury shares.

Description of Orange Shares

Unless stated otherwise, the following is a description of the material terms of the Orange Shares as those terms will exist following the Completion. The Shareholders' Agreement contains other material terms and restrictions as described in this Prospectus.

Issued share capital

As of the date of this Prospectus, Orange has 50,001 ordinary shares issued and outstanding each with a nominal value of £1. Following the Completion, there will be in issue a number of Orange Shares to be determined in accordance with the Master Agreement. The Orange Shares will be denominated in Euros with a nominal value of €0.01. At the Completion, on a fully-diluted basis, White Shareholders will own approximately 48 per cent. of the Orange Shares, Olive HoldCo will own approximately 34 per cent. of Orange Shares and Red will own approximately 18 per cent. of Orange Shares. In accordance with the Orange Articles, each Orange Share will be issued with one vote attaching to it for voting purposes. The holders of the Orange Shares will be entitled to receive notice of, attend, speak and vote at general meetings of Orange. With effect from the Completion, the 50,001 ordinary shares with a nominal value of £1 will be converted into deferred shares and subsequently transferred to Orange.

Authority to allot and issue share capital after the Completion

Subject to certain limitations more fully described under "*The Shareholders' Agreement*" and "*Articles of Association*," including the requirement to obtain authorisation by way of an ordinary resolution of the Shareholders the Orange Board has the authority to offer, allot, grant options over or otherwise deal with or dispose of Orange Shares to such persons, at such times, for such consideration and upon such terms as the Orange Board may decide.

Pre-emptive rights

The authority of the Orange Board to offer, allot, grant options over or otherwise deal with or dispose of Orange Shares is also subject to statutory pre-emption rights in favour of the shareholders of Orange from time to time. These statutory pre-emption rights may be disapplied only by way of a resolution passed by shareholders present in person or represented by proxy at a general meeting of Orange holding shares carrying at least 75 per cent. of the votes exercisable at that meeting. Such authority can only be granted, from time to time, for a specified period (not longer than five years).

Reduction of Share Capital

The Orange Board intends to reduce the share capital of Orange, as soon as reasonably practicable following the Completion, with the result that the share premium in respect of the Orange Shares will be reduced by an amount to be determined, and shares held by Orange itself, issued before its re-registration as a public company, will be cancelled. Before the Completion, the sole shareholder of Orange, Olive HoldCo, will pass a special resolution to approve the reduction of capital. The Orange Board has decided that it is logistically and commercially preferable to obtain this authority from the sole shareholder before the Completion and the listing of Orange.

It is intended that Orange will make an application to the High Court of England and Wales for an order to confirm the reduction of the share capital as soon as practicable after the Completion and in any event within six months of the date of the Completion unless the Orange Board otherwise decides to extend such period. Should the High Court hear an application from Orange to confirm the reduction of capital under the Companies Act and an order be granted, the reduction will become effective upon registration of the court's order and a statement of capital with the Registrar of Companies. The reduction of capital will not impact shareholders' relative interests in the capital of Orange.

Purchase of Shares

English law prohibits Orange from purchasing its own shares unless such purchase has been approved by its shareholders. Shareholders may approve two different types of such share purchases; "on-market" purchases or "off-market" purchases. Under English law, Orange's listing on Euronext London will enable shareholders to approve "on-market" purchases by way of an ordinary resolution (however, it should be

noted that market practice is for approval by way of a special resolution, in line with UK industry guidelines).

If Orange seeks shareholder approval for "off-market purchases," the ordinary resolution by Orange shareholders approving the terms of the contract pursuant to which the purchase(s) are to be made would be valid for a maximum period of up to five years.

The Orange Articles impose further limitations on purchases by Orange of its own shares. These are more fully described below under "*Articles of Association*."

General meeting of shareholders and voting rights

Under English law, Orange is required to hold an annual general meeting of shareholders within six months from the day following the end of its fiscal year. General meetings may be held at a time and place determined by the Orange Board and, in accordance with the Orange Articles, the Orange Board may make arrangements for the use of electronic means to allow persons not together to attend, speak and vote at the meeting.

Under English law, Orange must convene a general meeting once it has received requests to do so from shareholders representing at least 5 per cent. of the paid up share capital of Orange carrying voting rights at general meetings.

In accordance with the Orange Articles, any resolution put to a vote at a general meeting will be decided by a show of hands unless a poll is validly demanded. If a poll is taken, each shareholder has one vote for every share held by him or her.

Dividends and distributions

Under English law, Orange may pay dividends only out of profits available for that purpose, as stated on its accounts that are deemed to be relevant accounts for the purposes of the Companies Act. A company's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalization, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made.

In addition, Orange may only make a distribution if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves, and if, and to the extent that, the distribution does not reduce the amount of those assets to less than such aggregate amount.

Articles of association

The Orange Articles include provisions to the following effect:

Share rights

Subject to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as Orange may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Orange Board may decide. Such rights and restrictions shall apply to the relevant shares as if the same were set out in the Orange Articles.

The Orange Articles further require that (i) the issue of any securities, or the grant to any person of any rights to be issued any securities, in one or a series of related transactions, in each case representing 20 per cent. or more of the issued share capital of Orange; (ii) the repurchase, redemption or reorganisation of Orange's share capital, including by way of reduction of capital, buy-back or redemption of shares, in one or a series of related transactions in respect of 10 per cent. or more of the issued share capital of Orange in each year, must be approved in advance by the shareholders by special resolution.

Change of Name

Orange may change its name with the approval of a simple majority of the Orange Board (including (i) at least one Olive HoldCo Nominated Director (if Olive HoldCo's Equity Proportion is at least 15 per cent.), and (ii) at least one Red nominated Director (if Red's Equity Proportion is at least 10 per cent.)).

Proxies

A shareholder may vote either in person or by proxy. On a poll taken at a meeting, a proxy will be entitled to one vote for every Orange Share for which such person is acting as proxy.

Dividends and other distributions

The Orange Articles permit the shareholders, by passing an ordinary resolution, to declare dividends. A declaration must not be made unless the Directors have first made a recommendation as to the amount of the dividend. The dividend must not exceed that amount.

In addition, the Directors may decide to pay interim dividends. Any dividends unclaimed may be invested or otherwise made use of by the Directors for the benefit of Orange until claimed. The entitlement to a dividend lapses if unclaimed for 12 years (unless the Orange Board decides otherwise).

Variation of rights

Subject to the provisions of the Companies Act, rights attached to any existing class of shares may be varied or either with the written consent of the holders of not less than three fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

Lien and forfeiture

Orange shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable to Orange (whether presently or not) in respect of that share. Orange's lien on a share shall extend to every amount payable in respect of it. The Orange Board may at any time either generally or in any particular case waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this article.

Orange may sell, in such manner as the Orange Board may decide, any share on which Orange has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after a notice has been served on the holder of the share or the person who is entitled by transmission to the share, demanding payment and stating that if the notice is not complied with the share may be sold. For giving effect to the sale the Orange Board may authorise some person to sign an instrument of transfer of the share sold to or in accordance with the directions of the purchaser. The transferee shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in relation to the sale.

Transfer of shares

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Orange Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. An instrument of transfer, when registered, may be retained by Orange.

The Orange Board may decline to register the transfer of any share which is not a fully paid share.

The Orange Board may decline to register any transfer of a certificated share unless:

- the instrument of transfer is duly stamped or duly certified or otherwise shown to the satisfaction of the Orange Board to be exempt from stamp duty and is left at the office or such other place as the Orange Board may from time to time determine accompanied (save in the case of a transfer by a person to whom Orange is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Orange Board may reasonably require to show the right of the person signing the instrument of transfer to make the transfer and, if the instrument of transfer is signed by some other person on his behalf, the authority of that person so to do;
- the instrument of transfer is in respect of only one class of share; and
- in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

For all purposes of the Orange Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a

transfer and the Orange Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

A member may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules, and accordingly no provision of the Orange Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

Alteration of share capital

The Orange Articles require that:

- the issue of any Orange Shares, or the grant to any person of any rights to be issued any Orange Shares, in one or a series of related transactions, in each case representing 20 per cent. or more of the issued share capital of Orange; and
- the repurchase, redemption or reorganisation of Orange's share capital, including by way of reduction of capital, buy-back or redemption of shares, in one or a series of related transactions in respect of 10 per cent. or more of the issued share capital of Orange in each year,

in each case, must be approved in advance by the shareholders by special resolution.

Purchase of own shares

Orange is permitted to purchase, in one or a series of related transactions, 10 per cent. or more of its issued share capital, only if approval is given in advance by shareholders by special resolution. Orange is only permitted to purchase its own shares if they are fully paid, and must pay for them in full when purchasing them.

Orange may purchase its own shares only out of distributable profits of the company, or the proceeds of a fresh issue of shares made for the purposes of financing the purchase. Any premium payable on the purchase of its own shares must be paid out of distributable profits of Orange, unless the shares being purchased were issued at a premium, in which case any premium payable on their purchase by Orange may be paid out of the proceeds of a fresh issue of shares made for the purpose of financing the purchase, up to an amount equal to the aggregate of the premiums received by Orange on the issue of shares purchased or the current amount of Orange's share premium account (including any sum transferred to that account in respect of premiums on new shares), whichever is less.

Board Committees

The Directors may delegate any of the powers, authorities and discretions that are conferred on them under the Orange Articles to a person, committee or sub-committee as they see fit; provided that the majority of the persons on any committee or sub-committee must be Directors and that the Orange Board may not delegate any of its powers, authorities or discretions if such delegation abrogates or has the effect of abrogating the authority of the Orange Board to make any decision affecting Orange, without the consent of, if Olive HoldCo's Equity Proportion is at least 15 per cent., at least one Olive HoldCo Nominated Director and, if Red's Equity Proportion is at least 10 per cent., at least one Red Nominated Director.

Committees to which the Directors delegate any of their powers must follow procedures that are based as far as they are applicable on those provisions of the Orange Articles that govern the taking of decisions by Directors. No committee of the Orange Board will be entitled to take any action on behalf of the Orange Board save as set out in the relevant committee's terms of reference.

Appointment of Directors

The number of Directors shall be not less than two nor more than 17. Subject to the below paragraphs, Directors are appointed by ordinary resolution of the shareholders or by a decision of the Directors.

Under the Orange Articles, Olive HoldCo and Red each have the right to nominate a specified number of Directors if their respective equity proportions are above a certain percentage of the Orange Shares.

The majority of the Directors on the Orange Board must be independent. With respect to the Initial INEDs:

- three Initial INEDs will hold office until the annual general meeting of Orange to be held in 2019. If re-elected, such INEDs will stand for re-election at each annual general meeting of Orange;
- an additional three Initial INEDs will hold office until the annual general meeting of Orange to be held in 2020. If re-elected, such INEDs will stand for re-election at each annual general meeting of Orange; and
- the remaining three Initial INEDs will hold office until the annual general meeting of Orange to be held in 2021. If re-elected, such INEDs will stand for re-election at each annual general meeting of Orange.

A proposed replacement for an INED must be nominated by the Nomination Committee and approved by the Orange Board.

No shareholding qualification

No shareholding qualification for Directors shall be required.

Removal of Directors

Directors can be removed from office at any time by ordinary resolution, at a general meeting, provided that 28 clear days' notice of the resolution is given to Orange. The company may also by special resolution remove any Director before the expiration of his term with or without cause and without the need for special notice.

Retirement of Directors

With the exceptions of the initial Chairman (in respect of the nine year period after the Completion for so long as she holds such office in accordance with the Orange Articles), the initial CEO (in respect of the 12 month period after the Completion and any three month extension to such term in accordance with the Orange Articles), and the Initial INEDs (in respect of the initial period for which each such INED shall hold office, as described in "*Appointment of Directors*" above), at every annual general meeting all the Directors shall retire from office and may offer themselves for re-appointment by the members.

There shall be no mandatory retirement age for any Director.

Remuneration of Directors

Each of the Directors on the Orange Board will be paid a fee at rates that will be determined from time to time by the Orange Board, provided that the maximum aggregate fees paid to Directors on the Orange Board will be limited to an amount set out in the Orange Articles or any higher amount that may be determined by resolution of Orange shareholders.

Any Director who performs services that, in the opinion of the Orange Board, or any committee authorised by the Orange Board, go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Orange Board, or any committee authorised by the Orange Board, may in its discretion decide, in addition to any remuneration provided for by or pursuant to any provision of the Orange Articles.

Each Director may be paid his or her reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Orange Board or committees of the Orange Board, general meetings of Orange or any other meeting that as a director he/she is entitled to attend, and each director may be paid all other costs and expenses properly and reasonably incurred by him/her in the conduct of Orange's business or in the discharge of his or her duties as a director. Orange may also fund a Director's or former Director's expenditure (and that of a director or former director of any holding company of Orange) for the purposes permitted under the Companies Act and may do anything to enable a Director or former Director or a Director or former Director of any holding company of Orange to avoid incurring such expenditure as provided in the Companies Act.

Pursuant to the Orange Articles, the Orange Board, or any committee authorised by the Orange Board, may exercise all the powers of Orange to provide benefits, either by the payment of gratuities or pensions, by insurance or in any other manner whether similar to the foregoing or not, for any Director or former Director (or the relations, or dependents of, or persons connected to, any Director or former Director). No director or former Director is accountable to Orange or the members for any benefit provided pursuant to the Orange Articles, and the receipt of any such benefit does not disqualify any person from being or becoming a Director of Orange.

Permitted interests of Directors

Subject to the provisions of the Companies Act, and provided that he has disclosed to the Orange Board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Companies Act apply, in which case no such disclosure is required), a Director notwithstanding his office:

- may be a party to, or otherwise interested in, any contract with Orange or in which Orange has a direct or indirect interest;
- may hold any other office or place of profit with Orange (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration, as the Orange Board may decide;
- may act by himself or through a firm with which he is associated in a professional capacity for Orange or any other company in which Orange may be interested (otherwise than as an auditor);
- may be or become a Director or other officer of, or employed by or a party to a transaction or arrangement with, or otherwise be interested in any holding company or subsidiary company of Orange or any other company in which Orange may be interested; and
- may be or become a Director of any other company in which Orange does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a Director of that other company.

Restrictions on voting

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Orange Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with Orange or any other company in which Orange is interested.

Where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more Directors to offices or places of profit with Orange or any other company in which Orange is interested, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation of the terms or the termination of his own appointment or the appointment of another Director to an office or place of profit with a company in which Orange is interested and the Director seeking to vote or be counted in the quorum has a Relevant Interest (as defined in the Orange Articles) in it.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Orange Board in respect of any contract in which he has an interest and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution where that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where that interest arises only from one or more of the following matters:

- the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of Orange or any of its subsidiary undertakings;
- the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of Orange or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- the giving to him of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- the funding by Orange of his expenditure on defending proceedings or the doing by Orange of anything to enable him to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangements;
- where Orange or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- any contract in which he is interested by virtue of his interest in shares or debentures or other securities of Orange or by reason of any other interest in or through Orange;
- any contract concerning any other company (not being a company in which the Director has a Relevant Interest (as defined in the Orange Articles)) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- any contract concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to Directors and employees of Orange or of any of its subsidiary undertakings and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- any contract for the benefit of employees of Orange or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any Director or Directors or for, or for the benefit of, persons who include Directors.

Indemnity of officers

The Orange Articles provide that, to the fullest extent permitted by the Companies Act, Orange may indemnify any Director or former Director of Orange or any associated company against any liability.

Amendment of Orange Articles

Under English law, the shareholders may amend any provision of the articles of association of a public limited company, other than "entrenched provisions," by special resolution at a general meeting. The full text of the special resolution must be included in the notice of the meeting.

An "entrenched provision" is a provision that may be amended or repealed only if certain conditions are complied with. These conditions are more restrictive than those applied to a special resolution (e.g., a higher majority than the threshold for a special resolution, being 75 per cent.). Entrenchment does not prevent alteration to the Orange Articles by unanimous consent of the shareholders.

The Orange Articles contain entrenched provisions, whereby certain articles may only be amended with the prior consent of (i) Red, to the extent affecting rights exercisable by Red and if Red's Equity Proportion is at least 10 per cent. and (ii) Olive HoldCo, to the extent affecting rights exercisable by Olive HoldCo if Olive HoldCo's Equity Proportion is at least 15 per cent. or (iii) a majority of the independent directors.

Notices

Following the Completion, an annual general meeting may be called by giving not less than 21 clear days' notice (i.e., 21 days, including weekdays, weekends and holidays, but excluding the date on which the notice is given and the date of the meeting itself). All other general meetings may be called by not less than 14 clear days' notice, unless a shorter notice is agreed to by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority who together hold not less than 95 per cent. in nominal value of the shares given that right. Subject to the provisions of the Companies Act, Orange will be required to give at least seven clear days' notice for any meeting adjourned for 30 days or more or for an indefinite period.

The notice of a general meeting will be given to shareholders as of the record date for a given meeting, the Orange Board, the beneficial owners nominated to enjoy information rights under the Companies Act, and the auditors.

Directors' and Senior Managers' current and past directorships and partnerships

Set out below are the directorships (unless otherwise stated) and partnerships held by the Directors and Senior Managers (other than, where applicable, directorships held in the Company and its subsidiaries and the subsidiaries of the companies listed below), in the five years prior to the date of this Prospectus:

Name	Current directorships/partnerships	Past directorships/partnerships
Sol Daurella	Olive HoldCo (representative of the legal entity CEO and representative of the legal entity Chairperson) Cobega (representative of the legal entity CEO, Director, representative of a legal entity that is also Director of the board and Chairperson) Equatorial Coca-Cola Bottling Company, S.L. (Director) North Africa Bottling Company (representative of the legal entity Director of the board) Fruital SpA (Director) Banco Santander, S.A. (Director) Compagnie des Boissons Gazeuses du Nord (representative of the legal entity Director) Compagnie des Boissons Gazeuses du Sud (representative of a legal entity Director) Societe Centrale des Boissons Gazeuses (representative of a legal entity Director) Cobega Invest, S.L. (Director) Grupo Cacaolat, S.L. (Co-Chairperson) Norinvest 2012 Internacional, S.L. (representative of a legal entity Director) Norinvest Consumo, S.L. (representative of a legal entity Director)	Vifilfell hf (Director) Copesco and Sefrisa, S.A. (representative of a legal entity Director) Banco de Sabadell, S.A. (Director) Ebro Foods, S.A. (Director) Acciona, S.A. (Director) Begindau, S.L.U. (Director) Daurin, S.L. (Director) Daulivo, S.L. (Director) Zarapicos Golf 39, S.L. (representative of a legal entity Director) Zarapicos Golf 40, S.L. (representative of a legal entity Director) Zarapicos Golf 41, S.L. (representative of a legal entity Director) Zarapicos Golf 42, S.L. (representative of a legal entity Director) CVC Mediacom, S.L. (representative of a legal entity Director) Teatre Nacional de Catalunya, S.A. (Chairperson) Daba, S.A. (representative of a legal entity Director) Baral, S.A. (representative of a legal entity Director) Bega Cartera, S.L. (representative of a legal entity Director) Bega Inmuebles, S.L. (representative of a legal entity Director) Norinvest Iberia, S.L. (representative of a legal entity Director) Delivra, S.L.U. (representative of a legal entity Director) Solinbar, S.A.U. (Director) Rasibun, S.L. (Director) Gadisven, S.A. (representative of a legal entity Director) Zaragozana de Pet, S.L. (Director) Sedinor, S.A.U. (representative of a legal entity Director)
John F. Brock	White (CEO and Chairman) Royal Caribbean Cruises Ltd (Director)	

Name	Current directorships/partnerships	Past directorships/partnerships
José Ignacio Comenge Sánchez-Real	Olive HoldCo (representative of a legal entity Director) Ence Energia y Celulosa, S.A. (representative of a legal entity Director) Ebro Foods, S.A. (Director) Compañía Vinícola del Norte de España, S.A. (representative of a legal entity Director) B&A, S.A. (Director) Azora, S.A. (Director) Rexam Beverage Can Iberica, S.L. (Chairperson) Mendibea 2002, S.L. (Director)	Axa, S.A. (representative of a legal entity Director)
J. Alexander M. Douglas, Jr	TCCC (Executive Vice-President) Coca-Cola North America (President)	North America Group (President)
Irial Finan	TCCC, Bottling Investments Group (Executive Vice President and President) Coca-Cola FEMSA (Director) Coca-Cola East Japan (Director) The Coca-Cola Foundation (Director) CCE AG (Germany) (Supervisory Board) G2G Trading (Director) Smurfit kappa Group (Director) Co-operation Ireland (NED) Galway University Foundation (NED) Coca-Cola HBG AG (NED)	Coca-Cola Hellenic Bottling Company S.A. (Director)

Name	Current directorships/partnerships	Past directorships/partnerships
Alfonso Líbano Daurella	Olive HoldCo (representative of a legal entity Director of the board) Cobega (Director and representative of the legal entity CEO) Equatorial Coca-Cola Bottling Company, S.L. (Chairman) The Coca-Cola Bottling Company of Egypt (Director) MECC Soft Drinks (Vice-Chairman) Vifilfell hf (Director) Fruital SpA (representative of the legal entity Director) The Coca-Cola Bottling Company of Ghana, Ltd (Director and CEO) Daba, S.A. (Director and CEO) Group Cacaolat, S.L. (Director) Larfin, S.A. (Director) Cobega Invest, S.L. (Director) Societe Centrale des Boissons Gazeuses (representative of a legal entity Director) Compagnie des Boissons Gazeuses Du Nord (representative of a legal entity Director) Compagnie des Boissons Gazeuses Du Sud (representative of a legal entity Director) Vallesana Agraria y Ganadera Can Fontet, S.L. (Director) Surlube, S.L. (representative of a legal entity Director) Torin, S.A. (representative of a legal entity Director) Deliura, S.L. (representative of a legal entity Director) Amici Miei, S.L. (representative of a legal entity Director) Larfon, S.A. (representative of a legal entity Director) Olsen Bebidas Gaseosas, S.A. (Chairman)	Lubricantes La Concha, S.L. (representative of a legal entity Director) Abastecedora Balear, S.A. (Chairperson) Solinbar, S.L. (Director) Bega Inmuebles, S.L. (representative of a legal entity Director) Cafes Cantabria, S.L. (Director) Baral, S.A. (representative of a legal entity Director) Grupo D West Africa, S.L. (representative of a legal entity Director) Rasibun, S.L. (representative of a legal entity Director) Consulnor Catalunya, S.A. (representative of a legal entity Director) North Africa Bottling Company (representative of a legal entity) Comexauto, S.L. (representative of a legal entity Director) Señorío De Líbano, S.L. (Director) Banco Español de Crédito, S.A. (Director) Consorcio Mercantil, S.A. (Director) Linfon, S.A. (Director) Consulnor, S.A. (Director)

Name	Current directorships/partnerships	Past directorships/partnerships
Francisco Ruiz de la Torre Esporrín	Agriculturas Diversas, S.L. (Director, CEO and Managing Director) Andares de la Dehesa, S.L.U. (Director, CEO and Managing Director) Explotaciones Agrícolas Pegofruta, S.L.U. (representative of a legal entity Director) Dehesa Serrana, S.A.U. (representative of a legal entity Director) Monte Tances, S.L.U. (representative of a legal entity Director) Agropecuaria Vallefrio Nueva, S.L.U. (Director and Managing Director) Bodega Dehesa de Luna, S.L.U. (Director and Managing Director) Simotoga Nueva, S.L. (Director and Managing Director) Monte Colorado, S.L. (representative of a legal entity Director) SAT 9934 Export Surfruit (Representative of the Secretary of the Board of Directors—the Secretary was a member of the Board of Directors) Siredo Inversiones, S.L. (Sole Director, CEO and Managing Director) Ganadería Especial, S.L. (Director, CEO and Managing Director) Marina de Poniente, S.A. (Representative of the Chairman of the Board member and Chairman) Inversiones Estratégicas del Sur, S.L. (Director, Managing Director and CEO) Fimora Inversiones, S.L. (representative of a legal entity Director) Inter Regional Agricola, S.L. (Director, Managing Director and Vice-Chairman) Cerrado del Rio, S.L. (representative of a legal entity Director) Agricola El Cantaro, S.L. (representative of a legal entity Director) Las Lomas Spain, S.L. (Director) Riegos El Pator, S.L. (representative of a legal entity Director) Inmobiliaria Bisbe, S.L. (representative of a legal entity Director) San Antonio PSF 22-25, S.L. (Director) Aspres i Arrims, S.L.U. (Director) Olive HoldCo (Director) Inversiones Carretas Sicav, S.A. (Director) Ibérica de Energías Renovables XXI, S.L. (Liquidator) Parque Aventuras Panoramis, S.L.(Liquidator)	Dehesa El Rincon, S.L. (representative of a legal entity Director) Alcaya, S.L. (representative of a legal entity Director) Construcciones Rex, S.L. (representative of a legal entity Director) Urbanizacion Green Paradise, S.L. (representative of a legal entity Director) Marina Urbana Residencial, S.L. (representative of a legal entity Director) Racons Citricola, S.L. (representative of a legal entity Director) D'Auto, S.L. (representative of the legal entity Director) Provma, S.L. (Liquidator)

Name	Current directorships/partnerships	Past directorships/partnerships
Mario Rotllant Solá . . .	Olive HoldCo (representative of a legal entity Vice-Chairman) Equatorial Coca-Cola Bottling Company, S.L. (Director) North Africa Bottling Company (Chairman) Copesco and Sefrisa, S.A. (Director) Bodegas Roda S.A. (Director) Cobega (Vice-Chairman and representative of the legal person CEO) ECCBC (Director) NABC (Chairman) Fruital SpA (Director) Provisiones y Tenencias, S.L.U. (Director) Bodegas La Horra, S.L. (Chairman) Agricola Aubocasser, S.L. (Director) DABA, S.A.U. (Director) Grupo Cacaolat, S.L. (Director) Banco Santander, S.A. (Chairman of the Advisory Board in Catalonia) Compagnie Des Boissons Gazeuses Du Sud (Chairperson) Compagnie Des Boissons Gazeuses Du Nord (Chairperson) Societe Centrale Des Boissons Gazeuses (Chairperson)	Daumeridian Invest, S.L. (representative of the legal entity Director) Vifilfell hf (Chairperson) Vidrieras Canarias, S.A. (Director) Delivra, S.L.U. (Director)
Jan Bennink	White (Director)	D.E. Master Blenders 1753 (Chairman and Acting CEO) Sara Lee Corporation (Director and Executive Chairman)
Christine Cross	Christine Cross Ltd (Director) Brambles plc (Director) Fenwick (Director) Hilton Food Group plc (Director) Kathmandu (Director) Plantasjen PE (Director) Sonae plc (Director)	Next plc (Director) Woolworths plc (Director)
Javier Ferrán	Associated British Foods (Director) SABMiller (Director)	Desigual, S.A. (Director) William Grant & Sons (Director)
L. Phillip Humann . . .	White (Director) Equifax Inc. (Director) Haverty Furniture Companies, Inc. (Director)	
Orrin H. Ingram II . . .	Ingram Industries, Inc. (President and CEO) White (Director)	Ingram Micro Inc. (Director)
Thomas H. Johnson . .	THJ Investments L.P. (Managing Partner) Taffrail Group, LLP (CEO) White (Director) Tumi, Inc. (Director) Universal Corporation (Director)	GenOn Corporation (Director) Mirant Corporation (Director) Modus Link Global Solutions, Inc. (Director) Superior Essex, Inc. (Director)

Name	Current directorships/partnerships	Past directorships/partnerships
Veronique Morali	Fimalac (Chairman) WEBEDIA (Chief Officer) Fitch Group, Inc. (USA) (Director and Vice- Chairman)) Fimalac, S.A. (Director) Fitch, Inc. (USA) (Director) Publicis Groupe (Director) Rothschild Group (Director) White (Director)	Terrafemina.com (CEO)
Garry Watts	BTG plc (Chairman) Spire Healthcare group (Chairman) Stagecoach Group plc (Deputy Chairman) Foxtons plc (Chairman) White (Director) Juno Ltd. (Director) Juno Trading (Director) Juno Labs (Director) A+R Nelson (Director) Close Films LLP (Partner) WYGCY Partnership (Partner)	The GADA Group Ltd. (Chairman and Director) Albermale Retail Properties LLP (Partner)
Curtis R. Welling	White (Director)	AmeriCares Foundation (President and CEO) Sapient Corporation (Director)
Manik Jhangiani	White (Senior Vice President and CFO)	White (Vice President, Finance) Bharti Enterprises Limited (Group CFO)
Damian P. Gammell	White (COO)	Anadolu (President and CEO) Anadolu Beverage Group (President and CEO) Efes Soft Drink (Managing Director)
Victor Rufart	—	Frutos y Zumos, S.A.U. (representative of the legal entity Director) Equatorial Coca-Cola Bottling Company, S.L. (Director)
Pamela O. Kimmet	White (Senior Vice President) Manulife Financial Corporation (Director)	—
Ronald J. Lewis	White (Senior Vice President, Supply Chain)	TCCC (Vice President, Procurement, Chief Procurement Officer, Senior Vice President and General Manager)
Esat Sezer	White (Senior Vice President and Chief Information Officer)	—
Ben Lambrecht	White (Vice President and General Manager)	—
Ulrik Nehammer	Black (CEO)	—
Stephen Moorhouse	White (Vice President and General Manager)	White (Vice President, Supply Chain)
Leendert den Hollander	White (Vice President and General Manager)	Young's Seafood (CEO) Findus Group Ltd. (Managing Director) Findus Group Ltd. (Chief Marketing Officer)
Francisco Cosano	—	—

Save as disclosed below, as at the date of this Prospectus, none of the Directors or Senior Managers has, at any time within the last five years:

(a) had any prior convictions in relation to fraudulent offences;

(b) been declared bankrupt or been the subject of any individual voluntary arrangement;

(c) been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager;

(d) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies);

(e) been disqualified by a court from acting in the management or conduct of the affairs of any Company;

(f) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any Company;

(g) been a partner or senior manager in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;

(h) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at the time or within the 12 months preceding such event; or

(i) been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he was an executive director or senior manager of that company or within 12 months of his ceasing to be an executive director or senior manager.

Mr Francisco Ruiz de la Torre Esporrín is a former director of the following companies which are part of the same group of companies and were, following insolvency proceedings, wound up: D'Auto, S.L. (insolvency proceedings were concluded on 30 April 2015); Urbanizacíon Green Paradise, S.L. (insolvency proceedings were concluded on 6 March 2015); and Marina Urbana Residencial, S.L., (insolvency proceedings were concluded on 20 January 2014). Mr Ruiz de la Torre Esporrín is also a director of two further companies within this group of companies, Construcciones Rex, S.L.U and Marina de Poniente, S.A., which are currently the subject of insolvency proceedings, anticipated to result in orders for their winding up.

Directors' Interests in the Company

As at 20 May 2016 (being the latest practicable date prior to the date of publication of this Prospectus) and as is expected to be the position immediately following Admission, except as disclosed in "*Directors Shareholdings*" below, none of the Directors or none of their respective immediate families, have any interests in the share capital of the Company which:

(a) are required to be notified to the Company pursuant to Chapter 3 of the Disclosure and Transparency Rules; or

(b) are interests of a connected person (within the meaning of Schedule 11B of the UK Financial Services and Markets Act 2000 ("**FSMA**") which would be required to be disclosed under paragraph (a) above and the existence of which is known to or could with reasonable diligence be ascertained by that Director, as at 20 May 2016 (being the latest practicable date prior to the date of publication of this Prospectus).

Directors Shareholdings

The interests in the share capital of Orange of the Directors and Senior Managers (all of which, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a Senior Manager) immediately following Admission are expected to be:

Director / Member of Senior Management	Immediately following Admission: Number of Orange Shares	Immediately following Admission: Approximate percentage of issued ordinary share capital
Sol Daurella	30,567,187	6.338[1]
John F. Brock	1,372,234	0.003
José Ignacio Comenge Sanchez Real	7,728,413	1.602[1]
J. Alexander M. Douglas, Jr	—	—
Irial Finan	—	—
Alfonso Líbano Daurella	6,493,803	1.347[1]
Mario Rotllant Solá	—	—
Francisco Ruiz de la Torre Esporrín	—	—
Jan Bennink	—	—
Christine Cross	—	—
Javier Ferrán	—	—
L. Phillip Humann	48,520	—[2]
Orrin H. Ingram II	10,000	—[2]
Thomas H. Johnson	10,000	—[2]
Veronique Morali	—	—
Garry Watts	10,000	—[2]
Curtis R. Welling	10,000	—[2]
Manik Jhangiani	15,209	—[2]
Damian P. Gammell	2,040	—[2]
Victor Rufart	—	—
Pamela O. Kimmet	45,655	—[2]
Ronald J. Lewis	18,526	—[2]
Esat Sezer	17,319	—[2]
Ben Lambrecht	—	—
Ulrik Nehammer	—	—
Stephen Moorhouse	1,374	—[2]
Leendert den Hollander	2,321	—[2]
Francisco Cosano	—	—
Total	46,352,601	7.668

(1) Shares held indirectly through Olive HoldCo.

(2) Shareholding less than 0.001 per cent.

Directors' Terms of Employment and Remuneration

Each Director has entered into a service agreement or letter of appointment with Orange, the key terms of which are set out below. Orange will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Orange.

CEO

2015 Remuneration as Chairman and CEO of White

Executive Director	Salary (US$)	Bonus Paid (US$)	Benefits in kind (US$)	Pension contributions (US$)	2015 Total (US$)
John F. Brock	1,200,000	2,000,000	281,667	35,000	3,516,667

During 2015, as a portion of his annual remuneration, Mr Brock was awarded 376.500 stock options with an exercise price of US$51.73 and 92,800 share units, which share units represent the opportunity to

receive 92,800 White shares upon the satisfaction of future service and/or performance conditions. During 2015, Mr Brock received 806,526 White shares pursuant to the exercise of stock options and the vesting of share units awarded in prior years.

2016 Remuneration as CEO of Orange

Although Mr Brock's remuneration will be more fully considered by the Orange Board following the Completion, the Master Agreement entitles him (as an officer and employee of Orange following the Completion) to aggregate compensation and remuneration (which may comprise some or all of base salary or wages, cash bonuses, other incentive opportunities and other benefits), the overall effect of which is substantially comparable when considered in the aggregate to the total levels of his compensation and remuneration in effect immediately before Completion from the Completion Date up to and including 31 December 2017, or for such shorter period as he remains employed by Orange.

Chairman, Chief Executive Officer, Non-Executive Directors and INEDs

Sol Daurella was appointed as a director of the Company on 24 May 2016 and will, following Completion, serve as Chairman.

Irial Finan was appointed as a director of the Company on 4 May 2016 and will, following Completion, serve as a Non-Executive Director of the Company.

Garry Watts was appointed as director of the Company on 4 May 2016 and will, following Completion, serve as an INED.

The other Non-Executive Directors and INEDs (José Ignacio Comenge Sánchez-Real, J. Alexander M. Douglas, Jr, Alfonso Líbano Daurella, Mario Rotllant Solá, Francisco Ruiz de la Torre Esporrín, Jan Bennink, Christine Cross, Javier Ferrán, L. Phillip Humann, Orrin H. Ingram II, Thomas H. Johnson, Veronique Morali and Curtis R. Welling) were appointed with effect from the Completion pursuant to the terms of their letters of appointment entered into prior to the Completion. Thomas H. Johnson will also serve as the Senior Independent Director.

Ms Daurella shall serve as Chairman for an initial term until the annual general meeting of the Company in 2019. If the Orange Board does not unanimously resolve otherwise, Ms Daurella shall continue to serve as Chairman for up to two further three-year terms. The appointments of the other Non-Executive Directors and INEDs shall continue for as long as he/she is successfully re-elected at any annual general meeting of the Company at which he/she stands for re-election. Please refer to "*Additional Information—Material Contracts—Shareholders' Agreement—Election and Removal of Directors*" below for further details of the annual general meetings at which each director of the Company must stand for re-election. A Non-Executive Director's or INED's appointment may be terminated early in accordance with the termination provisions of his/her letter of appointment.

Mr Brock shall serve as Chief Executive Officer of the Company for an initial term of one year from Completion in accordance with the terms of the Shareholders' Agreement. If the Orange Board so wishes it may approve an extension of the initial one year term of office for three months beginning from the end of his initial one year term, in accordance with the terms of the Shareholders' Agreement. Mr Brock's current service contract provides that it shall expire on 29 December 2016 although may be extended by mutual written agreement or terminated early in accordance with its terms. It is intended that this service contract will be amended with effect from Completion to, amongst other things, reflect the appointment of Mr Brock as Chief Executive Officer of the Company and to effect the terms agreed with respect to such appointment (including the term) in the Shareholders' Agreement. As further described in "*Additional Information—Directors' Terms of Employment and Remuneration—CEO—2016 Remuneration as CEO of Orang*e", Mr Brock's remuneration will be considered by the Orange Board following Completion.

If a Non-Executive Director's or INED's appointment expires or is terminated early in accordance with the terms of his/her letter of appointment, the director shall only be entitled to such fees as may have accrued to the date of termination, in addition to any reimbursement for reasonable receipted business expenses. The director shall not be entitled to compensation, damages for loss of office or settlement in respect of any unexpired portion of the term of appointment.

Each Non-Executive Director's and INED's aggregate annual fee comprises a base fee and, if applicable, an additional fee for their role as a member or chairman of a designated Committee. Non-Executive Directors and INEDs are entitled to the reimbursement of receipted business expenses reasonably and

necessarily incurred in the performance of their duties. Non-Executive Directors and INEDs cannot participate in any share or pension scheme operated by the Company and there is no bonus entitlement available to them.

Name	Base Fee	Committee Membership Fee	Aggregate Annual Fee
Sol Daurella	£550,000	£10,000 (Nomination Committee)	£575,000
		£15,000 (Affiliated Transaction Committee)	
José Ignacio Comenge Sánchez-Real	£80,000	£15,000 (Affiliated Transaction Committee)	£95,000
J. Alexander M. Douglas, Jr	£80,000	£10,000 (Corporate Social Responsibility Committee)	£90,000
Irial Finan	£80,000	£10,000 (Nomination Committee)	£105,000
		£15,000 (Remuneration Committee)	
Alfonso Líbano Daurella	£80,000	£20,000 (Chairman of the Corporate Social Responsibility Committee)	£100,000
Mario Rotllant Solá	£80,000	£15,000 (Remuneration Committee)	£95,000
Francisco Ruiz de la Torre Esporrín	£80,000	—	£80,000
Jan Bennink	£80,000	£10,000 (Nomination Committee)	£125,000
		£35,000 (Chairman of the Affiliated Transaction Committee)	
Christine Cross	£80,000	£15,000 (Audit Committee)	£130,000
		£35,000 (Chairman of the Remuneration Committee)	
Javier Ferrán	£80,000	£15,000 (Audit Committee)	£110,000
		£15,000 (Affiliated Transaction Committee)	
L. Phillip Humann	£80,000	£20,000 (Chairman of the Nomination Committee)	£100,000
Orrin H. Ingram II	£80,000	£15,000 (Audit Committee)	£105,000
		£10,000 (Nomination Committee)	
Thomas H. Johnson[(1)]	£110,000	£15,000 (Remuneration Committee)	£135,000
		£10,000 (Corporate Social Responsibility Committee)	
Veronique Morali	£80,000	£15,000 (Audit Committee)	£105,000
		£10,000 (Corporate Social Responsibility Committee)	
Garry Watts	£80,000	£35,000 (Chairman of the Audit Committee)	£130,000
		£15,000 (Remuneration Committee)	
Curtis R. Welling	£80,000	£10,000 (Corporate Social Responsibility Committee)	£105,000
		£15,000 (Affiliated Transaction Committee)	

(1) Including a fee of £30,000 in respect of role as Senior Independent Director

Remuneration of Initial INEDs

2015 Remuneration of Initial INEDs as non-executive directors of White

Non-Executive Director	Fees (US$)	Benefits in kind (US$)	Total (US$)
Jan Bennink	110,000	—	110,000
L. Phillip Humann	130,000	3,000	133,000
Orrin H. Ingram II	125,000	—	125,000
Thomas H. Johnson	125,000	—	125,000
Veronique Morali	115,000	—	115,000
Garry Watts	115,000	10,000	115,000
Curtis R. Welling	125,000	—	135,000

During 2015, each non-executive director of White also received stock units representing the opportunity to receive 2,666 White shares in the future.

2015 Remuneration of Olive Nominated Directors as directors of Olive

Director	Fees (€)	Benefits in kind (€)	Total (€)
Sol Daurella	79,500	—	79,500
Alfonso Líbano Daurella	59,000	—	59,000
José Ignacio Comenge Sánchez-Real	67,500	—	67,500
Francisco Ruiz de la Torre Esporrín	23,277	—	23,277
Mario Rotllant Solá	79,500	—	79,500

2015 Remuneration of Red Nominated Directors

No Red Nominated Director received remuneration or benefits in kind from Black in the financial year ended 31 December 2015.

Indemnity of officers

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) is entitled to be indemnified in the circumstances permitted by the Companies Act, out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Senior Manager Remuneration

In the year ended 31 December 2015, the aggregate remuneration paid to the Senior Managers who, prior to Completion were employed by White, Olive or Black was approximately US$13,800,812 million. This includes all salaries, bonuses and contributions during such period to provide retirement or other related benefits, of which approximately US$942,303 was due to provision of life assurance and other similar contributions (including employer pension contributions), approximately US$5,758,129 was due to bonus related payments and approximately US$6,246,215 was due to salary payments. This does not include the value of equity-based awards, which are described further below.

During 2015, as a portion of their 2015 remuneration, Senior Managers who prior to the Completion were employed by White were awarded 441,200 stock options with an exercise price of US$51.73 and share units, which awards represent the opportunity to receive 266,348 White shares upon the satisfaction of future service and/or performance conditions. Additionally, during 2015, Senior Managers who, prior to Completion, were employed by White, received 49,303 White shares upon the exercise of stock options or the satisfaction of share units received as awards in prior years.

During 2015, Ulrik Nehammer, a Senior Manager who prior to the Completion was employed by Black, was also awarded 59,085 stock options with an exercise price of US$41.885, restricted stock units representing the opportunity to receive 17,581 TCCC shares upon the satisfaction of future service conditions, and performance units representing the opportunity to receive 15,752 TCCC shares upon the satisfaction of future service and/or performance conditions. Additionally, during 2015, 19,696 stock

options awarded to Mr Nehammer in prior years vested, but were not exercised, and Mr Nehammer received 252 TCCC shares upon the vesting and settlement of restricted stock units awarded to him in prior years.

The aggregate remuneration paid to the Senior Managers described above does not include the remuneration paid to John F. Brock. Refer to "*Additional Information—Directors Terms and Remuneration—CEO*" for further information.

Employee Share and Cash Incentive Plans

White is the sponsor of two incentive schemes under which share-based awards have been granted to certain eligible executives:

- The Coca-Cola Enterprises, Inc. Long-Term Incentive Plan (the "**White Legacy Plan**"); and
- The Coca-Cola Enterprises, Inc. 2010 Incentive Award Plan (the "**2010 Incentive Plan**")

(together, the "**White Share Plans**").

Upon the Completion Date, Orange will assume the outstanding equity awards held by White employees, as well as the terms of the White Share Plans under which the awards were originally granted. Awards outstanding as of the Completion Date will include vested stock options granted prior to 2010 under the White Legacy Plan (which ceased to make new awards in 2012) and vested and unvested stock options, restricted stock units ("**RSU**") and performance stock units ("**PSU**") granted between 2010 and 2015 under the 2010 Incentive Plan. Olive, Black and White have agreed that no additional awards will be made under the White Share Plans after the Completion Date.

Upon the Completion, each of the White equity awards will be exchanged in accordance with the terms of the Merger Agreement. Specifically, each White RSU and PSU will be exchanged for one Orange RSU and PSU, respectively, plus a credit of US$14.50. If and when the service conditions for vesting of the awards are met, the holder will receive one Orange share and a US$14.50 cash payment for each RSU or PSU. Each Orange RSU and PSU, including the applicable cash credit, will be subject to the same terms, vesting conditions, and other conditions that were applicable to the respective White RSU and PSU immediately prior to the effective time of the Combination, including, with respect to the underlying Orange Shares, an entitlement to the same value of cash dividend equivalents, whether accrued prior to or after the effective time of the Merger.

Pursuant to the terms of the Merger Agreement, each outstanding option under the White Share Plans to purchase White shares (a "**White Option**") will be assumed by Orange and exchanged for an option to purchase Orange Shares (an "**Orange Option**"). The per share exercise price of each Orange Option will be equal to the product (which will be rounded up to the nearest whole cent) of (A) the exercise price of the White Option for which it is exchanged immediately before the effective time of the Combination; and (B) a fraction, the numerator of which will be the Orange Share Price and the denominator of which will be the White Stock Price. The number of Orange Shares subject to each Orange Option will be equal to the product of (A) the number of shares of White Common Stock subject to the White Option for which it is exchanged as of the effective time of the Combination (which shall be rounded down to the nearest whole share) and (B) a fraction, the numerator of which shall be the White Stock Price and the denominator of which will be the Orange Share Price. All assumed Orange Options will be subject to terms, vesting conditions, and other conditions that are substantially the same as are applicable to the White Options immediately prior to the effective time of the Merger.

The "**Orange Share Price**" means the volume weighted average price of an Orange Share on the NYSE on the first full trading day occurring after the Completion. The "**White Stock Price**" means the volume weighted average price of White share on the NYSE on the last full trading day occurring before the Completion.

Under the White Share Plans, the terms of the awards are generally determined by the White compensation committee, provided they are consistent with guidelines set out in the rules of the relevant plan. As required under the White Share Plans, the exercise prices for stock options are at least equal to the closing trading price of a White share on the New York Stock Exchange on the date of grant, and the performance conditions for vesting of PSUs are selected from specified business criteria. As permitted under the White Share Plans, White's compensation committee determines at the time of grant any other terms of an award, including the service period for vesting, treatment upon termination of employment or upon a termination following a change in control of White. With regard to the outstanding awards, stock

options generally vest rateably over a three-year service period, RSUs after three years, and PSUs after 42 months. Prior to the Completion Date, White awards that vest or options that are exercised will be satisfied with newly issued White shares, but following the Completion Date, they will be satisfied with newly issued Orange shares.

Annual Cash Incentive Scheme

For the 2016 annual performance period, management employees of White, Olive and Black will continue to participate in their respective employer's annual cash incentive scheme.

However, the parties have agreed that, for select senior managers that have been appointed to positions with company-wide responsibilities within Orange, the annual incentive award in respect of the 2016 performance period will, from Completion, be based on two components: (i) the award that would be earned under the manager's company's 2016 business goal(s) for the period from 1 January 2016 to Completion, and (ii) an award earned based on the extent to which operating income goals set for Orange for the period from Completion to 31 December 2016 are met.

The parties have agreed that the Orange Board will establish a new annual cash incentive programme to be effective for the 2017 calendar year.

White Employee Share Incentive Plans

White is the sponsor of two incentive plans under which share-based awards have been granted to certain eligible employees of White and its subsidiaries ("**White employees**"):

- The Coca-Cola Enterprises, Inc. Legacy Long-Term Incentive Plan (the "**Legacy Plan**"); and
- The Coca-Cola Enterprises, Inc. 2010 Incentive Award Plan (the "**2010 Plan**") (including the UK Tax Advantaged Sub-plan to the 2010 Plan, the French Sub-plan for Restricted Stock Units to the 2010 Plan, and the French Sub-plan for Options to the 2010 Plan)

(together, the "**White Share Plans**").

On the Effective Date, Orange will exchange all outstanding restricted stock units (each, an "**RSU**") and performance stock units (each, a "PSU") held by White employees under the White Share Plans, and will assume and exchange all outstanding stock options to purchase White shares ("**White Options**") held by White employees under the White Share Plans, pursuant to the terms of the Merger Agreement and further described below. Awards outstanding on the Effective Date will include vested stock options granted before 2010 under the Legacy Plan (which ceased to make new awards in 2010) and vested and unvested stock options, RSUs and PSUs granted between 2010 and 2015 under the 2010 Plan. Olive, Red and White have agreed that no awards will be made under the White Share Plans after the Effective Date.

Pursuant to the terms of the Merger Agreement, on the Effective Date, each White RSU and PSU will be exchanged for one Orange RSU and PSU, respectively, plus a credit of US$14.50. If and when the conditions for vesting of the awards are met, the holder will receive one Orange Share and a US$14.50 cash payment for each RSU or PSU. Each Orange RSU and PSU, including the applicable cash credit, will be subject to the same terms, vesting conditions, and other conditions that were applicable to the respective White RSU and PSU immediately before the Effective Date (subject to any amendments necessary to reflect the Merger and to facilitate compliance with applicable requirements of English law), including, with respect to the underlying Orange Shares, an entitlement to the same value of cash dividend equivalents, whether accrued before or after the Effective Date.

On the Effective Date, each White Option will be assumed by Orange and exchanged for an option to purchase Orange Shares (an "Orange Option"). The per share exercise price of each Orange Option will be equal to the product (rounded up to the nearest whole cent) of (A) the exercise price of the White Option for which it is exchanged immediately before the Effective Date; and (B) a fraction, the numerator of which will be the Orange Share Price and the denominator of which will be the White Stock Price. The number of Orange Shares subject to each Orange Option will be equal to the product of (A) the number of shares of White Common Stock subject to the White Option for which it is exchanged as of the Effective Date (rounded down to the nearest whole share) and (B) a fraction, the numerator of which will be the White Stock Price and the denominator of which will be the Orange Share Price. All Orange Options will be subject to terms, vesting conditions, and other conditions that are substantially the same as are applicable to the White Options immediately before the Effective Date (subject to any amendments necessary to reflect the Merger and to facilitate compliance with applicable requirements of English law).

For the purposes of the exchange of the White Options the "**Orange Share Price**" means the volume weighted average price of an Orange Share on the NYSE on the first full trading day occurring after Completion and the "**White Stock Price**" means the volume weighted average price of a White Share on the NYSE on the last full trading day occurring before Completion.

With regard to the outstanding awards, stock options generally vest rateably over a three-year period, RSUs after three years, and PSUs after 42 months. White awards that vest or options that are exercised before the Effective Date will be satisfied with newly issued White shares.

White Employee Share Savings or Purchase Plans

Certain of White's European subsidiaries sponsor share savings or share purchase plans for their employees (the "**White Share Save Plans**"). These plans are designed to provide employees the opportunity to invest in shares of White (in some cases on a tax-advantaged basis). All the White shares required for these plans are purchased on the open market. The White Share Save Plans will be amended by the sponsoring employers to provide for purchases of Orange Shares on the open market from the Effective Time. Details of the White Share Save Plans are set out below on a country-by-country basis. From the Effective Time, the White Share Save Plans will operate in respect of Orange Shares.

Great Britain

Under the Coca-Cola Enterprises UK Employee Share Plan (the "**UK Plan**"), a UK tax-advantaged Share Incentive Plan, eligible employees of White's subsidiaries in the United Kingdom may agree to regular deductions from their gross pay, up to a maximum of £138.46 each pay period (subject to a limit of 10 per cent. of pay in any tax year), which are used to purchase White shares on the participant's behalf at a price determined under the UK Plan. The number of White shares acquired by a participant ("**Partnership Shares**") is matched by their employer on a one-for-one basis ("**Matching Shares**") up to 3 per cent. of pay, subject to a maximum of £115.38 per month or 10 per cent. of pay if such amount is lower. Dividends paid on participants' Partnership Shares are reinvested into the purchase of further White shares on the participants' behalf ("**Dividend Shares**"). Matching Shares are subject to a vesting period of one year during which time the employee must normally remain in employment and the corresponding Partnership Shares must remain in the UK Plan in order to for the Matching Shares to vest. Partnership Shares, Matching Shares and Dividend Shares are generally subject to holding periods of three years in order to qualify for tax-favourable treatment on a subsequent sale.

Belgium and Luxembourg

Under the Belgian and Luxembourg Stock Savings Plan (the "**Belgian Plan**"), employees of White's subsidiaries in Belgium and Luxembourg may elect to contribute an amount of their pay to the Belgian Plan and the employer makes a matching contribution equal to 20 per cent. of the participant's contributions. White shares are be purchased pursuant to the Belgian Plan on the open market for the participant's account. White shares acquired under the Belgian Plan must remain in the participant's account for two years (four years for participants in Luxembourg).

France

Employees in France are eligible to participate in a plan d'épargne d'entreprise, which offers them the opportunity to contribute on a tax-advantaged basis all or some of their annual cash incentive awards or to make voluntary payments to an investment plan that allows investment in a choice of financial instruments (including some instruments invested totally or partially in White shares), some of which are open to employees of other companies, some only to White employees.

The Netherlands

Employees in the Netherlands may direct their employer to deduct a portion of their pay and contribute it to an account with a local bank, which will purchase White shares on behalf of the participant's account.

Orange Long-Term Incentive Plan

Orange has established the Coca-Cola European Partners Plc Long-Term Incentive Plan 2016 (the "**LTIP**") under which, following Completion, conditional share awards, performance awards (being conditional share awards to which performance conditions are attached) and/or market value options over Orange

Shares may be awarded to employees, including employed directors, of Orange and its subsidiaries (provided they are not under notice).

The LTIP will be overseen by the Orange Board or, if and to the extent that the Orange Board has expressly delegated its authority to take actions with respect to the LTIP to the Remuneration Committee, the Remuneration Committee acting in accordance with the terms of any delegation (the "**Board**"). The LTIP has a ten-year term.

Plan dilution limits

The number of Orange Shares which may be allocated under the LTIP on any day, when added to the total number of Orange Shares which have been allocated in the previous 10 years under the LTIP and any other share-based incentive scheme or arrangement adopted by the Orange or any of its subsidiaries, may not exceed 10 per cent. of the ordinary share capital of Orange in issue immediately before that day.

The number of Orange Shares which may be allocated under the LTIP on any day, when added to the total number of Orange Shares which have been allocated in the previous 10 years under the LTIP and any other share-based incentive scheme or arrangement adopted by Orange or any of its subsidiaries under which awards are made at the discretion of the Board or other grantor and do not have to be offered to all or substantially all persons who are eligible to participate, may not exceed 5 per cent. of the ordinary share capital of Orange in issue immediately before that day.

The limits apply to awards over newly issued Orange Shares or Orange Shares that are transferred out of treasury and not awards over shares already in issue. No account is taken in the limits of awards that have lapsed, expired or been forfeited, cancelled, renounced, released or terminated, nor awards that the Board determines after grant shall be satisfied by the transfer of existing Orange Shares (other than Orange Shares held in treasury). The awards under the White Share Plans assumed by Orange on Completion (see "*White Employee Share Incentive Plans*") will not count for the purposes of calculating the limits.

Individual limits

The market value of awards granted to an eligible employee under the LTIP in any particular financial year, when aggregated with the market value of any awards of Orange Shares or rights to acquire Orange Shares granted to the eligible employee in that financial year under any other plan or arrangement, may not exceed £8 million (with values of awards being determined at the date of grant of the relevant award), unless the Board determines that exceptional circumstances apply.

Nature of awards

The Board will determine the type and timing of any awards to be granted to eligible employees, and the number of Orange Shares that will be subject to such awards (or the method by which such number will be determined).

An award may be in the form of a conditional share award, being a conditional right to acquire Orange Shares for no payment that will vest if and to the extent that any conditions determined at the time of grant have been satisfied. Conditional share awards which are granted subject to performance conditions are referred to as performance awards. Alternatively, an award may be in the form of an option, being a right to acquire Orange Shares on payment of an exercise price (which, per Orange Share, must be at least equal to the higher of the market value of an Orange Share at grant and the nominal value of an Orange Share), if and to the extent that any conditions determined at the time of grant have been satisfied.

Award holders will have no voting rights or rights to receive dividends in respect of their awards before the vesting and settlement of conditional share awards and performance awards or before the exercise of awards granted as options. Conditional share awards and performance awards may be granted with rights to dividend equivalents payable in cash and/or Orange Shares on vesting, calculated by reference to the value of the dividends that would have been payable on the Orange Shares subject to the award between the grant date and the vesting date.

Vesting and exercise of awards

The Board will determine the vesting conditions applicable to an award on or before the grant of the award.

A conditional share award or performance award will vest and require settlement, and an option will vest and become exercisable, provided that the award holder is still employed within the Orange group at the vesting date and provided any other vesting conditions applicable to the award are met. Once an option becomes exercisable, it may be exercised up to the tenth anniversary of the date of grant, on which date the option will lapse to the extent unexercised.

The Board may attach objective performance conditions to any award. In such circumstances, the award will vest only if, and to the extent that, the performance conditions to which it is subject are satisfied. If the Board determines that any performance conditions to which a performance award is subject have not been satisfied and are no longer capable of being satisfied, an unvested performance award will lapse unless the performance conditions are amended by the Board (see, "*Performance Conditions*").

Awards will be settled in Orange Shares and may be satisfied by the issue of new Orange Shares, the transfer of Orange Shares held in treasury or Orange Shares which are already in issue. As soon as practicable after the exercise of an option or the vesting of a conditional share award or performance award, Orange will procure the delivery to the award holder of the number of Orange Shares in respect of which the option has been exercised or the conditional share award or performance award has vested.

Performance conditions

If awards are granted subject to one or more performance conditions, the performance condition(s) and the period during which the performance condition(s) are measured will be determined by the Board at the time of grant. The Board will determine whether or not and the extent to which any performance conditions have been met. The performance conditions may be altered if an event occurs which causes the Board to consider that amending the performance conditions would be appropriate, provided that the altered performance condition will not, in the reasonable opinion of the Board, be materially less difficult to satisfy. Performance conditions are not capable of being retested.

Cessation of employment

An award will lapse on the cessation of the award holder's employment with the Orange group for any reason other than by reason of the award holder's death, disability, redundancy or other involuntarily termination without cause, the sale or transfer of the business or company in which the award holder is employed outside of the Orange group or such other event as the Board determines appropriate ("**Good Leaver Reasons**").

Unvested awards will vest in full upon the cessation of an award holder's employment by reason of the award holder's death or disability, and options are exercisable for twelve months from the date of such cessation after which time any options will lapse if unexercised.

If any of the other Good Leaver Reasons occur prior to an award vesting in full, it will continue to vest in the normal course subject to any applicable conditions (other than continued employment) and subject to a pro-rata reduction based on the period of time which commences on the date of the cessation and ends on the normal vesting date, as a proportion of the original vesting period of the award. In addition to pro-rata vesting, awards subject to performance conditions will vest only if and to the extent that the Board considers that the performance conditions have been satisfied, and any part of the award which does not vest will lapse. Vested options will be exercisable for six months from the date of the cessation of employment, after which time any such options will lapse if unexercised.

If any award holder ceases to be employed within the Orange group for any reason other than a Good Leaver reason, awards will lapse immediately on the date of cessation of employment.

Malus

The Board may, at or before the vesting of an award, determine that the number of Orange Shares subject to the award shall be reduced in whole or in part (including to nil) in circumstances where there is "Malus", being:

(a) dismissal of the award holder for cause (as defined in the LTIP) and/or facts or circumstances arising that constitute cause;

(b) reasonable evidence of misbehaviour or material error by the award holder;

(c) circumstances where the award holder participated in or was responsible for conduct which resulted in significant losses to Orange and/or a subsidiary of Orange, or where the award holder failed to meet appropriate standards of fitness and propriety;

(d) a material failure of management or risk management in Orange or the business unit in which the award holder is employed;

(e) a discovery of a material misstatement in the audited consolidated accounts of Orange or the audited accounts of any subsidiary of Orange; and/or

(f) reputational damage where the behaviour of an award holder or award holders has a significant detrimental impact on the reputation of Orange or any subsidiary of Orange provided that the Board is satisfied that the relevant award holder or award holders materially contributed to the reputational damage.

Clawback

Awards may be granted subject to the right of the Board to require, within a period specified on grant, an award holder to transfer for no or minimal consideration some or all of the Orange Shares received in respect of an award (or a cash amount representing the value of such Orange Shares). This right may be exercised in the discretion of the Board where:

(a) there is Malus;

(b) there has been an error in the determination of the extent to which an award should have vested; or

(c) Orange Shares have been transferred to the award holder in error.

In addition, awards will be subject to any recovery and repayment requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other "clawback" provision required by applicable law, regulation or listing standards.

Rights attaching to Shares

Orange Shares issued or transferred under the LTIP will rank equally in all respects with Orange Shares of the same class then in issue (except in respect of entitlements arising before the date of issue or transfer).

Variation of share capital

In the event of any variation in the share capital of Orange, the implementation of a demerger, certain exempt distributions or the payment by Orange of a dividend in specie or a special dividend which would materially affect the value of an award, the Board may make any adjustments that it considers appropriate to the number of Orange Shares over which outstanding awards are granted, the exercise prices applicable to outstanding options and the number of Orange Shares over which awards may be granted as set out in the individual and plan limits provisions in the LTIP.

Change of control and other corporate events

In the event of a change of control of Orange, the serving of a statutory squeeze-out notice under section 979 of the Companies Act 2006 or the court sanctioning a scheme of arrangement in respect of Orange Shares (each, a "**Change of Control Event**"), the Board may, with the agreement of the acquiring company, determine that outstanding awards will be exchanged for equivalent awards over shares in the acquiring company. Where the Board, with the agreement of the acquiring company, determines that awards will be so exchanged, the awards will not vest on the Change of Control Event but will continue to vest in the same way as the prior award. Any such replacement award (i) would vest in the same way as the original award, except that the Board may determine that any applicable performance conditions may be varied in such manner as the Board considers appropriate and (ii) would be subject to the provisions of the LTIP as they had effect in relation to the original award immediately before its release except that, if the award holder's employment within the Orange group is terminated without cause within 24 months of the Change of Control Event, the replacement award will vest in full and the Board has the discretion to make other adjustments to the provisions of the LTIP at the relevant time.

Where there is no such exchange, the Board may determine that unvested awards will vest upon a Change of Control Event and that options will be exercisable for a period of six months after that event (or, if applicable, until the end of the period during which the acquiring company is entitled or bound to acquire

Orange Shares pursuant to a squeeze-out notice served under section 979 of the Companies Act 2006 or is entitled to serve such a notice, if shorter) after which time any unexercised options will lapse. If no such determination is made, award holders may agree with the acquiring company in the period of six months from the Change of Control Event to exchange their awards for awards over shares in the acquiring company.

In the event of a demerger, dividend in specie, special dividend or any other transaction affecting Orange not covered by the provisions applicable on a change in control or variation of share capital of Orange which would have a material effect on the value of any award, the Board may allow some or all unvested awards to vest. The Board will specify the period of exercise of any options in that event and whether options will lapse at the end of such period. The Board may also allow unvested awards to vest in the event of a winding up, administration order or voluntary arrangement affecting Orange.

Any awards which vest as a result of a Change of Control Event or other corporate event referred to above will vest only to the extent to which the Board reasonably considers that any applicable performance and other conditions have been satisfied at the date of the relevant event or are likely to have been satisfied as at the end of the relevant performance period, having regard to the underlying financial performance of Orange up to the date of that event. Further, a pro-rata reduction will be applied to awards based on the period of time which commences on the date of the relevant event and ends on the normal vesting date of the award, as a proportion of the original vesting period of the award, unless the Board determines otherwise.

Amendments and termination

The Board may amend the LTIP. However, the provisions governing individual and plan limits, eligibility requirements, determination of option exercise prices and amendments to the LTIP, the rights attached to awards and/or the Orange Shares under the awards and the rights of award holders in the event of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction or any other variation of the share capital of Orange, may not be amended to the advantage of award holders without the prior approval of Orange shareholders in general meeting (except minor amendments to benefit the administration of the LTIP).

The Board may amend the LTIP or adopt appendices to the LTIP for eligible employees in any jurisdiction without shareholder approval to take account of, mitigate or comply with taxation, securities or exchange control laws or to improve the tax, social security, exchange control and/or securities law treatment of the eligible employees, award holders or any company within the Orange group. The Board may also create sub-plans for any of these purposes without shareholder approval. It is envisaged that, similar to White in respect of the 2010 Plan, the Board will adopt a UK sub-plan to the LTIP for the purpose of granting UK tax-advantaged options, and a French sub-plan to the LTIP for the purpose of granting French tax-advantaged restricted share units and options, following the Merger.

No amendment may be made which would adversely affect any of the subsisting rights of award holders without the written consent of award holders who, if all outstanding awards were to vest in full, would become entitled to not less than three-quarters of all the Orange Shares which would fall to be transferred and/or issued.

No further awards under the LTIP will be made after, and the LTIP will terminate on, the tenth anniversary of its adoption, but the rights attaching to any existing awards will not be affected by termination. The Board may terminate the LTIP at any earlier time it determines.

Pension Schemes

White provides pension or retirement benefits for its former and current employees through a number of pension plans. There are both defined benefit ("**DB Plans**") and defined contribution ("**DC Plans**") plans which are summarised below on a country-by-country basis. These schemes are generally funded from contributions by the relevant White Group employer and the participating employees. The assets and liabilities of the DB Plans, as of 31 December 2015 and as reported under U.S. GAAP, are described below. With respect to the DC Plans, the approximate amount of the White Group employer's annual contribution is also described below. The balance of a DC Plan is not recorded as either an asset or liability of the White Group.

Belgium and Luxembourg

In Belgium, there are four DB Plans, all of which are closed to new entrants. In Luxembourg, there is one DB Plan which closed to new entrants in 2013. For Belgium and Luxembourg, the DB Plans' aggregate projected benefit obligation as at 31 December 2015 was approximately US$170,049,000. The fair value of the plans' assets as at 31 December 2015 was US$108,893,000, indicating that the plans were underfunded by approximately US$61,155,000.

There is one DC Plan in Belgium, which is open to all employees not covered by the Belgian DB Plan and to employees who are members of the DB Plan but only for their earnings above €48,000. In 2015 White contributed US$4,143,000 to this Belgian DC Plan. A second Belgian DC Plan enables certain management employees to invest a portion of their annual incentive bonus for future withdrawal—no employer contributions are made to this plan. In Luxembourg there is one DC Plan which is open to all non-DB Plan members. In 2015 White contributed US$46,000 to the Luxembourg DC Plan.

France

In France, there is one DB Plan, which was closed in 2000 to new entrants and members under 50 years of age. The last active member of that plan retired in 2015, so there are no longer any liabilities under the plan, and all retirees' benefits are fully insured. There is, however, a retirement indemnity and seniority awards liability recorded. The projected benefit obligation related to these awards as at 31 December 2015 was US$29,366,000 with a fair value of plan assets as at that date of US$678,000, resulting in an approximate underfunding of US$28,688,000.

Each of the White Group's two employers in France sponsors a DC Plan open to all of its employees. In 2015 White contributed US$1,974,000 to the DC Plans.

The Netherlands

The DB Plan in the Netherlands was closed as of 31 December 2013 with no remaining liabilities. In the Netherlands, there are two DC Plans open to all employees, one covering earnings up to €100,000 and one covering earnings above that threshold. In 2015 White contributed US$5,904,000 to the DC Plans.

Great Britain

In Great Britain, there is one DB Plan, which was closed to new entrants in 2005. The DB Plan's projected benefit obligation as at 31 December 2015 was US$1,392,079,000, with a fair value of plan assets as of that date of US$1,361,775,000 and therefore underfunding of US$30,305,000.

There is also one DC Plan that is open to all non-DB Plan members and to DB Plan members for earnings not covered by the DB plan. In 2015 White contributed US$6,617,000 to the DC Plan.

Norway

In Norway, there is one DB Plan, which was closed to new entrants in 2005. The DB Plan's projected benefit obligation as at 31 December 2015 was US$20,265,000, with a fair value of plan assets as of that date of US$15,141,000 and therefore underfunding of US$5,123,000.

There is one DC plan open to all non-DB Plan members. In 2015 White contributed US$979,000 to the DC Plan.

United States

In the U.S., there is one DC Plan open to all employees. In 2015 White contributed US$2,069,000 to the DC Plan.

Directors Deferred Compensation Plan

In the U.S., White sponsors a deferred compensation plan (the "**Deferred Compensation Pla**n"), under which White provides equity-based compensation to its non-executive directors. The Deferred Compensation Plan provides for quarterly credits of phantom stock units equal in value to US$30,000, with the number of such units based on the closing price of White's Common Stock on the last trading day of the previous quarter. These stock units are subject to forfeiture if the director is removed from the board for cause. Additionally, before 1 January 2016, U.S.-based directors could voluntarily elect to direct board

fees into the plan to be treated as invested in shares of White Common Stock, i.e., phantom stock units. Each quarter, stock units are credited with hypothetical dividends equal to the dividends declared that quarter, which (until the second quarter of 2016) were also treated as invested in White Common Stock. The stock units within the Deferred Compensation Plan will be converted to Orange stock units on Completion on a one-for-one basis, and the participants account will be credited with a cash equivalent equal to US$14.50 per stock unit. All such Orange stock units, including the applicable cash credit, will be subject to terms and conditions that are substantially the same as are applicable to the respective White stock units immediately before the Effective Date (subject to any amendments necessary to reflect the Merger and to facilitate compliance with applicable requirements of English law), including, with respect to the underlying Orange Shares, an entitlement to the same value of cash dividend equivalents, whether accrued before or after the Effective Date. The Deferred Compensation Plan will be terminated at Completion, and the White director participants' accounts will be distributed as soon as practicable. Participants may elect to receive all or a portion of the value of their account in cash payments, and will receive, for each stock unit upon distribution, either (i) one Orange Share or (ii) upon the participant's election, a cash payment equal to the value of such stock unit, which value shall be determined as the average of the closing prices of an Orange Share on the NYSE for the ten trading days immediately preceding the date of distribution of such participant's account, which distribution date will be fifteen days following the Effective Time. Each participant's cash equivalent credits will be satisfied by a cash payment.

Existing Shareholders

At the Completion, on a fully-diluted basis, White Shareholders will own approximately 48 per cent. of the Orange Shares, Olive HoldCo will own approximately 34 per cent. of Orange Shares and Red will own approximately 18 per cent. of Orange Shares. As at 20 May 2016 (being the latest practicable date prior to the date of publication of this Prospectus), insofar as it is known to the Company, the following persons would, if the Completion had occurred on 20 May 2016, be interested directly or indirectly in 3 per cent. or more of the voting rights in respect of the Orange Shares immediately following the Completion:

Shareholder	Number of Orange Shares	Approximate percentage of issued Orange Shares
Cobega, S.A.[1]	166,087,776	34%
TCCC[2]	87,928,823	18%
Summerfield K. Johnston, Jr.	21,169,691	4%

(1) Cobega, S.A., through its wholly-owned subsidiary, Cobega Invest, S.L., indirectly holds approximately 55.6 per cent. of the share capital and voting rights in Olive HoldCo. Following the Completion, Olive HoldCo will hold approximately 34 per cent. of the Orange Shares in issue.

(2) TCCC's interest is held indirectly through Red.

All Orange Shares carry the same rights and entitlements.

Registration Rights Agreement

The Registration Rights Agreement will govern the respective rights and obligations of Orange, Red and Olive HoldCo with respect to the registration for resale by Red and Olive HoldCo and certain of their respective affiliates and transferees of Orange Shares following the Combination Transactions.

Demand Registration Rights

Pursuant to the Registration Rights Agreement, at any time after one year following the Completion, Red and Olive HoldCo (or their affiliates or transferees, as set forth in the Registration Rights Agreement) may each request that Orange effect the registration of all or part of its Orange Shares upon written request to Orange so long as the requesting party holds at least 5 per cent. of the outstanding Orange Shares. Within two business days of receipt of such a written request from one of the requesting shareholders, and at least ten business days prior to the anticipated filing date of the registration statement related to such demand registration, Orange must provide notice to the other shareholder who can request, within ten days of such notice, that Orange include their Orange Shares in the registration. Olive HoldCo will be entitled to no more than five demand registrations and Red will be entitled to no more than three demand registrations, in each case, subject to certain exceptions. The value of Orange Shares that all requesting stockholders propose to sell in any demand registration must be at least US$50 million.

Shelf Registration Rights

At any time after one year following the Completion, when Orange is eligible to use Form S-3 or Form F-3 in connection with a secondary public offering of its equity securities and a shelf registration on such forms is not currently effective, Orange must, at the request of Red or Olive HoldCo, use its commercially reasonable efforts to register the securities held by the requesting shareholder, providing for an offering to be made on either a delayed or continuous basis. Orange must provide notice to the other shareholder of such request and offer the other shareholder the opportunity to register its securities pursuant to such shelf registration. A request to register shares pursuant to a shelf registration will not be counted against the number of demand registrations to which Red or Olive HoldCo is entitled pursuant to the Registration Rights Agreement.

Piggyback Registration Rights

In addition to the demand and shelf registration rights, at any time after one year following the Completion, if Orange proposes to register Orange Shares under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), each of Red and Olive HoldCo will have piggyback rights, subject to certain exceptions allowing them to include Orange Shares held by each of them on such registration statement.

Conditions; Indemnification; Expenses

The registration rights of Red and Olive HoldCo are subject to cutback procedures in the event the lead managing underwriter advises Orange that the demand, shelf or piggyback offering is oversubscribed. Orange will be entitled to suspend its obligation to file any registration statement or amendment to a registration statement:

(a) upon request by the SEC for amendments to the registration statement or amendments or supplements to the prospectus,

(b) upon issuance by the SEC of a stop order suspending the effectiveness of a registration statement,

(c) upon the Orange Board's determination, in its good faith judgment, that any such registration should not be taken because it would reasonably be expected to materially interfere with or require public disclosure of any non-public material corporate development or plan or

(d) if Orange has material non-public information, the disclosure of which the Orange Board determines, in its good faith judgment, after consultation with independent outside counsel to Orange (x) would be required to be made in a registration statement or filing with the SEC, (y) would not be required to be disclosed but for the filing, effectiveness or continued use of such registration statement, and (z) has a bona fide business purpose for not disclosing publicly.

Red and Olive HoldCo have both agreed, upon request by Orange or the underwriters, not to effect a public sale or distribution of registrable securities during the seven days prior to and the ninety-day period beginning on the effective date of the registration of such registrable securities in connection with a public offering (or such shorter period as the underwriters participating in such offering may require). Red and Olive HoldCo have further agreed not to effect any public sale or distribution of registrable securities upon notice from Orange of the commencement of a public offering in connection with a shelf registration during the seven days prior to and the ninety-day period beginning on the date of commencement of such public offering (or such shorter period as the underwriters participating in such offering may require), except as part of such public offering. If requested, Red and Olive HoldCo will each enter into a customary lock-up agreement in favour of the underwriters.

Orange has agreed not to effect any public sale or distribution of registrable securities (except pursuant to registrations on Forms S-8, S-4 or F-4 or any similar or successor form under the U.S. Securities Act) with respect to any public offering pursuant to a demand registration or any piggyback registration in which the holders of registrable securities are participating during the seven days prior to and the ninety-day period beginning on the effective date or such registration (or such shorter period as the underwriters participating in such offering may require), except as part of such public offering. Orange has further agreed not to effect any public sale or distribution of registrable securities (except pursuant to registrations on Forms S-8, S-4 or F-4 or any similar or successor form under the U.S. Securities Act) upon notice from any holder of registrable securities subject to a shelf registration of an intention to effect a public offering of registrable securities during the seven days prior to and the ninety-day period beginning on the date of

commencement of such public offering (or such shorter period as the underwriters participating in such offering may require), except as part of such public offering.

Orange must use its commercially reasonable efforts to cause any filed registration statement to become and remain effective for a period of not less than four months (or, if sooner, until all registrable securities have been sold) or, in the case of a shelf registration, until the earlier of the date on which all securities covered by such shelf registration are no longer registrable securities and the date on which Orange cannot extend the effectiveness of such shelf registration because it is no longer eligible to use Form S-3 or Form F-3.

Orange will generally pay all registration expenses in connection with its obligations under the registration rights agreement, and Red and Olive HoldCo will pay their portion of all underwriting discounts, commissions and transfer taxes, if any, relating to the sale of their Orange Shares.

Orange will indemnify Red and Olive HoldCo against any losses incurred in connection with any untrue (or allegedly untrue) statement of a material fact contained in, or any omission of a material fact from, any registration statement, preliminary prospectus, prospectus or free writing prospectus relating to registrable securities, except that Orange will not be liable to Red or Olive HoldCo for any losses related to an untrue statement or omission based on information furnished in writing to Orange by or on behalf or Red or Olive HoldCo, as applicable. Red and Olive HoldCo will indemnify Orange against any losses incurred in the event such losses arise out of information furnished in writing by or on behalf or Red or Olive HoldCo, as applicable, for use in any registration statement, preliminary prospectus, prospectus or free writing prospectus relating to registrable securities.

It is a condition precedent to the obligations of Orange to include the registrable securities of Red and Olive HoldCo in any registration statement, that Red or Olive HoldCo, as applicable, (i) has furnished to Orange in writing such information as Orange may reasonably request for use in connection with any related registration statement or prospectus and (ii) is in compliance with the U.S. Securities Act, Exchange Act, applicable state securities laws and all applicable regulations in connection with the registration and disposition of registrable securities.

The Registration Rights Agreement will terminate when neither Red nor Olive HoldCo owns at least 5 per cent. of the Orange Shares.

Disclosure of interests in Orange Shares

If the holder of, or any person appearing to be interested in, Orange Shares has been given a notice requiring any of the information mentioned in section 793 of the Companies Act (a "**Section 793 Notice**") and, in respect of those shares, has been in default for a period of 14 days after the Section 793 Notice has been given in supplying to the Company the information required by the Section 793 Notice, the following restrictions shall apply: (i) if the Orange Shares in which that person is interested or appears to the Company to be interested represent less than 0.25% of the issued shares of the class, the holder shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting of the Company; or (ii) if the Orange Shares in which that person is interested or appears to the Company to be interested represent at least 0.25% of the issued shares of the class, the holder shall not be entitled, in respect of those shares:

(a) to attend or to vote, either personally or by proxy, at any general meeting of the Company; or

(b) to receive any dividend or other distribution; or

(c) to transfer or agree to transfer any of those shares or any rights in them.

The above restrictions shall continue for the period specified by the Orange Board, being not more than seven days after the earlier of (i) the Company being notified that the shares have been sold pursuant to an exempt transfer; and (ii) due compliance, to the satisfaction of the Board, with the Section 793 Notice. The Orange Board may waive these restrictions, in whole or in part, at any time. The restrictions shall not prejudice the right of either the member holding the Orange Shares or, if different, any person having a power of sale over those shares to sell or agree to sell those shares under an exempt transfer.

Related Party Transactions

White's audit committee administers White's related person transaction policy, which is in writing and which was adopted by the White board of directors. Under this policy, the audit committee must examine

any transactions between White and a "related person" to be sure that the transaction in question is either in the best interests of White and its shareowners or is not inconsistent with those interests. With respect to the audit committee's responsibilities, "related persons" are (i) directors and executive officers of White, (ii) beneficial owners of more than 5 per cent. of any class of White's equity securities, (iii) immediate family members of the foregoing, and (iv) firms in which any of the foregoing are employed or have a greater than 5 per cent. beneficial interest. The thresholds for the application of this policy are transactions in which the amount exceeds US$120,000, except for certain pre-approved transactions that do not affect the determination of director independence.

Summerfield K. Johnston, Jr. is a more than 5 per cent. shareowner of White. White is a party to dry lease agreements with companies owned by Mr Johnston (the "**Johnston Companies**"), which leases provide for the shared use of private aircraft at an hourly rate per flight based upon industry standard rates for the make and model of the aircraft. Additionally, the Johnston Companies lease hanger space in White's Atlanta, Georgia aviation facility and reimburses White for expenses associated with this arrangement. For the period of 1 January 2016 through 7 March 2016, White paid (or was invoiced by) the Johnston Companies US$130,364, and the Johnston Companies paid (or were invoiced by) White US$37,354 with respect to these agreements.

Additionally, White and the Johnston Companies, along with an unrelated third party, own Enterprises Aviation, LLC, an entity formed to provide management and support services in connection with the operation of the aircraft subject to the dry leases. This entity and related arrangements enable White to defray a portion of the fixed costs associated with maintaining its aircraft facility and systems. The ownership of Enterprises Aviation, LLC is as follows: White, 80 per cent.; the Johnston Companies, 10 per cent.; and the unrelated third party, 10 per cent. During the period of 1 January 2016 to 7 March 2016, White and the Johnston Companies paid (or were invoiced by) Enterprises Aviation, LLC management services fees and other expenses US$1,030,119 and US$703,510, respectively. Enterprises Aviation paid (or was invoiced by) White US$97,646 in fees for administrative services and other operational expenses.

Following the Completion, the Orange group will be party to the following arrangements:

- a sub-lease arrangement with Coca-Cola GmbH in respect of office space at Stralauer Allee 4, 10245 Berlin, Germany (sub-letting such space, leased by Black from Hochtief Projektentwicklung GmbH, to Coca-Cola GmbH, for a current term until 3 March 2023, subject to certain early termination rights). Annual rent for this sub-lease arrangement, together with ancillary costs, is expected to be approximately €1,000,000 plus VAT. The Orange group will also be party to transitional arrangements with TCCC with respect to certain IT services in Germany to be used by Black for a period following the Completion;
- a lease agreement with Olive Activos, S.L., a wholly owned subsidiary of Olive HoldCo in respect of a 125,800 square meters logistic centre located in Fuenlabrada (Madrid, Spain), for a term of five years (subject to certain early termination rights). Annual rent for this lease agreement is expected to be approximately €29.16 per square metre per year plus VAT;
- a supply services agreement with Aguas de Cospeito, S.L.U., a wholly owned indirect subsidiary of Olive HoldCo, with respect to the supply of spring water for Aquabona for an initial term of three years;
- a supply services agreement with Frutos y Zumos, S.A.U., a wholly owned indirect subsidiary of Olive HoldCo, with respect to the supply of concentrated juices for an initial term of three years;
- transitional services agreements with Nosoplas, S.L.U., a wholly owned indirect subsidiary of Olive HoldCo, with respect to the continued supply of PET preforms, caps for water bottles and ancillary services on terms to be agreed upon;
- affiliates of White, Olive and Black are, and following the Completion affiliates of Orange will be, parties to bottling and distribution agreements with affiliates of TCCC, providing for the right to bottle and distribute certain Coca-Cola products within certain agreed-upon territories. Refer to "*Additional Information—Material Contracts*" for further information on these agreements;
- Black will, by the Completion, hold a 50 per cent. interest in CC Digital pursuant to a joint venture established with Coca-Cola GmbH (an affiliate of TCCC), pursuant to which Black and Coca-Cola GmbH have combined their rights (including intellectual property) and expertise in relation to an IT platform to be operated by CC Digital and used by both Black and TCCC. The joint venture parties intend to use such combined competencies and rights, and their aligned interests in

respect of customer and consumer marketing, to optimize their market presence via the IT platform, providing consumers with multimedia options regarding sources of food and beverages. The joint venture provides for the continued availability and development of such platform for Black and TCCC and its continued support by TCCC;

- As further described in this Prospectus, the Combination includes the sale of the entire issued and outstanding share capital of Vifilfell by Cobega and Solinbar to the Orange group in exchange for cash consideration of no more than €35 million. Sol Daurella is director of the board of Cobega, representative of a legal entity director of the board of Cobega and representative of the legal entity CEO of Cobega, as well as a shareholder of Cobega, and Alfonso Líbano Daurella is director, representative of the legal entity CEO and a shareholder of Cobega. Mario Rotllant Solá is the Vice-Chairman and representative of the legal entity CEO of Cobega. In addition, Olive has the following agreements in place with subsidiaries of Cobega:
  - a commercial agreement with Grupo Norte de Distribución, S.L., a subsidiary of Cobega, for the distribution of Coca-Cola products.
  - a commercial agreement with Daufood U. Lda., a subsidiary of Cobega, for the supply of Coca-Cola products to Daufood U. Lda.
  - a commercial agreement with the companies Gadisven, S.A. and Delivra, S.L., each of which are subsidiaries of Cobega and provide equipment maintenance services to Olive.
  - a commercial agreement with Gadisven, S.A., a subsidiary of Cobega, for the supply of Coca-Cola products to Gadisven, S.A.
- Mario Rotllant Solá is an indirect shareholder of Caher Servicios al Marketing, S.A., a company that provides marketing services such as commercial management and presales services to Olive. Mario Rotllant Solá is a member of the Orange Board.
- Norbega, S.A., a subsidiary of Olive, has an agreement in place with Norinvest for an industrial plants lease.
- Cobega Embotellador, a subsidiary of Olive, has in place a lease and administrative services agreement with Cobega.

For additional information about transactions considered to be related party transactions under U.S. GAAP, refer to Note 4 of the Consolidated Financial Statements of White (Part A) in this Prospectus and Note 2 of the Consolidated Financial Statements of Black. For further details of the related parties of Olive and the transactions with those related parties under IFRS IASB, refer to Note 20 of the Historical Financial Information of Olive included in this Prospectus.

Takeover Provisions

As an English public limited company with its securities admitted to trading on a regulated market (Euronext London), Orange will be subject to The City Code on Takeovers and Mergers (the "**Takeover Code**") with effect from Completion. The ability of the Orange Board to engage in defensive measures to seek to frustrate bids will therefore, in addition to being subject to the directors' statutory and fiduciary duties, be subject to the provisions of the Takeover Code.

Subsidiaries, investments and principal establishments

On the Completion, Orange will be the ultimate holding company of the Combined Group. On the Completion, the principal subsidiaries and subsidiary undertakings of Orange will be as follows:

Subsidiaries and subsidiary undertakings

White

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Field of activity
Coca-Cola Enterprises Belgium SPRL	Belgium	100%	Provision of manufacturing, marketing and distribution services for beverages
Coca-Cola Enterprises SAS	France	100%	Provision of manufacturing, marketing and distribution services for beverages
Coca-Cola Enterprises Great Britain Limited	Great Britain	100%	Provision of manufacturing, marketing and distribution services for beverages
Coca-Cola Enterprises Limited	Great Britain	100%	Provision of management services to operating companies
Coca-Cola Enterprises Luxembourg SARL	Luxembourg	100%	Provision of marketing and distribution services for beverages
Coca-Cola Enterprises Nederland BV	The Netherlands	100%	Provision of manufacturing, marketing and distribution services for beverages
Coca-Cola Enterprises Norge AS	Norway	100%	Provision of manufacturing, marketing and distribution services for beverages
Coca-Cola Enterprises Sverige AB	Sweden	100%	Provision of manufacturing, marketing and distribution services for beverages
Coca-Cola Enterprises Services Bulgaria EOOD	Bulgaria	100%	Financial shared service centre

Olive

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Field of activity
Aguas del Maestrazgo, S.L.U.	Spain, Monasterio Las Huelgas n° 7, P,I, Alcalde Caballero 50014 (Zaragoza)	100%	Packaging and sale of natural mineral water
Aguas del Santolín, S.A.U. . .	Spain Calle Real s/n 09246 Quintanaurria (Burgos)	100%	Packaging of natural mineral water
Aguas del Toscal, S.A.	Spain Carretera La Pasadilla Km 3 s/n, 35250 Ingenio, (Las Palmas)	100%	Packaging and sale of natural mineral water
Bebidas Gaseosas del Noroeste, S.A.U.	Spain Avda, Alcalde Alfonso Molina, s/n, (A Coruña)	100%	Manufacturing and provision of marketing and distribution services for beverages
Beganet, S.L.U.	Spain Avda, dels Països Catalans, n° 32, Esplugues de Llobregat (Barcelona)	100%	Provision of ICT services
Cobega Embotellador, S.L.U.	Spain Avda, dels Països Catalans, n° 32, Esplugues de Llobregat (Barcelona)	100%	Manufacturing and provision of marketing and distribution services for beverages
Vilas del Turbon, S.A.U. . .	Spain Monasterio Las Huelgas n° 7, P,I, Alcalde Caballero 50014 (Zaragoza)	100%	Packaging and sale of mineral water
Compañía Asturiana de Bebidas Gaseosas, S.A.U. .	Spain Crta, Oviedo-Santander, s/n, 33010 Colloto, Siero (Asturias)	100%	Manufacturing and provision of marketing and distribution services for beverages
Casbega, S.L.	Spain C/ Campezo, n° 10 (Madrid)	100%	Manufacturing and provision of marketing and distribution services for beverages
Compañía Levantina de Bebidas Gaseosas, S.A. . . .	Spain Avda, Real Monsat, Sta, Maria de Poblet, 36, Quart de Poblet, (Valencia)	100%	Manufacturing and provision of marketing and distribution services for beverages
Conversia IT, S.L.U.	Spain C/ Mijancas, n° 1, Edificio “Próxima”, Planta 4 (Madrid)	100%	Provision of ICT services

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Field of activity
Developed System Logistic, S.L.U.	Spain Avda, Henry Ford, 25, Picassent, (Valencia)	100%	Storage of beverages and other products for hotels and restaurants
Edari Soluciones Informáticas, S.L.U.	Spain C/ Portal de Gamarra, 1ª (Vitoria)	100%	Provision of ICT services
Iparsoft 2004, S.L.U.	Spain C/ Ibaizabal 57, Galdakao 48960, (Bizkaia)	100%	Provision of IT services
Madrid Eco Platform, S.L.	Spain C/ Diesel, nº 5, Getafe (Madrid)	100%	Transport, marketing, distribution, storage and export of beverages and food products
Norbega, S.A.	Spain C/ Ibaizabal 57, Galdakao, 48960, (Bizkaia)	100%	Manufacturing and provision of marketing and distribution services for beverages
Solares y Edificios Norteños, S.A.U.	Spain C/ Ibaizabal 57, Galdakao, 48960, (Bizkaia)	100%	Acquisition, development and division of real estate plots, building construction, reforms and enlargements, and property management
Peña Umbría, S.L.U.	Spain Avda, Real Monast, Sta, Maria de Poblet, 36, Quart de Poblet, (Valencia)	100%	Packaging and sale of mineral water
Refecon Águas, Lda.	Portugal Quinta da Salmoura—Cabanas	100%	Packaging and sale of water
Refrige, S.A.	Portugal Quinta da Salmoura—Cabanas	100%	Distribution and production of beverages
Rendelsur, S.A.U.	Spain Carretera nacional IV, Km,528, La Rinconada (Sevilla)	100%	Manufacturing and service marketing and distribution of beverages
Roalba, S.A.U.	Spain Calle Ibaizabal 57, 48960 Galdakao, (Bizkaia)	100%	Exploitation and marketing of refrigeration equipment

Black

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Field of activity
CC Digital GmbH	Berlin, Germany	100%	Development and distribution of digital solutions
CC Verpackung GmbH	Halle, Germany	100%	Production of preforms
Wir sind Coca-Cola GmbH . . .	Berlin, Germany	100%	Employee support
Herdt Verwaltungs GmbH i.L. .	Offenbach, Germany	100%	In liquidation

Principal establishments

On the Completion, the Combined Group will own material land and property in 58 locations (White: 16 combined production and warehouse facilities, of which 5 are in Great Britain, 5 are in France, 3 are in Belgium, and 1 is in each of The Netherlands, Norway and Sweden and 7 sales / distribution facilities, of which 6 are in Great Britain and 1 is in Sweden); Olive: 21 water bottling plants / factories and warehousing facilities, of which 15 are in Spain, 4 are in Portugal and 2 are in Iceland) and 19 sales centres / branches, of which 17 are in Spain and 2 are in Portugal; Black: 21 factories (partly combined production and warehouse facilities) all of which are in Germany) and will occupy (under lease or license) a further 154 premises (White: one production / warehouse facility in the UK and 30 sales / distribution facilities, 15 of which are in Norway; Olive: 23 water bottling plants / factories and warehousing facilities all of which are in Spain and 63 sales centres / branches, 53 of which are in Spain and 10 are in Portugal; and Black: 24 warehouse facilities, 10 offices, 2 factories, and one parking facility, all of which are in Germany).

Market Information

Prior to Admission, there has been no public market for the Orange Shares. The Issuer will apply to list its Shares for trading on Euronext Amsterdam, Euronext London and the Spanish Stock Exchanges through the AQS. ABN AMRO N.V. will act as liquidity provider on Euronext Amsterdam.

Clearance and Settlement of Orange Shares

Orange Shares that are Merger Shares are expected to be eligible for deposit and clearing within the DTC system and will be delivered and held as book-entry interests through DTC and DTC participants. Custodial links have been established between DTC and each of Euroclear, Euroclear Nederland and Iberclear to facilitate cross-market transfers and secondary market trading of the Orange Shares.

The Clearing Systems

DTC

DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities deposited by direct DTC participants and facilitates post-trade settlement among DTC participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers between DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Purchases of securities under the DTC system must be made by or through a direct DTC participant, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each security ("**Beneficial Owner**") is in turn to be recorded on the direct and indirect DTC participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners may receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect DTC participant through which the Beneficial Owner entered into the transaction in accordance with such participants' customary procedures. Transfers of ownership interests in securities is accomplished by entries made on the books of direct and indirect DTC participants acting on behalf of Beneficial Owners.

Conveyance of notices and other communications by DTC to direct DTC participants, by direct DTC participants to indirect participants, and by direct participants and indirect participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to securities. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co. 's consenting or voting rights to those direct DTC participants to whose accounts securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Distributions and dividend payments on the securities will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit direct DTC participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the issuer's transfer agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by direct DTC participants to indirect participants and by direct participants and indirect participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such participants and not of DTC, the issuer or the issuer's transfer agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the issuer or the issuer's transfer agent, disbursement of such payments to direct DTC participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the relevant direct and indirect DTC participants. Shareholders that hold book-entry interests in Orange Shares through DTC will receive all distributions of dividends or other payments with respect to Orange Shares in U.S. Dollars, unless they have submitted alternative instructions to the extent permitted by, and in accordance with the procedures of, DTC and the relevant direct and indirect DTC participants.

Euroclear and Euroclear Nederland

Euroclear and Euroclear Nederland hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book- entry changes in accounts of such participants. Euroclear and Euroclear Nederland provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Euroclear Nederland participants are financial institutions throughout the world, including securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Euroclear Nederland have established an electronic bridge between their two systems across which their respective clients may settle trades with each other. Indirect access to Euroclear or Euroclear Nederland is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Euroclear Nederland participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the Orange Shares held indirectly through Euroclear through the relevant DTC participant will be credited to the cash accounts of Euroclear or Euroclear Nederland participants in accordance with the relevant system's rules and procedures.

Iberclear

In order for the Orange Shares to be admitted to listing on the Spanish Stock Exchanges for trading through the AQS they must be eligible for registration and settlement in book-entry form through Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("**Iberclear**") and its participants and for clearing by BME Clearing, S.A.U. ("**BME Clearing**"), as central counterparty ("**CCP**"). Iberclear is the Spanish central securities depositary ("**CSD**") designated for the registration and settlement of trades over securities in the Spanish Stock Exchanges.

Distributions of dividends and other payments with respect to book-entry interests in the Shares held indirectly through Iberclear through Euroclear Nederland will be credited to the cash accounts of Iberclear participants in accordance with its rules and procedures. Holders of book-entry interests in Orange Shares holding through Iberclear will receive all distributions or other payments with respect to book-entry interests in Orange Shares in Euro.

Arrangements for the registration and settlement of Orange Shares through Iberclear and clearing by BME Clearing

Spanish law requires suitable arrangements to be put in place to link Iberclear with the foreign CSD where the Orange Shares are registered (being Euroclear Nederland) so that the aggregate number of Orange Shares registered from time to time in the book-entry system managed by Iberclear and its participants are supported by an equivalent balance of Orange Shares held by or on behalf of Iberclear in Euroclear Nederland.

Orange has requested Iberclear to permit the use of its direct participant account with Euroclear Nederland for the purposes of the holding by Iberclear in Euroclear Nederland of the Orange Shares that shareholders elect to register with and settle through Iberclear and its participants from time to time. Accordingly, Iberclear will, in respect of the Orange Shares:

(a) Process at the request of Orange shareholders movements of Orange Shares in and out of the Iberclear system.

(b) Distribute to Iberclear participants any dividends and other distributions on Orange Shares received from Orange via Euroclear Nederland for onward distribution to Orange shareholders.

(c) Forward to Iberclear participants for onward distribution to Orange shareholders information on corporate events (including the Annual General Meeting, dividend distributions and other corporate actions) received from Orange via Euroclear Nederland.

As regards elective corporate events, including the Annual General Meeting, scrip dividends, rights offerings and other corporate actions requiring shareholders to provide instructions, for so long as Iberclear does not provide the services associated with receiving and processing instructions from shareholders and ensuring the orderly execution of such corporate action in respect of the Orange Shares registered with and settled through Iberclear, Orange will engage an ad hoc local agent in Spain that will, in coordination with Iberclear, set up the appropriate arrangements to allow shareholders holding their shares through Iberclear and its participants to exercise their rights in respect of the relevant corporate event.

Holders of Orange Shares held through Iberclear and its participants will thus only be able to exercise the rights attached to their Orange Shares (including the right to vote at general meetings and the preferential subscription right in respect of the issue of new Orange Shares) by instructing Orange's local agent in Spain appointed for the purpose of the relevant corporate event to exercise these rights on their behalf, and, therefore, the process for exercising rights will likely take longer for holders of Orange Shares registered with and settled through Iberclear and its participants than it will for holders of Orange Shares registered with and settled through another CSD (such as Euroclear Nederland or DTC). In particular, Orange's local agent in Spain may set a deadline for receiving instructions from holders of Orange Shares registered with and settled through Iberclear and its participants in respect of any corporate event of the Company which is shorter than the deadline otherwise applicable for holders of Orange Shares of the Company registered with and settled through another CSD (such as Euroclear Nederland or DTC). Furthermore, Iberclear will not exercise any rights in respect of Orange Shares held through Iberclear and its participants for which Orange's local agent in Spain has not received appropriate instructions from the beneficial owner thereof within the established deadline.

Operation of the Iberclear system

The Spanish settlement system of securities in book-entry form has been recently adapted by Act 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms and Royal Decree 878/2015, to the provisions of Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014, on improving securities settlement in the European Union and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012.

Following the implementation of the abovementioned reform, which took place on 27 April 2016, transactions over securities carried out on the Spanish Stock Exchanges through the AQS are cleared by BME Clearing and settled through Iberclear.

Iberclear and BME Clearing. are wholly-owned subsidiaries of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a listed company which is the parent company of each of the Spanish regulated markets, including the Spanish Stock Exchanges. Iberclear and its participants are

responsible for maintaining records of purchases and sales of securities registered with the book-entry system.

Access to become a participant in Iberclear is restricted to (i) credit institutions, (ii) investment firms which are authorised to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorised CSDs and CCP, and (vi) other public institutions and private entities when expressly authorised to become a participant entity in a CSD.

The book-entry system operated by Iberclear and its participants is a two-tier registry: Iberclear maintains the central book-entry register, comprising: (i) one or several proprietary accounts which show the balances of proprietary securities held by each participant; (ii) one or several general third-party accounts that show, on a segregated manner from proprietary securities, the overall balances of securities held by participants on behalf and for the benefit of third parties (the clients of their securities custodial business); (iii) individual accounts in the name of persons who are not Iberclear participants but have nonetheless elected to open an account with Iberclear; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Participants in Iberclear, in turn, each keep their detailed registries showing ownership by each of their custody clients of the securities held by such participant in its third-party account with Iberclear.

According to the above, Spanish law considers the owner of the securities to be:

- the participant appearing in the central registry of Iberclear as holding the securities in its own name, for securities held in the proprietary account of the participant with Iberclear;
- the person appearing in the detailed registries of the participant entity as holding the securities, for securities held in the third-party account of the participant with Iberclear; or
- where appropriate, the person (other than a participant) appearing in the central registry of Iberclear as holding the securities, for securities held in segregated non-participant individual accounts with Iberclear.

BME Clearing is the CCP in charge of clearing all trades over securities occurring on the Spanish Stock Exchanges. BME Clearing will interpose itself on its own account as seller in every purchase and as buyer in every sale. In doing so, it will calculate the buy and sell positions vis-à-vis the participants designated in such buy or sell instructions and will generate and send to Iberclear the relevant settlement instructions.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name ARCO, receives the settlement instructions from BME Clearing and forward them to the relevant participating entities involved in each transaction. ARCO currently operates under a T+3 settlement cycle, meaning that transactions are settled on the third business day following the date of the trade. Beginning on 23 June 2016, ARCO will reduce its settlement cycle to T+2, meaning that transactions will be settled on the second business day following the date of the trade.

Obtaining beneficial ownership of the Orange Shares held through Iberclear and its participants requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorised under Spanish law to record the transfer of Orange Shares. In order to evidence such beneficial ownership of the Orange Shares, the relevant Iberclear participant must, at the request of the shareholder, issue a certificate of ownership (certificado de legitimación). If the owner is a participating entity of Iberclear or the shares are held in individual non-participant accounts in Iberclear's central registry, Iberclear will be responsible for issuing the certificate of ownership.

Global Clearance and Settlement Procedures

DTC is not obligated to accept Orange Shares for deposit and clearing within its facilities and may cease to act as a depository and clearing agency if it determines Orange Shares are not eligible for continued deposit and clearance within its facilities. See "*Risk Factors—If Orange Shares are not eligible for deposit and clearing within the facilities of Depository Trust & Clearing Corporation, then transactions in its securities may be disrupted*". None of DTC, Euroclear, Euroclear Nederland or Iberclear is under any obligation to perform or continue to perform settlement procedures, and such procedures may be discontinued at any time.

Material Contracts

The Company

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company since its incorporation or have been entered into by White, Olive or Black and which (i) are, or may be, material to the Company or, following the Completion, the Group; or (ii) have an obligation or entitlement which is, or may be, material to the Company or, following the Completion, the Group as at the date of this document:

Olive Contribution Agreement

The Olive Contribution Agreement sets forth the terms and conditions on which Olive HoldCo will contribute and transfer to Orange its shares in Olive. On the Completion, Olive HoldCo will contribute and transfer its shares in Olive to Orange in exchange for the issuance to Olive HoldCo by Orange of Orange Shares, as set out in the Master Agreement. The transfer will be formalised before a notary in Madrid on the date of the Completion, at which time Olive HoldCo and Orange will execute a share transfer deed, register the transfer in the share registry book of Olive, and execute, perform, acknowledge and deliver such other documents as are required by law and the Olive Contribution Agreement to be executed, performed, acknowledged and delivered in connection with the transfer of the shares in Olive and will carry out any other action required under the Olive Contribution Agreement.

Black Contribution Agreement

In conjunction with the Master Agreement, the Black Contribution Agreement sets forth the terms and conditions on which Red will contribute and transfer to Orange its shares in Black. At the Completion, Red will contribute and transfer its shares in Black to Orange in exchange for the issuance to Red (or their designee) by Orange of Orange Shares, as set out in the Master Agreement. The transfer of the shares in Black to Orange will be effected under the terms of the Black Contribution Agreement, which will be executed before a German notary at the Completion.

Shareholders' Agreement

The Shareholders' Agreement regulates certain aspects of the affairs and governance of Orange as between Orange, Olive HoldCo and Red. The following is a summary of the material terms and conditions of the Shareholders' Agreement and related agreements.

Composition of the Orange Board and Governance

The Shareholders' Agreement provides that the Orange Board will be composed of up to 17 members, a majority of whom will be independent, and a majority of whom will be non-U.S. citizens and not resident in the U.S.

Initial Board Nominees

The Shareholders' Agreement provides that the initial Orange Board will comprise:

- the initial Chief Executive Officer, who will be Mr Brock, the current Chief Executive Officer of White;
- five directors nominated by Olive HoldCo, who will be Ms Daurella, Mr Rotllant, Mr Líbano, Mr Ruiz de la Torre and Mr Comenge;
- two directors nominated by Red, who will be Mr Douglas, Jr. and Mr Finan; and
- nine independent non-executive directors ("INEDs") (the Initial INEDs), who will be Mr Bennink, Ms Cross, Mr Ferrán, Mr Humann, Mr Ingram, Mr Johnson, Ms Morali, Mr Watts and Mr Welling.

Nomination of Directors

The Shareholders' Agreement states that, if Olive HoldCo's Equity Proportion (as defined in the Shareholders' Agreement) is:

(a) 25 per cent. or more, Olive HoldCo may nominate a maximum at any one time of five persons as directors;

(b) 20 per cent. or more, Olive HoldCo may nominate a maximum at any one time of four persons as directors;

(c) 15 per cent. or more, Olive HoldCo may nominate a maximum at any one time of three persons as directors;

(d) 10 per cent. or more, Olive HoldCo may nominate a maximum at any one time of two persons as directors; or

(e) 5 per cent. or more, Olive HoldCo may nominate at any one time of one person as director (any such director, an "**Olive HoldCo Nominated Director**").

The Shareholders' Agreement states that, if Red's Equity Proportion (as defined in the Shareholders' Agreement) is:

(a) 10 per cent. or more, Red may nominate a maximum at any one time, of two persons as directors; or

(b) 5 per cent. or more, Red may nominate one person as a director (any such director, a "**Red Nominated Director**").

Election and Removal of Directors

Each Nominated Director (other than the initial Chairman in respect of the period of up to nine years after the Completion so long as she holds such office) must stand for election or re-election at each annual general meeting of Orange.

If at any time the number of directors that Olive HoldCo or Red is entitled to nominate falls below the number of directors who had been nominated to their role by Olive HoldCo or Red, respectively, and such circumstances exist for a period of 20 consecutive trading days, such shareholder will notify the Orange Board in writing of the identity of the director to be removed and will procure that such director resigns with immediate effect.

INEDs

With respect to the INEDs:

(a) three of the Initial INEDs (the identity of such three to be decided by the Orange Board) will offer themselves for re-election by the shareholders of Orange ("**Orange Shareholders**") at the annual general meeting of Orange to be held in 2019. If re-elected, such INEDs will stand for re-election at each subsequent annual general meeting of Orange;

(b) an additional three of the Initial INEDs (the identity of such three to be decided by the Orange Board) will offer themselves for re-election by the Orange shareholders at the annual general meeting of Orange to be held in 2020. If re-elected, such INEDs will stand for re-election at each subsequent annual general meeting of Orange; and

(c) the remaining three of the Initial INEDs will offer themselves for re-election by the Orange shareholders at the annual general meeting of Orange to be held in 2021. If re-elected, such INEDs will stand for re-election at each subsequent annual general meeting of Orange.

(d) upon an INED ceasing to be a director, any proposed replacement must be nominated by the Nomination Committee, subject to the approval of the Orange Board. Any INED who is not an Initial INED will stand for re-election at each annual general meeting of Orange.

(e) neither Olive HoldCo nor Red may propose a resolution to remove an Initial INED before the end of his or her initial term unless such proposal is approved by a majority of INEDs.

Appointment of the Initial Chairman

Under the Shareholders' Agreement, if Ms Daurella is a director:

(a) she will serve as Chairman until the annual general meeting of Orange in 2019; and

(b) thereafter, she will continue to serve in office for up to two additional three-year terms if the Orange Board has not unanimously resolved otherwise (excluding, for these purposes, any Olive HoldCo Nominated Director) and (i) at the end of either the first or second term of office, as applicable, Olive HoldCo's Equity Proportion is at least 25 per cent. or (ii) if Olive HoldCo's Equity Proportion is

below 25 per cent. and she has otherwise been elected to serve as Chairman, having been nominated by the Nomination Committee.

After the initial 9-year period referred to above, Ms Daurella will be required to stand for annual re-election at each annual general meeting of Orange.

Appointment of any Subsequent Chairman

Under the Shareholders' Agreement, the procedures governing the appointment and removal of any subsequent Chairman depend on whether Olive HoldCo's Equity Proportion is at least 25 per cent.

If Olive HoldCo's Equity Proportion is at least 25 per cent.

If Olive HoldCo's Equity Proportion is at least 25 per cent., Olive HoldCo will have the right to nominate an Olive HoldCo Nominated Director as Chairman, subject to the approval of the Orange Board (including the approval of at least one Red Nominated Director if Red's Equity Proportion is at least 10 per cent.).

If such nominee is not so approved, Olive HoldCo will have the right to nominate an alternative Olive HoldCo Nominated Director as Chairman, subject to the approval of the Orange Board (including the approval of at least one Red Nominated Director if Red's Equity Proportion is at least 10 per cent.).

If such alternative nominee is not approved by the Orange Board (including the approval of at least one Red Nominated Director), the Nomination Committee will nominate a candidate to be appointed as Chairman, subject to the approval of the candidate by the Orange Board, including approval by: (i) at least one Olive HoldCo Nominated Director (if Olive HoldCo's Equity Proportion is at least 15 per cent.), (ii) at least one Red Nominated Director (if Red's Equity Proportion is at least 10 per cent.), and (iii) a simple majority of all INEDs present and eligible to vote on the decision.

If Olive HoldCo's Equity Proportion is below 25 per cent.

If Olive HoldCo's Equity Proportion is below 25 per cent., the nomination of the Chairman will be made solely by the Nomination Committee, subject to the approval of the Orange Board, including approval by (i) at least one Olive HoldCo Nominated Director (if Olive HoldCo's Equity Proportion is at least 15 per cent.), (ii) at least one Red Nominated Director (if Red's Equity Proportion is at least 10 per cent.), and (iii) a simple majority of all INEDs present and eligible to vote on the decision.

The term of any subsequent Chairman will be three years. The term of any subsequent Chairman may be extended for further periods of three years with the approval of the Orange Board, including (i) at least one Olive HoldCo Nominated Director (if Olive HoldCo's Equity Proportion is at least 15 per cent.), (ii) at least one Red Nominated Director (if Red's Equity Proportion is at least 10 per cent.), and (iii) a simple majority of all INEDs present and eligible to vote on the decision.

Removal of any Subsequent Chairman

As long as a Chairman nominated by Olive HoldCo is a director, such Chairman may only be removed as Chairman prior to the end of his or her three-year term if the Orange Board (excluding, for these purposes, Olive HoldCo's Nominated Directors) unanimously resolves to do so. The Orange Board may resolve to remove a Chairman nominated by the Nomination Committee as Chairman from time to time by a simple majority vote of the Orange Board present and eligible to vote on the decision. All such subsequent Chairmen, whether nominated by Olive HoldCo or the Nomination Committee, will be subject to annual election by Orange shareholders.

Chief Executive Officer

Mr Brock, White's current Chief Executive Officer, will on the Completion be the initial Chief Executive Officer of Orange for an initial term of one year following the date of the Completion and will be a director on the Orange Board for so long as he holds such office. At the end of his initial term, the Orange Board may approve a three-month extension of the Chief Executive Officer's term.

Any other extension of the term of the initial Chief Executive Officer will be subject to the approval of the Orange Board including (i) if Olive HoldCo's Equity Proportion is at least 15 per cent., at least one Olive HoldCo Nominated Director and (ii) if Red's Equity Proportion is at least 10 per cent., at least one Red Nominated Director.

Upon the initial Chief Executive Officer ceasing to hold office, the appointment of any subsequent Chief Executive Officer and any extension of such person's term will be subject to the approval of the Orange Board, including (i) if Olive HoldCo's Equity Proportion is at least 15 per cent., at least one Olive HoldCo Nominated Director and (ii) if Red's Equity Proportion is at least 10 per cent., at least one Red Nominated Director.

The Orange Board may remove the Chief Executive Officer at any time by a simple majority vote of the Orange Board present and eligible to vote on the decision.

Matters Requiring Approval of the Orange Board

The Shareholders' Agreement provides that no member of the Orange group will take any action in relation to matters reserved to the Orange Board in Orange's chart of authority, without the consent of (i) at least one Olive HoldCo Nominated Director (if Olive HoldCo's Equity Proportion is at least 15 per cent.), and (ii) at least one Red Nominated Director (if Red's Equity Proportion is at least 10 per cent.).

In addition, no member of the Orange group may take any action in relation to the following matters, without the approval of the Orange Board, including (i) at least one Olive HoldCo Nominated Director (if Olive HoldCo's Equity Proportion is at least 15 per cent.), and (ii) at least one Red Nominated Director (if Red's Equity Proportion is at least 10 per cent.):

- adopt or amend the INED suitability criteria;
- adopt or amend any annual business plan or long-range business plan;
- any suspension, cessation or abandonment of any material activity of Orange or any material change to the nature, primary focus or geographical areas of the business of Orange or the closing of any material operating establishment of the business;
- any material acquisition or disposal by Orange;
- any material, actual or proposed reorganisation or liquidation of any member of the Orange group;
- issue any securities representing more than 10 per cent. of the issued share capital of Orange, other than in accordance with any equity incentive scheme of Orange approved by the Orange Board;
- issue any securities on a non-pro-rata basis, other than in accordance with any equity incentive scheme of Orange approved by the Orange Board;
- agree a change of listing venue, additional listing venue or cancellation of any listing;
- change the country of incorporation of Orange;
- amend or repeal the constitution of Orange;
- enter into any commitments or arrangements that are material to the business of the Orange group outside the ordinary course and not identified in any Annual Business Plan;
- agree to any material variation or modification to, or waiver, of any right or claim under any of the agreements entered into in connection with the Combination Transactions (the "**Transaction Documents**");
- the appointment or removal of the auditors of any member of the Orange group; or
- change Orange's name or any business name under which it trades.

Matters Requiring Shareholder Approval

The Shareholders' Agreement provides that Olive HoldCo and Red will procure, as far as they lawfully can, that no action is taken or resolution proposed by Orange, and Orange does not take any action, in relation to the following matters, without a resolution first being passed by shareholders of Orange present in person or represented by proxy at a general meeting of Orange who hold Orange Shares carrying at least 75 per cent. of the votes exercisable at that meeting:

- issue securities representing 20 per cent. or more of the issued share capital of Orange;
- disapply statutory pre-emption rights for the purposes of issuing securities; or

- repurchase, redeem or otherwise reorganize Orange's share capital, in respect of 10 per cent. or more of the issued share capital of Orange in each year.

Restrictions on Disposal

The Shareholders' Agreement provides that, subject to limited exceptions, until the first anniversary of the Completion, neither Olive HoldCo nor Red may dispose of any of their Orange Shares.

On or after the first anniversary of the Completion, Olive HoldCo and Red may dispose of any of their Orange Shares on or off a recognised stock exchange in certain circumstances.

Olive HoldCo and Red may dispose of some or all of their Orange Shares, otherwise than on a recognised stock exchange, provided that neither Olive HoldCo nor Red may dispose of more than 18 per cent. of the issued share capital of Orange, in aggregate, to any person (or their affiliates or persons acting in concert with such person) without the prior written consent of the other.

Olive HoldCo and Red may transfer Orange Shares to a third-party purchaser on a recognised stock exchange. However, neither Olive HoldCo nor Red may transfer Orange Shares on a recognised stock exchange, either as a one-off transfer or when aggregated with previous transfers on a recognised stock exchange within the twelve months prior to the date of the proposed transfer, representing more than 5 per cent. of the fully-diluted share capital of Orange, calculated as a mean average of the fully-diluted share capital of Orange across the relevant twelve month period. Further, if either Olive HoldCo or Red proposes to transfer Orange Shares on a recognised stock exchange that, either as a one-off disposal or when aggregated with previous transfers on a recognised stock exchange within the twelve months prior to the date of the proposed transfer, represents more than 3 per cent. of the fully-diluted share capital of Orange, calculated as a mean average of the fully-diluted share capital of Orange across the relevant twelve-month period, such shareholder must notify Orange at least three business days before undertaking such transfer.

As an alternative to the process in the paragraph above, Olive HoldCo and Red may transfer Orange Shares on a recognised stock exchange if such transfer has been approved in advance by a simple majority of INEDs.

Nothing in the Shareholders' Agreement restricts Olive HoldCo or Red from accepting or agreeing to accept an offer, as defined in Takeover Code for Orange.

Standstill

Other than as a result of an offer (as defined in the Takeover Code) for Orange recommended by a simple majority of the INEDs, for a period of three years from the Completion:

Olive HoldCo and its subsidiaries may not, and must use commercially reasonable endeavors to procure that each direct or indirect shareholder of Olive HoldCo does not, acquire or agree to acquire any securities in Orange without the prior approval of the Orange Board, such approval to include approval by, if Red's Equity Proportion is at least 10 per cent., at least one Red Nominated Director, if Olive HoldCo's Equity Proportion is at least 15 per cent., at least one Olive HoldCo Nominated Director and a simple majority of INEDs.

Subject to limited exceptions, Red, its subsidiaries and Red's parent, may not, subject to limited exemptions, acquire or agree to acquire any securities in Orange that would result in Red's aggregate interest in securities of Orange exceeding 21 per cent. of the fully-diluted share capital of Orange.

Other than as a result of an offer (as defined in the Takeover Code) for Orange recommended by a simple majority of INEDs, neither Red nor Olive HoldCo may acquire Orange Shares that when aggregated with the Orange Shares owned by the other, represent more than 67 per cent. of the issued Orange Shares. If either Olive HoldCo or Red is in breach of this provision, Olive HoldCo or Red, as relevant, will be required to sell such number of Orange Shares as is required to remedy such breach, within a period of 10 business days of request from Orange.

Events of Default and Breach

Olive HoldCo or Red, as applicable, will be deemed to have committed an "**Event of Default**" under the Shareholders' Agreement if, among others:

(a) such shareholder breaches the provisions of the Shareholders' Agreement described under either of the sections titled "*Restrictions on Disposal*" or "*Standstill*" above, where the breach is not capable of remedy, or if the breach is capable of remedy, such breach is not remedied within 10 business days of written notice requiring it to remedy that default;

(b) an Insolvency Event (*as defined in the Shareholders' Agreement*) occurs in relation to such shareholder; or

(c) such shareholder is prohibited from being a shareholder of Orange by a change in applicable law.

Further, Olive HoldCo will have committed an Event of Default if an Olive HoldCo Change of Control (as defined in the Shareholders' Agreement) occurs in relation to Olive HoldCo without the prior consent of Orange and Red, and Red will have committed an Event of Default if a Change of Control (as defined in the Shareholders' Agreement) occurs in relation to Red (except in relation to the ultimate listed parent of Red) without the prior consent of Orange and Olive HoldCo.

If Olive HoldCo or Red commits an Event of Default, it will be a "**Defaulting Shareholder**".

Consequences of an Event of Default

Upon any event of default in the circumstances described at (b) or (c) above, and in circumstances where, in the case of Olive HoldCo, (i) Olive HoldCo has breached the terms of the Olive HoldCo Side Letter (as defined in the Shareholders' Agreement) or (ii) Cobega Invest, S.L. has breached the terms of the Cobega Side Letter (as defined in the Shareholders' Agreement) and its breach has caused an Olive HoldCo Change of Control, the Defaulting Shareholder will lose all of its rights under the Shareholders' Agreement.

Upon any other event of default, the Defaulting Shareholder will lose all of its rights under the Shareholders' Agreement other than its rights in relation to the appointment of Nominated Directors.

Term and Termination

The Shareholders' Agreement will take effect on the Completion.

Termination at the Election of Red or Olive HoldCo

The Shareholders' Agreement will be terminable at the election of either Red or Olive HoldCo at ten-year intervals, as more specifically described below.

During the six-month period prior to the tenth anniversary of the Completion, either Red or Olive HoldCo may give written notice to the other, stating that, in its opinion, Red and Olive HoldCo do not share an aligned vision for the future of the business of Orange (a "**Termination Notice**"). Following the delivery of a Termination Notice, the rights and obligations of the parties under the Shareholders' Agreement will terminate, except for certain specific provisions of the Shareholders' Agreement.

During the three-month period prior to the date of the twentieth anniversary of the Completion, either Red or Olive HoldCo may give written notice of termination to the other. Following the delivery of such notice, the rights and obligations of the parties under the Shareholders' Agreement will terminate, except for certain specific provisions of the Shareholders' Agreement. During the three-month period prior to the end of any following ten-year period, either Red or Olive HoldCo may serve a written notice of termination on the other. Following the delivery of such notice, the rights and obligations of the parties under the Shareholders' Agreement will terminate, except for certain specific provisions of the Shareholders' Agreement.

Termination by Red upon a Breach of the Cobega Side Letter

If Cobega Invest, S.L. breaches the terms of the Cobega Side Letter, Red has the right, following the twentieth anniversary of the Completion, to give notice to Olive HoldCo to terminate the Shareholders' Agreement. Following delivery of such a notice, with effect from the one-year anniversary of the date of

such notice, the rights and obligations of the parties will terminate, except for certain specific provisions of the Shareholders' Agreement.

Other Termination Events

The Shareholders' Agreement will also terminate:

- if an offer (as defined in the Takeover Code), recommended by a simple majority of INEDs, for Orange made by either Olive HoldCo or Red or their affiliates becomes unconditional in all respects or becomes effective, and as a result Olive HoldCo and Red (together with their affiliates) hold more than 67 per cent. of the issued shares in Orange in aggregate;
- if Orange is wound up;
- in respect of either Olive HoldCo or Red, if either Olive HoldCo or Red's Equity Proportion is less than 5 per cent.; or
- if the parties to the Shareholders' Agreement agree in writing to terminate the Shareholders' Agreement.

Amendment

The Shareholders' Agreement may be amended only if (i) the amendment has been made with the prior approval of the Orange Board, including a simple majority of all INEDs; and (ii) the amendment is signed by all of the parties.

Governing Law

The Shareholders' Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Merger Agreement

On 6 August 2015, Orange, U.S. HoldCo and MergeCo entered into the Merger Agreement with White under which White will merge with and into MergeCo, with MergeCo continuing as the surviving company and an indirect wholly owned subsidiary of Orange.

At the effective time of the Merger, White will be merged with and into MergeCo whereupon the separate existence of White will cease, and MergeCo will continue in existence as the surviving company and will succeed to and assume all the rights, debts, liabilities and duties of White. MergeCo, in its form as an indirect wholly owned subsidiary of Orange following the effective time of the Merger, is referred to as the "surviving company."

Time of Closing and Effective Time of the Merger

Unless otherwise agreed by the parties to the Merger Agreement, the closing of the Merger will take place at 00:00 New York City time on the date of the Completion. The Merger will become effective at such date and time, referred to herein as the "**effective time**" of the Merger, as the certificate of merger is duly filed with the Secretary of State of the State of Delaware or such later time as agreed by White and Orange and specified in the certificate of merger. The certificate of merger will be filed no later than the date of the closing of the Merger.

Following the effective time of the Merger, the certificate of formation, in the form to be determined by MergeCo prior to the effective time, will be the certificate of formation of the surviving company, and the limited liability company operating agreement of MergeCo immediately prior to the effective time will be the limited liability company operating agreement of the surviving company, until amended in accordance with applicable law and the Shareholders' Agreement.

Merger Consideration to White Shareholders

At the effective time of the Merger, each share of White Common Stock outstanding immediately prior to the effective time (excluding shares to be cancelled as described in the following paragraph) will be converted into the right to receive one validly issued, fully paid, non-assessable Orange Share (the "**Stock Consideration**") and the Cash Consideration (together the "**Merger Consideration**").

Also at the effective time of the Merger, the following White Common Stock will be cancelled, and no Merger Consideration will be paid with respect thereto: (i) shares held by Red, Olive HoldCo, Olive, Orange or any of their subsidiaries, (ii) shares held by White as treasury stock or (iii) Dissenting Shares, in each case immediately prior to the effective time of the Merger.

Based upon the number of issued and outstanding shares of White Common Stock as of 20 May 2016, an aggregate of approximately 228,239,140 million Orange Shares would be issued and approximately US$3,309,467,530 in cash would be paid as aggregate Merger Consideration, assuming no White Shareholders validly exercise and perfect appraisal rights under Delaware law.

No assurance can be given that the current market price of White Common Stock will be equivalent to the market price of Orange Shares and the Cash Consideration at the effective time of the Merger or at any other time. The market price of Orange Shares when received by a White Shareholder, together with the Cash Consideration, may be greater or less than the current market price of White Common Stock or the market price of White Common Stock on the date of the special meeting or any other time.

Director and Officer Indemnification and Insurance

The Merger Agreement provides that, following the effective time of the Merger, MergeCo will indemnify and hold harmless each present and former director and officer of White or any of its subsidiaries for acts or omissions occurring at or prior to the effective time of the Merger to the fullest extent permitted by Delaware law and will provide these officers and directors with directors' and officers' liability insurance in respect of such acts or omissions.

Fees and Expenses

The Merger Agreement provides that each of Orange and White will generally pay its own costs and expenses in connection with the transactions contemplated by the Merger Agreement, subject to certain exceptions pursuant to the Merger Agreement or Master Agreement.

Governing Law

The Merger Agreement is governed by Delaware law.

The Master Agreement

The Master Agreement sets forth the terms and conditions of the Combination.

Transaction Consideration

Subject to the exceptions set out in the paragraph "*Merger Consideration to White Shareholders*" below, at the Completion, each White Shareholder will receive one Orange Share and US$14.50 in cash for each share of White Common Stock. Upon the Completion, White Shareholders will own approximately 48 per cent. of the Orange Shares, Olive HoldCo will own approximately 34 per cent. of Orange Shares and Red will own approximately 18 per cent. per cent. of Orange Shares. Ownership percentages will be based on White's fully-diluted share count, which will equal the sum of (A) (i) the number of shares of White Common Stock subject to, underlying or issuable in connection with the vesting, settlement or exercise of all White Equity Awards as of immediately prior to the Completion minus (ii) the number of shares of White Common Stock that could be purchased with the aggregate exercise price in respect of any outstanding in-the-money White Options, assuming a price per share of White Common Stock equal to the closing price of White Common Stock at close of trading on the trading day immediately prior to the Completion and (B) White Common Stock outstanding immediately prior to the Completion (including, for the avoidance of doubt, the Dissenting Shares) (otherwise referred to as the "treasury stock method" in this Prospectus).

Director and Officer Indemnification and Insurance

The Master Agreement provides that, following the Completion, Orange will cause Olive or Black, as applicable, to indemnify and hold harmless each present and former director and officer of Olive or Black, as applicable, or any of their respective subsidiaries, for claims, proceedings, investigations or inquiries relating to acts or omissions occurring at or prior to the Completion to the fullest extent permitted by applicable law and will provide these officers and directors with directors' and officers' liability insurance (or where applicable, extend such insurance already in existence) in respect of such acts or omissions.

Iceland

The Master Agreement provides that Olive and Olive HoldCo must use all reasonable endeavours to negotiate a share purchase agreement (in a form satisfactory to each other party) with Cobega and Solinbar, pursuant to which Cobega and Solinbar will sell the entire issued and outstanding share capital of Vifilfell to the Orange group in exchange for cash consideration of no more than €35 million.

Survival of Warranties; Indemnification

The warranties set forth in the Master Agreement will survive until the date that is three-months after the date that Orange files with the SEC its Annual Report on Form 20-F with respect to the year ended 31 December 2016 (the period ending on that date being the "**Claim Period**"). If Orange, Red or Olive HoldCo makes a claim with respect to any Warranty (as defined in the Master Agreement) within the Claim Period, and such claim is not fully and finally resolved prior to the expiration of the Claim Period, such Warranty will survive solely with respect to such claim until such claim is finally and fully resolved.

Losses suffered or incurred by Orange and its subsidiaries arising from any breach of any warranty by any of White, Olive, Olive HoldCo or Red will result in an increase in the relative equity ownership percentages in Orange of the non-breaching parties in order to reflect the indemnification claim amount. For purposes of such adjustment, (a) any individual claim of US$5 million or less will be disregarded, (b) the total adjustment amount will reflect the excess of the aggregate indemnification claim amount over US$400 million and (c) the aggregate indemnification claim amount will not exceed the lesser of (i) US$450 million and (ii) the maximum amount of Orange Shares that could be issued without subjecting Orange to Section 7874 of the Code had such allocation been made upon the Completion.

Subject to certain conditions, White Shareholders', Olive HoldCo's and Red's equity ownership in Orange may be adjusted due to a third party claim. The amount of any losses to be taken into account in the calculation of an equity ownership adjustment will be net of any amounts recovered by Orange under insurance policies, indemnities, contributions or other similar arrangements and will be reduced to take account of any net tax benefit realized by Orange arising from the incurrence or payment of such loss. Losses will also not include any amounts that were or could have been taken into account in determining working capital and net financial position in relation to each of White, Olive and Black. Losses (if any) in respect of any matter for which there were reserves reflected on White's, Olive's or Black's audited financial statements for the year ended 31 December 2014 will only include amounts (if any) in excess of such reserves.

As soon as reasonably practicable following the agreement of losses arising out of any breach of Warranty, Orange will issue adjustment shares to the other parties (in each case by way of capitalization of reserves), which will be calculated jointly by Orange, Red and Olive HoldCo based on the valid claim amount related to such breach multiplied by the relevant party's ownership proportion and divided by the opening price of the Orange Shares on the NYSE. All such shares will rank pari passu as amongst themselves and as amongst all other Orange Shares then in issue. No fractional shares will be issued in respect of any issuance.

Costs and Expenses

Upon the Completion, the Orange group will be responsible for all fees and expenses of the Orange entities and White, Red, Black, Olive and Olive HoldCo.

Governing Law

The Master Agreement and any non-contractual obligation arising out of or in connection with the Master Agreement is governed by English law; provided, however, that (a) the Merger and the interpretation of the duties of directors of White is governed by, and construed in accordance with, the laws of the State of Delaware, (b) the interpretation of the duties of directors of Olive and Olive HoldCo is governed by, and construed in accordance with, Spanish law and (c) the interpretation of the duties of directors of Black is governed by, and construed in accordance with, German law.

Debt Financing

See the sections of this Prospectus titled "*Information on the Combination Transactions—The Completion—Financing Relating to the Combination*" and "*Information on the Combination Transactions—The Completion—The Eurobond Offering*" for further information on the Debt Financing.

Transitional Services Agreements

The Orange group will be party to arm's length transitional arrangements with TCCC with respect to certain IT services in Germany to be used by Black for a period following the Completion.

Bottling Agreements

See the sections of this Prospectus titled: "*Business Overview of White—Product Licensing and Bottling Agreements*; "*Business Overview of Olive—Product Bottling and Distribution Agreements with TCCC*"; and "*Business Overview of Black—Bottling Agreements*" for further information on these agreements. On the Completion, new product licensing and bottling agreements will be entered into with TCCC and subsidiaries of Orange, having an initial 10-year term with a 10 year renewal term and substantially replicating the terms of the existing agreements.

White

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the White within the two years immediately preceding the date of this document which (i) are, or may be, material to White; or (ii) have an obligation or entitlement which is, or may be, material to White or the Company or, following the Completion, the Group as at the date of this document:

Incidence Pricing Agreements

See the section of this Prospectus titled "*Business Overview of White—Relationship with TCCC*" for further information on this agreement.

Olive

There are no contracts (not being contracts entered into in the ordinary course of business) that have been entered into by Olive within the two years immediately preceding the date of this document which (i) are, or may be, material to Olive; or (ii) have an obligation or entitlement which is, or may be, material to Olive or the Company or, following the Completion, the Group as at the date of this document.

Black

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by Black within the two years immediately preceding the date of this document which (i) are, or may be, material to Black; or (ii) have an obligation or entitlement which is, or may be, material to Black or the Company or , following the Completion, the Group as at the date of this document:

Transitional Services Agreements

Black has entered into transitional services agreements with TCCC, as further described in the paragraph *"Additional Information—Material Contracts—The Company—Transitional Services Agreement"* above.

Mandatory takeover bids

The Takeover Code applies to Orange. Under Rule 9 of the Takeover Code ("**Rule 9**"), if an acquisition of interests in Orange Shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in Orange Shares carrying 30 per cent. or more of the voting rights in Orange, the acquirer and, depending upon the circumstances, persons acting in concert with it, would be required (except with the consent of the UK Panel on Takeovers and Mergers (the "**Takeover Panel**")) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interest in the Orange Shares by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in the Orange Shares by a person holding (together with any persons acting in concert) an interest in the Orange Shares carrying between 30 per cent. and 50 per cent. of the voting rights in the company if the effect of such acquisition were to increase that person's percentage of the voting rights. On the Completion Olive HoldCo will hold approximately 34 per cent of the voting rights in Orange and therefore, should it subsequently increase its aggregate shareholding in Orange any further, the effect of Rule 9 is that, unless otherwise agreed by the Takeover Panel, Olive HoldCo will incur an obligation to make a mandatory offer.

The steps to be undertaken at Completion under the Master Agreement will result in Olive HoldCo's shareholding (and voting rights) in Orange being reduced from 100 per cent. to approximately 34 per cent. and Red's shareholding (and voting rights) in Orange increasing from zero per cent. to approximately 18 per cent. The Takeover Panel has agreed with Red and Olive HoldCo on an *ex parte* basis that based on the disclosures provided in this Prospectus, as well as the disclosures contained in the Registration Statement on Form F-4 and the associated proxy statement sent to the White Shareholders in connection with the Transaction, no mandatory offer obligations shall be triggered as a result of the changes in the shareholdings in Orange of each of Olive HoldCo and Red immediately on Completion. The Takeover Panel has also agreed with Red and Olive HoldCo on an *ex parte* basis that based on the information provided by Red and Olive HoldCo to the Takeover Panel, for the purposes of the Takeover Code, no concert party relationship will arise as between Red and Olive HoldCo in relation to Orange with effect from Completion as a result of the arrangements between them as set out in the Shareholders' Agreement.

Squeeze-out rules

Under the Companies Act 2006, if a "takeover offer" (as defined in section 974 of the Companies Act 2006) is made for the Orange Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Orange Shares to which the offer relates (the "offer shares") and not less than 90 per cent. of the voting rights attached to the offer shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Orange Shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to Orange, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are acquired compulsorily under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

Sell-out rules

The Companies Act 2006 also gives minority shareholders a right for their Orange shares to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Orange Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Orange Shares to which the offer relates, any holder of Orange Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Orange Shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Orange Shares on the terms of the offer or on such other terms as may be agreed.

Litigation

Orange

Save as disclosed below, as far as the Company is aware, there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past a significant effect on the Group's financial position or profitability.

Litigation in connection with the Combination

In connection with the Combination, three putative class action lawsuits have been filed in State of Delaware Chancery Court. The lawsuits are similar and assert claims on behalf of White Shareholders for various alleged breaches of fiduciary duty by the directors of White and/or White management in connection with the Merger. The lawsuits name Orange, White, the White board of Directors, Olive, Black, and Red as defendants. Plaintiffs in each case seek to enjoin the transaction, to rescind the Merger if it is consummated and allow termination damages, and to recover other damages, attorneys' fees, and litigation expenses. By consent order dated 7 January 2016, the court consolidated these cases. The actions are consolidated under the caption In Re Coca-Cola Enterprises, Inc. Consolidated Stockholders

Litigation (Case No. 11492-VCS). On 2 March 2016, plaintiffs filed a consolidated amended class action complaint in the consolidated action, making substantially similar allegations regarding the Merger, and adding allegations that the registration statement on Form F-4 and amendment no. 1 thereto, filed with the SEC on 15 December 2015 and 28 January 2016, contain misstatements and omissions in their disclosures regarding the Merger. In March 2016, the defendants moved to dismiss the consolidated amended class action complaint. Pursuant to a confidentiality order approved by the parties and entered by the Court of Chancery of the State of Delaware on 31 March 2016, White produced three rounds of documents pertaining to the Merger for review by plaintiffs and their counsel. On 8 May 2016, plaintiffs confirmed to defendants that the supplemental disclosures contained in the Proxy Supplement address all of plaintiffs' claims. The parties to the litigation expect to secure the dismissal of the litigation following the consummation of the Merger and to address thereafter the anticipated application by plaintiffs' counsel for an award of attorneys' fees relating to the supplemental disclosures contained in the Proxy Supplement. The parties have no agreement on the anticipated application by plaintiffs' counsel for an award of attorneys' fees.

White

Save as disclosed in the paragraph above (*Additional Information—Litigation—Orange*), as far as the Company is aware, there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past a significant effect on White's financial position or profitability.

Olive

Save as disclosed in the paragraph above (*Additional Information—Litigation—Orange*) and as disclosed below, as far as the Company is aware, there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past a significant effect on Olive's financial position or profitability.

Fuenlabrada labour dispute

Olive has experienced labour unrest at its facility in Fuenlabrada (Madrid) following an internal restructuring in January 2014 that involved the closure of four factories (including the facility in Fuenlabrada) and the collective dismissal of 840 workers. The unions representing the dismissed workers organised protests against Olive and lawsuits challenging the collective dismissal.

In connection with the Fuenlabrada labour dispute described above, the Fuenlabrada works council of one of the labour unions, accounting for a minority of Olive's employees who were members of that union, filed a claim in Madrid against the then CEO and Chairman of Olive, Sol Daurella, and the then General Manager of Olive, Victor Rufart, who will be, respectively, the initial Chairman and the initial Chief Integration Officer of Orange, alleging a criminal violation of workers' rights under Spanish law as a result of serving customers in Madrid with products manufactured in facilities outside of Madrid.

While in December 2014 the public prosecutor issued a report stating that the allegations were insufficient to constitute an offense, proceedings are on-going. See "*Risk Factors—Legal disputes, proceedings and investigations in Spain relating to Olive and its management could adversely impact Olive's and Orange's financial results and/or reputation*".

Black

Save as disclosed in the paragraph above (*Additional Information—Litigation—Orange*) and as disclosed below, as far as the Company is aware, there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past a significant effect on Black's financial position or profitability.

Resilux AG litigation

Black has been sued by Resilux AG for an amount equal to €5.5 million before the regional court (*Landgericht*) in Lueneburg, Germany. Resilux AG claims that Black wrongfully delayed returning a

bottling machine it had leased from Resilux AG. The court decided that Resilux AG is generally entitled to damages. However, Resilux has so far not been able to prove the specific amount it seeks to recover from Black, and, accordingly, Black has made no provision in its financial statements in connection with this dispute.

Working Capital

In the opinion of the Company, taking into account the committed facilities available to the Group, the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the next 12 months following the date of this Prospectus.

Significant Change

There has been no significant change in the financial or trading position of White since 1 April 2016 the date to which the Historical Financial Information included herein in the section of this Prospectus titled "*Historical Financial Information of White*" was prepared. Other than a cash dividend of €100 million paid to the Olive shareholder on 29 April 2016, there has been no significant change in the financial or trading position of Olive since 31 December 2015, the date to which the Historical Financial Information included herein in the section of this Prospectus titled "*Historical Financial Information of Olive*" was prepared. Other than as outlined in the section titled "*Operating and Financial Review of Black—Recent Developments*" on page 125 of this Prospectus, there has been no significant change in the financial or trading position of Black since 31 December 2015, the date to which the Historical Financial Information included herein in the section of this Prospectus titled "*Historical Financial Information of Black*" was prepared.

Other than the Debt Financing and RCF, pursuant to which Orange has contracted to borrow €3.7 billion, and as described in the section of this Prospectus titled "*Information on the Combination Transactions—The Completion—Bank Financing*" and "*Information on the Combination Transactions—The Completion—The Eurobond Offering*", there has been no significant change in the financial or trading position of Orange since 4 August 2015, being the date of its incorporation. As of the date of this Prospectus, the proceeds of the Debt Financing borrowings are expected to be received by Orange on 26 May 2016.

Expenses

The fees and expenses to be borne by the Company in connection with Admission including professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately €253 million (including VAT).

Independent Auditors

Ernst & Young LLP of 1 More London Place, London SE1 2AF, United Kingdom has been appointed as the independent auditor of Orange with effect from the Completion.

The consolidated financial statements of White as of 31 December 2015, 31 December 2014 and 31 December 2013 and for the years then ended, included in this Prospectus have been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their reports herein. The address of Ernst & Young LLP is 55 Ivan Allen Jr. Boulevard, Suite 1000, Atlanta, Georgia 30308, United States of America, which is registered with the Public Company Accounting Oversight Board (United States).

The consolidated financial statements of Olive as of 31 December 2015, 31 December 2014 and 31 December 2013 and for the years then ended, included in this Prospectus have been audited by Deloitte, S.L., independent auditors, as stated in their report appearing herein. The address of Deloitte, S.L. is Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid, Spain.

The consolidated financial statements of Black as of 31 December 2015, and 31 December 2014 and 31 December 2013 and for the years then, included in this Prospectus, have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, an independent registered public accounting firm, as stated in their report appearing herein. The address of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is Friedrichstraße 140, 10117 Berlin, Germany.

Consents

Ernst & Young LLP has given and has not withdrawn its written consent to the inclusion of the report in the section titled "*Unaudited Pro Forma Financial Information*" in the form and context in which they appear and has authorised the contents of that part of this document which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under Section 7 of the U.S. Securities Act and accordingly Ernst & Young LLP has not filed a consent under Section 7 of the U.S. Securities Act.

Documents Available for Inspection

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the date of publication of this Prospectus at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD, United Kingdom and at the Company's registered office at 20–22 Bedford Row, London WC1R 5JS, United Kingdom:

(a) the Orange Articles;

(b) the historical financial information of White in respect of the three financial years ended 31 December 2015, 31 December 2014 and 31 December 2013, together with the auditors' reports from Ernst & Young LLP, which is set out in the section titled "*Historical Financial Information of White*";

(c) the historical financial information of Olive in respect of the three financial years ended 31 December 2015, 31 December 2014 and 31 December 2013, together with the related auditor's report from Deloitte, S.L. which is set out in the section titled "*Historical Financial Information of Olive*";

(d) the historical financial information of Black in respect of the three financial years ended 31 December 2015, 31 December 2014 and 31 December 2013, together with the related auditor's report from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, which is set out in the section titled "*Historical Financial Information of Black*";

(e) the report from Ernst & Young LLP on the pro forma financial information, which is set out in the section titled "*Unaudited Pro Forma Financial Information*";

(f) the consent letters referred to in "*Consents*" in the paragraph above; and

(g) this Prospectus.

DEFINITIONS

Admission . . . . the admission of the Orange Shares in issue to the standard listing segment of the Official List and to trading on Euronext London becoming effective in accordance with the Listing Rules and the Euronext rules for admission for securities

AFM . . . . *Stichting Autoriteit Financiële Markten*, being the Dutch competent authority

Anadolu . . . . Anadolu Efes S.K.

Annual Business Plan . . . . the business plan of the Group for a financial year, to be established in accordance with the Shareholders' Agreement

AQS . . . . the Spanish Automated Quotation System ("*Sistema de Interconexión Bursátil* or *"Mercado Continuo*")

Audit Committee . . . . the audit committee of the Orange Board

Black . . . . Coca-Cola Erfrischungsgetränke GmbH (formerly known as Coca-Cola Erfrischungsgetränke Aktiengesellschaft)

Black Contribution . . . . the contribution by Black's owner, Red, of all of the issued and outstanding share capital of Black to Orange

Bribery Act . . . . the United Kingdom Bribery Act of 2010

Cash Consideration . . . . an amount of US$14.50 per White share in cash which each White Shareholders is entitled to receive for each share of White Common Stock outstanding immediately prior to the Effective Date, other than Excluded Shares

CC Digital . . . . CC Digital GmbH

CEO . . . . Chief Executive Officer

Chairman . . . . the Chairman of Orange, Ms Sol Daurella

Change of Control . . . . where a person who did not previously exercise control over another person acquires such control other than in connection with any bona fide internal corporate reorganisation, restructuring or similar transaction

Cobega . . . . Cobega, S.A, with registered address in Esplugues de Llobregat, Barcelona, Spain and the ultimate controlling parent of Coca-Cola Iberian Partners, S.A.U.

Code . . . . the United States Internal Revenue Code of 1986, as amended

Combination . . . . the combination of White, Olive, and Black under Orange pursuant to the Merger, the Olive Contribution and the Black Contribution

Combination Transactions . . . . . the Combination and the related transactions in connection therewith and in furtherance thereof and the payment of consideration in connection with such transactions

Combined Group . . . . the combined group following the Combination, comprising White, Olive and Black

Company . . . . Coca-Cola European Partners plc, a public limited company incorporated in England & Wales under the Companies Act 2006 with registered number 09717350

Companies Act . . . . the UK Companies Act 2006

Completion . . . . the completion of the Combination

Contribution Shares . . . . the ordinary shares issued by the Company in consideration of the Olive Contribution and the Black Contribution

Debt Financing . . . . approximately €3.2 billion consisting of the Eurobond Offering in an aggregate amount of €2.2 billion and an amortising Euro term loan facility in an aggregate amount of €1 billion

Defaulting Shareholder . . . . either of Olive HoldCo or Red once either party has committed an Event of Default under the Shareholders' Agreement

Diluted Orange Share Count . . . the quotient of (i) the sum of (A) the White Common Stock outstanding immediately prior to the Completion and (B) the net financial position adjustment amount for White divided by (ii) 48%

Director . . . . any director of Orange and any person who has been appointed as a director of Orange conditional on and with effect from the Completion

Disclosure and Transparency Rules . . . . the disclosure rules and transparency rules made by the FCA under Part VI of FSMA

Dissenting Shares . . . . shares of White Common Stock that are owned by stockholders who have made and not withdrawn, or otherwise lost their rights to, a demand for appraisal rights under Delaware law

DTC . . . . Depository Trust & Clearing Corporation

Effective Date . . . . the date on which the Combination occurs (expected to be 28 May 2016)

EEA . . . . European Economic Area

Exchange Act . . . . the U.S. Securities Exchange Act of 1934

Equity Proportion . . . . means, in relation to Red or Olive HoldCo:

(a) subject to (b) below, the total number of Orange Shares held by that shareholder (and, solely as regards Red, any transferees of Red's shares) divided by the total number of Shares in issue, expressed as a percentage (the "**Actual Proportion**"),

(b) if greater than the result produced by (a) above, but subject to (c) below, the Actual Proportion adjusted so that the calculation ignores the dilutive effect of the issue of Shares on or after the Effective Date on a basis that did not permit such Shareholder to participate on a basis pro rata (so far as practicable) to its actual holding (the "**Deemed Proportion**"),

(c) if, at any time after the fourth anniversary of the effective date, a Shareholder's Actual Proportion is less than 80 per cent of its Deemed Proportion, the Actual Proportion

and, in connection with the determination of the Equity Proportion, the reference in (b) above to the "Effective Date" shall, on and from each occasion on which the Equity Proportion is determined by the application of (c) above, be read as a reference to "the most recent date on which the Equity Proportion was determined by the application of (c) above".

EROA . . . . expected long-term return on assets

EU . . . . the European Union

Euro . . . . Euro, the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community

Eurobond Offering . . . . the eurobond offering pursuant to the Offering Circular dated 24 May 2016

Euronext Amsterdam	Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V.
Euronext London	Euronext London, a regulated market operated by Euronext London Limited
Event of Default	any event specified in the Shareholders' Agreement that will constitute a breach of that agreement
Excluded Shares	any shares of White Common Stock that are owned by Olive, Olive Holdco, Red, the Company or any of their respective subsidiaries immediately prior to the Effective Date, held by White as treasury stock outstanding immediately prior to the Effective Date or owned by dissenting White shareholders
FCA	Financial Conduct Authority of the United Kingdom
FCPA	the U.S. Foreign Corrupt practices Act of 1977
Fimalac	Fimalac Développement
FSMA	the UK Financial Services and Markets Act 2000
GHG	greenhouse gases
GMF	Global Marketing Fund
Group	Prior to Completion, Orange and its two subsidiaries U.S HoldCo and Orange MergeCo; following Completion and at Admission, Orange and its subsidiaries, including White, Olive and Black.
HMRC	Her Majesty's Revenue & Customs
IASB	International Accounting Standards Board
IFRS EU	International Financial Reporting Standards as adopted by the European Union
IFRS IASB	International Financial Reporting Standards as issued by the International Accounting Standards Board
INED	independent non-executive director
Initial INEDs	the nine independent non-executive directors as set out in the section titled '*Management, Board and Employees*'
IRS	United States Internal Revenue Service
ISIN	International Security Identification Number
LIBOR	London Interbank Offered Rate
Listing Rules	the Listing Rules of the FCA made under section 74(4) of FSMA
Master Agreement	the master agreement entered into by Orange, Olive, U.S. HoldCo, MergeCo, Red and White on 6 August 2015 as amended from time to time
Member State	a member state of the EEA
MergeCo	Orange MergeCo LLC, a limited liability company formed under the laws of the State of Delaware
Merger	the merger of White into MergeCo
Merger Agreement	the agreement under which White will merge with and into MergeCo, with MergeCo continuing as the surviving company and an indirect wholly owned subsidiary of Orange
Merger Consideration	the Stock Consideration and the Cash Consideration

Merger Shares	newly issued ordinary shares of Orange to which the White Common Stock will be converted
Model	the U.S. model income tax convention
NARTD	Non-Alcoholic, Ready-to-Drink
Non-U.S. Holder	a beneficial owner of White Common Stock, and, after the Merger, Orange Shares received in the Merger, that is neither a U.S. Holder nor a partnership (or an entity or arrangement treated as a partnership) for U.S. federal income tax purposes.
Nominated Director	any Director nominated by either Olive Holdco or Red under the provisions of the Shareholders' Agreement
NYSE	New York Stock Exchange
OFAC	the Office of Foreign Assets Control of the U.S. Department of the Treasury
Official List	the Official List of the FCA
Olive	Coca-Cola Iberian Partners, S.A.U. (formerly known as Coca-Cola Iberian Partners, S.A.), a Spanish company with its registered office at Paseo de la Castellana, 259-C (Torre de Cristal), Floor 9, 28046, Madrid and Spanish tax identification number A-86,561,412
Olive Annual Marketing Plan	the marketing plan of Olive for a financial year
Olive Contribution	the contribution by Olive HoldCo of the issued and outstanding share capital of Olive to Orange
Olive Contribution Agreement	the agreement to be entered into between Olive HoldCo and Orange regarding the Olive Contribution
Olive Framework Agreement	the framework agreement dated 30 July 2015
Olive HoldCo	Olive Partners, S.A., a Spanish corporation (*sociedad anónima*)
Olive HoldCo Nominated Director	a Director of Orange nominated by Olive HoldCo pursuant to the Shareholders' Agreement
Orange	Coca-Cola European Partners Limited, a private limited company organised under the laws of England and Wales
Orange Articles	the memorandum and articles of association of Orange in force conditional upon and with effect from the Completion
Orange Board	the board of directors of Orange conditional on and with effect from the Completion
Orange Shareholder	a holder of Orange Share(s)
Orange Shares	the ordinary shares in the capital of the Company, each with a nominal value of €0.01 each
Ownership Test	the assessment, for U.S. federal income tax purposes, of whether the former stockholders of an acquired U.S. corporation hold at least 80 per cent. (by either vote or value) of the shares of the non-U.S. acquiring corporation by the reason of holding shares of the U.S. corporation (which includes the receipt of the non-U.S. corporation's shares in acquisition)
PBO	projected benefit obligation
PET	polyethylene terephthalate
Premium Listing	a listing under Chapter 6 of the Listing Rules

Premium Listing Principles	the Listing Principles (other than the Standard Listing Principles) set out in Chapter 7 of the Listing Rules, as amended pursuant to the Listing Rules (Listing Regime Enhancements) Instrument 2014 (FCA 2014/33) published by the FCA on 2 May 2014
Prospectus Directive Regulation	Regulation number 809/2004 of the European Commission
Prospectus Rules	Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000
RCF	a multicurrency revolving credit facility in an aggregate amount of €1.5 billion, more fully described on page 55 of this Prospectus
Red	European Refreshments ("Red 1"), Coca-Cola Gesellschaft mit beschränkter Haftung ("Red 2") and Vivaqa Beteiligungs GmbH & Co. KG ("Red 3") together
Red Nominated Director	a Director of Orange nominated by Red under the provisions of the Shareholders' Agreement
Registration Rights Agreement .	the registration rights agreement to be entered into between Orange, Red and Olive HoldCo, the form of which is set out in the Master Agreement
RIS	a Regulatory Information Service approved by the UK Financial Conduct Authority
Sarbanes-Oxley Act	the U.S. Sarbanes-Oxley Act of 2002, as amended
Schweppes Agreements	the agreement with TCCC under which White distributes the Schweppes Products
Schweppes Products	collectively, Schweppes, Dr Pepper, Oasis, and Schweppes Abbey well
SD&A	selling, distribution and administrative expenses
SDRT	United Kingdom Stamp Duty Reserve Tax
SEC	United States Securities and Exchange Commission
Section 404	Section 404 of the Sarbanes-Oxley Act
Section 7874 Percentage	the percentage (by vote and value) of the Orange Shares considered held by former White Shareholders immediately after the Combination Transactions by reason of holding White Common Stock for the purposes of section 7874
Senior Managers	the senior members of the Company's management, as indicated in the section titled '*Management, Board, and Employees*'
SG&A	selling, general, and administrative expenses
Shareholders' Agreement	the shareholders' agreement entered into by Orange plc, Olive HoldCo, and Red
Side Letter	the letter agreement between Olive HoldCo. and Red expected to be entered into on 28 May 2016, substantially in form set out in the Shareholders' Agreement
Solinbar	Solinbar S.L.U., a subsidiary of Cobega
Spanish Commercial Code	Spanish Royal Decree of 22 August 1985, which publishes the Commercial Code
Spanish Securities Market Act .	Spanish law 24/1988, dated 28 July, of the Securities Market
Spanish Stock Exchanges	the Barcelona, Bilbao, Madrid and Valencia stock exchanges
Standard Listing	a standard listing under Chapter 14 of the Listing Rules
Standard Listing Principles . . .	Listing Principles 1 and 2 set out in Chapter 7 of the Listing Rules

Stock Consideration	the shares in Orange issued as part of the consideration for White Common Stock
Supplemental Agreement	the agreement between White's bottlers, TCCC and the Coca-Cola Export Corporation with regards to the rights of White's bottlers
the Sugar Levy	a soft drinks industry levy which the UK Government intends to introduce with effect from April 2018, announced on 16 March 2016
Takeover Code	The City Code on Takeovers and Mergers issued by the UK Panel on Takeovers and Mergers
Tax Treaty	the 2001 USA-UK Double Taxation Treaty as amended by the 2002 protocol
TCCC	The Coca-Cola Company together with its consolidated subsidiaries
Termination Notice	written notice given by either Red or Olive HoldCo to the other within six months of the tenth anniversary of the Completion, stating that, in its opinion Red and Olive HoldCo do not share an aligned vision for the future
Transaction Documents	the Master Agreement, the White Merger Agreement, the Black Contribution Agreement, the Olive Contribution Agreement, the Registration Rights Agreement and any other agreement entered into in connection with the transactions contemplated by those agreements
UK	the United Kingdom of Great Britain and Northern Ireland
UK Corporate Governance Code	the UK Corporate Governance Code dated September 2014 issued by the Financial Reporting Council
UKLA	United Kingdom Listing Authority
U.S., United States	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
U.S. Dollar	the U.S. Dollar, the lawful currency in the U.S.
U.S. GAAP	Generally Accepted Accounting Principles in the United States
U.S. HoldCo	Orange US HoldCo, LLC, a limited liability company formed under the laws of the State of Delaware
U.S. Securities Act	the United States Securities Act of 1933, as amended
U.S. Treasury Regulations	the U.S. Treasury (Tax) Regulations (26 C.F.R.) in force from time to time
Unaudited Pro Forma Financial Information	Collectively, the unaudited pro forma condensed combined income statement of Orange for the year ended 31 December 2015 and unaudited pro forma condensed combined statement of net assets of Orange as of 31 December 2015, including all the related notes thereto set out in the section titled "*Unaudited Pro Forma Financial Information of Orange*"
VAT	Value Added Tax
Vifilfell	Vifilfell hf., a public limited company incorporated and registered in Iceland
WEEE	waste electrical and electronic equipment
WEEE Directive	Directive 2012/19/EU, the EU Directive on Waste Electrical and Electronic Equipment
White	Coca-Cola Enterprises, Inc., a Delaware corporation with its principal office at 2500 Windy Ridge Parkway, Atlanta GA 30339, United States of America

White Board	the board of directors of White
White Common Stock	the common stock, par value US$0.01 per share, in White issued and outstanding from time to time
White Equity Awards	together, the options over shares in White and all units of White restricted or performance stock granted under a White shareholder-approved equity compensation plan
White Executive Severance Plan	the severance plan of White to provide for cash severance pay in the event of a termination of an executive officer's employment under certain circumstances
White Shareholders	holders of White Common Stock prior to the Merger
WILD	WILD GmbH & Co. KG
White Options	any options over shares in White granted under an approved compensation plan

CONSOLIDATED FINANCIAL STATEMENTS OF WHITE

PART A

DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013
TOGETHER WITH
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareowners of Coca-Cola Enterprises, Inc.

We have audited the accompanying consolidated balance sheets of Coca-Cola Enterprises, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coca-Cola Enterprises, Inc. at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Coca-Cola Enterprises, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 11, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 11, 2016

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)	Year Ended December 31, 2015	2014	2013
Net sales	$7,011	$8,264	$8,212
Cost of sales	4,441	5,291	5,350
Gross profit	2,570	2,973	2,862
Selling, delivery, and administrative expenses	1,704	1,954	1,948
Operating income	866	1,019	914
Interest expense, net	118	119	103
Other nonoperating expense	(4)	(7)	(6)
Income before income taxes	744	893	805
Income tax expense	148	230	138
Net income	$ 596	$ 663	$ 667
Basic earnings per share	$ 2.59	$ 2.68	$ 2.49
Diluted earnings per share	$ 2.54	$ 2.63	$ 2.44
Dividends declared per share	$ 1.12	$ 1.00	$ 0.80
Basic weighted average shares outstanding	231	247	268
Diluted weighted average shares outstanding	235	252	273

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Year Ended December 31, 2015	2014	2013
Net income	$ 596	$ 663	$667
Components of other comprehensive (loss) income:			
Currency translations			
Pretax activity, net	(337)	(482)	82
Tax effect	—	—	—
Currency translations, net of tax	(337)	(482)	82
Net investment hedges			
Pretax activity, net	163	256	(61)
Tax effect	(57)	(90)	21
Net investment hedges, net of tax	106	166	(40)
Cash flow hedges			
Pretax activity, net	16	(15)	21
Tax effect	(5)	4	(6)
Cash flow hedges, net of tax	11	(11)	15
Pension plan adjustments			
Pretax activity, net	(76)	(79)	57
Tax effect	13	23	(15)
Pension plan adjustments, net of tax	(63)	(56)	42
Other comprehensive (loss) income, net of tax	(283)	(383)	99
Comprehensive income	$ 313	$ 280	$766

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share data)	December 31, 2015	December 31, 2014
ASSETS		
Current:		
Cash and cash equivalents	$ 170	$ 223
Trade accounts receivable, less allowances of $16 and $17, respectively	1,314	1,514
Amounts receivable from The Coca-Cola Company	56	67
Inventories	336	388
Other current assets	170	268
Total current assets	2,046	2,460
Property, plant, and equipment, net	1,920	2,101
Franchise license intangible assets, net	3,383	3,641
Goodwill	88	101
Other noncurrent assets	174	240
Total assets	$ 7,611	$ 8,543
LIABILITIES		
Current:		
Accounts payable and accrued expenses	$ 1,601	$ 1,872
Amounts payable to The Coca-Cola Company	102	104
Current portion of debt	454	632
Total current liabilities	2,157	2,608
Debt, less current portion	3,407	3,320
Other noncurrent liabilities	236	207
Noncurrent deferred income tax liabilities	854	977
Total liabilities	6,654	7,112
SHAREOWNERS' EQUITY		
Common stock, $0.01 par value—Authorized—1,000,000,000 shares; Issued—356,214,139 and 354,551,447 shares, respectively	4	3
Additional paid-in capital	4,032	3,958
Reinvested earnings	2,329	1,991
Accumulated other comprehensive loss	(997)	(714)
Common stock in treasury, at cost—128,878,376 and 115,305,477 shares, respectively	(4,411)	(3,807)
Total shareowners' equity	957	1,431
Total liabilities and shareowners' equity	$ 7,611	$ 8,543

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31, 2015	2014	2013
Cash Flows from Operating Activities:			
Net income	$ 596	$ 663	$ 667
Adjustments to reconcile net income to net cash derived from operating activities:			
Depreciation and amortization	274	309	308
Share-based compensation expense	41	28	33
Deferred income tax (benefit) expense	(8)	65	(77)
Pension expense less than contributions	(11)	(3)	(19)
Changes in assets and liabilities:			
Trade accounts receivable	78	(151)	(45)
Inventories	17	15	(57)
Other current assets	(30)	(110)	(21)
Accounts payable and accrued expenses	(38)	94	100
Other changes, net	22	72	(56)
Net cash derived from operating activities	941	982	833
Cash Flows from Investing Activities:			
Capital asset investments	(321)	(332)	(313)
Capital asset disposals	13	27	4
Settlement of net investment hedges	32	21	(21)
Net cash used in investing activities	(276)	(284)	(330)
Cash Flows from Financing Activities:			
Net change in commercial paper	52	146	—
Issuances of debt	527	347	931
Payments on debt	(485)	(114)	(623)
Share repurchases under share repurchase programs	(614)	(912)	(1,006)
Dividend payments on common stock	(257)	(246)	(213)
Exercise of employee share options	21	16	22
Settlement of debt-related cross-currency swaps	56	(13)	12
Other financing activities, net	2	(13)	(19)
Net cash used in financing activities	(698)	(789)	(896)
Net effect of currency exchange rate changes on cash and cash equivalents	(20)	(29)	15
Net Change in Cash and Cash Equivalents	(53)	(120)	(378)
Cash and Cash Equivalents at Beginning of Year	223	343	721
Cash and Cash Equivalents at End of Year	$ 170	$ 223	$ 343
Supplemental Noncash Investing and Financing Activities:			
Capital lease additions	$ 3	$ 3	$ 9
Supplemental Disclosure of Cash Paid for:			
Income taxes, net	$ 138	$ 187	$ 262
Interest, net of amounts capitalized	103	101	91

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

(in millions)	Common Stock Outstanding Shares	Common Stock Outstanding Amount	Additional Paid-In Capital	Reinvested Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Total Shareowners' Equity
Balance as of January 1, 2013	282	$ 3	$3,825	$1,126	$(430)	$(1,831)	$ 2,693
Net income	—	—	—	667	—	—	667
Other adjustments, net	—	—	1	—	—	—	1
Shares issued under share-based compensation plans	4	—	22	—	—	—	22
Deferred compensation plans	—	—	2	—	—	—	2
Share-based compensation expense	—	—	33	—	—	—	33
Tax benefit from share-based compensation awards	—	—	20	—	—	—	20
Dividends declared	—	—	—	(216)	—	—	(216)
Shares repurchased under our publicly announced share repurchase programs	(27)	—	—	—	—	(1,006)	(1,006)
Shares withheld for taxes on share-based payment awards, net	(1)	—	(4)	—	—	(31)	(35)
Total other comprehensive income	—	—	—	—	99	—	99
Balance as of December 31, 2013	258	3	3,899	1,577	(331)	(2,868)	2,280
Net income	—	—	—	663	—	—	663
Other adjustments, net	—	—	2	—	—	—	2
Shares issued under share-based compensation plans	2	—	16	—	—	—	16
Deferred compensation plans	—	—	2	—	—	—	2
Share-based compensation expense	—	—	28	—	—	—	28
Tax benefit from share-based compensation awards	—	—	15	—	—	—	15
Dividends declared	—	—	—	(249)	—	—	(249)
Shares repurchased under our publicly announced share repurchase programs	(20)	—	—	—	—	(925)	(925)
Shares withheld for taxes on share-based payment awards, net	(1)	—	(4)	—	—	(14)	(18)
Total other comprehensive loss	—	—	—	—	(383)	—	(383)
Balance as of December 31, 2014	239	3	3,958	1,991	(714)	(3,807)	1,431
Net income	—	—	—	596	—	—	596
Other adjustments, net	—	—	4	—	—	—	4
Shares issued under share-based compensation plans	2	1	22	—	—	—	23
Deferred compensation plans	—	—	3	—	—	—	3
Share-based compensation expense	—	—	41	—	—	—	41
Tax benefit from share-based compensation awards	—	—	9	—	—	—	9
Dividends declared	—	—	—	(258)	—	—	(258)
Shares repurchased under our publicly announced share repurchase programs	(14)	—	—	—	—	(600)	(600)
Shares withheld for taxes on share-based payment awards, net	—	—	(5)	—	—	(4)	(9)
Total other comprehensive loss	—	—	—	—	(283)	—	(283)
Balance as of December 31, 2015	227	$ 4	$4,032	$2,329	$(997)	$(4,411)	$ 957

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

We are a marketer, producer, and distributor of nonalcoholic beverages. We market, produce, and distribute our products to customers and consumers through licensed territory agreements in Belgium, continental France, Great Britain, Luxembourg, Monaco, the Netherlands, Norway, and Sweden. We operate in the highly competitive beverage industry and face strong competition from other general and specialty beverage companies. Our financial results are affected by a number of factors, including, but not limited to, consumer preferences, cost to manufacture and distribute products, foreign currency exchange rates, general economic conditions, local and national laws and regulations, raw material availability, and weather patterns.

Sales of our products are seasonal, with the second and third quarters accounting for higher unit sales of our products than the first and fourth quarters. In a typical year, we earn more than 60 percent of our annual operating income during the second and third quarters. The seasonality of our sales volume, combined with the accounting for fixed costs such as depreciation, amortization, rent, and interest expense, impacts our results on a quarterly basis. Additionally, year-over-year shifts in holidays, selling days, and weather patterns can impact our results on an annual or quarterly basis.

Basis of Presentation and Consolidation

Our Consolidated Financial Statements include all entities that we control by ownership of a majority voting interest. All significant intercompany accounts and transactions are eliminated in consolidation.

Our fiscal year ends on December 31. For interim quarterly reporting convenience, our first three quarters close on the Friday closest to the end of the quarterly calendar period. There were the same number of selling days in 2015, 2014, and 2013 (based upon a standard five-day selling week).

The following table summarizes the number of selling days by quarter for the years ended December 31, 2015, 2014, and 2013 (based on a standard five-day selling week):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2015	67	65	65	64	261
2014	63	65	65	68	261
2013	64	65	65	67	261

Use of Estimates

Our Consolidated Financial Statements and accompanying Notes are prepared in accordance with U.S. generally accepted accounting principles and include estimates and assumptions made by management that affect reported amounts. Actual results could differ materially from those estimates.

Net Sales

We recognize net sales when all of the following conditions are met: (1) evidence of a binding arrangement exists (generally, purchase orders); (2) products have been delivered and there is no future performance required; and (3) amounts are collectible under normal payment terms. For product sales, these conditions occur when the products are delivered to or picked up by our customers and, in the case of full-service vending, when cash is collected from vending machines. Revenue is stated net of sales discounts and marketing and promotional incentives paid to customers.

We record value added taxes (VAT) on a net basis (i.e., excluded from net sales) and record excise taxes and taxes on packaging on a gross basis (i.e., included in net sales). During 2015, 2014, and 2013, the total amount of taxes recorded on a gross basis approximated $471 million, $584 million, and $555 million, respectively.

Customer Marketing Programs and Sales Incentives

We participate in various programs and arrangements with customers designed to increase the sale of our products. Among these programs are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or for participating in specific marketing programs. Coupon

programs are also developed on a customer- and territory-specific basis with the intent of increasing sales. We believe our participation in these programs is essential to ensuring volume and revenue growth in a competitive marketplace. The costs of all these various programs, included as a reduction in net sales, totaled $1.1 billion in each of the years 2015, 2014, and 2013.

Under customer programs and arrangements that require sales incentives to be paid in advance, we amortize the amount paid over the period of benefit or contractual sales volume. When incentives are paid in arrears, we accrue the estimated amount to be paid based on the program's contractual terms, expected customer performance, and/or estimated sales volume.

Licensor Support Arrangements

We participate in various funding programs supported by TCCC or other licensors whereby we receive funds from the licensors to support customer marketing programs or other arrangements that promote the sale of the licensors' products. Under these programs, certain costs incurred by us are reimbursed by the applicable licensor. Payments from TCCC and other licensors for marketing programs and other similar arrangements to promote the sale of products are classified as a reduction in cost of sales, unless we can overcome the presumption that the payment is a reduction in the price of the licensor's products. Payments for marketing programs are recognized as product is sold.

For additional information about our transactions with TCCC, refer to Note 4.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished goods from our manufacturing locations to our sales distribution centers are included in cost of sales on our Consolidated Statements of Income. Shipping and handling costs incurred to move finished goods from our sales distribution centers to customer locations are included in SD&A expenses on our Consolidated Statements of Income and totaled approximately $248 million, $301 million, and $275 million in 2015, 2014, and 2013, respectively. Our customers do not pay us separately for shipping and handling costs.

Share-Based Compensation

We recognize compensation expense equal to the grant-date fair value for all share-based payment awards that are expected to vest. This expense is recorded on a straight-line basis over the requisite service period of the entire award, unless the awards are subject to performance conditions, in which case we recognize compensation expense over the requisite service period of each separate vesting tranche. We recognize compensation expense for our performance share units when it becomes probable that the performance criteria specified in the plan will be achieved. All compensation expense related to our share-based payment awards is recorded in SD&A expenses. We determine the grant-date fair value of our share-based payment awards using a Black-Scholes model, unless the awards are subject to market conditions, in which case we use a binomial-lattice model (e.g., Monte Carlo simulation model). The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that market conditions will be achieved. Refer to Note 12.

Earnings Per Share

We calculate our basic earnings per share by dividing net income by the weighted average number of shares and participating securities outstanding during the period. Our diluted earnings per share are calculated in a similar manner but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share. Share-based payment awards that are contingently issuable upon the achievement of a specified market or performance condition are included in our diluted earnings per share calculation in the period in which the condition is satisfied. Refer to Note 13.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturity dates of less than three months when acquired. As of December 31, 2015, substantially all of our cash and cash equivalents were held by consolidated entities that are outside the U.S. Our disclosure of the cash and cash equivalents held

by consolidated entities located outside the U.S. is not meant to imply the cash will be repatriated to the U.S. at a future date. Any future repatriation of foreign earnings to the U.S. will be based on actual U.S.-based cash flow needs and actual foreign entity cash available at the time of repatriation. We continually assess the counterparties and instruments we use to hold our cash and cash equivalents, with a focus on preservation of capital and liquidity.

Trade Accounts Receivable

We sell our products to retailers, wholesalers, and other customers and extend credit, generally without requiring collateral, based on our evaluation of the customer's financial condition. While we have a concentration of credit risk in the retail sector, we believe this risk is mitigated due to the diverse nature of the customers we serve, including, but not limited to, their type, geographic location, size, and beverage channel. Collections of our receivables are dependent on each individual customer's financial condition and sales adjustments granted after the balance sheet date. We carry our trade accounts receivable at net realizable value. Typically, accounts receivable have terms of 40 to 60 days and do not bear interest. We monitor our exposure to losses on receivables and maintain allowances for potential losses or adjustments. We determine these allowances by (1) evaluating the aging of our receivables; (2) analyzing our history of adjustments; and (3) reviewing our high-risk customers. Past due receivable balances are written off when our efforts have been unsuccessful in collecting the amount due. We also carry credit insurance on a portion of our accounts receivable balance.

The following table summarizes the change in our allowance for losses on trade accounts receivable for the periods presented (in millions):

	Accounts Receivable Allowance
Balance at January 1, 2013	$17
Provision	2
Write-offs	(3)
Balance at December 31, 2013	16
Provision	8
Write-offs	(5)
Currency translation adjustments	(2)
Balance at December 31, 2014	17
Provision	1
Write-offs	(1)
Currency translation adjustments	(1)
Balance at December 31, 2015	$16

Inventories

We value our inventories at the lower of cost or market, and cost is determined using the first-in, first-out (FIFO) method. Inventories consist of raw materials and supplies (primarily including concentrate, other ingredients, and packaging) and finished goods, which also include direct labor and indirect production and overhead costs. The following table summarizes our inventories as of the dates presented (in millions):

	December 31,	
	2015	2014
Finished goods	$209	$238
Raw materials and supplies	127	150
Total inventories	$336	$388

Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost. Major property additions, replacements, and betterments are capitalized, while maintenance and repairs that do not extend the useful life of an asset or add new functionality are expensed as incurred. Depreciation is recorded using the straight-line method over the respective estimated useful lives of our assets. Our cold-drink equipment and containers, such as reusable crates, shells, and bottles, are depreciated using the straight-line method over the estimated useful life of each group of equipment, as determined using the group-life method. Under this method, we do not recognize gains or losses on the disposal of individual units of equipment when the disposal occurs in the normal course of business. We capitalize the costs of refurbishing our cold-drink equipment and depreciate those costs over the estimated period until the next scheduled refurbishment or until the equipment is retired. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

The following table summarizes the classification of depreciation and amortization expense in our Consolidated Statements of Income for the periods presented (in millions):

Location—Statements of Income	2015	2014	2013
Selling, delivery, and administrative expenses	$163	$192	$190
Cost of sales	111	117	118
Total depreciation and amortization	$274	$309	$308

Our interests in assets acquired under capital leases are included in property, plant, and equipment and primarily relate to buildings and fleet assets. Amortization of capital lease assets is included in depreciation expense. Our net interests in assets acquired under capital leases totaled $20 million as of December 31, 2015 (gross cost of $75 million, net of accumulated amortization of $55 million). The net present values of amounts due under capital leases are recorded as liabilities and are included within our total debt. Refer to Note 7.

We assess the recoverability of the carrying amount of our property, plant, and equipment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If we determine that the carrying amount of an asset or asset group is not recoverable based upon the expected undiscounted future cash flows of the asset or asset group, we record an impairment loss equal to the excess of the carrying amount over the estimated fair value of the asset or asset group.

We capitalize certain development costs associated with internal use software, including external direct costs of materials and services and payroll costs for employees devoting time to a software project. As of December 31, 2015 and 2014, the net amount of unamortized capitalized software costs included on our Consolidated Balance Sheets was $68 million and $73 million, respectively. Costs incurred during the preliminary project stage, as well as costs for maintenance and training, are expensed as incurred.

The following table summarizes our property, plant, and equipment as of the dates presented (in millions):

	December 31,		
	2015	2014	Useful Life
Land	$ 131	$ 147	n/a
Building and improvements	894	961	20 to 40 years
Machinery, equipment, and containers	1,255	1,476	3 to 20 years
Cold-drink equipment	1,186	1,168	3 to 13 years
Vehicle fleet	66	91	3 to 20 years
Furniture, office equipment, and software	287	287	3 to 10 years
Property, plant, and equipment	3,819	4,130	
Accumulated depreciation and amortization	(2,036)	(2,162)	
	1,783	1,968	
Construction in process	137	133	
Property, plant, and equipment, net	$ 1,920	$ 2,101	

Note 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

We compute and report income taxes on a separate return basis and recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of our assets and liabilities. We establish valuation allowances if we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. We do not recognize a tax benefit unless we conclude that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, we recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgment, is greater than 50 percent likely to be realized. We record interest and penalties related to unrecognized tax positions in interest expense, net and other nonoperating expense, respectively, on our Consolidated Statements of Income. Refer to Note 11.

Other Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income and other adjustments, including foreign currency translation adjustments, hedges of our net investments in our foreign subsidiaries, changes in the fair value of certain derivative financial instruments qualifying as cash flow hedges, and pension plan adjustments. We do not provide income taxes on currency translation adjustments (CTA), as the historical earnings from our foreign subsidiaries are considered to be indefinitely reinvested. If current year earnings are repatriated, the amount to be repatriated is determined in U.S. dollars and converted to the equivalent amount of foreign currency at the time of repatriation; therefore, the repatriation of current year earnings does not have an impact on the CTA component of our accumulated other comprehensive income (AOCI) balance.

The following table summarizes our AOCI as of the dates presented (after tax; in millions):

	Currency Translations	Net Investment Hedges	Cash Flow Hedges[(A)]	Pension Plan Adjustments[(B)]	Total
Balance at January 1, 2014	$ 41	$ (54)	$ (7)	$(311)	$(331)
Other comprehensive income (loss) before reclassifications	(482)	166	34	20	(262)
Amounts reclassified from AOCI	—	—	(45)	(76)	(121)
Net change in other comprehensive income	(482)	166	(11)	(56)	(383)
Balance at December 31, 2014	(441)	112	(18)	(367)	(714)
Other comprehensive income (loss) before reclassifications	(337)	106	(11)	(85)	(327)
Amounts reclassified from AOCI	—	—	22	22	44
Net change in other comprehensive income (loss)	(337)	106	11	(63)	(283)
Balance at December 31, 2015	$(778)	$218	$ (7)	$(430)	$(997)

(A) For additional information about our cash flow hedges, refer to Note 6.

(B) For additional information about our pension plans, refer to Note 10.

Foreign Currency Translation

The assets and liabilities of our operations are translated from local currencies into our reporting currency, the U.S. dollar, at currency exchange rates in effect at the end of each reporting period. Gains and losses from the translation of our results are included in AOCI on our Consolidated Balance Sheets. Revenues and expenses are translated at average monthly currency exchange rates. Gains and losses arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency are included in other nonoperating expense on our Consolidated Statements of Income.

Note 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The fair values of our cash and cash equivalents, accounts receivable, and accounts payable approximate their carrying amounts due to their short-term nature. The fair values of our debt instruments are estimated based on debt with similar maturities and credit quality and current market interest rates (refer to Note 7). The estimated fair values of our derivative instruments are calculated based on market rates to settle the instruments. These values represent the estimated amounts we would receive upon sale or pay upon transfer, taking into consideration current market rates and credit risk.

The following tables summarize our assets and liabilities recorded at fair value on a recurring basis (at least annually) as of the dates presented (in millions):

	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets[A]	$ 47	$ —	$ 47	$—
Pension plan assets[B]	1,487	275	1,198	14
Total assets	$1,534	$275	$1,245	$14
Derivative liabilities[A]	$ 75	$ —	$ 75	$—

	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets[A]	$ 85	$ —	$ 85	$—
Pension plan assets[B]	1,530	290	1,185	55
Total assets	$1,615	$290	$1,270	$55
Derivative liabilities[A]	$ 76	$ —	$ 76	$—

(A) We calculate derivative asset and liability amounts using a variety of valuation techniques, depending on the specific characteristics of the hedging instrument, taking into account credit risk. The fair value of our derivative contracts (including forwards, options, cross-currency swaps, and interest rate swaps) is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and, therefore, our derivative contracts have been classified as Level 2. Inputs used in these standard valuation models include the applicable spot, forward, and discount rates. The standard valuation model for our option contracts also includes implied volatility, which is specific to individual options and is based on rates quoted from a widely used third-party resource.

(B) For additional information about our pension plan assets, including the determination of fair value, refer to Note 10.

Derivative Financial Instruments

We utilize derivative financial instruments to mitigate our exposure to certain market risks associated with our ongoing operations. The primary risks that we seek to manage through the use of derivative financial instruments include currency exchange risk, commodity price risk, and interest rate risk. All derivative financial instruments are recorded at fair value on our Consolidated Balance Sheets. We do not use derivative financial instruments for trading or speculative purposes. While certain of our derivative instruments are designated as hedging instruments, we also enter into derivative instruments that are designed to hedge a risk, but are not designated as hedging instruments (referred to as an "economic hedge" or "non-designated hedges"). Changes in the fair value of these non-designated hedging instruments are recognized in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the hedged risk. We are exposed to counterparty credit risk on all of our derivative financial instruments. We have established and maintain strict counterparty credit guidelines and enter into hedges only with financial institutions that are investment grade or better. We continuously monitor counterparty credit risk and utilize numerous counterparties to minimize our exposure to potential defaults. We do not require collateral under these agreements. Refer to Note 6.

Note 2 MERGER AGREEMENT

On August 6, 2015, we entered into agreements with TCCC, CCIP, the privately-owned Coca-Cola bottler operating primarily in Spain and Portugal, and CCEAG, the wholly-owned TCCC bottler operating in Germany, under which:

- The parties agreed to combine their respective businesses by combining CCE, CCIP, and CCEAG. The combination (the Merger) will be effected through the contribution of CCIP and CCEAG to a newly created entity, Coca-Cola European Partners, plc (CCEP), and the merger of CCE with and into a newly formed indirect U.S. subsidiary of CCEP (MergeCo), with MergeCo continuing as the surviving entity. Upon completion of the Merger, CCEP will consist of businesses involved in the marketing, production, and distribution of beverages in Andorra, Belgium, France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain, and Sweden.
- At the effective time of the Merger, each outstanding share of common stock of CCE will be converted into the right to receive one ordinary share of CCEP and a cash payment of $14.50. At closing, on a fully diluted basis CCIP and TCCC will own 34 percent and 18 percent of CCEP, respectively, with CCE shareowners owning 48 percent.
- Following the Merger, CCEP will directly and indirectly wholly-own all contributed assets and liabilities of CCE, CCIP, and CCEAG.
- At the time of the Merger, CCEP's ordinary shares are expected to be listed for trading on the New York Stock Exchange, Euronext Amsterdam Stock Exchange, Euronext London Stock Exchange, and Madrid Stock Exchange.

The consummation of the Merger is subject to various conditions including, among others, obtaining the approval of at least a majority of CCE's shareholders, the availability of cash in an amount sufficient to pay the cash payment for the Merger, the New York Stock Exchange approving the listing of shares of CCEP, the shares of CCEP being admitted to listing and trading on the Euronext Amsterdam Stock Exchange, the approval by the UK Financial Conduct Authority of CCEP's prospectus complying with the European prospectus directive, the filing and effectiveness of CCEP's registration statement on Form F-4, the receipt by CCE, TCCC and CCIP of certain tax opinions, the absence of legal prohibitions and the receipt of requisite regulatory approvals, the absence of pending actions by any governmental entity that would prevent the consummation of the Merger, and TCCC having executed new bottling agreements for CCEP having an initial 10-year term with a 10-year renewal term and, except as otherwise agreed, containing other terms materially similar to those currently in effect at CCE, CCIP, and CCEAG. Each party's obligation to close is further subject to there being no material adverse breach by the other parties. The obligations of the parties to close is further conditioned on the completion of a capital restructuring of CCIP and obtaining the approval of 80 percent of shareholders of CCIP in favor of the Merger. The CCIP capital restructuring and shareholder approval were fulfilled on November 11, 2015. Each of the parties has generally agreed to use all reasonable endeavors to take such steps to satisfy the remaining conditions. If the conditions to the completion are not satisfied by August 6, 2016, any conditions become impossible to be satisfied by such date, or any breach of other covenants or warranties occurs that would result in a material adverse effect in respect of the breaching party and such breach cannot be cured before August 6, 2016, or, if curable, is not cured within 30 days following the delivery of a written notice, then the Merger may be terminated.

The agreements set out certain covenants the parties must comply with prior to completion, including carrying out the agreed transaction steps, the consummation of the CCIP capital restructuring, and the removal of certain assets and liabilities from CCIP that are not being transferred to CCEP. The parties have agreed to cooperate in making employee notifications, competition approvals, securities laws filings and listing applications, and obtaining financing. The parties have agreed to use their reasonable endeavors to negotiate and agree on CCEP's new bottling agreements, an initial business plan, and a long-range business plan.

The parties have also agreed to cause CCIP and CCEP and its subsidiaries to enter into a share purchase agreement substantially simultaneously with, but prior to, the Merger, on terms satisfactory to the parties, with Cobega S.A. and Solinbar, S.L.U. in respect of the sale of Vifilfell hf. (the entity that owns the Coca-Cola bottling business in Iceland) for aggregate consideration of no more than €35 million.

Note 2 MERGER AGREEMENT (Continued)

The agreements contain customary warranties of the parties regarding their respective businesses. The warranties of CCE, CCIP, CCEAG, and an entity to be established for the purposes of holding CCIP will survive for three months after the date that CCEP files its December 31, 2016 Form 20-F with the SEC. In the event of a breach of one or more warranties that results in an indemnification claim amount against a particular company for more than $400 million, the relative equity ownership percentages of CCEP will be adjusted by issuing additional shares to increase the ownership of the non-breaching parties to reflect the indemnification claim amount, not to exceed $450 million.

The agreements contain specified termination rights. The agreements can be terminated if the parties fail to perform their representations, warranties, covenants or agreements, if any court of competent jurisdiction or any governmental authority issues an order, decree or ruling or takes any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the transactions or if the CCE Board of Directors withdraws, modifies, or qualifies its recommendation to shareholders regarding the adoption of the merger agreements. Upon termination under specified circumstances, including upon a termination resulting from a change in the CCE Board of Directors recommendation to shareholders, CCE would be required to pay CCEP a termination fee of $450 million.

During the year ended December 31, 2015, we incurred expenses totaling $45 million related to the Merger and expect to incur total Merger expenses of approximately $140 million through its consummation. These expenses are included in SD&A expenses on our Consolidated Statements of Income.

CCE has been named in three lawsuits related to the Merger. For additional information about these lawsuits, refer to Item 3. Legal Proceedings in this report. CCEP and/or its subsidiaries intend to finance the cash payment in the Merger primarily using debt financing in either the public or private markets. CCEP expects to have financing in place during the second quarter of 2016.

Note 3 FRANCHISE LICENSE INTANGIBLE ASSETS AND GOODWILL

The following table summarizes the changes in our net franchise license intangible assets and goodwill for the periods presented (in millions):

	Franchise License Intangible Assets, net	Goodwill
Balance as of January 1, 2013	$3,923	$132
Currency translation adjustments	81	(8)
Balance as of December 31, 2013	4,004	124
Currency translation adjustments	(363)	(23)
Balance as of December 31, 2014	3,641	101
Currency translation adjustments	(258)	(13)
Balance as of December 31, 2015	$3,383	$ 88

Our franchise license agreements contain performance requirements and convey to us the rights to distribute and sell products of the licensor within specified territories. Our license agreements with TCCC for each of our territories have terms of 10 years and expire on October 2, 2020, with each containing the right for us to request a 10-year renewal. While these agreements contain no automatic right of renewal beyond that date, we believe that our interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by nonrenewals ensure that these agreements will continue to be renewed and, therefore, are essentially perpetual. We have never had a franchise license agreement with TCCC terminated due to nonperformance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term. After evaluating the contractual provisions of our franchise license agreements, our mutually beneficial relationship with TCCC, and our history of renewals, we have assigned indefinite lives to all of our franchise license intangible assets.

Note 3 FRANCHISE LICENSE INTANGIBLE ASSETS AND GOODWILL (Continued)

We do not amortize our franchise license intangible assets and goodwill. Instead, we test these assets for impairment annually, or more frequently if events or circumstances indicate they may be impaired. We performed our 2015, 2014, and 2013 annual impairment tests of our franchise license intangible assets and goodwill as of the last reporting day of October of each respective year. The results of the qualitative impairment assessment of these assets indicated it was not more likely than not that the estimated fair value of these assets was less than their respective carrying values at each testing date. As a result, no impairment charges were recorded.

Note 4 RELATED PARTY TRANSACTIONS

Transactions with TCCC

We are a marketer, producer, and distributor principally of products of TCCC, with greater than 90 percent of our sales volume consisting of sales of TCCC products. Our license arrangements with TCCC are governed by product licensing agreements. From time to time, the terms and conditions of programs with TCCC are modified.

We have license agreements with TCCC for each of our territories that extend through October 2, 2020, with terms of 10 years, with each containing the right for us to request a 10-year renewal.

The following table summarizes the transactions with TCCC that directly impacted our Consolidated Statements of Income for the periods presented (in millions):

	2015	2014	2013
Amounts affecting net sales:			
Fountain syrup and packaged product sales	$ 15	$ 18	$ 17
Amounts affecting cost of sales:			
Purchases of concentrate, syrup, mineral water, and juice	$(1,972)	$(2,324)	$(2,319)
Purchases of finished products	(40)	(50)	(52)
Marketing support funding earned	201	223	209
Total	$(1,811)	$(2,151)	$(2,162)

Fountain Syrup and Packaged Product Sales

On behalf of TCCC, we act as a billing and delivery agent in certain territories for fountain customers and receive distribution fees from TCCC for those sales. We invoice and collect amounts receivable for these fountain syrup sales on behalf of TCCC.

Purchases of Concentrate, Syrup, Mineral Water, Juice, and Finished Products

We purchase concentrate, syrup, mineral water, and juice from TCCC to produce, package, distribute, and sell TCCC's products under product licensing agreements. We also purchase finished products from TCCC for sale within certain territories. The product licensing agreements give TCCC complete discretion to set prices of concentrate and finished products. Pricing of mineral water is also based on contractual arrangements with TCCC.

Marketing Support Funding Earned

We and TCCC engage in a variety of marketing programs to promote the sale of TCCC products in territories in which we operate. The amounts to be paid to us by TCCC under the programs are generally determined annually and are periodically reassessed as the programs progress. Under the licensing agreements, TCCC is under no obligation to participate in the programs or continue past levels of funding in the future. The amounts paid and terms of similar programs with other licensees may differ. Marketing support funding programs granted to us provide financial support principally based on product sales or upon the completion of stated requirements and are intended to offset a portion of the costs of the programs.

We and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding program effective on January 1, 2016. The term of this new understanding is tied to the term of our

Note 4 RELATED PARTY TRANSACTIONS (Continued)

bottling agreements, which expire on October 2, 2020. If our bottling agreements are terminated due to the closing of the proposed Merger, this understanding will continue until the commencement of a new incidence pricing agreement between TCCC and CCEP. Under the new funding program, the $45 million GMF, which terminated December 31, 2015, has been replaced by the integration of $20 million into the incidence rate and annual payments of $25 million from TCCC to us to support the execution of commercial strategies focused on capturing growth opportunities. This $25 million funding will be paid in two equal installments each year.

Other Transactions

Other transactions with TCCC include certain tax services, management fees, office space leases, and purchases of point-of-sale and other advertising items, all of which were not material to our Consolidated Financial Statements.

Cold-Drink Equipment Placement Programs

We and TCCC are parties to the Cold-Drink Equipment Purchase Partnership Programs (Jumpstart Programs). The Jumpstart Programs were designed to promote the purchase and placement of cold-drink equipment. By the end of 2007, we had met our obligations to purchase and place cold-drink equipment (principally vending machines and coolers). Under the Jumpstart Programs, as amended, we agree to:

- Maintain the equipment in service, with certain exceptions, for a minimum period of 12 years after placement;
- Maintain and stock the equipment in accordance with specified standards for marketing TCCC products;
- Report annually to TCCC during the period the equipment is in service whether or not, on average, the equipment purchased has generated a contractually stated minimum sales volume of TCCC products (throughput); and
- Relocate equipment if the previously placed equipment is not generating sufficient sales volume of TCCC products to meet the minimum throughput requirements. Movement of the equipment is required only if it is determined that, on average, sufficient volume is not being generated, and it would help to ensure our performance under the Jumpstart Programs.

Historically, our throughput on equipment placed under the Jumpstart Programs has exceeded the throughput requirements of the Jumpstart Programs, and material movements of equipment have not been required.

Note 5 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table summarizes our accounts payable and accrued expenses as of the dates presented (in millions):

	December 31,	
	2015	2014
Trade accounts payable	$ 486	$ 537
Accrued customer marketing costs	508	656
Accrued compensation and benefits	213	257
Accrued taxes	162	172
Accrued deposits	51	60
Other accrued expenses	181	190
Accounts payable and accrued expenses	$1,601	$1,872

Note 6 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the fair value of our assets and liabilities related to derivative financial instruments and the respective line items in which they were recorded in our Consolidated Balance Sheets as of the dates presented (in millions):

Hedging Instruments	Location—Balance Sheets	December 31, 2015	December 31, 2014
Assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts[A]	Other current assets	$20	$58
Foreign currency contracts	Other noncurrent assets	17	—
Total		37	58
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	2	24
Commodity contracts	Other current assets	1	3
Foreign currency contracts	Other noncurrent assets	7	—
Total		10	27
Total Assets		$47	$85
Liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts[A]	Accounts payable and accrued expenses	$28	$29
Foreign currency contracts	Other noncurrent liabilities	2	12
Total		30	41
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Accounts payable and accrued expenses	—	22
Commodity contracts	Accounts payable and accrued expenses	24	8
Foreign currency contracts	Other noncurrent liabilities	7	—
Commodity contracts	Other noncurrent liabilities	14	5
Total		45	35
Total Liabilities		$75	$76

(A) Amounts include the gross interest receivable or payable on our cross-currency swap agreements.

Cash Flow Hedges

We use cash flow hedges to mitigate our exposure to changes in cash flows attributable to currency fluctuations associated with certain forecasted transactions, including purchases of raw materials and services denominated in non-functional currencies, the receipt of interest and principal on intercompany loans denominated in non-functional currencies, and the payment of interest and principal on debt issuances in a non-functional currency. Effective changes in the fair value of these cash flow hedging instruments are recognized in AOCI on our Consolidated Balance Sheets. The effective changes are then recognized in the period that the forecasted purchases or payments impact earnings in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the underlying hedged item. Any changes in the fair value of these cash flow hedges that are the result of ineffectiveness are recognized immediately in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the underlying hedged item. During the third quarter of 2015, we received $56 million upon maturity of certain of our cross-currency swaps related to intercompany loans.

Note 6 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following table summarizes our outstanding cash flow hedges as of the dates presented (all contracts denominated in a foreign currency have been converted into U.S. dollars using the period end spot rate):

	December 31, 2015		December 31, 2014	
Type	Notional Amount	Latest Maturity	Notional Amount	Latest Maturity
Foreign currency contracts	USD 700 million	June 2021	USD 1.3 billion	June 2021

The following tables summarize the net of tax effect of our derivative financial instruments designated as cash flow hedges on our AOCI and Consolidated Statements of Income for the periods presented (in millions):

	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments[(A)]		
Cash Flow Hedging Instruments	2015	2014	2013
Foreign currency contracts	$(11)	$34	$(6)

		Amount of Gain (Loss) Reclassified from AOCI into Earnings[(B)]		
Cash Flow Hedging Instruments	Location—Statements of Income	2015	2014	2013
Foreign currency contracts	Cost of sales	$(14)	$ 1	$ 2
Foreign currency contracts	Selling, delivery, and administrative expenses	(1)	—	—
Foreign currency contracts[(C)]	Other nonoperating expense	(7)	44	(23)
Total		$(22)	$45	$(21)

(A) The amount of ineffectiveness associated with these hedges was not material.

(B) Over the next 12 months, deferred losses totaling $4 million are expected to be reclassified from AOCI as the forecasted transactions occur. The amounts will be recorded on our Consolidated Statements of Income in the expense line item that is consistent with the nature of the underlying hedged item.

(C) The gain (loss) recognized on these currency contracts is offset by the gain (loss) recognized on the remeasurement of the underlying debt instruments; therefore, there is a minimal consolidated net effect in other nonoperating expense on our Consolidated Statements of Income.

Economic (Non-designated) Hedges

We periodically enter into derivative instruments that are designed to hedge various risks but are not designated as hedging instruments. These hedged risks include those related to commodity price fluctuations associated with forecasted purchases of aluminum, sugar, components of PET (plastic), and vehicle fuel. At times, we also enter into other short-term non-designated hedges to mitigate our exposure to changes in cash flows attributable to currency fluctuations associated with short-term intercompany loans and certain cash equivalents denominated in non-functional currencies. Changes in the fair value of outstanding economic hedges are recognized each reporting period in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the hedged risk.

The following table summarizes our outstanding economic hedges as of the dates presented (all contracts denominated in a foreign currency have been converted into U.S. dollars using the period end spot rate):

	December 31, 2015		December 31, 2014	
Type	Notional Amount	Latest Maturity	Notional Amount	Latest Maturity
Foreign currency contracts .	USD 210 million	March 2016	USD 222 million	July 2015
Commodity contracts	USD 137 million	December 2020	USD 125 million	December 2017

Note 6 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the gains (losses) recognized from our non-designated derivative financial instruments on our Consolidated Statements of Income for the periods presented (in millions):

Non-Designated Hedging Instruments	Location—Statements of Income	2015	2014	2013
Commodity contracts	Cost of sales	$(22)	$ 2	$(22)
Commodity contracts	Selling, delivery, and administrative expenses	(16)	(13)	1
Foreign currency contracts	Other nonoperating expense[(A)]	(5)	11	(1)
Total		$(43)	$ —	$(22)

(A) The gain (loss) recognized on these currency contracts is offset by the (loss) gain recognized on the remeasurement of the underlying hedged items; therefore, there is a minimal consolidated net effect in other nonoperating expense on our Consolidated Statements of Income.

Mark-to-market gains (losses) related to our non-designated commodity hedges are recognized in the earnings of our Corporate segment until such time as the underlying hedged transaction affects the earnings of our Europe operating segment. In the period the underlying hedged transaction occurs, the accumulated mark-to-market gains (losses) related to the hedged transaction are reclassified from the earnings of our Corporate segment into the earnings of our Europe operating segment. This treatment allows our Europe operating segment to reflect the true economic effects of the underlying hedged transaction in the period the hedged transaction occurs without experiencing the mark-to-market volatility associated with these non-designated commodity hedges.

As of December 31, 2015, our Corporate segment included net mark-to-market losses on non-designated commodity hedges totaling $38 million. These amounts will be reclassified into the earnings of our Europe operating segment when the underlying hedged transaction occurs. For additional information about our segment reporting, refer to Note 14.

The following table summarizes the deferred gain (loss) activity in our Corporate segment for the periods presented (in millions):

Gains (Losses) Deferred at Corporate Segment[(A)]	Cost of Sales	SD&A	Total
Balance at January 1, 2013	$ (5)	$ —	$ (5)
Amounts recognized during the period and recorded in our Corporate segment, net	(19)	1	(18)
Amounts transferred from our Corporate segment to our Europe operating segment, net	12	(1)	11
Balance as of December 31, 2013	(12)	—	(12)
Amounts recognized during the period and recorded in our Corporate segment, net	2	(12)	(10)
Amounts transferred from our Corporate segment to our Europe operating segment, net	11	1	12
Balance as of December 31, 2014	1	(11)	(10)
Amounts recognized during the period and recorded in our Corporate segment, net	(21)	(16)	(37)
Amounts transferred from our Corporate segment to our Europe operating segment, net	2	7	9
Balance as of December 31, 2015	$(18)	$(20)	$(38)

(A) Over the next 12 months, deferred losses totaling $24 million are expected to be reclassified from our Corporate segment earnings into the earnings of our Europe operating segment as the underlying hedged transactions occur.

Net Investment Hedges

We have entered into foreign currency forwards, options, and foreign currency denominated borrowings designated as net investment hedges of our foreign subsidiaries. Changes in the fair value of these hedges resulting from currency exchange rate changes are recognized in AOCI on our Consolidated Balance

Note 6 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Sheets to offset the change in the carrying value of the net investment being hedged. Any changes in the fair value of these hedges that are the result of ineffectiveness are recognized immediately in other nonoperating expense on our Consolidated Statements of Income. During 2015 we received $32 million upon maturity of our 2015 net investment hedges and during 2014 we settled our net investment hedges prior to their maturity and received $21 million upon settlement.

The following table summarizes our outstanding instruments designated as net investment hedges as of the dates presented:

	December 31, 2015		December 31, 2014	
Type	**Notional Amount**	**Latest Maturity**	**Notional Amount**	**Latest Maturity**
Foreign currency contracts	USD 1.7 billion	August 2016	USD 250 million	November 2015
Foreign currency denominated debt	USD 2.0 billion	March 2030	USD 1.6 billion	May 2026

The following table summarizes the net of tax effect of our derivative financial instruments designated as net investment hedges on our AOCI for the periods presented (in millions):

	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments[A]		
Net Investment Hedging Instruments	**2015**	**2014**	**2013**
Foreign currency contracts	$ 12	$ 25	$ (7)
Foreign currency denominated debt	94	141	(33)
Total	$106	$166	$(40)

(A) The amount of ineffectiveness associated with these hedging instruments was not material.

Note 7 DEBT AND CAPITAL LEASES

The following table summarizes our debt as of the dates presented (in millions, except rates):

	December 31, 2015		December 31, 2014	
	Principal Balance	**Rates[A]**	**Principal Balance**	**Rates[A]**
U.S. dollar commercial paper	$ 198	0.6%	$ 146	0.5%
U.S. dollar notes due 2016–2021[B]	1,319	3.4	1,793	3.1
Euro notes due 2017–2030[C]	2,327	2.4	1,987	2.6
Capital lease obligations[D]	17	n/a	26	n/a
Total debt[E]	3,861		3,952	
Current portion of debt	(454)		(632)	
Debt, less current portion	$3,407		$3,320	

(A) These rates represent the weighted average interest rates or effective interest rates on the balances outstanding, as adjusted for the effects of interest rate swap agreements, if applicable.

(B) In September 2015, $475 million, 2.1 percent notes matured and were paid in full.

(C) In March 2015, we issued €500 million, 1.9 percent notes due 2030.

(D) These amounts represent the present value of our minimum capital lease obligations.

(E) The total fair value of our outstanding debt, excluding capital lease obligations, was $3.9 billion and $4.2 billion at December 31, 2015 and December 31, 2014, respectively. The fair value of our debt is estimated using quoted market prices for publicly traded instruments (Level 1).

Note 7 DEBT AND CAPITAL LEASES (Continued)

Future Maturities

The following table summarizes our debt maturities and capital lease obligations as of December 31, 2015 (in millions):

Years Ending December 31,	Debt Maturities
2016	$ 448
2017	380
2018	—
2019	378
2020	523
Thereafter	2,115
Debt, excluding capital leases	$3,844

Years Ending December 31,	Capital Lease Obligations
2016	$ 6
2017	5
2018	4
2019	2
2020	1
Thereafter	1
Total minimum lease payments	19
Amounts representing interest	(2)
Present value of minimum lease payments	17
Total debt	$3,861

Credit Facilities

We have amounts available to us for borrowing under a $1.0 billion multi-currency credit facility with a syndicate of eight banks. This credit facility matures in 2017 and is for general corporate purposes, including serving as a backstop to our commercial paper program and supporting our working capital needs. At December 31, 2015, we had no amount drawn under this credit facility. Based on information currently available to us, we have no indication that the financial institutions participating in this facility would be unable to fulfill their commitments to us as of the date of the filing of this report.

Covenants

Our credit facility and outstanding notes contain various provisions that, among other things, require us to limit the incurrence of certain liens or encumbrances in excess of defined amounts. Additionally, our credit facility requires that we meet a minimum interest coverage ratio. We were in compliance with these requirements as of December 31, 2015. These requirements currently are not, nor is it anticipated that they will become, restrictive to our liquidity or capital resources.

Note 8 OPERATING LEASES

We lease land, office and warehouse space, computer hardware, machinery and equipment, and vehicles under noncancelable operating lease agreements expiring at various dates through 2027. Some lease agreements contain standard renewal provisions that allow us to renew the lease at rates equivalent to fair market value at the end of the lease term. Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term. Under lease agreements that contain rent holidays, rent expense is recorded on a straight-line basis over the entire lease term, including the period covered by the rent holiday. Rent expense under noncancelable operating lease agreements totaled $69 million, $86 million, and $89 million during 2015, 2014, and 2013, respectively.

Note 8 OPERATING LEASES (Continued)

The following table summarizes our minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 2015 (in millions):

Years Ending December 31,	Operating Leases
2016	$ 54
2017	43
2018	31
2019	21
2020	19
Thereafter	63
Total minimum operating lease payments[(A)]	$231

(A) Income associated with sublease arrangements is not significant.

Note 9 COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have noncancelable purchase agreements with various suppliers that specify a fixed or minimum quantity that we must purchase. All purchases made under these agreements are subject to standard quality and performance criteria. The following table summarizes our purchase commitments as of December 31, 2015 (in millions):

Years Ending December 31,	Purchase Commitments[(A)]
2016	$ 73
2017	60
2018	53
2019	29
2020	26
Thereafter	—
Total purchase commitments	$241

(A) These commitments do not include amounts related to supply agreements that require us to purchase a certain percentage of our future raw material needs from a specific supplier, since such agreements do not specify a fixed or minimum quantity.

Legal Contingencies

In connection with the agreements entered into between us, TCCC, CCIP, and CCEAG on August 6, 2015, three putative class action lawsuits were filed in Delaware Chancery Court between the announcement date and the present. The lawsuits are similar and assert claims on behalf of our shareholders for various alleged breaches of fiduciary duty in connection with the Merger. The lawsuits name us, our Board of Directors, CCIP, CCEAG, CCEP, and TCCC as defendants. Plaintiffs in each case seek to enjoin the transaction, to rescind the Merger if it is consummated and allow termination damages, and to recover other damages, attorneys' fees, and litigation expenses. By consent order dated January 7, 2016, the court consolidated these cases. We believe this matter to be without merit and intend to defend it vigorously. For additional information about the Merger between us, TCCC, CCIP, and CCEAG, refer to Note 2.

Tax Audits

Our tax filings for various periods in the jurisdictions in which we do business may be subjected to audit by the relevant tax authorities. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or potentially through the courts. We believe that we have adequately provided for any assessments that could result from those proceedings where it is more likely than not that we will pay some amount.

Note 9 COMMITMENTS AND CONTINGENCIES (Continued)

Workforce (Unaudited)

At December 31, 2015, we had approximately 11,500 employees, of which approximately 150 were located in the U.S. A majority of our employees in Europe are covered by collectively bargained labor agreements, most of which do not expire. However, wage rates must be renegotiated at various dates through 2017. We believe that we will be able to renegotiate wage rates with satisfactory terms.

Indemnifications

In the normal course of business, we enter into agreements that provide general indemnifications. We have not made significant indemnification payments under such agreements in the past, and we believe the likelihood of incurring such a payment obligation in the future is remote. Furthermore, we cannot reasonably estimate future potential payment obligations because we cannot predict when and under what circumstances they may be incurred. As a result, we have not recorded a liability in our Consolidated Financial Statements with respect to these general indemnifications.

Note 10 EMPLOYEE BENEFIT PLANS

Pension Plans

We sponsor a number of defined benefit pension plans covering the majority of our non-U.S. employees. All pension plans are measured as of December 31.

Net Periodic Benefit Costs

The following table summarizes the net periodic benefit cost of our pension plans for the periods presented (in millions):

	2015	2014	2013
Components of net periodic benefit costs:			
Service cost	$ 56	$ 54	$ 57
Interest cost	55	63	57
Expected return on plan assets	(98)	(96)	(85)
Amortization of prior service cost	—	2	5
Amortization of actuarial loss	28	25	22
Net periodic benefit cost	41	48	56
Other(A)	—	—	(4)
Total cost	$ 41	$ 48	$ 52

(A) During 2013, we converted our defined benefit pension plan in the Netherlands to a defined contribution plan, resulting in a net gain on the curtailment and settlement of the defined benefit plan. This gain was partially offset by additional pension expense related to our restructuring activities (refer to Note 15).

Actuarial Assumptions

The following table summarizes the weighted average actuarial assumptions used to determine the net periodic benefit cost of our pension plans for the periods presented:

	2015	2014	2013
Discount rate	3.5%	4.4%	4.2%
Expected return on assets	6.9	6.9	6.7
Rate of compensation increase	3.2	3.5	3.4

Note 10 EMPLOYEE BENEFIT PLANS (Continued)

The following table summarizes the weighted average actuarial assumptions used to determine the benefit obligations of our pension plans as of the dates presented:

	December 31,	
	2015	2014
Discount rate	3.5%	3.5%
Rate of compensation increase	3.3	3.2

Benefit Obligation and Fair Value of Plan Assets

The following table summarizes the changes in our pension plan benefit obligation and the fair value of our plan assets as of the dates presented (in millions):

	December 31,	
	2015	2014
Reconciliation of benefit obligation:		
Benefit obligation at beginning of plan year	$1,602	$1,475
Service cost	56	54
Interest cost	55	63
Actuarial loss	30	167
Benefit payments	(31)	(38)
Currency translation adjustments	(104)	(118)
Other	4	(1)
Benefit obligation at end of plan year	$1,612	$1,602
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of plan year	$1,530	$1,466
Actual gain on plan assets	27	157
Employer contributions	52	51
Benefit payments	(31)	(38)
Currency translation adjustments	(91)	(106)
Fair value of plan assets at end of plan year	$1,487	$1,530

The following table summarizes the projected benefit obligation (PBO), the accumulated benefit obligation (ABO), and the fair value of plan assets for our pension plans with an ABO in excess of plan assets and for our pension plans with a PBO in excess of plan assets as of the dates presented (in millions):

	December 31,	
	2015	2014
Information for plans with an ABO in excess of plan assets:		
PBO	$ 220	$238
ABO	168	180
Fair value of plan assets	125	126
Information for plans with a PBO in excess of plan assets:		
PBO	$1,612	$238
ABO	1,300	180
Fair value of plan assets	1,487	126

Note 10 EMPLOYEE BENEFIT PLANS (Continued)

Funded Status

The following table summarizes the funded status of our pension plans and the amounts recognized in our Consolidated Balance Sheets as of the dates presented (in millions):

	December 31,	
	2015	2014
Funded status:		
PBO	$(1,612)	$(1,602)
Fair value of plan assets	1,487	1,530
Net funded status	$ (125)	$ (72)
Funded status—overfunded	—	40
Funded status—underfunded	(125)	(112)
Amounts recognized in the consolidated balance sheet consist of:		
Noncurrent assets	$ —	$ 40
Current liabilities	(4)	(5)
Noncurrent liabilities	(121)	(107)
Net amounts recognized	$ (125)	$ (72)

The ABO for our pension plans as of both December 31, 2015 and December 31, 2014 was $1.3 billion.

Accumulated Other Comprehensive Income

The following table summarizes the amounts recorded in AOCI that have not yet been recognized as a component of net periodic benefit cost as of the dates presented (pretax; in millions):

	December 31,	
	2015	2014
Amounts in AOCI:		
Prior service cost	$ 6	$ 3
Net losses	489	446
Amounts in AOCI	$495	$449

The following table summarizes the changes in AOCI related to our pension plans for the periods presented (pretax; in millions):

	2015	2014
Reconciliation of AOCI:		
AOCI at beginning of plan year	$449	$401
Prior service cost recognized during the year	—	(2)
Net losses recognized during the year	(28)	(25)
Net losses (gains) occurring during the year	101	106
Other adjustments	3	—
Net adjustments to AOCI	76	79
Currency exchange rate changes	(30)	(31)
AOCI at end of plan year	$495	$449

The following table summarizes the amounts in AOCI expected to be amortized and recognized as a component of net periodic benefit cost for the period presented (pretax; in millions):

	2016
Amortization of prior service cost	$ 2
Amortization of net losses	26
Total amortization expense	$28

Note 10 EMPLOYEE BENEFIT PLANS (Continued)

Pension Plan Assets

We have established formal investment policies for the assets associated with our pension plans. Policy objectives include (1) maximizing long-term return at acceptable risk levels; (2) diversifying among asset classes, if appropriate, and among investment managers; and (3) establishing relevant risk parameters within each asset class. Investment policies reflect the unique circumstances of the respective plans and include requirements designed to mitigate risk, including quality and diversification standards. Asset allocation targets are based on periodic asset liability and/or risk budgeting study results, which help determine the appropriate investment strategies for acceptable risk levels. The investment policies permit variances from the targets within certain parameters.

Factors such as asset class allocations, long-term rates of return (actual and expected), and results of periodic asset liability modeling studies are considered when constructing the long-term rate of return assumption for our pension plans. While historical rates of return play an important role in the analysis, we also take into consideration data points from other external sources if there is a reasonable justification to do so.

The following table summarizes our weighted average pension asset allocations as of our measurement date for the periods presented and the weighted average expected long-term rates of return by asset category:

	Weighted Average Allocation			Weighted Average Expected Long-Term Rate of Return[(A)]
	Target	Actual		
Asset Category	2016	2015	2014	
Equity securities	60%	58%	57%	9.2%
Fixed-income securities	29	29	29	4.2
Short-term investments	10	10	7	—
Other investments[(B)]	1	3	7	6.3
Total	100%	100%	100%	6.8%

(A) The weighted average expected long-term rate of return by asset category is based on our target allocation.

(B) Other investments generally include hedge funds, real estate funds, and insurance contracts.

The following tables summarize our pension plan assets measured at fair value as of the dates presented (in millions):

	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:[(A)]				
U.S. equities	$ 233	$ 3	$ 230	$—
International	610	249	361	—
Fixed-income securities:[(B)]				
Corporate bonds and notes	116	—	116	—
Non-U.S. government securities	303	—	303	—
Mortgage backed securities	5	—	5	—
Other bonds	12	—	12	—
Short-term investments[(C)]	26	23	3	—
Other investments:				
Real estate funds[(D)]	151	—	151	—
Insurance contracts[(E)]	18	—	17	1
Hedge funds[(F)]	13	—	—	13
	$1,487	$275	$1,198	$14

Note 10 EMPLOYEE BENEFIT PLANS (Continued)

	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:[(A)]				
U.S. equities	$ 242	$ 4	$ 238	$—
International	624	269	355	—
Fixed-income securities:[(B)]				
Corporate bonds and notes	145	—	145	—
Non-U.S. government securities	306	—	306	—
Mortgage backed securities	3	—	3	—
Other bonds	8	—	8	—
Short-term investments[(C)]	18	17	1	—
Other investments:				
Real estate funds[(D)]	111	—	111	—
Insurance contracts[(E)]	19	—	18	1
Hedge funds[(F)]	54	—	—	54
	$1,530	$290	$1,185	$55

(A) Equity securities are comprised of the following investment types: (1) common stock; (2) preferred stock; and (3) common trust funds. Investments in common and preferred stocks are valued using quoted market prices multiplied by the number of shares owned. Investments in common trust funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date (as of December 31, 2015, it is not probable that we will sell these investments at an amount other than net asset value).

(B) Investments other than those held in common trust funds are valued utilizing a market approach that includes various valuation techniques and sources such as value generation models, broker quotes in active and non-active markets, benchmark yields and securities, reported trades, issuer spreads, and/or other applicable reference data.

(C) Short-term investments are valued at $1.00/unit, which approximates fair value. Amounts are generally invested in actively managed common trust funds or interest-bearing accounts.

(D) Real estate funds are valued at net asset value, which is calculated using the most recent partnership financial reports, adjusted, as appropriate, for any lag between the date of the financial reports and the measurement date (as of December 31, 2015, it is not probable that we will sell these investments at an amount other than net asset value).

(E) Insurance contracts are valued at book value, which approximates fair value, and is calculated using the prior year balance adjusted for investment returns and changes in cash flows.

(F) Hedge funds are held in private investment funds. These investments are valued based primarily on the net asset value, which is provided by the management of each private investment fund, multiplied by the number of shares held as of the measurement date, net of any accrued management and incentive fees due to the fund managers (as of December 31, 2015, it is not probable that we will sell these investments at an amount other than net asset value).

Note 10 EMPLOYEE BENEFIT PLANS (Continued)

The following table summarizes the changes in our Level 3 (fair value) pension plan assets for the periods presented (in millions):

	Insurance Contracts	Hedge Funds
Balance as of January 1, 2013	$ 1	$ 48
Actual return on plan assets still held at year end	—	5
Asset purchases	1	—
Asset settlements	(1)	—
Translation	—	1
Balance as of December 31, 2013	1	54
Actual return on plan assets still held at year end	—	3
Translation	—	(3)
Balance as of December 31, 2014	1	54
Asset sales	—	(40)
Translation	—	(1)
Balance as of December 31, 2015	$ 1	$ 13

Benefit Plan Contributions

The following table summarizes the contributions made to our pension plans for the years ended December 31, 2015 and 2014, as well as our projected contributions for the year ending December 31, 2016 (in millions):

	Actual(A)		Projected(A)
	2015	2014	2016
Total pension contributions	$52	$51	$51

(A) These amounts represent only contributions made by CCE and are unaudited.

We fund our pension plans at a level to maintain, within established guidelines, the appropriate funded status for each country.

Benefit Plan Payments

Benefit payments are primarily made from funded benefit plan trusts. The following table summarizes our expected future benefit payments as of December 31, 2015 (in millions):

Years Ending December 31,	Pension Benefit Plan Payments(A)
2016	$ 24
2017	25
2018	29
2019	33
2020	35
2021–2025	261

(A) These amounts represent only payments funded by CCE and are unaudited.

Defined Contribution Plans

We sponsor qualified defined contribution plans covering substantially all of our employees in France, the Netherlands, Norway, and the U.S., and certain employees in Great Britain. Our contributions to these plans totaled $25 million, $25 million, and $18 million in 2015, 2014, and 2013, respectively.

Note 11 TAXES

The current income tax provision represents the estimated amount of income taxes paid or payable for the year, as well as changes in estimates from prior years. The deferred income tax provision represents the change in our deferred tax liabilities and assets. The following table summarizes the significant components of income tax expense for the periods presented (in millions):

	2015	2014	2013
Current:			
U.S.	$ (3)	$ 13	$ 92
Europe	159	152	123
Total current	156	165	215
Deferred:			
U.S.	40	56	(22)
Europe	—	10	16
Rate and law changes	(48)	(1)	(71)
Total deferred	(8)	65	(77)
Income tax expense	$148	$230	$138

Our effective tax rate was 20 percent, 26 percent, and 17 percent for the years ended December 31, 2015, 2014, and 2013, respectively. The following table provides a reconciliation of our income tax expense at the statutory U.S. federal tax rate to our actual income tax expense for the periods presented (in millions):

	2015	2014	2013
U.S. federal statutory tax expense	$ 260	$ 313	$ 282
Taxation of foreign operations, net[(A)]	(140)	(159)	(146)
U.S. taxation of foreign earnings, net of tax credits	71	75	70
Nondeductible items	3	3	(2)
France dividend surtax	—	—	5
Rate and law change benefit, net[(B)(C)(D)(E)]	(48)	(1)	(71)
Other, net	2	(1)	—
Total provision for income taxes	$ 148	$ 230	$ 138

(A) Our effective tax rate reflects the benefit, net of income tax contingencies, of having all of our operations outside the U.S., most of which are taxed at statutory rates lower than the statutory U.S. rate of 35 percent, with the benefit of some income being fully or partially exempt from income taxes due to various operating and financing activities.

(B) During the fourth quarter of 2015, the United Kingdom enacted a corporate income tax rate reduction of 2 percentage points, consisting of a 1 percentage point reduction effective April 1, 2017, and 1 percentage point reduction effective April 1, 2020. As a result, we recognized a deferred tax benefit of $47 million during the fourth quarter of 2015 to reflect the impact of this change.

(C) During the fourth quarter of 2015, Norway enacted a corporate income tax rate reduction of 2 percentage points effective for tax years beginning on or after January 1, 2016. As a result, we recognized a deferred tax benefit of $1 million during the fourth quarter of 2015 to reflect the impact of this change.

(D) During the third quarter of 2014, France extended the temporary corporate income tax surcharge of 10.7 percent to the year 2015. As a result, we recognized a deferred tax benefit of approximately $1 million during the third quarter of 2014 related to net deferred tax assets that we realized in 2015.

(E) During the third quarter of 2013, the United Kingdom enacted a corporate income tax rate reduction of 3 percentage points, 2 percentage points effective April 1, 2014, and 1 percentage point effective April 1, 2015. As a result, we recognized a deferred tax benefit of $71 million during the third quarter of 2013 to reflect this change.

Note 11 TAXES (Continued)

The following table summarizes, by major tax jurisdiction, our tax years that remain subject to examination by taxing authorities:

Tax Jurisdiction	Years Subject to Examination
United Kingdom	2014–forward
Belgium, and France	2013–forward
Bulgaria, U.S. federal, state, and local	2012–forward
Luxembourg and the Netherlands	2011–forward
Sweden	2010–forward
Norway	2006–forward

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table summarizes the significant components of our deferred tax liabilities and assets as of the dates presented (in millions):

	December 31,	
	2015	2014
Deferred tax liabilities:		
Franchise license and other intangible assets	$ 748	$ 865
Property, plant, and equipment	144	157
Other, net	95	30
Total deferred tax liabilities	987	1,052
Deferred tax assets:		
Net operating loss and other carryforwards	(24)	(22)
Employee and retiree benefit accruals	(76)	(61)
Foreign tax credit carryforwards, net	(132)	(157)
Total deferred tax assets	(232)	(240)
Valuation allowances on deferred tax assets	18	19
Net deferred tax liabilities	$ 773	$ 831
Current deferred income tax assets(A)	$ 35	$ 67
Current deferred income tax liabilities(B)	—	9
Noncurrent deferred income tax assets(C)	46	88
Noncurrent deferred income tax liabilities	854	977
Net deferred tax liabilities	$ 773	$ 831

(A) Amounts are included in other current assets on our Consolidated Balance Sheets.

(B) Amounts are included in other current liabilities on our Consolidated Balance Sheets.

(C) Amounts are included in other noncurrent assets on our Consolidated Balance Sheets.

We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. As of December 31, 2015 and 2014, we had valuation allowances of $18 million and $19 million, respectively. We believe our remaining deferred tax assets will be realized because of the existence of sufficient taxable income within the carryforward period available under the tax law. As of December 31, 2015, our net tax operating loss carryforwards totaled $148 million, of which $10 million expire between 2030 and 2035, and the remainder do not expire. As of December 31, 2015, our foreign tax credit carryforwards totaled $145 million, which expire between 2021 and 2023.

Note 11 TAXES (Continued)

Repatriation of Foreign Earnings

During the third quarter of 2015, we repatriated to the U.S. $450 million of our 2015 foreign earnings for the payment of dividends, share repurchases, interest on U.S.-issued debt, salaries for U.S.-based employees, and other corporate-level operations in the U.S. Our historical foreign earnings, including our 2015 foreign earnings that were not repatriated in 2015, will continue to remain indefinitely reinvested. If we do not generate sufficient current year foreign earnings to repatriate to the U.S. in any future given year, we expect to have adequate access to capital in the U.S. to allow us to satisfy our U.S.-based cash flow needs in that year. Therefore, historical foreign earnings and future foreign earnings that are not repatriated to the U.S. will remain indefinitely reinvested and will be used to service our foreign operations, non-U.S. debt, and to fund future acquisitions.

During the third quarter of 2014, we repatriated to the U.S. $450 million of our 2014 foreign earnings for the payment of dividends, share repurchases, interest on U.S.-issued debt, salaries for U.S.-based employees, and other corporate-level operations in the U.S. Our historical foreign earnings, including our 2014 foreign earnings that were not repatriated in 2014, will continue to remain indefinitely reinvested.

We had approximately $1.8 billion in cumulative undistributed foreign earnings as of December 31, 2015. These earnings are exclusive of amounts that would result in little or no tax under current tax laws if remitted in the future. The cumulative undistributed earnings from our foreign subsidiaries are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state income taxes has been made in our Consolidated Financial Statements. A distribution of these foreign earnings to the U.S. in the form of dividends, or otherwise, would subject us to U.S. income taxes, as adjusted for foreign tax credits, and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability on these undistributed earnings is not practicable.

Other

We are subject to surtaxes on dividends and certain other distributions paid by some of our European entities, including those in France and Belgium, to entities outside of their jurisdiction. We recognize this incremental income tax only when one of these subsidiaries declares a taxable dividend. As of the end of 2015, we have undistributed retained earnings of $484 million that would be subject to this tax if distributed. If all of these undistributed retained earnings were to be declared as dividends, we would be subject to additional income taxes of approximately $19 million.

Note 12 SHARE-BASED COMPENSATION PLANS

Share-Based Payment Awards

We maintain share-based compensation plans that provide for the granting of non-qualified share options and restricted share units, some with performance and/or market conditions, to certain executive and management level employees. We believe that these awards better align the interests of our employees with the interests of our shareowners. During the years ended December 31, 2015, 2014, and 2013, compensation expense related to our share-based payment awards totaled $41 million, $28 million, and $33 million, respectively.

Share Options

Our share options (1) are granted with exercise prices equal to or greater than the fair value of our stock on the date of grant; (2) generally vest in three annual tranches over a period of 36 months; and (3) expire 10 years from the date of grant. Generally, when options are exercised, we issue new shares rather than issuing treasury shares.

Note 12 SHARE-BASED COMPENSATION PLANS (Continued)

The following table summarizes the weighted average grant-date fair value per unit and assumptions that were used to estimate the grant-date fair values of the share options granted during the periods presented:

Grant-Date Fair Value	2015	2014	2013
Share options with service conditions	$ 8.50	$ 6.78	$ 7.27
Assumptions:			
Dividend yield[(A)]	2.30%	2.60%	2.50%
Expected volatility[(B)]	22.5%	22.5%	25.0%
Risk-free interest rate[(C)]	1.6%	1.6%	1.3%
Expected life[(D)]	5.0 years	5.0 years	5.0 years

(A) The dividend yield was calculated by dividing our annual dividend by our average stock price on the date of grant, taking into consideration our future expectations regarding our dividend yield.

(B) The expected volatility was determined by using a combination of the historical volatility of our stock, the implied volatility of our exchange-traded options, and other factors, such as a comparison to our peer group.

(C) The risk-free interest rate was based on the U.S. Treasury yield with a term equal to the expected life on the date of grant.

(D) The expected life was used for options valued by the Black-Scholes model. It was determined by using a combination of actual exercise and post-vesting cancellation history for the types of employees included in the grant population.

The following table summarizes our share option activity for the periods presented (shares in thousands):

	2015		2014		2013	
	Shares	Average Exercise Price	Shares	Average Exercise Price	Shares	Average Exercise Price
Outstanding at beginning of year	8,548	$24.98	8,527	$21.39	8,846	$18.53
Granted	901	51.73	1,095	43.13	976	41.73
Exercised[(A)]	(1,268)	16.84	(1,059)	14.72	(1,271)	17.04
Forfeited, expired, or canceled	(45)	33.04	(15)	34.96	(24)	21.32
Outstanding at end of year	8,136	29.17	8,548	24.98	8,527	21.39
Options exercisable at end of year	6,488	24.45	6,825	20.68	6,853	17.61

(A) The total intrinsic value of options exercised during the years ended December 31, 2015, 2014, and 2013 was $38 million, $32 million, and $27 million, respectively.

The following table summarizes our options outstanding and our options exercisable as of December 31, 2015 (shares in thousands):

	Outstanding			Exercisable		
Ranges of Exercise Price	Options Outstanding[(A)]	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Options Exercisable[(A)]	Weighted Average Remaining Life (years)	Weighted Average Exercise Price
$6.00 to $10.00	722	2.83	$ 6.74	722	2.83	$ 6.74
10.01 to 14.00	844	3.85	13.12	844	3.85	13.12
14.01 to 19.00	970	1.00	15.81	970	1.00	15.81
24.00 to 29.00	1,635	5.40	25.35	1,635	5.40	25.35
29.01 to 35.00	1,040	6.85	30.79	1,040	6.85	30.79
Over 35.00	2,925	8.82	45.33	1,277	8.18	42.21
	8,136	5.90	29.17	6,488	5.03	24.45

(A) As of December 31, 2015, the aggregate intrinsic value of options outstanding and options exercisable was $165 million and $161 million, respectively.

As of December 31, 2015, we had approximately $9 million of unrecognized compensation expense related to our unvested share options. We expect to recognize this compensation expense over a weighted average period of 1.9 years.

Note 12 SHARE-BASED COMPENSATION PLANS (Continued)

Restricted Share Units

Our restricted share units generally vest upon continued employment for a period of at least 36 months and the attainment of certain market conditions and performance targets. Our restricted share unit awards entitle the participant to hypothetical dividends (which are paid only if the restricted share units vest), but not voting rights. Unvested restricted share units are restricted as to disposition and subject to forfeiture.

We granted 0.6 million restricted share units during both the years ended December 31, 2015 and 2014, and 0.5 million restricted share units during the year ended December 31, 2013. Approximately 0.4 million of the restricted share units granted in 2015, 2014, and 2013, were performance share units (PSUs) for which the ultimate number of shares earned is determined at the end of the stated performance period. The PSUs granted in 2012, 2013, and 2014 also contain a market condition that adjusts the number of PSUs otherwise earned based on the following year's EPS results. Specifically, the percentage of the target PSUs earned based on EPS growth is adjusted (upward or downward) based on our Total Shareholder Return (TSR) performance, as compared to the TSR of the companies in the S&P 500 over the performance period.

The following table summarizes the weighted average grant-date fair value per unit and assumptions that were used to estimate the grant-date fair values of the restricted share units granted during the periods presented:

Grant-Date Fair Value	2015	2014	2013
Restricted share units with service conditions	$50.30	$44.18	$41.28
Restricted share units with service and performance conditions	51.73	n/a	n/a
Restricted share units with service, performance, and market conditions[A]	49.88	44.51	43.12
Assumptions:			
Dividend yield[B]	2.30%	2.60%	2.50%
Expected volatility[C]	22.5%	22.5%	25.0%
Risk-free interest rate[D]	1.6%	1.6%	1.3%

[A] We have determined the grant-date fair value for these awards using a Monte Carlo simulation model since they are subject to a market condition.

[B] The dividend yield was calculated by dividing our annual dividend by our average stock price on the date of grant, taking into consideration our future expectations regarding our dividend yield.

[C] The expected volatility was determined by using a combination of the historical volatility of our stock, the implied volatility of our exchange-traded options, and other factors, such as a comparison to our peer group.

[D] The risk-free interest rate was based on the U.S. Treasury yield with a term equal to the expected life on the date of grant.

Note 12 SHARE-BASED COMPENSATION PLANS (Continued)

The following table summarizes our restricted share units award activity during the periods presented (shares in thousands):

	Restricted Share Units	Weighted Average Grant-Date Fair Value	Performance Share Units	Weighted Average Grant-Date Fair Value
Outstanding at January 1, 2012	551	$26.80	4,043	$20.26
Granted	149	41.28	377	43.12
Vested[(A)]	(157)	25.24	(2,295)	15.22
Forfeited or canceled	(19)	27.87	(35)	27.74
Performance adjustment[(B)]	n/a	n/a	140	39.09
Outstanding at December 31, 2013	524	31.34	2,230	31.25
Granted	184	44.18	388	44.51
Vested[(A)]	(258)	26.28	(942)	24.50
Forfeited or canceled	(19)	34.87	(35)	33.93
Performance adjustment[(C)]	n/a	n/a	39	39.19
Outstanding at December 31, 2014	431	39.72	1,680	38.37
Granted	274	50.30	356	51.73
Vested[(A)]	(124)	32.72	(290)	26.43
Forfeited or canceled	(26)	38.16	(41)	38.38
Performance adjustment[(D)]	n/a	n/a	164	42.49
Outstanding at December 31, 2015[(E)]	555	46.58	1,869	43.27

(A) The total fair value of restricted share units that vested during the years ended December 31, 2015, 2014, and 2013 was $19 million, $54 million, and $90 million, respectively.

(B) Based on our financial results for the performance period, our 2012 performance share units will pay out at 74 percent of the target award. The ultimate vesting of these performance share units is subject to the participant satisfying the remaining service condition of the award.

(C) Based on our financial results for the performance and market condition period, our 2013 performance share units will pay out at 149 percent of the target award. The ultimate vesting of these performance share units is subject to the participant satisfying the remaining service condition of the award.

(D) Based on our financial results for the performance and market condition period, our 2014 performance share units will pay out at 175 percent of the target award. The ultimate vesting of these performance share units is subject to the participant satisfying the remaining service condition of the award.

(E) The target awards for our performance share units are included in the preceding table and are adjusted, as necessary, in the period that the performance conditions are satisfied. The minimum, target, and maximum awards for our 2015 performance share units outstanding as of December 31, 2015 were 0.2 million, 0.4 million, and 0.8 million, respectively.

As of December 31, 2015, we had approximately $48 million in total unrecognized compensation expense related to our restricted share unit awards based on our current expectations for payout of our performance share units. We expect to recognize this compensation cost over a weighted average period of 2.3 years.

Shares Available for Future Grant

The following table summarizes the shares available for future grant as of December 31, 2015 that may be used to grant share options and/or restricted share units (in millions):

	Shares Available for Future Grant
Performance share units at current expected payout	7.5

Note 13 EARNINGS PER SHARE

We calculate our basic earnings per share by dividing net income by the weighted average number of shares and participating securities outstanding during the period. Our diluted earnings per share are calculated in a similar manner but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share.

Note 13 EARNINGS PER SHARE (Continued)

The following table summarizes our basic and diluted earnings per common share calculations for the periods presented (in millions, except per share data; per share data is calculated prior to rounding to millions):

	2015	2014	2013
Net income	$ 596	$ 663	$ 667
Basic weighted average shares outstanding	231	247	268
Effect of dilutive securities[(A)]	4	5	5
Diluted weighted average shares outstanding	235	252	273
Basic earnings per share	$2.59	$2.68	$2.49
Diluted earnings per share	$2.54	$2.63	$2.44

(A) Outstanding options to purchase 1.2 million shares for the year ended December 31, 2015, and 1.0 million shares for both the years ended December 31, 2014 and 2013, were excluded from the diluted earnings per share calculation because the effect of including these options in the computation would have been antidilutive. The dilutive impact of the remaining options outstanding and unvested restricted share units was included in the effect of dilutive securities.

During 2015, we paid dividends of $257 million. In February 2015, our Board of Directors approved an increase in our quarterly dividend from $0.25 per share to $0.28 per share beginning in the first quarter of 2015.

We have 100 million shares of preferred shares authorized. As of December 31, 2015, 2014, and 2013, there were no preferred shares outstanding.

Note 14 OPERATING SEGMENT

We operate in one industry and have one operating segment. This segment derives its revenues from marketing, producing, and distributing nonalcoholic beverages. No single customer accounted for more than 10 percent of our net sales in 2015, 2014, or 2013.

Our segment operating income includes the segment's revenue less substantially all the segment's cost of production, distribution, and administration. We evaluate the segment's performance based on several factors, of which net sales and operating income are the primary financial measures.

Additionally, mark-to-market gains/losses related to our non-designated commodity hedges are recognized in the earnings of our Corporate segment until such time as the underlying hedged transaction affects the earnings of our Europe operating segment. In the period the underlying hedged transaction occurs, the accumulated mark-to-market gains/losses related to the hedged transaction are reclassified from the earnings of our Corporate segment into the earnings of our Europe operating segment. This treatment allows our Europe operating segment to reflect the true economic effects of the underlying hedged transaction in the period the hedged transaction occurs without experiencing the mark-to-market volatility associated with these non-designated commodity hedges. For additional information about our non-designated hedges, refer to Note 6.

Note 14 OPERATING SEGMENT (Continued)

The following table summarizes selected segment financial information for the periods presented (in millions):

	Europe	Corporate	Consolidated
2015:			
Net sales[(A)]	$7,011	$ —	$7,011
Operating income (loss)[(B)(C)]	1,063	(197)	866
Interest expense, net	—	118	118
Depreciation and amortization	234	40	274
Long-lived assets, net[(D)(E)]	5,398	167	5,565
Capital asset investments	301	20	321
2014:			
Net sales[(A)]	$8,264	$ —	$8,264
Operating income (loss)[(B)]	1,151	(132)	1,019
Interest expense, net	—	119	119
Depreciation and amortization	270	39	309
Long-lived assets, net[(D)(E)]	5,882	201	6,083
Capital asset investments	310	22	332
2013:			
Net sales[(A)]	$8,212	$ —	$8,212
Operating income (loss)[(B)]	1,063	(149)	914
Interest expense, net	—	103	103
Depreciation and amortization	273	35	308
Long-lived assets, net[(D)]	6,587	370	6,957
Capital asset investments	296	17	313

(A) The following table summarizes the contribution of total net sales by country as a percentage of our total net sales for the periods presented:

	2015	2014	2013
Net sales:			
Great Britain	37%	34%	33%
France	29	30	30
Belgium	15	15	15
The Netherlands	8	8	8
Norway	6	7	8
Sweden	5	6	6
Total	100%	100%	100%

(B) Our Corporate segment earnings include net mark-to-market losses on our non-designated commodity hedges of $28 million in 2015, net mark-to-market gains on our non-designated commodity hedges of $2 million in 2014, and net mark-to-market losses of $7 million during 2013, respectively. As of December 31, 2015, our Corporate segment included net mark-to-market losses on non-designated commodity hedges totaling $38 million. These amounts will be reclassified into the earnings of our Europe operating segment when the underlying hedged transactions occur. For additional information about our non-designated hedges, refer to Note 6.

(C) For the year ended December 31, 2015, operating income in our Corporate and Europe segments included Merger related expenses totaling $30 million and $15 million, respectively.

Note 14 OPERATING SEGMENT (Continued)

(D) The following table summarizes the percentage of net property, plant, and equipment by country and our Corporate segment as of the dates presented:

	December 31, 2015	December 31, 2014
Property, plant, and equipment, net:		
Great Britain	34%	33%
France	24	24
Belgium	17	18
The Netherlands	8	7
Norway	7	8
Sweden	6	6
Corporate	4	4
Total	100%	100%

(E) Amounts disclosed as long-lived assets in our Corporate segment for 2015 and 2014 include $46 million and $88 million, respectively, related to deferred income tax assets.

Note 15 RESTRUCTURING ACTIVITIES

The following table summarizes our restructuring costs by segment for the periods presented (in millions):

	2015	2014	2013
Europe[(A)]	$20	$81	$120
Corporate	—	—	—
Total	$20	$81	$120

(A) During 2015, we incurred $4 million under our business transformation program and $16 million related to other restructuring activities. Other restructuring activities include initiatives related to increasing the effectiveness and efficiencies of our finance and supply chain functions. All restructuring expenses recorded during 2014 related to our business transformation program. During 2013, we recorded restructuring expense of $99 million related to our business transformation program and $21 million related to our Norway business optimization, which concluded at the end of 2013.

Business Transformation Program

In 2012, we announced a business transformation program designed to improve our operating model and create a platform for driving sustainable future growth. Through this program we have: (1) streamlined and reduced the cost structure of our finance support function, including the establishment of a centralized shared services center; (2) restructured our sales and marketing organization to better align central and field sales, and deployed standardized channel-focused organizations within each of our territories; and (3) improved the efficiency and effectiveness of certain aspects of our operations, including activities related to our cold-drink equipment.

We are substantially complete with this program as of December 31, 2015, and our nonrecurring restructuring charges totaled $230 million, including severance, transition, consulting, accelerated depreciation, and lease termination costs. During the years ended December 31, 2015, 2014, and 2013, we recorded nonrecurring restructuring charges under this program totaling $4 million, $81 million, and $99 million, respectively. Substantially all nonrecurring restructuring charges related to this program are included in SD&A on our Consolidated Statements of Income.

Note 15 RESTRUCTURING ACTIVITIES (Continued)

The following table summarizes these restructuring charges for the period presented (in millions):

	Severance Pay and Benefits	Accelerated Depreciation[B]	Other[C]	Total
Balance as of January 1, 2013[A]	$ 41	$—	$ 1	$ 42
Provision	67	5	27	99
Cash payments	(78)	—	(17)	(95)
Noncash items	—	(5)	1	(4)
Balance as of December 31, 2013[A]	30	—	12	42
Provision	26	7	48	81
Cash payments	(33)	—	(55)	(88)
Noncash items	—	(7)	—	(7)
Balance as of December 31, 2014[A]	23	—	5	28
Provision	(2)	1	5	4
Cash payments	(14)	—	(6)	(20)
Noncash items	—	(1)	—	(1)
Balance as of December 31, 2015[A]	$ 7	$—	$ 4	$ 11

(A) Substantially all of the amounts are included in accounts payable and accrued expenses on our Consolidated Balance Sheets.

(B) Accelerated depreciation represents the difference between the depreciation expense of the asset using the original useful life and the depreciation expense of the asset under the reduced useful life due to the restructuring activity.

(C) In 2013, these charges primarily related to program management and consulting costs. During 2014, these charges primarily related to costs incurred regarding our cold-drink operations, including social and other transition costs associated with the transfer of certain employees and assets to a third party.

Note 16 SHARE REPURCHASES

Beginning in October 2010, our Board of Directors has approved a series of resolutions authorizing the repurchase of shares of our stock. Since 2010, we have repurchased $4.3 billion in outstanding shares, representing 125.9 million shares, under these resolutions. In December 2013, our Board of Directors authorized share repurchases for an aggregate price of not more than $1.0 billion. Share repurchase activity under this authorization commenced during the second quarter of 2014. In the third quarter of 2015 we completed authorized share repurchases under the December 2013 resolution. In December 2014, our Board of Directors approved a resolution to authorize additional share repurchases for an aggregate price of not more than $1.0 billion. We currently have $969 million in authorized share repurchases remaining under the December 2014 resolution. We completed our planned share repurchases for 2015 during the third quarter and do not intend to repurchase additional outstanding shares in the open market prior to the closing of the Merger (expected to be during the second quarter of 2016).

We can repurchase shares in the open market and in privately negotiated transactions. Repurchased shares are added to treasury stock and are available for general corporate purposes, including acquisition financing and the funding of various employee benefit and compensation plans. In addition to market conditions, we consider alternative uses of cash and/or debt, balance sheet ratios, and shareowner returns when evaluating share repurchases.

The following table summarizes the share repurchase activity for the periods presented (in millions, except per share data):

	2015	2014	2013
Number of shares repurchased	13.5	20.2	27.2
Weighted average purchase price per share	$44.35	$45.79	$36.95
Amount of share repurchases[A]	$ 600	$ 925	$1,006

(A) Total cash paid for these share repurchases totaled $614 million and $912 million due to the timing of settlement during 2015 and 2014, respectively.

Note 17 QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table summarizes our quarterly financial information for the periods presented (in millions, except per share data):

2015	First(A)(E)	Second(B)	Third(C)	Fourth(D)(E)	Full Year
Net sales	$1,631	$1,928	$1,822	$1,630	$7,011
Gross profit	568	705	697	600	2,570
Operating income	158	275	260	173	866
Net income	96	176	168	156	596
Basic earnings per share(F)	$ 0.41	$ 0.76	$ 0.74	$ 0.69	$ 2.59
Diluted earnings per share(F)	$ 0.40	$ 0.75	$ 0.72	$ 0.67	$ 2.54

2014	First(A)(E)	Second(B)	Third(C)	Fourth(D)(E)	Full Year
Net sales	$1,870	$2,333	$2,136	$1,925	$8,264
Gross profit	650	846	808	669	2,973
Operating income	184	295	345	195	1,019
Net income	115	198	238	112	663
Basic earnings per share(F)	$ 0.45	$ 0.80	$ 0.97	$ 0.46	$ 2.68
Diluted earnings per share(F)	$ 0.44	$ 0.78	$ 0.96	$ 0.46	$ 2.63

The following items included in our reported results affected the comparability of our year-over-year quarterly financial results (the items listed below are based on defined terms and thresholds and represent all material items management considered for year-over-year comparability).

(A) Net income in the first quarter of 2015 included (1) net mark-to-market gains totaling $2 million ($2 million net of tax, or $0.01 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $9 million ($7 million net of tax, or $0.03 per diluted share) related to restructuring activities.

Net income in the first quarter of 2014 included (1) net mark-to-market losses totaling $2 million ($1 million net of tax) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $8 million ($5 million net of tax, or $0.02 per diluted share) related to restructuring activities.

(B) Net income in the second quarter of 2015 included (1) net mark-to-market losses totaling $10 million ($8 million net of tax, or $0.03 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $4 million ($3 million net of tax, or $0.01 per diluted share) related to restructuring activities.

Net income in the second quarter of 2014 included (1) net mark-to-market gains totaling $8 million ($5 million net of tax, or $0.02 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $54 million ($36 million net of tax, or $0.14 per diluted share) related to restructuring activities.

(C) Net income in the third quarter of 2015 included (1) charges totaling $6 million ($4 million net of tax, or $0.02 per diluted share) related to restructuring activities; (2) net mark-to-market losses totaling $15 million ($10 million net of tax, or $0.05 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; (3) charges totaling $26 million ($18 million net of tax, or $0.08 per diluted share) related to the pending Merger; and (4) a gain of $10 million ($7 million net of tax, or $0.03 per diluted share) related to the sale of a distribution facility in Great Britain.

Net income in the third quarter of 2014 included (1) charges totaling $1 million ($1 million net of tax) related to restructuring activities; (2) net mark-to-market gains totaling $8 million ($6 million net of tax, or $0.02 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; and (3) net tax items totaling $6 million ($0.02 per diluted share) principally related to the tax impact on the cumulative nonrecurring items on the quarter.

(D) Net income in the fourth quarter of 2015 included (1) net mark-to-market losses totaling $5 million ($3 million net of tax, or $0.01 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; (2) charges totaling $1 million related to restructuring activities; (3) charges totaling $19 million ($13 million net of tax, or $0.06 per diluted share) related to the pending Merger; and (4) a deferred tax benefit of $48 million ($0.21 per diluted share) due to the enactment of corporate tax rate reductions in the United Kingdom and Norway.

Note 17 QUARTERLY FINANCIAL INFORMATION (UNAUDITED) (Continued)

Net income in the fourth quarter of 2014 included (1) net mark-to-market losses totaling $12 million ($9 million net of tax, or $0.04 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; (2) charges totaling $18 million ($13 million net of tax, or $0.05 per diluted share) related to restructuring activities; and (3) charges totaling $10 million ($8 million net of tax, or $0.03 per diluted share) related to the impairment of our investment in our recycling joint venture in Great Britain.

(E) There were four more selling days in the first quarter of 2015 versus the first quarter of 2014, and there were four fewer selling days in the fourth quarter of 2015 versus the fourth quarter of 2014.

(F) Basic and diluted net earnings per share are computed independently for each of the quarters presented. As such, the summation of the quarterly amounts may not equal the total basic and diluted net income per share reported for the year.

CONSOLIDATED FINANCIAL STATEMENTS OF WHITE

PART B

DECEMBER 31, 2014, DECEMBER 31, 2013 AND DECEMBER 31, 2012
TOGETHER WITH
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareowners of Coca-Cola Enterprises, Inc.

We have audited the accompanying consolidated balance sheets of Coca-Cola Enterprises, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coca-Cola Enterprises, Inc. at December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Coca-Cola Enterprises, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 12, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 12, 2015, Except for

Note 17—"Reconciliation to International Financial Reporting Standards", which includes a reconciliation of net assets as of January 1, 2014 and December 31, 2014 and of net income for the year ended December 31, 2014 from the Company's financial statements in conformity with U.S. generally accepted accounting principles to net assets as of January 1, 2014 and December 31, 2014 and net income for the year ended December 31, 2014 had the Company applied recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union, as to which the date is February 18, 2016.

COCA-COLA ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)	Year Ended December 31, 2014	2013	2012
Net sales	$8,264	$8,212	$8,062
Cost of sales	5,291	5,350	5,162
Gross profit	2,973	2,862	2,900
Selling, delivery, and administrative expenses	1,954	1,948	1,972
Operating income	1,019	914	928
Interest expense, net	119	103	94
Other nonoperating (expense) income	(7)	(6)	3
Income before income taxes	893	805	837
Income tax expense	230	138	160
Net income	$ 663	$ 667	$ 677
Basic earnings per share	$ 2.68	$ 2.49	$ 2.30
Diluted earnings per share	$ 2.63	$ 2.44	$ 2.25
Dividends declared per share	$ 1.00	$ 0.80	$ 0.64
Basic weighted average shares outstanding	247	268	294
Diluted weighted average shares outstanding	252	273	301

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	Year Ended December 31, 2014	2013	2012
Net income	$ 663	$667	$ 677
Components of other comprehensive (loss) income:			
Currency translations			
Pretax activity, net	(482)	82	175
Tax effect	—	—	—
Currency translations, net of tax	(482)	82	175
Net investment hedges			
Pretax activity, net	256	(61)	(45)
Tax effect	(90)	21	16
Net investment hedges, net of tax	166	(40)	(29)
Cash flow hedges			
Pretax activity, net	(15)	21	(11)
Tax effect	4	(6)	3
Cash flow hedges, net of tax	(11)	15	(8)
Pension plan adjustments			
Pretax activity, net	(79)	57	(126)
Tax effect	23	(15)	31
Pension plan adjustments, net of tax	(56)	42	(95)
Other comprehensive (loss) income, net of tax	(383)	99	43
Comprehensive income	$ 280	$766	$ 720

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share data)	December 31, 2014	December 31, 2013
ASSETS		
Current:		
Cash and cash equivalents	$ 223	$ 343
Trade accounts receivable, less allowances of $17 and $16, respectively	1,514	1,515
Amounts receivable from The Coca-Cola Company	67	89
Inventories	388	452
Other current assets	268	169
Total current assets	2,460	2,568
Property, plant, and equipment, net	2,101	2,353
Franchise license intangible assets, net	3,641	4,004
Goodwill	101	124
Other noncurrent assets	240	476
Total assets	$ 8,543	$ 9,525
LIABILITIES		
Current:		
Accounts payable and accrued expenses	$ 1,872	$ 1,939
Amounts payable to The Coca-Cola Company	104	145
Current portion of debt	632	111
Total current liabilities	2,608	2,195
Debt, less current portion	3,320	3,726
Other noncurrent liabilities	207	221
Noncurrent deferred income tax liabilities	977	1,103
Total liabilities	7,112	7,245
SHAREOWNERS' EQUITY		
Common stock, $0.01 par value—Authorized—1,000,000,000 shares; Issued—354,551,447 and 352,374,063 shares, respectively	3	3
Additional paid-in capital	3,958	3,899
Reinvested earnings	1,991	1,577
Accumulated other comprehensive loss	(714)	(331)
Common stock in treasury, at cost—115,305,477 and 94,776,979 shares, respectively	(3,807)	(2,868)
Total shareowners' equity	1,431	2,280
Total liabilities and shareowners' equity	$ 8,543	$ 9,525

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31, 2014	2013	2012
Cash Flows from Operating Activities:			
Net income	$ 663	$ 667	$ 677
Adjustments to reconcile net income to net cash derived from operating activities:			
Depreciation and amortization	309	308	335
Share-based compensation expense	28	33	35
Deferred income tax expense (benefit)	65	(77)	(132)
Pension expense less than contributions	(3)	(19)	(75)
Changes in assets and liabilities:			
Trade accounts receivables	(151)	(45)	—
Inventories	15	(57)	30
Prepaid expenses and other current assets	(110)	(21)	(5)
Accounts payable and accrued expenses	94	100	58
Other changes, net	72	(56)	24
Net cash derived from operating activities	982	833	947
Cash Flows from Investing Activities:			
Capital asset investments	(332)	(313)	(378)
Capital asset disposals	27	4	13
Settlement of net investment hedges	21	(21)	—
Other investing activities, net	—	—	(8)
Net cash used in investing activities	(284)	(330)	(373)
Cash Flows from Financing Activities:			
Net change in commercial paper	146	—	—
Issuances of debt	347	931	430
Payments on debt	(114)	(623)	(16)
Share repurchases under share repurchase programs	(912)	(1,006)	(780)
Dividend payments on common stock	(246)	(213)	(187)
Other financing activities, net	(10)	15	(3)
Net cash used in financing activities	(789)	(896)	(556)
Net effect of currency exchange rate changes on cash and cash equivalents	(29)	15	19
Net Change in Cash and Cash Equivalents	(120)	(378)	37
Cash and Cash Equivalents at Beginning of Year	343	721	684
Cash and Cash Equivalents at End of Year	$ 223	$ 343	$ 721
Supplemental Noncash Investing and Financing Activities:			
Capital lease additions	$ 3	$ 9	$ 7
Supplemental Disclosure of Cash Paid for:			
Income taxes, net	$ 187	$ 262	$ 293
Interest, net of amounts capitalized	101	91	84

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

(in millions)	Common Stock Outstanding Shares	Common Stock Outstanding Amount	Additional Paid-In Capital	Reinvested Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Total Shareowners' Equity
Balance as of January 1, 2012	305	$ 3	$3,745	$ 638	$(473)	$(1,014)	$ 2,899
Net income	—	—	—	677	—	—	677
Other adjustments, net	—	—	(8)	—	—	—	(8)
Shares issued under share-based compensation plans	5	—	21	—	—	—	21
Deferred compensation plans	—	—	1	—	—	1	2
Share-based compensation expense	—	—	35	—	—	—	35
Tax benefit from share-based compensation awards	—	—	33	—	—	—	33
Dividends declared	—	—	—	(189)	—	—	(189)
Shares repurchased under our publicly announced share repurchase programs	(27)	—	—	—	—	(780)	(780)
Shares withheld for taxes on share-based payment awards, net	(1)	—	(2)	—	—	(38)	(40)
Total other comprehensive income	—	—	—	—	43	—	43
Balance as of December 31, 2012	282	3	3,825	1,126	(430)	(1,831)	2,693
Net income	—	—	—	667	—	—	667
Other adjustments, net	—	—	1	—	—	—	1
Shares issued under share-based compensation plans	4	—	22	—	—	—	22
Deferred compensation plans	—	—	2	—	—	—	2
Share-based compensation expense	—	—	33	—	—	—	33
Tax benefit from share-based compensation awards	—	—	20	—	—	—	20
Dividends declared	—	—	—	(216)	—	—	(216)
Shares repurchased under our publicly announced share repurchase programs	(27)	—	—	—	—	(1,006)	(1,006)
Shares withheld for taxes on share-based payment awards, net	(1)	—	(4)	—	—	(31)	(35)
Total other comprehensive income	—	—	—	—	99	—	99
Balance as of December 31, 2013	258	3	3,899	1,577	(331)	(2,868)	2,280
Net income	—	—	—	663	—	—	663
Other adjustments, net	—	—	2	—	—	—	2
Shares issued under share-based compensation plans	2	—	16	—	—	—	16
Deferred compensation plans	—	—	2	—	—	—	2
Share-based compensation expense	—	—	28	—	—	—	28
Tax benefit from share-based compensation awards	—	—	15	—	—	—	15
Dividends declared	—	—	—	(249)	—	—	(249)
Shares repurchased under our publicly announced share repurchase programs	(20)	—	—	—	—	(925)	(925)
Shares withheld for taxes on share-based payment awards, net	(1)	—	(4)	—	—	(14)	(18)
Total other comprehensive loss	—	—	—	—	(383)	—	(383)
Balance as of December 31, 2014	239	$ 3	$3,958	$1,991	$(714)	$(3,807)	$ 1,431

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

We are a marketer, producer, and distributor of nonalcoholic beverages. We market, produce, and distribute our products to customers and consumers through licensed territory agreements in Belgium, continental France, Great Britain, Luxembourg, Monaco, the Netherlands, Norway, and Sweden. We operate in the highly competitive beverage industry and face strong competition from other general and specialty beverage companies. Our financial results are affected by a number of factors, including, but not limited to, consumer preferences, cost to manufacture and distribute products, foreign currency exchange rates, general economic conditions, local and national laws and regulations, raw material availability, and weather patterns.

Sales of our products tend to be seasonal, with the second and third quarters accounting for higher unit sales of our products than the first and fourth quarters. In a typical year, we earn more than 60 percent of our annual operating income during the second and third quarters. The seasonality of our sales volume, combined with the accounting for fixed costs such as depreciation, amortization, rent, and interest expense, impacts our results on a quarterly basis. Additionally, year-over-year shifts in holidays, selling days, and weather patterns can impact our results on an annual or quarterly basis.

Basis of Presentation and Consolidation

Our Consolidated Financial Statements include all entities that we control by ownership of a majority voting interest. All significant intercompany accounts and transactions are eliminated in consolidation.

Our fiscal year ends on December 31. For interim quarterly reporting convenience, our first three quarters close on the Friday closest to the end of the quarterly calendar period. There were the same number of selling days in 2014, 2013, and 2012 (based upon a standard five-day selling week).

The following table summarizes the number of selling days by quarter for the years ended December 31, 2014, 2013, and 2012 (based on a standard five-day selling week):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2014	63	65	65	68	261
2013	64	65	65	67	261
2012	65	65	65	66	261

Use of Estimates

Our Consolidated Financial Statements and accompanying Notes are prepared in accordance with U.S. generally accepted accounting principles and include estimates and assumptions made by management that affect reported amounts. Actual results could differ materially from those estimates.

Net Sales

We recognize net sales when all of the following conditions are met: (1) evidence of a binding arrangement exists (generally, purchase orders); (2) products have been delivered and there is no future performance required; and (3) amounts are collectible under normal payment terms. For product sales, these conditions occur when the products are delivered to or picked up by our customers and, in the case of full-service vending, when cash is collected from vending machines. Revenue is stated net of sales discounts and marketing and promotional incentives paid to customers.

We record value added taxes (VAT) on a net basis (i.e., excluded from net sales) and record excise taxes and taxes on packaging on a gross basis (i.e., included in net sales). During 2014, 2013, and 2012, the total amount of taxes recorded on a gross basis approximated $584 million, $555 million, and $500 million, respectively.

Customer Marketing Programs and Sales Incentives

We participate in various programs and arrangements with customers designed to increase the sale of our products. Among these programs are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or for participating in specific marketing programs. Coupon

programs are also developed on a customer- and territory-specific basis with the intent of increasing sales. We believe our participation in these programs is essential to ensuring volume and revenue growth in a competitive marketplace. The costs of all these various programs, included as a reduction in net sales, totaled $1.1 billion, $1.1 billion, and $1.0 billion in 2014, 2013, and 2012, respectively.

Under customer programs and arrangements that require sales incentives to be paid in advance, we amortize the amount paid over the period of benefit or contractual sales volume. When incentives are paid in arrears, we accrue the estimated amount to be paid based on the program's contractual terms, expected customer performance, and/or estimated sales volume.

Licensor Support Arrangements

We participate in various funding programs supported by TCCC or other licensors whereby we receive funds from the licensors to support customer marketing programs or other arrangements that promote the sale of the licensors' products. Under these programs, certain costs incurred by us are reimbursed by the applicable licensor. Payments from TCCC and other licensors for marketing programs and other similar arrangements to promote the sale of products are classified as a reduction in cost of sales, unless we can overcome the presumption that the payment is a reduction in the price of the licensor's products. Payments for marketing programs are recognized as product is sold.

For additional information about our transactions with TCCC, refer to Note 3.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished goods from our manufacturing locations to our sales distribution centers are included in cost of sales on our Consolidated Statements of Income. Shipping and handling costs incurred to move finished goods from our sales distribution centers to customer locations are included in selling, delivery, and administrative (SD&A) expenses on our Consolidated Statements of Income and totaled approximately $301 million, $275 million, and $314 million in 2014, 2013, and 2012, respectively. Our customers do not pay us separately for shipping and handling costs.

Share-Based Compensation

We recognize compensation expense equal to the grant-date fair value for all share-based payment awards that are expected to vest. This expense is recorded on a straight-line basis over the requisite service period of the entire award, unless the awards are subject to performance conditions, in which case we recognize compensation expense over the requisite service period of each separate vesting tranche. We recognize compensation expense for our performance share units when it becomes probable that the performance criteria specified in the plan will be achieved. All compensation expense related to our share-based payment awards is recorded in SD&A expenses. We determine the grant-date fair value of our share-based payment awards using a Black-Scholes model, unless the awards are subject to market conditions, in which case we use a binomial-lattice model (e.g., Monte Carlo simulation model). The Monte Carlo simulation model utilizes multiple input variables to estimate the probability that market conditions will be achieved. Refer to Note 11.

Earnings Per Share

We calculate our basic earnings per share by dividing net income by the weighted average number of shares and participating securities outstanding during the period. Our diluted earnings per share are calculated in a similar manner, but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share. Share-based payment awards that are contingently issuable upon the achievement of a specified market or performance condition are included in our diluted earnings per share calculation in the period in which the condition is satisfied. Refer to Note 12.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturity dates of less than three months when acquired. As of December 31, 2014, substantially all of our total cash and cash equivalents

was held by consolidated entities that are outside the U.S. Our disclosure of the cash and cash equivalents held by consolidated entities located outside the U.S. is not meant to imply the cash will be repatriated to the U.S. at a future date. Any future repatriation of foreign earnings to the U.S. will be based on actual U.S.-based cash flow needs and actual foreign entity cash available at the time of repatriation. We continually assess the counterparties and instruments we use to hold our cash and cash equivalents, with a focus on preservation of capital and liquidity.

Trade Accounts Receivable

We sell our products to retailers, wholesalers, and other customers and extend credit, generally without requiring collateral, based on our evaluation of the customer's financial condition. While we have a concentration of credit risk in the retail sector, we believe this risk is mitigated due to the diverse nature of the customers we serve, including, but not limited to, their type, geographic location, size, and beverage channel. Collections of our receivables are dependent on each individual customer's financial condition and sales adjustments granted after the balance sheet date. We carry our trade accounts receivable at net realizable value. Typically, accounts receivable have terms of 40 to 60 days and do not bear interest. We monitor our exposure to losses on receivables and maintain allowances for potential losses or adjustments. We determine these allowances by (1) evaluating the aging of our receivables; (2) analyzing our history of adjustments; and (3) reviewing our high-risk customers. Past due receivable balances are written off when our efforts have been unsuccessful in collecting the amount due. We also carry credit insurance on a portion of our accounts receivable balance.

The following table summarizes the change in our allowance for losses on trade accounts receivable for the periods presented (in millions):

	Accounts Receivable Allowance
Balance at January 1, 2012	$16
Provision	4
Write-offs	(3)
Balance at December 31, 2012	17
Provision	2
Write-offs	(3)
Balance at December 31, 2013	16
Provision	8
Write-offs	(5)
Currency translation adjustments	(2)
Balance at December 31, 2014	$17

Inventories

We value our inventories at the lower of cost or market, and cost is determined using the first-in, first-out (FIFO) method. Inventories consist of raw materials and supplies (primarily including concentrate, other ingredients, and packaging) and finished goods, which also include direct labor and indirect production and overhead costs. The following table summarizes our inventories as of the dates presented (in millions):

	December 31,	
	2014	2013
Finished goods	$238	$260
Raw materials and supplies	150	192
Total inventories	$388	$452

Note 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost. Major property additions, replacements, and betterments are capitalized, while maintenance and repairs that do not extend the useful life of an asset or add new functionality are expensed as incurred. Depreciation is recorded using the straight-line method over the respective estimated useful lives of our assets. Our cold-drink equipment and containers, such as reusable crates, shells, and bottles, are depreciated using the straight-line method over the estimated useful life of each group of equipment, as determined using the group-life method. Under this method, we do not recognize gains or losses on the disposal of individual units of equipment when the disposal occurs in the normal course of business. We capitalize the costs of refurbishing our cold-drink equipment and depreciate those costs over the estimated period until the next scheduled refurbishment or until the equipment is retired. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

The following table summarizes the classification of depreciation and amortization expense in our Consolidated Statements of Income for the periods presented (in millions):

Location—Statements of Income	2014	2013	2012
Selling, delivery, and administrative expenses	$192	$190	$214
Cost of sales	117	118	121
Total depreciation and amortization	$309	$308	$335

Our interests in assets acquired under capital leases are included in property, plant, and equipment and primarily relate to buildings and fleet assets. Amortization of capital lease assets is included in depreciation expense. Our net interests in assets acquired under capital leases totaled $21 million as of December 31, 2014 (gross cost of $82 million, net of accumulated amortization of $61 million). The net present values of amounts due under capital leases are recorded as liabilities and are included within our total debt. Refer to Note 6.

We assess the recoverability of the carrying amount of our property, plant, and equipment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If we determine that the carrying amount of an asset or asset group is not recoverable based upon the expected undiscounted future cash flows of the asset or asset group, we record an impairment loss equal to the excess of the carrying amount over the estimated fair value of the asset or asset group.

We capitalize certain development costs associated with internal use software, including external direct costs of materials and services and payroll costs for employees devoting time to a software project. As of December 31, 2014 and 2013, the net amount of unamortized capitalized software costs included on our Consolidated Balance Sheets was $73 million and $66 million, respectively. Costs incurred during the preliminary project stage, as well as costs for maintenance and training, are expensed as incurred.

The following table summarizes our property, plant, and equipment as of the dates presented (in millions):

	December 31,		
	2014	2013	Useful Life
Land	$ 147	$ 166	n/a
Building and improvements	961	1,024	20 to 40 years
Machinery, equipment, and containers	1,476	1,601	3 to 20 years
Cold-drink equipment	1,168	1,384	3 to 13 years
Vehicle fleet	91	110	3 to 12 years
Furniture, office equipment, and software	287	268	3 to 10 years
Property, plant, and equipment	4,130	4,553	
Accumulated depreciation and amortization	(2,162)	(2,378)	
	1,968	2,175	
Construction in process	133	178	
Property, plant, and equipment, net	$ 2,101	$ 2,353	

Note 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

We compute and report income taxes on a separate return basis and recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of our assets and liabilities. We establish valuation allowances if we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. We do not recognize a tax benefit unless we conclude that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, we recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgment, is greater than 50 percent likely to be realized. We record interest and penalties related to unrecognized tax positions in interest expense, net and other nonoperating (expense) income, respectively, on our Consolidated Statements of Income. Refer to Note 10.

Other Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income and other adjustments, including foreign currency translation adjustments, hedges of our net investments in our foreign subsidiaries, changes in the fair value of certain derivative financial instruments qualifying as cash flow hedges, and pension plan adjustments. We do not provide income taxes on currency translation adjustments (CTA), as the historical earnings from our foreign subsidiaries are considered to be permanently reinvested. If current year earnings are repatriated, the amount to be repatriated is determined in U.S. dollars and converted to the equivalent amount of foreign currency at the time of repatriation; therefore, the repatriation of current year earnings does not have an impact on the CTA component of our accumulated other comprehensive income (AOCI) balance.

The following table summarizes our AOCI as of the dates presented (after tax; in millions):

	Currency Translations	Net Investment Hedges	Cash Flow Hedges[(A)]	Pension Plan Adjustments[(B)]	Total
Balance at January 1, 2013	$ (41)	$ (14)	$(22)	$(353)	$(430)
Other comprehensive income before reclassifications	82	(40)	(6)	21	57
Amounts reclassified from AOCI	—	—	21	21	42
Net change in other comprehensive income	82	(40)	15	42	99
Balance at December 31, 2013	41	(54)	(7)	(311)	(331)
Other comprehensive income (loss) before reclassifications	(482)	166	34	20	(262)
Amounts reclassified from AOCI	—	—	(45)	(76)	(121)
Net change in other comprehensive income (loss)	(482)	166	(11)	(56)	(383)
Balance at December 31, 2014	$(441)	$112	$(18)	$(367)	$(714)

(A) For additional information about our cash flow hedges, refer to Note 5.

(B) For additional information about our pension plans, refer to Note 9.

Foreign Currency Translation

The assets and liabilities of our operations are translated from local currencies into our reporting currency, the U.S. dollar, at currency exchange rates in effect at the end of each reporting period. Gains and losses from the translation of our results are included in AOCI on our Consolidated Balance Sheets. Revenues and expenses are translated at average monthly currency exchange rates. Gains and losses arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency are included in other nonoperating (expense) income on our Consolidated Statements of Income.

Note 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The fair values of our cash and cash equivalents, accounts receivable, and accounts payable approximate their carrying amounts due to their short-term nature. The fair values of our debt instruments are estimated based on debt with similar maturities and credit quality and current market interest rates (refer to Note 6). The estimated fair values of our derivative instruments are calculated based on market rates to settle the instruments. These values represent the estimated amounts we would receive upon sale or pay upon transfer, taking into consideration current market rates and credit risk.

The following tables summarize our assets and liabilities recorded at fair value on a recurring basis (at least annually) as of the dates presented (in millions):

	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets[(A)]	$ 85	$ —	$ 85	$—
Pension plan assets[(B)]	1,530	290	1,185	55
Total assets	$1,615	$290	$1,270	$55
Derivative liabilities[(A)]	$ 76	$ —	$ 76	$—

	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets[(A)]	$ 19	$ —	$ 19	$—
Pension plan assets[(B)]	1,466	302	1,109	55
Total assets	$1,485	$302	$1,128	$55
Derivative liabilities[(A)]	$ 92	$ —	$ 92	$—

(A) We calculate derivative asset and liability amounts using a variety of valuation techniques, depending on the specific characteristics of the hedging instrument, taking into account credit risk. The fair value of our derivative contracts (including forwards, options, cross-currency swaps, and interest rate swaps) is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and, therefore, our derivative contracts have been classified as Level 2. Inputs used in these standard valuation models include the applicable spot, forward, and discount rates. The standard valuation model for our option contracts also includes implied volatility, which is specific to individual options and is based on rates quoted from a widely used third-party resource.

(B) For additional information about our pension plan assets, including the determination of fair value, refer to Note 9.

Derivative Financial Instruments

We utilize derivative financial instruments to mitigate our exposure to certain market risks associated with our ongoing operations. The primary risks that we seek to manage through the use of derivative financial instruments include currency exchange risk, commodity price risk, and interest rate risk. All derivative financial instruments are recorded at fair value on our Consolidated Balance Sheets. We do not use derivative financial instruments for trading or speculative purposes. While certain of our derivative instruments are designated as hedging instruments, we also enter into derivative instruments that are designed to hedge a risk, but are not designated as hedging instruments (referred to as an "economic hedge" or "non-designated hedges"). Changes in the fair value of these non-designated hedging instruments are recognized in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the hedged risk. We are exposed to counterparty credit risk on all of our derivative financial instruments. We have established and maintain strict counterparty credit guidelines and enter into hedges only with financial institutions that are investment grade or better. We continuously monitor counterparty credit risk and utilize numerous counterparties to minimize our exposure to potential defaults. We do not require collateral under these agreements. Refer to Note 5.

Note 2 FRANCHISE LICENSE INTANGIBLE ASSETS AND GOODWILL

The following table summarizes the changes in our net franchise license intangible assets and goodwill for the periods presented (in millions):

	Franchise License Intangible Assets, net	Goodwill
Balance as of January 1, 2012	$3,771	$124
Currency translation adjustments	152	8
Balance as of December 31, 2012	3,923	132
Currency translation adjustments	81	(8)
Balance as of December 31, 2013	4,004	124
Currency translation adjustments	(363)	(23)
Balance as of December 31, 2014	$3,641	$101

Our franchise license agreements contain performance requirements and convey to us the rights to distribute and sell products of the licensor within specified territories. Our license agreements with TCCC for each of our territories have terms of 10 years and expire on October 2, 2020, with each containing the right for us to request a 10-year renewal. While these agreements contain no automatic right of renewal beyond that date, we believe that our interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by nonrenewals ensure that these agreements will continue to be renewed and, therefore, are essentially perpetual. We have never had a franchise license agreement with TCCC terminated due to nonperformance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term. After evaluating the contractual provisions of our franchise license agreements, our mutually beneficial relationship with TCCC, and our history of renewals, we have assigned indefinite lives to all of our franchise license intangible assets.

We do not amortize our franchise license intangible assets and goodwill. Instead, we test these assets for impairment annually, or more frequently if events or circumstances indicate they may be impaired. We performed our 2014, 2013, and 2012 annual impairment tests of our franchise license intangible assets and goodwill as of the last reporting day of October of each respective year. The results of the qualitative impairment assessment of these assets indicated it was not more likely than not that the estimated fair value of these assets was less than their respective carrying values at each testing date. As a result, no impairment charges were recorded.

Note 3 RELATED PARTY TRANSACTIONS

Transactions with TCCC

We are a marketer, producer, and distributor principally of products of TCCC, with greater than 90 percent of our sales volume consisting of sales of TCCC products. Our license arrangements with TCCC are governed by product licensing agreements. From time to time, the terms and conditions of programs with TCCC are modified.

We have license agreements with TCCC for each of our territories that extend through October 2, 2020, with terms of 10 years, with each containing the right for us to request a 10-year renewal. We also have an agreement with TCCC for an incidence-based concentrate pricing model across all of our territories that extends through December 31, 2015.

Note 3 RELATED PARTY TRANSACTIONS (Continued)

The following table summarizes the transactions with TCCC that directly impacted our Consolidated Statements of Income for the periods presented (in millions):

	2014	2013	2012
Amounts affecting net sales:			
Fountain syrup and packaged product sales	$ 18	$ 17	$ 15
Amounts affecting cost of sales:			
Purchases of concentrate, syrup, mineral water, and juice	$(2,324)	$(2,319)	$(2,190)
Purchases of finished products	(50)	(52)	(72)
Marketing support funding earned	223	209	176
Total	$(2,151)	$(2,162)	$(2,086)

Fountain Syrup and Packaged Product Sales

On behalf of TCCC, we act as a billing and delivery agent in certain territories for fountain customers and receive distribution fees from TCCC for those sales. We invoice and collect amounts receivable for these fountain syrup sales on behalf of TCCC. We also sell bottle and can products to TCCC at prices that are generally similar to the prices charged by us to our major customers.

Purchases of Concentrate, Syrup, Mineral Water, Juice, and Finished Products

We purchase concentrate, syrup, mineral water, and juice from TCCC to produce, package, distribute, and sell TCCC's products under product licensing agreements. We also purchase finished products from TCCC for sale within certain territories. The product licensing agreements give TCCC complete discretion to set prices of concentrate and finished products. Pricing of mineral water is also based on contractual arrangements with TCCC.

Marketing Support Funding Earned

We and TCCC engage in a variety of marketing programs to promote the sale of TCCC products in territories in which we operate. The amounts to be paid to us by TCCC under the programs are generally determined annually and are periodically reassessed as the programs progress. Under the licensing agreements, TCCC is under no obligation to participate in the programs or continue past levels of funding in the future. The amounts paid and terms of similar programs with other licensees may differ. Marketing support funding programs granted to us provide financial support principally based on product sales or upon the completion of stated requirements and are intended to offset a portion of the costs of the programs.

We and TCCC have established a Global Marketing Fund, under which TCCC pays us $45 million annually through December 31, 2015, except under certain limited circumstances. The agreement will automatically be extended for successive 10-year periods unless either party gives written notice to terminate the agreement. We earn annual funding under the agreement if both parties agree on an annual marketing and business plan. TCCC may terminate the agreement for the balance of any year in which we fail to timely complete the marketing plan or are unable to execute the elements of that plan, if such failure were to be within our reasonable control. During each of the years 2014, 2013, and 2012, we received $45 million under the Global Marketing Fund with TCCC.

Other Transactions

Other transactions with TCCC include certain tax services provided under a Transition Services Agreement, management fees, office space leases, and purchases of point-of-sale and other advertising items, all of which were not material to our Consolidated Financial Statements.

Cold-Drink Equipment Placement Programs

We and TCCC are parties to the Cold-Drink Equipment Purchase Partnership Programs (Jumpstart Programs). The Jumpstart Programs were designed to promote the purchase and placement of cold-drink

Note 3 RELATED PARTY TRANSACTIONS (Continued)

equipment. By the end of 2007, we had met our obligations to purchase and place cold-drink equipment (principally vending machines and coolers). Under the Jumpstart Programs, as amended, we agree to:

- Maintain the equipment in service, with certain exceptions, for a minimum period of 12 years after placement;
- Maintain and stock the equipment in accordance with specified standards for marketing TCCC products;
- Report annually to TCCC during the period the equipment is in service whether or not, on average, the equipment purchased has generated a contractually stated minimum sales volume of TCCC products; and
- Relocate equipment if the previously placed equipment is not generating sufficient sales volume of TCCC products to meet the minimum requirements. Movement of the equipment is required only if it is determined that, on average, sufficient volume is not being generated, and it would help to ensure our performance under the Jumpstart Programs.

Historically, our throughput on equipment placed under the Jumpstart Programs has exceeded the throughput requirements of the Jumpstart Programs, and material movements of equipment have not been required.

Note 4 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table summarizes our accounts payable and accrued expenses as of the dates presented (in millions):

	December 31,	
	2014	2013
Trade accounts payable	$ 537	$ 486
Accrued customer marketing costs	656	625
Accrued compensation and benefits	257	321
Accrued taxes	172	229
Accrued deposits	60	72
Other accrued expenses	190	206
Accounts payable and accrued expenses	$1,872	$1,939

Note 5 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the fair value of our assets and liabilities related to derivative financial instruments and the respective line items in which they were recorded in our Consolidated Balance Sheets as of the dates presented (in millions):

Hedging Instruments	Location—Balance Sheets	December 31, 2014	December 31, 2013
Assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts[(A)]	Other current assets	$58	$11
Total		58	11
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	24	—
Commodity contracts	Other current assets	3	1
Foreign currency contracts	Other noncurrent assets	—	7
Total		27	8
Total Assets		$85	$19
Liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts[(A)]	Accounts payable and accrued expenses	$29	$29
Foreign currency contracts	Other noncurrent liabilities	12	43
Total		41	72
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Accounts payable and accrued expenses	22	—
Commodity contracts	Accounts payable and accrued expenses	8	12
Foreign currency contracts	Other noncurrent liabilities	—	7
Commodity contracts	Other noncurrent liabilities	5	1
Total		35	20
Total Liabilities		$76	$92

(A) Amounts include the gross interest receivable or payable on our cross-currency swap agreements.

Cash Flow Hedges

We use cash flow hedges to mitigate our exposure to changes in cash flows attributable to currency fluctuations associated with certain forecasted transactions, including purchases of raw materials and services denominated in non-functional currencies, the receipt of interest and principal on intercompany loans denominated in non-functional currencies, and the payment of interest and principal on debt issuances in a non-functional currency. Effective changes in the fair value of these cash flow hedging instruments are recognized in AOCI on our Consolidated Balance Sheets. The effective changes are then recognized in the period that the forecasted purchases or payments impact earnings in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the underlying hedged item. Any changes in the fair value of these cash flow hedges that are the result of ineffectiveness are recognized immediately in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the underlying hedged item.

The following table summarizes our outstanding cash flow hedges as of the dates presented (all contracts denominated in a foreign currency have been converted into U.S. dollars using the period end spot rate):

Type	December 31, 2014		December 31, 2013	
	Notional Amount	Latest Maturity	Notional Amount	Latest Maturity
Foreign currency contracts	USD 1.3 billion	June 2021	USD 1.6 billion	June 2021

Note 5 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following tables summarize the net of tax effect of our derivative financial instruments designated as cash flow hedges on our AOCI and Consolidated Statements of Income for the periods presented (in millions):

Cash Flow Hedging Instruments	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments[(A)]		
	2014	2013	2012
Foreign currency contracts	$34	$ (6)	$(38)

Cash Flow Hedging Instruments	Location—Statements of Income	Amount of Gain (Loss) Reclassified from AOCI into Earnings[(B)]		
		2014	2013	2012
Foreign currency contracts	Cost of sales	$ 1	$ 2	$(13)
Foreign currency contracts[(C)]	Other nonoperating (expense) income	44	(23)	(17)
Total		$45	$(21)	$(30)

(A) The amount of ineffectiveness associated with these hedges was not material.

(B) Over the next 12 months, deferred losses totaling $8 million are expected to be reclassified from AOCI as the forecasted transactions occur. The amounts will be recorded on our Condensed Consolidated Statements of Income in the expense line item that is consistent with the nature of the underlying hedged item.

(C) The gain (loss) recognized on these currency contracts is offset by the gain (loss) recognized on the remeasurement of the underlying debt instruments; therefore, there is a minimal consolidated net effect in other nonoperating (expense) income on our Consolidated Statements of Income.

Economic (Non-designated) Hedges

We periodically enter into derivative instruments that are designed to hedge various risks, but are not designated as hedging instruments. These hedged risks include those related to commodity price fluctuations associated with forecasted purchases of aluminum, sugar, and vehicle fuel. At times, we also enter into other short-term non-designated hedges to mitigate our exposure to changes in cash flows attributable to currency fluctuations associated with short-term intercompany loans and certain cash equivalents denominated in non-functional currencies. Changes in the fair value of outstanding economic hedges are recognized each reporting period in the expense line item on our Consolidated Statements of Income that is consistent with the nature of the hedged risk.

The following table summarizes our outstanding economic hedges as of the dates presented (all contracts denominated in a foreign currency have been converted into U.S. dollars using the period end spot rate):

Type	December 31, 2014		December 31, 2013	
	Notional Amount	Latest Maturity	Notional Amount	Latest Maturity
Foreign currency contracts	USD 222 million	July 2015	USD 55 million	January 2014
Commodity contracts	USD 125 million	December 2017	USD 129 million	December 2015

The following table summarizes the gains (losses) recognized from our non-designated derivative financial instruments on our Consolidated Statements of Income for the periods presented (in millions):

Non-Designated Hedging Instruments	Location—Statements of Income	2014	2013	2012
Commodity contracts	Cost of sales	$ 2	$(22)	$ (4)
Commodity contracts	Selling, delivery, and administrative expenses	(13)	1	2
Foreign currency contracts	Other nonoperating (expense) income[(A)]	11	(1)	(18)
Total		$ —	$(22)	$(20)

(A) The gain (loss) recognized on these currency contracts is offset by the (loss) gain recognized on the remeasurement of the underlying hedged items; therefore, there is a minimal consolidated net effect in other nonoperating (expense) income on our Consolidated Statements of Income.

Note 5 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Mark-to-market gains (losses) related to our non-designated commodity hedges are recognized in the earnings of our Corporate segment until such time as the underlying hedged transaction affects the earnings of our Europe operating segment. In the period the underlying hedged transaction occurs, the accumulated mark-to-market gains (losses) related to the hedged transaction are reclassified from the earnings of our Corporate segment into the earnings of our Europe operating segment. This treatment allows our Europe operating segment to reflect the true economic effects of the underlying hedged transaction in the period the hedged transaction occurs without experiencing the mark-to-market volatility associated with these non-designated commodity hedges.

As of December 31, 2014, our Corporate segment included net mark-to-market losses on non-designated commodity hedges totaling $10 million. These amounts will be reclassified into the earnings of our Europe operating segment when the underlying hedged transaction occurs. For additional information about our segment reporting, refer to Note 13.

The following table summarizes the deferred gain (loss) activity in our Corporate segment for the periods presented (in millions):

Gains (Losses) Deferred at Corporate Segment[A]	Cost of Sales	SD&A	Total
Balance at January 1, 2012	$ (3)	$ 2	$ (1)
Amounts recognized during the period and recorded in our Corporate segment, net	(5)	1	(4)
Amounts transferred from our Corporate segment to our Europe operating segment, net	3	(3)	—
Balance as of December 31, 2012	(5)	—	(5)
Amounts recognized during the period and recorded in our Corporate segment, net	(19)	1	(18)
Amounts transferred from our Corporate segment to our Europe operating segment, net	12	(1)	11
Balance as of December 31, 2013	(12)	—	(12)
Amounts recognized during the period and recorded in our Corporate segment, net	2	(12)	(10)
Amounts transferred from our Corporate segment to our Europe operating segment, net	11	1	12
Balance as of December 31, 2014	$ 1	$(11)	$(10)

(A) Over the next 12 months, deferred losses totaling $5 million are expected to be reclassified from our Corporate segment earnings into the earnings of our Europe operating segment as the underlying hedged transactions occur.

Net Investment Hedges

We have entered into foreign currency forwards, options, and foreign currency denominated borrowings designated as net investment hedges of our foreign subsidiaries. Changes in the fair value of these hedges resulting from currency exchange rate changes are recognized in AOCI on our Consolidated Balance Sheets to offset the change in the carrying value of the net investment being hedged. Any changes in the fair value of these hedges that are the result of ineffectiveness are recognized immediately in other nonoperating (expense) income on our Consolidated Statements of Income. During the third quarter of 2014, we settled foreign currency net investment hedges prior to their November 2014 maturity, and received $21 million upon settlement. Additionally, during 2013, we paid $21 million to settle our foreign currency net investment hedges that matured during that year.

Note 5 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following table summarizes our outstanding instruments designated as net investment hedges as of the dates presented:

Type	December 31, 2014 Notional Amount	December 31, 2014 Latest Maturity	December 31, 2013 Notional Amount	December 31, 2013 Latest Maturity
Foreign currency contracts	USD 250 million	November 2015	USD 190 million	November 2014
Foreign currency denominated debt	USD 1.6 billion	May 2026	USD 1.4 billion	May 2025

The following table summarizes the net of tax effect of our derivative financial instruments designated as net investment hedges on our AOCI for the periods presented (in millions):

Net Investment Hedging Instruments	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments[(A)] 2014	2013	2012
Foreign currency contracts	$ 25	$ (7)	$ (8)
Foreign currency denominated debt	141	(33)	(21)
Total	$166	$(40)	$(29)

(A) The amount of ineffectiveness associated with these hedging instruments was not material.

Note 6 DEBT AND CAPITAL LEASES

The following table summarizes our debt as of the dates presented (in millions, except rates):

	December 31, 2014 Principal Balance	December 31, 2014 Rates[(A)]	December 31, 2013 Principal Balance	December 31, 2013 Rates[(A)]
U.S. dollar commercial paper	$ 146	0.5%	$ —	—%
U.S. dollar notes due 2015–2021[(B)]	1,793	3.1	1,891	2.9
Euro notes due 2017–2026[(C)]	1,987	2.6	1,915	2.5
Capital lease obligations[(D)]	26	n/a	31	n/a
Total debt[(E)]	3,952		3,837	
Current portion of debt[(F)]	(632)		(111)	
Debt, less current portion	$3,320		$3,726	

(A) These rates represent the weighted average interest rates or effective interest rates on the balances outstanding, as adjusted for the effects of interest rate swap agreements, if applicable.

(B) In February 2014, $100 million, floating-rate notes matured and were paid in full.

(C) In May 2014, we issued €250 million, 2.8 percent notes due 2026.

(D) These amounts represent the present value of our minimum capital lease obligations.

(E) The total fair value of our outstanding debt, excluding capital lease obligations, was $4.2 billion and $3.8 billion at December 31, 2014 and December 31, 2013, respectively. The fair value of our debt is estimated using quoted market prices for publicly traded instruments (Level 1).

(F) In the third quarter of 2014, our $475 million, 2.1 percent notes due September 2015 became current.

Note 6 DEBT AND CAPITAL LEASES (Continued)

Future Maturities

The following table summarizes our debt maturities and capital lease obligations as of December 31, 2014 (in millions):

Years Ending December 31,	Debt Maturities
2015	$ 621
2016	250
2017	423
2018	—
2019	420
Thereafter	2,212
Debt, excluding capital leases	$3,926

Years Ending December 31,	Capital Lease Obligations
2015	$ 11
2016	6
2017	5
2018	3
2019	2
Thereafter	2
Total minimum lease payments	29
Amounts representing interest	(3)
Present value of minimum lease payments	26
Total debt	$3,952

Credit Facilities

We have amounts available to us for borrowing under a $1.0 billion multi-currency credit facility with a syndicate of eight banks. This credit facility matures in 2017 and is for general corporate purposes, including serving as a backstop to our commercial paper program and supporting our working capital needs. At December 31, 2014, we had no amount drawn under this credit facility. Based on information currently available to us, we have no indication that the financial institutions participating in this facility would be unable to fulfill their commitments to us as of the date of the filing of this report.

Covenants

Our credit facility and outstanding third-party notes contain various provisions that, among other things, require limitation of the incurrence of certain liens or encumbrances in excess of defined amounts. Additionally, our credit facility requires that our net debt to total capital ratio does not exceed a defined amount. We were in compliance with these requirements as of December 31, 2014. These requirements currently are not, and it is not anticipated they will become, restrictive to our liquidity or capital resources.

Note 7 OPERATING LEASES

We lease land, office and warehouse space, computer hardware, machinery and equipment, and vehicles under noncancelable operating lease agreements expiring at various dates through 2027. Some lease agreements contain standard renewal provisions that allow us to renew the lease at rates equivalent to fair market value at the end of the lease term. Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term. Under lease agreements that contain rent holidays, rent expense is recorded on a straight-line basis over the entire lease term, including the period covered by the rent holiday. Rent expense under noncancelable operating lease agreements totaled $86 million, $89 million, and $87 million during 2014, 2013, and 2012, respectively.

Note 7 OPERATING LEASES (Continued)

The following table summarizes our minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 2014 (in millions):

Years Ending December 31,	Operating Leases
2015	$ 55
2016	46
2017	38
2018	31
2019	21
Thereafter	86
Total minimum operating lease payments[(A)]	$277

(A) Income associated with sublease arrangements is not significant.

Note 8 COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have noncancelable purchase agreements with various suppliers that specify a fixed or minimum quantity that we must purchase. All purchases made under these agreements are subject to standard quality and performance criteria. The following table summarizes our purchase commitments as of December 31, 2014 (in millions):

Years Ending December 31,	Purchase Commitments[(A)]
2015	$ 85
2016	81
2017	69
2018	63
2019	37
Thereafter	25
Total purchase commitments	$360

(A) These commitments do not include amounts related to supply agreements that require us to purchase a certain percentage of our future raw material needs from a specific supplier, since such agreements do not specify a fixed or minimum quantity.

Tax Audits

Our tax filings for various periods in the jurisdictions in which we do business may be subjected to audit by the relevant tax authorities. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or potentially through the courts. We believe that we have adequately provided for any assessments that could result from those proceedings where it is more likely than not that we will pay some amount.

Workforce (Unaudited)

At December 31, 2014, we had approximately 11,650 employees, of which approximately 150 were located in the U.S. A majority of our employees in Europe are covered by collectively bargained labor agreements, most of which do not expire. However, wage rates must be renegotiated at various dates through 2016. We believe that we will be able to renegotiate wage rates with satisfactory terms.

Indemnifications

In the normal course of business, we enter into agreements that provide general indemnifications. We have not made significant indemnification payments under such agreements in the past, and we believe the likelihood of incurring such a payment obligation in the future is remote. Furthermore, we cannot reasonably estimate future potential payment obligations because we cannot predict when and under what

circumstances they may be incurred. As a result, we have not recorded a liability in our Consolidated Financial Statements with respect to these general indemnifications.

Note 9 EMPLOYEE BENEFIT PLANS

Pension Plans

We sponsor a number of defined benefit pension plans covering the majority of our non-U.S. employees. All pension plans are measured as of December 31.

Net Periodic Benefit Costs

The following table summarizes the net periodic benefit cost of our pension plans for the periods presented (in millions):

	2014	2013	2012
Components of net periodic benefit costs:			
Service cost	$ 54	$ 57	$ 51
Interest cost	63	57	56
Expected return on plan assets	(96)	(85)	(80)
Amortization of prior service cost	2	5	5
Amortization of actuarial loss	25	22	14
Net periodic benefit cost	48	56	46
Other[(A)]	—	(4)	—
Total cost	$ 48	$ 52	$ 46

(A) During 2013, we converted our defined benefit pension plan in the Netherlands to a defined contribution plan, resulting in a net gain on the curtailment and settlement of the defined benefit plan. This gain was partially offset by additional pension expense related to our restructuring activities (refer to Note 14).

Actuarial Assumptions

The following table summarizes the weighted average actuarial assumptions used to determine the net periodic benefit cost of our pension plans for the periods presented:

	2014	2013	2012
Discount rate	4.4%	4.2%	5.0%
Expected return on assets	6.9	6.7	6.8
Rate of compensation increase	3.5	3.4	3.6

The following table summarizes the weighted average actuarial assumptions used to determine the benefit obligations of our pension plans as of the dates presented:

	December 31,	
	2014	2013
Discount rate	3.5%	4.4%
Rate of compensation increase	3.2	3.5

Note 9 EMPLOYEE BENEFIT PLANS (Continued)

Benefit Obligation and Fair Value of Plan Assets

The following table summarizes the changes in our pension plan benefit obligation and the fair value of our plan assets as of the dates presented (in millions):

	December 31,	
	2014	2013
Reconciliation of benefit obligation:		
Benefit obligation at beginning of plan year	$1,475	$1,408
Service cost	54	57
Interest cost	63	57
Actuarial loss	167	73
Benefit payments	(38)	(36)
Plan amendments	—	9
Curtailments[(A)]	—	(13)
Settlements[(A)]	—	(121)
Currency translation adjustments	(118)	41
Other	(1)	—
Benefit obligation at end of plan year	$1,602	$1,475
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of plan year	$1,466	$1,318
Actual gain on plan assets	157	188
Employer contributions	51	72
Benefit payments	(38)	(36)
Currency translation adjustments	(106)	40
Settlements[(A)]	—	(116)
Fair value of plan assets at end of plan year	$1,530	$1,466

(A) During 2013, we converted our defined benefit pension plan in the Netherlands to a defined contribution plan, resulting in a curtailment and settlement of the defined benefit plan.

The following table summarizes the projected benefit obligation (PBO), the accumulated benefit obligation (ABO), and the fair value of plan assets for our pension plans with an ABO in excess of plan assets and for our pension plans with a PBO in excess of plan assets as of the dates presented (in millions):

	December 31,	
	2014	2013
Information for plans with an ABO in excess of plan assets:		
PBO	$238	$ 54
ABO	180	45
Fair value of plan assets	126	2
Information for plans with a PBO in excess of plan assets:		
PBO	$238	$224
ABO	180	163
Fair value of plan assets	126	135

Note 9 EMPLOYEE BENEFIT PLANS (Continued)

Funded Status

The following table summarizes the funded status of our pension plans and the amounts recognized in our Consolidated Balance Sheets as of the dates presented (in millions):

	December 31,	
	2014	2013
Funded status:		
PBO	$(1,602)	$(1,475)
Fair value of plan assets	1,530	1,466
Net funded status	$ (72)	$ (9)
Funded status—overfunded	40	80
Funded status—underfunded	(112)	(89)
Amounts recognized in the consolidated balance sheet consist of:		
Noncurrent assets	$ 40	$ 80
Current liabilities	(5)	(6)
Noncurrent liabilities	(107)	(83)
Net amounts recognized	$ (72)	$ (9)

The ABO for our pension plans as of December 31, 2014 and 2013 was $1.3 billion and $1.2 billion, respectively.

Accumulated Other Comprehensive Income

The following table summarizes the amounts recorded in AOCI that have not yet been recognized as a component of net periodic benefit cost as of the dates presented (pretax; in millions):

	December 31,	
	2014	2013
Amounts in AOCI:		
Prior service cost	$ 3	$ 5
Net losses	446	396
Amounts in AOCI	$449	$401

The following table summarizes the changes in AOCI related to our pension plans for the periods presented (pretax; in millions):

	2014	2013
Reconciliation of AOCI:		
AOCI at beginning of plan year	$401	$450
Prior service cost recognized during the year	(2)	(5)
Prior service cost occurring during the year	—	5
Net losses recognized during the year	(25)	(22)
Net losses (gains) occurring during the year	106	(41)
Other adjustments	—	6
Net adjustments to AOCI	79	(57)
Currency exchange rate changes	(31)	8
AOCI at end of plan year	$449	$401

Note 9 EMPLOYEE BENEFIT PLANS (Continued)

The following table summarizes the amounts in AOCI expected to be amortized and recognized as a component of net periodic benefit cost for the period presented (pretax; in millions):

	2015
Amortization of prior service cost	$—
Amortization of net losses	28
Total amortization expense	$28

Pension Plan Assets

We have established formal investment policies for the assets associated with our pension plans. Policy objectives include (1) maximizing long-term return at acceptable risk levels; (2) diversifying among asset classes, if appropriate, and among investment managers; and (3) establishing relevant risk parameters within each asset class. Investment policies reflect the unique circumstances of the respective plans and include requirements designed to mitigate risk, including quality and diversification standards. Asset allocation targets are based on periodic asset liability and/or risk budgeting study results, which help determine the appropriate investment strategies for acceptable risk levels. The investment policies permit variances from the targets within certain parameters.

Factors such as asset class allocations, long-term rates of return (actual and expected), and results of periodic asset liability modeling studies are considered when constructing the long-term rate of return assumption for our pension plans. While historical rates of return play an important role in the analysis, we also take into consideration data points from other external sources if there is a reasonable justification to do so.

The following table summarizes our weighted average pension asset allocations as of our measurement date for the periods presented and the weighted average expected long-term rates of return by asset category:

	Weighted Average Allocation			Weighted Average Expected Long-Term Rate of Return[(A)]
	Target	Actual		
Asset Category	2015	2014	2013	
Equity securities	58%	57%	59%	8.9%
Fixed-income securities	28	29	27	4.0
Short-term investments	7	7	—	—
Other investments[(B)]	7	7	14	8.3
Total	100%	100%	100%	6.9%

(A) The weighted average expected long-term rate of return by asset category is based on our target allocation.

(B) Other investments generally include hedge funds, real estate funds, and insurance contracts.

Note 9 EMPLOYEE BENEFIT PLANS (Continued)

The following tables summarize our pension plan assets measured at fair value as of the dates presented (in millions):

	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:[A]				
U.S. equities	$ 242	$ 4	$ 238	$—
International	624	269	355	—
Fixed-income securities:[B]				
Corporate bonds and notes	145	—	145	—
Non-U.S. government securities	306	—	306	—
Mortgage backed securities	3	—	3	—
Other bonds	8	—	8	—
Short-term investments[C]	18	17	1	—
Other investments:				
Real estate funds[D]	111	—	111	—
Insurance contracts[E]	19	—	18	1
Hedge funds[F]	54	—	—	54
	$1,530	$290	$1,185	$55

	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:[A]				
U.S. equities	$ 216	$ 5	$ 211	$—
International	632	264	368	—
Other	12	12	—	—
Fixed-income securities:[B]				
Corporate bonds and notes	102	—	102	—
U.S. government securities	1	—	1	—
Non-U.S. government securities	270	—	270	—
Mortgage backed securities	4	—	4	—
Other bonds	28	—	28	—
Short-term investments[C]	23	21	2	—
Other investments:				
Real estate funds[D]	101	—	101	—
Insurance contracts[E]	22	—	21	1
Hedge funds[F]	55	—	1	54
	$1,466	$302	$1,109	$55

(A) Equity securities are comprised of the following investment types: (1) common stock; (2) preferred stock; and (3) common trust funds. Investments in common and preferred stocks are valued using quoted market prices multiplied by the number of shares owned. Investments in common trust funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date (as of December 31, 2014, it is not probable that we will sell these investments at an amount other than net asset value).

(B) Investments other than those held in common trust funds are valued utilizing a market approach that includes various valuation techniques and sources such as value generation models, broker quotes in active and non-active markets, benchmark yields and securities, reported trades, issuer spreads, and/or other applicable reference data.

(C) Short-term investments are valued at $1.00/unit, which approximates fair value. Amounts are generally invested in actively managed common trust funds or interest-bearing accounts.

(D) Real estate funds are valued at net asset value, which is calculated using the most recent partnership financial reports, adjusted, as appropriate, for any lag between the date of the financial reports and the measurement date (as of December 31, 2014, it is not probable that we will sell these investments at an amount other than net asset value).

(E) Insurance contracts are valued at book value, which approximates fair value, and is calculated using the prior year balance adjusted for investment returns and changes in cash flows.

(F) Hedge funds are held in private investment funds. These investments are valued based primarily on the net asset value, which is provided by the management of each private investment fund, multiplied by the number of shares held as of the measurement date, net of any accrued management and incentive fees due to the fund managers (as of December 31, 2014, it is not probable that we will sell these investments at an amount other than net asset value).

The following table summarizes the changes in our Level 3 (fair value) pension plan assets for the periods presented (in millions):

	Insurance Contracts	Hedge Funds
Balance as of January 1, 2012	$ 2	$44
Actual return on plan assets still held at year end	—	2
Asset settlements	(1)	—
Translation	—	2
Balance as of December 31, 2012	1	48
Actual return on plan assets still held at year end	—	5
Asset purchases	1	—
Asset sales	(1)	—
Translation	—	1
Balance as of December 31, 2013	1	54
Actual return on plan assets still held at year end	—	3
Translation	—	(3)
Balance as of December 31, 2014	$ 1	$54

Benefit Plan Contributions

The following table summarizes the contributions made to our pension plans for the years ended December 31, 2014 and 2013, as well as our projected contributions for the year ending December 31, 2015 (in millions):

	Actual[(A)]		Projected[(A)]
	2014	2013	2015
Total pension contributions	$51	$72	$55

(A) These amounts represent only contributions made by CCE. During 2013, we contributed incremental amounts totaling $15 million to our Great Britain defined benefit pension plan to improve the funded status of this plan.

We fund our pension plans at a level to maintain, within established guidelines, the appropriate funded status for each country.

Benefit Plan Payments

Benefit payments are primarily made from funded benefit plan trusts. The following table summarizes our expected future benefit payments as of December 31, 2014 (in millions):

Years Ending December 31,	Pension Benefit Plan Payments[(A)]
2015	$ 26
2016	25
2017	28
2018	32
2019	33
2020–2024	251

(A) These amounts represent only payments funded by CCE and are unaudited.

Note 9 EMPLOYEE BENEFIT PLANS (Continued)

Defined Contribution Plans

We sponsor qualified defined contribution plans covering substantially all of our employees in France, the Netherlands, Norway, and the U.S., and certain employees in Great Britain. Our contributions to these plans totaled $25 million, $18 million, and $16 million in 2014, 2013, and 2012, respectively.

Note 10 TAXES

The current income tax provision represents the estimated amount of income taxes paid or payable for the year, as well as changes in estimates from prior years. The deferred income tax provision represents the change in our deferred tax liabilities and assets. The following table summarizes the significant components of income tax expense for the periods presented (in millions):

	2014	2013	2012
Current:			
U.S.	$ 13	$ 92	$ 114
Europe	152	123	178
Total current	165	215	292
Deferred:			
U.S.	56	(22)	(54)
Europe	10	16	(16)
Rate and law changes	(1)	(71)	(62)
Total deferred	65	(77)	(132)
Income tax expense	$230	$138	$ 160

Our effective tax rate was 26 percent, 17 percent, and 19 percent for the years ended December 31, 2014, 2013, and 2012, respectively. The following table provides a reconciliation of our income tax expense at the statutory U.S. federal tax rate to our actual income tax expense for the periods presented (in millions):

	2014	2013	2012
U.S. federal statutory tax expense	$ 313	$ 282	$ 293
Taxation of foreign operations, net[(A)]	(164)	(150)	(145)
U.S. taxation of foreign earnings, net of tax credits	75	70	53
Nondeductible items	3	(2)	14
France dividend surtax	—	5	—
Rate and law change benefit, net[(B)(C)(D)(E)(F)]	(1)	(71)	(62)
Other, net	4	4	7
Total provision for income taxes	$ 230	$ 138	$ 160

(A) Our effective tax rate reflects the benefit of having all of our operations outside the U.S., most of which are taxed at statutory rates lower than the statutory U.S. rate of 35 percent, and the benefit of some income being fully or partially exempt from income taxes due to various operating and financing activities.

(B) During the third quarter of 2014, France extended the temporary corporate income tax surcharge of 10.7 percent to the year 2015. As a result, we recognized a deferred tax benefit of approximately $1 million during the third quarter of 2014 related to net deferred tax assets that are expected to be realized in 2015.

(C) During the third quarter of 2013, the United Kingdom enacted a corporate income tax rate reduction of 3 percentage points, 2 percentage points effective April 1, 2014, and 1 percentage point effective April 1, 2015. As a result, we recognized a deferred tax benefit of $71 million during the third quarter of 2013 to reflect this change.

(D) During the third quarter of 2012, the United Kingdom enacted a corporate income tax rate reduction of 2 percentage points, 1 percentage point retroactive to April 1, 2012, and 1 percentage point effective April 1, 2013. As a result, we recognized a deferred tax benefit of $50 million during the third quarter of 2012 to reflect the impact of this change.

(E) During the fourth quarter of 2012, Sweden enacted a corporate income tax rate reduction of 4.3 percentage points. As a result, we recognized a deferred tax benefit of $20 million during the fourth quarter of 2012 to reflect this change.

(F) During the fourth quarter of 2012, Belgium enacted a tax law change. As a result, we recognized a valuation allowance of $8 million during the fourth quarter of 2012 to reflect the impact of this change.

Note 10 TAXES (Continued)

The following table summarizes, by major tax jurisdiction, our tax years that remain subject to examination by taxing authorities:

Tax Jurisdiction	Years Subject to Examination
United Kingdom	2013–forward
Belgium, Bulgaria, and France	2012–forward
U.S. federal, state, and local	2011–forward
Luxembourg and the Netherlands	2010–forward
Sweden	2009–forward
Norway	2005–forward

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table summarizes the significant components of our deferred tax liabilities and assets as of the dates presented (in millions):

	December 31,	
	2014	2013
Deferred tax liabilities:		
Franchise license and other intangible assets	$ 865	$ 958
Property, plant, and equipment	157	179
Other, net	30	—
Total deferred tax liabilities	1,052	1,137
Deferred tax assets:		
Net operating loss and other carryforwards	(22)	(26)
Employee and retiree benefit accruals	(61)	(48)
Foreign tax credit carryforwards, net	(157)	(218)
Other, net	—	(46)
Total deferred tax assets	(240)	(338)
Valuation allowances on deferred tax assets	19	19
Net deferred tax liabilities	$ 831	$ 818
Current deferred income tax assets[(A)]	$ 67	$ 31
Current deferred income tax liabilities[(B)]	9	6
Noncurrent deferred income tax assets[(C)]	88	260
Noncurrent deferred income tax liabilities	977	1,103
Net deferred tax liabilities	$ 831	$ 818

(A) Amounts are included in other current assets on our Consolidated Balance Sheets.

(B) Amounts are included in other current liabilities on our Consolidated Balance Sheets.

(C) Amounts are included in other noncurrent assets on our Consolidated Balance Sheets.

We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. As of December 31, 2014 and 2013, we had valuation allowances of $19 million. We believe our remaining deferred tax assets will be realized because of the existence of sufficient taxable income within the carryforward period available under the tax law. As of December 31, 2014, our net tax operating loss carryforwards totaled $167 million, of which $21 million expire between 2030 and 2034, and the remainder does not expire. As of December 31, 2014, our foreign tax credit carryforwards totaled $165 million, which expire between 2021 and 2023.

Note 10 TAXES (Continued)

Repatriation of Foreign Earnings

During the third quarter of 2014, we repatriated to the U.S. $450 million of our 2014 foreign earnings for the payment of dividends, share repurchases, interest on U.S.-issued debt, salaries for U.S.-based employees, and other corporate-level operations in the U.S. Our historical foreign earnings, including our 2014 foreign earnings that were not repatriated in 2014, will continue to remain permanently reinvested, and, if we do not generate sufficient current year foreign earnings to repatriate to the U.S. in any future given year, we expect to have adequate access to capital in the U.S. to allow us to satisfy our U.S.-based cash flow needs in that year. Therefore, historical foreign earnings and future foreign earnings that are not repatriated to the U.S. will remain permanently reinvested and will be used to service our foreign operations, non-U.S. debt, and to fund future acquisitions.

During the fourth quarter of 2013, we repatriated to the U.S. $450 million of our 2013 foreign earnings for the payment of dividends, share repurchases, interest on U.S.-issued debt, salaries for U.S.-based employees, and other corporate-level operations in the U.S. Our historical foreign earnings, including our 2013 foreign earnings that were not repatriated in 2013, will continue to remain permanently reinvested.

We had approximately $1.8 billion in cumulative undistributed foreign historical earnings as of December 31, 2014. These historical earnings are exclusive of amounts that would result in little or no tax under current tax laws if remitted in the future. The historical earnings from our foreign subsidiaries are considered to be permanently reinvested and, accordingly, no provision for U.S. federal and state income taxes has been made in our Consolidated Financial Statements. A distribution of these foreign historical earnings to the U.S. in the form of dividends, or otherwise, would subject us to U.S. income taxes, as adjusted for foreign tax credits, and withholding taxes payable to the various foreign countries. Determination of the amount of any unrecognized deferred income tax liability on these undistributed earnings is not practicable.

Other

We are subject to surtaxes on dividends and certain other distributions paid by some of our European entities, including those in France and Belgium, to entities outside of their jurisdiction. We recognize this incremental income tax only when one of these subsidiaries declares a taxable dividend. As of the end of 2014, we have undistributed retained earnings of $537 million that would be subject to this tax if distributed. If all of these undistributed retained earnings were to be declared as dividends, we would be subject to additional income taxes of approximately $21 million.

Note 11 SHARE-BASED COMPENSATION PLANS

Share-Based Payment Awards

We maintain share-based compensation plans that provide for the granting of non-qualified share options and restricted share units, some with performance and/or market conditions, to certain executive and management level employees. We believe that these awards better align the interests of our employees with the interests of our shareowners. During the years ended December 31, 2014, 2013, and 2012, compensation expense related to our share-based payment awards totaled $28 million, $33 million, and $35 million, respectively, including expense related to the portion of converted share-based payment awards unvested as of the date of the Merger.

Share Options

Our share options (1) are granted with exercise prices equal to or greater than the fair value of our stock on the date of grant; (2) generally vest in three annual tranches over a period of 36 months; and (3) expire 10 years from the date of grant. Generally, when options are exercised, we issue new shares rather than issuing treasury shares.

Note 11 SHARE-BASED COMPENSATION PLANS (Continued)

The following table summarizes the weighted average grant-date fair value per unit and assumptions that were used to estimate the grant-date fair values of the share options granted during the periods presented:

Grant-Date Fair Value	2014	2013	2012
Share options with service conditions	$ 6.78	$ 7.27	$ 5.67
Assumptions:			
Dividend yield[(A)]	2.60%	2.50%	2.25%
Expected volatility[(B)]	22.5%	25.0%	25.0%
Risk-free interest rate[(C)]	1.6%	1.3%	0.9%
Expected life[(D)]	5.0 years	5.0 years	6.0 years

(A) The dividend yield was calculated by dividing our annual dividend by our average stock price on the date of grant, taking into consideration our future expectations regarding our dividend yield.

(B) The expected volatility was determined by using a combination of the historical volatility of our stock (as well as Legacy CCE's stock for periods prior to the Merger), the implied volatility of our exchange-traded options, and other factors, such as a comparison to our peer group.

(C) The risk-free interest rate was based on the U.S. Treasury yield with a term equal to the expected life on the date of grant.

(D) The expected life was used for options valued by the Black-Scholes model. It was determined by using a combination of actual exercise and post-vesting cancellation history for the types of employees included in the grant population.

The following table summarizes our share option activity for the periods presented (shares in thousands):

	2014		2013		2012	
	Shares	Average Exercise Price	Shares	Average Exercise Price	Shares	Average Exercise Price
Outstanding at beginning of year	8,527	$21.39	8,846	$18.53	9,354	$15.89
Granted	1,095	43.13	976	41.73	1,185	30.79
Exercised[(A)]	(1,059)	14.72	(1,271)	17.04	(1,663)	12.47
Forfeited, expired, or canceled	(15)	34.96	(24)	21.32	(30)	17.49
Outstanding at end of year	8,548	24.98	8,527	21.39	8,846	18.53
Options exercisable at end of year	6,825	20.68	6,853	17.61	6,598	15.20

(A) The total intrinsic value of options exercised during the years ended December 31, 2014, 2013, and 2012 was $32 million, $27 million, and $28 million, respectively.

The following table summarizes our options outstanding and our options exercisable as of December 31, 2014 (shares in thousands):

	Outstanding			Exercisable		
Ranges of Exercise Price	Options Outstanding[(A)]	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Options Exercisable[(A)]	Weighted Average Remaining Life (years)	Weighted Average Exercise Price
$6.00 to $10.00	752	3.83	$ 6.74	752	3.83	$ 6.74
10.01 to 14.00	1,017	4.84	13.12	1,017	4.84	13.12
14.01 to 19.00	1,767	1.74	15.27	1,767	1.74	15.27
24.00 to 29.00	1,879	6.40	25.35	1,879	6.40	25.35
29.01 to 35.00	1,073	7.85	30.79	982	7.85	30.79
Over 35.01	2,060	9.36	42.47	428	8.83	41.73
	8,548	5.92	24.98	6,825	5.04	20.68

(A) As of December 31, 2014, the aggregate intrinsic value of options outstanding and options exercisable was $164 million and $161 million, respectively.

As of December 31, 2014, we had approximately $9 million of unrecognized compensation expense related to our unvested share options. We expect to recognize this compensation expense over a weighted average period of 1.7 years.

Note 11 SHARE-BASED COMPENSATION PLANS (Continued)

Restricted Share Units

Our restricted share units generally vest upon continued employment for a period of at least 36 months and the attainment of certain market conditions and performance targets. Our restricted share unit awards entitle the participant to hypothetical dividends (which are paid only if the restricted share units vest), but not voting rights. Unvested restricted share units are restricted as to disposition and subject to forfeiture.

We granted 0.6 million, 0.5 million, and 0.7 million restricted share units during the years ended December 31, 2014, 2013, and 2012, respectively. Approximately 0.4 million, 0.4 million, and 0.5 million of the restricted share units granted in 2014, 2013, and 2012, respectively, were performance share units (PSUs) for which the ultimate number of shares earned is determined at the end of the stated performance period. The PSUs granted also contain a market condition that adjusts the number of PSUs otherwise earned based on the following year's EPS results. Specifically, the percentage of the target PSUs earned based on EPS growth is adjusted (upward or downward) based on our Total Shareholder Return (TSR) performance, as compared to the TSR of the companies in the S&P 500 over the performance period.

The following table summarizes the weighted average grant-date fair value per unit and assumptions that were used to estimate the grant-date fair values of the restricted share units granted during the periods presented:

Grant-Date Fair Value	2014	2013	2012
Restricted share units with service conditions	$44.18	$41.28	$30.85
Restricted share units with service and performance conditions	n/a	n/a	28.32
Restricted share units with service, performance, and market conditions[(A)]	44.51	43.12	31.99
Assumptions:			
Dividend yield[(B)]	2.60%	2.50%	2.25%
Expected volatility[(C)]	22.5%	25.0%	25.0%
Risk-free interest rate[(D)]	1.6%	1.3%	0.9%

(A) We have determined the grant-date fair value for these awards using a Monte Carlo simulation model since they are subject to a market condition.

(B) The dividend yield was calculated by dividing our annual dividend by our average stock price on the date of grant, taking into consideration our future expectations regarding our dividend yield.

(C) The expected volatility was determined by using a combination of the historical volatility of our stock (as well as Legacy CCE's stock for periods prior to the Merger), the implied volatility of our exchange-traded options, and other factors, such as a comparison to our peer group.

(D) The risk-free interest rate was based on the U.S. Treasury yield with a term equal to the expected life on the date of grant.

Note 11 SHARE-BASED COMPENSATION PLANS (Continued)

The following table summarizes our restricted share units award activity during the periods presented (shares in thousands):

	Restricted Share Units	Weighted Average Grant-Date Fair Value	Performance Share Units	Weighted Average Grant-Date Fair Value
Outstanding at January 1, 2012	909	$20.96	7,010	$13.45
Granted	195	30.85	500	31.99
Vested[(A)]	(539)	18.49	(3,203)	6.84
Forfeited or canceled	(14)	23.54	(15)	21.60
Performance adjustment[(B)]	n/a	n/a	(249)	25.85
Outstanding at December 31, 2012	551	26.80	4,043	20.26
Granted	149	41.28	377	43.12
Vested[(A)]	(157)	25.24	(2,295)	15.22
Forfeited or canceled	(19)	27.87	(35)	27.74
Performance adjustment[(C)]	n/a	n/a	140	39.09
Outstanding at December 31, 2013	524	31.34	2,230	31.25
Granted	184	44.18	388	44.51
Vested[(A)]	(258)	26.28	(942)	24.50
Forfeited or canceled	(19)	34.87	(35)	33.93
Performance adjustment[(D)]	n/a	n/a	39	39.19
Outstanding at December 31, 2014[(E)]	431	39.72	1,680	38.37

(A) The total fair value of restricted share units that vested during the years ended December 31, 2014, 2013, and 2012 was $54 million, $90 million, and $113 million, respectively.

(B) Based on our financial results for the performance period, our 2011 performance share units will pay out at 56 percent of the target award. The ultimate vesting of these performance share units is subject to the participant satisfying the remaining service condition of the award.

(C) Based on our financial results for the performance and market condition period, our 2012 performance share units will pay out at 74 percent of the target award. The ultimate vesting of these performance share units is subject to the participant satisfying the remaining service condition of the award.

(D) Based on our financial results for the performance and market condition period, our 2013 performance share units will pay out at 149 percent of the target award. The ultimate vesting of these performance share units is subject to the participant satisfying the remaining service condition of the award.

(E) The target awards for our performance share units are included in the preceding table and are adjusted, as necessary, in the period that the performance and/or market conditions are satisfied. The minimum, target, and maximum awards for our 2014 performance share units outstanding as of December 31, 2014 were 0.2 million, 0.4 million, and 0.9 million, respectively.

As of December 31, 2014, we had approximately $45 million in total unrecognized compensation expense related to our restricted share unit awards based on our current expectations for payout of our performance share units. We expect to recognize this compensation cost over a weighted average period of 2.4 years.

Shares Available for Future Grant

The following table summarizes the shares available for future grant as of December 31, 2014 that may be used to grant share options and/or restricted share units (in millions):

	Shares Available for Future Grant
Performance share units at current expected payout	9.1

Note 12 EARNINGS PER SHARE

We calculate our basic earnings per share by dividing net income by the weighted average number of shares and participating securities outstanding during the period. Our diluted earnings per share are calculated in a similar manner, but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share.

The following table summarizes our basic and diluted earnings per common share calculations for the periods presented (in millions, except per share data; per share data is calculated prior to rounding to millions):

	2014	2013	2012
Net income	$ 663	$ 667	$ 677
Basic weighted average shares outstanding	247	268	294
Effect of dilutive securities[(A)]	5	5	7
Diluted weighted average shares outstanding	252	273	301
Basic earnings per share	$2.68	$2.49	$2.30
Diluted earnings per share	$2.63	$2.44	$2.25

(A) Outstanding options to purchase 1.0 million shares for both the years ended December 31, 2014 and 2013, and 1.5 million shares for the year ended December 31, 2012, were excluded from the diluted earnings per share calculation because the effect of including these options in the computation would have been antidilutive. The dilutive impact of the remaining options outstanding and unvested restricted share units was included in the effect of dilutive securities.

During 2014, we paid dividends of $246 million. In February 2014, our Board of Directors approved an increase in our quarterly dividend from $0.20 per share to $0.25 per share beginning in the first quarter of 2014, and in February 2015, our Board of Directors approved an increase in our quarterly dividend from $0.25 per share to $0.28 per share beginning in the first quarter of 2015.

We have 100 million shares of preferred shares authorized. As of December 31, 2014, 2013, and 2012, there were no preferred shares outstanding.

Note 13 OPERATING SEGMENT

We operate in one industry and have one operating segment. This segment derives its revenues from marketing, producing, and distributing nonalcoholic beverages. No single customer accounted for more than 10 percent of our net sales in 2014, 2013, or 2012.

Our segment operating income includes the segment's revenue less substantially all the segment's cost of production, distribution, and administration. We evaluate the segment's performance based on several factors, of which net sales and operating income are the primary financial measures.

Additionally, mark-to-market gains/losses related to our non-designated commodity hedges are recognized in the earnings of our Corporate segment until such time as the underlying hedged transaction affects the earnings of our Europe operating segment. In the period the underlying hedged transaction occurs, the accumulated mark-to-market gains/losses related to the hedged transaction are reclassified from the earnings of our Corporate segment into the earnings of our Europe operating segment. This treatment allows our Europe operating segment to reflect the true economic effects of the underlying hedged transaction in the period the hedged transaction occurs without experiencing the mark-to-market volatility associated with these non-designated commodity hedges. For additional information about our non-designated hedges, refer to Note 5.

Note 13 OPERATING SEGMENT (Continued)

The following table summarizes selected segment financial information for the periods presented (in millions):

	Europe	Corporate	Consolidated
2014:			
Net sales[(A)]	$8,264	$ —	$8,264
Operating income (loss)[(B)]	1,151	(132)	1,019
Interest expense, net	—	119	119
Depreciation and amortization	270	39	309
Long-lived assets, net[(C)(D)]	5,882	201	6,083
Capital asset investments	310	22	332
2013:			
Net sales[(A)]	$8,212	$ —	$8,212
Operating income (loss)[(B)]	1,063	(149)	914
Interest expense, net	—	103	103
Depreciation and amortization	273	35	308
Long-lived assets, net[(C)(D)]	6,587	370	6,957
Capital asset investments	296	17	313
2012:			
Net sales[(A)]	$8,062	$ —	$8,062
Operating income (loss)[(B)]	1,073	(145)	928
Interest expense, net	—	94	94
Depreciation and amortization	305	30	335
Long-lived assets, net[(C)(D)]	6,435	313	6,748
Capital asset investments	360	18	378

(A) The following table summarizes the contribution of total net sales by country as a percentage of our total net sales for the periods presented:

	2014	2013	2012
Net sales:			
Great Britain	34%	33%	34%
France	30	30	30
Belgium	15	15	15
The Netherlands	8	8	8
Norway	7	8	7
Sweden	6	6	6
Total	100%	100%	100%

(B) Our Corporate segment earnings include net mark-to-market gains on our non-designated commodity hedges of $2 million in 2014. Our Corporate segment earnings include net mark-to-market losses on our non-designated commodity hedges of $7 million and $4 million during 2013 and 2012, respectively. As of December 31, 2014, our Corporate segment included net mark-to-market losses on non-designated commodity hedges totaling $10 million. These amounts will be reclassified into the earnings of our Europe operating segment when the underlying hedged transactions occur. For additional information about our non-designated hedges, refer to Note 5.

(C) The following table summarizes the percentage of net property, plant, and equipment by country and our Corporate segment as of the dates presented:

	December 31,	
	2014	2013
Property, plant, and equipment, net:		
Great Britain	33%	33%
France	24	23
Belgium	18	19
Norway	8	8
The Netherlands	7	7
Sweden	6	7
Corporate	4	3
Total	100%	100%

Note 13 OPERATING SEGMENT (Continued)

(D) Amounts disclosed as long-lived assets in our Corporate segment for 2014 and 2013 include $88 million and $260 million, respectively, related to deferred income tax assets.

Note 14 RESTRUCTURING ACTIVITIES

The following table summarizes our restructuring costs by segment for the periods presented (in millions):

	2014	2013	2012
Europe(A)	$81	$120	$85
Corporate	—	—	—
Total	$81	$120	$85

(A) All restructuring expenses recorded during 2014 related to our business transformation program. During 2013 and 2012, we recorded restructuring expense of $99 million and $46 million, respectively, related to our business transformation program, and $21 million and $39 million, respectively, related to our Norway business optimization which concluded at the end of 2013.

Business Transformation Program

In 2012, we announced a business transformation program designed to improve our operating model and create a platform for driving sustainable future growth. Through this program we have: (1) streamlined and reduced the cost structure of our finance support function, including the establishment of a centralized shared services center; (2) restructured our sales and marketing organization to better align central and field sales, and deployed standardized channel-focused organizations within each of our territories; and (3) improved the efficiency and effectiveness of certain aspects of our operations, including activities related to our cold-drink equipment.

We are substantially complete with this program as of December 31, 2014, and our nonrecurring restructuring charges totaled $226 million, including severance, transition, consulting, accelerated depreciation, and lease termination costs. During the years ended December 31, 2014, 2013, and 2012, we recorded nonrecurring restructuring charges under this program totaling $81 million, $99 million, and $46 million, respectively. Substantially all nonrecurring restructuring charges related to this program are included in SD&A on our Consolidated Statements of Income.

The following table summarizes these restructuring charges for the period presented (in millions):

	Severance Pay and Benefits	Accelerated Depreciation(B)	Other(C)	Total
Balance as of January 1, 2012(A)	$ —	$—	$ —	$ —
Provision	41	2	3	46
Cash payments	—	—	(2)	(2)
Noncash items	—	(2)	—	(2)
Balance as of December 31, 2012(A)	41	—	1	42
Provision	67	5	27	99
Cash payments	(78)	—	(17)	(95)
Noncash items	—	(5)	1	(4)
Balance as of December 31, 2013(A)	30	—	12	42
Provision	26	7	48	81
Cash payments	(33)	—	(55)	(88)
Noncash items	—	(7)	—	(7)
Balance as of December 31, 2014(A)	$ 23	$—	$ 5	$ 28

(A) Substantially all of the amounts are included in accounts payable and accrued expenses on our Consolidated Balance Sheets.

(B) Accelerated depreciation represents the difference between the depreciation expense of the asset using the original useful life and the depreciation expense of the asset under the reduced useful life due to the restructuring activity.

(C) In 2012 and 2013, these charges primarily related to program management and consulting costs. During 2014, these charges primarily related to costs incurred regarding our cold-drink operations, including social and other transition costs associated with the transfer of certain employees and assets to a third party.

Note 15 SHARE REPURCHASES

Beginning in October 2010, our Board of Directors has approved a series of resolutions authorizing the repurchase of shares of our stock. Since 2010, we have repurchased $3.7 billion in outstanding shares, representing 112.4 million shares, under these resolutions. In December 2013, our Board of Directors authorized share repurchases for an aggregate price of not more than $1.0 billion. Share repurchase activity under this authorization commenced during the second quarter of 2014 when the share repurchases under the previous authorization were completed. We currently have $569 million in authorized share repurchases remaining under the December 2013 resolution. In December 2014, our Board of Directors approved a resolution to authorize additional share repurchases for an aggregate price of not more than $1.0 billion.

We can repurchase shares in the open market and in privately negotiated transactions. Repurchased shares are added to treasury stock and are available for general corporate purposes, including acquisition financing and the funding of various employee benefit and compensation plans. We currently expect to purchase approximately $600 million in outstanding shares during 2015 under our share repurchase program, subject to economic, operating, and other factors, including acquisition opportunities. In addition to market conditions, we consider alternative uses of cash and/or debt, balance sheet ratios, and shareowner returns when evaluating share repurchases.

The following table summarizes the share repurchase activity for the periods presented (in millions, except per share data):

	2014	2013	2012
Number of shares repurchased	20.2	27.2	27.1
Weighted average purchase price per share	$45.79	$36.95	$28.81
Amount of share repurchases[(A)]	$ 925	$1,006	$ 780

(A) Total cash paid during 2014 for these share repurchases totaled $912 million due to the timing of settlement.

Note 16 QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table summarizes our quarterly financial information for the periods presented (in millions, except per share data):

2014	First[(A)]	Second[(B)]	Third[(C)]	Fourth[(D)(E)]	Full Year
Net sales	$1,870	$2,333	$2,136	$1,925	$8,264
Gross profit	650	846	808	669	2,973
Operating income	184	295	345	195	1,019
Net income	115	198	238	112	663
Basic earnings per share[(F)]	$ 0.45	$ 0.80	$ 0.97	$ 0.46	$ 2.68
Diluted earnings per share[(F)]	$ 0.44	$ 0.78	$ 0.96	$ 0.46	$ 2.63

2013	First[(A)]	Second[(B)]	Third[(C)]	Fourth[(D)(E)]	Full Year
Net sales	$1,850	$2,156	$2,174	$2,032	$8,212
Gross profit	634	753	787	688	2,862
Operating income	111	272	314	217	914
Net income	61	182	289	135	667
Basic earnings per share[(F)]	$ 0.22	$ 0.67	$ 1.09	$ 0.52	$ 2.49
Diluted earnings per share[(F)]	$ 0.21	$ 0.66	$ 1.07	$ 0.51	$ 2.44

The following items included in our reported results affected the comparability of our year-over-year quarterly financial results (the items listed below are based on defined terms and thresholds and represent all material items management considered for year-over-year comparability).

(A) Net income in the first quarter of 2014 included (1) net mark-to-market losses totaling $2 million ($1 million net of tax) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $8 million ($5 million net of tax, or $0.02 per diluted share) related to restructuring activities.

Note 16 QUARTERLY FINANCIAL INFORMATION (UNAUDITED) (Continued)

Net income in the first quarter of 2013 included (1) net mark-to-market losses totaling $1 million ($1 million net of tax) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $68 million ($49 million net of tax, or $0.18 per diluted share) related to restructuring activities.

(B) Net income in the second quarter of 2014 included (1) net mark-to-market gains totaling $8 million ($5 million net of tax, or $0.02 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $54 million ($36 million net of tax, or $0.14 per diluted share) related to restructuring activities.

Net income in the second quarter of 2013 included (1) net mark-to-market losses totaling $8 million ($6 million net of tax, or $0.02 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period and (2) charges totaling $34 million ($25 million net of tax, or $0.09 per diluted share) related to restructuring activities.

(C) Net income in the third quarter of 2014 included (1) charges totaling $1 million ($1 million net of tax) related to restructuring activities; (2) net mark-to-market gains totaling $8 million ($6 million net of tax, or $0.02 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; and (3) net tax items totaling $6 million ($0.02 per diluted share) principally related to the tax impact on the cumulative nonrecurring items on the quarter.

Net income in the third quarter of 2013 included (1) net mark-to-market gains totaling $1 million ($1 million net of tax) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; (2) charges totaling $7 million ($4 million net of tax, or $0.01 per diluted share) related to restructuring activities; and (3) a deferred tax benefit of $71 million ($0.26 per diluted share) due to a tax rate reduction in the United Kingdom.

(D) Net income in the fourth quarter of 2014 included (1) net mark-to-market losses totaling $12 million ($9 million net of tax, or $0.04 per diluted share) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; (2) charges totaling $18 million ($13 million net of tax, or $0.05 per diluted share) related to restructuring activities; and (3) charges totaling $10 million ($8 million net of tax, or $0.03 per diluted share) related to the impairment of our investment in our recycling joint venture in Great Britain.

Net income in the fourth quarter of 2013 included (1) net mark-to-market gains totaling $1 million ($1 million net of tax) related to non-designated commodity hedges associated with underlying transactions that related to a different reporting period; (2) charges totaling $11 million ($5 million net of tax, or $0.02 per diluted share) related to restructuring activities; and (3) charges totaling $5 million ($3 million net of tax, or $0.01 per diluted share) related to tax indemnification changes covered by our indemnification to TCCC for periods prior to the Merger.

(E) There was one less selling day in the first quarter of 2014 versus the first quarter of 2013, and there was one additional selling day in the fourth quarter of 2014 versus the fourth quarter of 2013.

(F) Basic and diluted net earnings per share are computed independently for each of the quarters presented. As such, the summation of the quarterly amounts may not equal the total basic and diluted net income per share reported for the year.

Note 17 RECONCILIATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Background

On August 6, 2015, we entered into agreements with TCCC, Coca-Cola Iberian Partners (CCIP), the privately-owned Coca-Cola bottler operating primarily in Spain and Portugal, and Coca-Cola Erfrischungsgetränke (CCEAG), the wholly-owned TCCC bottler operating in Germany, related to a pending transaction to form Coca-Cola European Partners, plc (CCEP), under which:

- The parties agreed to combine their respective businesses by combining CCE, CCIP, and CCEAG. The combination (the Transaction) will be effected through the contribution of CCIP and CCEAG to a newly created entity, CCEP, and the merger of CCE with and into a newly formed indirect U.S. subsidiary of CCEP (MergeCo), with MergeCo continuing as the surviving entity. Upon completion of the Transaction, CCEP will consist of businesses involved in the marketing, production, and distribution of beverages in Andorra, Belgium, France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain, and Sweden.
- At the effective time of the Transaction, each outstanding share of common stock of CCE will be converted into the right to receive one ordinary share of CCEP and a cash payment of $14.50. At closing, on a fully diluted basis, CCIP and TCCC will own 34 percent and 18 percent of CCEP, respectively, with CCE shareowners owning 48 percent.
- Following the Transaction, CCEP will directly and indirectly wholly-own all contributed assets and liabilities of CCE, CCIP, and CCEAG.

Note 17 RECONCILIATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

- At the time of the Transaction, CCEP's ordinary shares are expected to be listed for trading on the New York Stock Exchange, Euronext Amsterdam Stock Exchange, Euronext London Stock Exchange, and Madrid Stock Exchange.

Upon completion of the Transaction, CCEP will be domiciled and headquartered in the United Kingdom, its reporting currency will be euro, and its basis of accounting will be International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), which vary in certain respects from U.S. generally accepted accounting principles (U.S. GAAP). CCE will be the accounting acquirer for CCEP's financial reporting purposes.

First Time Adoption of IFRS

As CCE will be the accounting acquirer for CCEP's financial reporting purposes, we have adopted IFRS with a transition date of January 1, 2014 (transition date). We have prepared a reconciliation of net assets as of January 1, 2014 and December 31, 2014, and net income for the year ended December 31, 2014 of our U.S. GAAP reported results to IFRS.

The purpose of this reconciliation and accompanying notes is to present the principal adjustments and considerations made by CCE in adopting IFRS. IFRS 1 requires retrospective application of all IFRS standards effective as of the transition date except for certain allowed exemptions.

Transition Elections

CCE has elected the following optional exemptions from the retrospective application of certain requirements under IFRS:

Share-Based Payments

We have elected to apply IFRS 2 "Share-based payments," to all unvested share-based payment awards as of our transition date.

Cumulative Currency Translation Differences

We have elected to reset to zero all cumulative currency translation differences previously recognized in AOCI for all of our foreign operations as of our transition date.

Business Combinations

We have elected to apply IFRS 3, "Business combinations," prospectively to business combinations that occurred after the transition date. Business combinations that occurred prior to the transition date have not been restated.

Summary of Principal Differences and Elections Impacting Net Assets and Net Income

The following is a summary of the principal differences between U.S. GAAP and IFRS that impact our net assets as of January 1, 2014 and December 31, 2014 and net income for the year ended December 31, 2014. The difference in valuation of certain assets and liabilities under IFRS as compared to U.S. GAAP was recorded directly into equity as of our transition date.

Defined Benefit Pension Plans

With respect to our defined benefit pension plans, we identified differences between U.S. GAAP and IFRS related to the recognition of actuarial gains and losses, prior service costs, and interest costs. These differences impact both the valuation of our projected benefit obligation as well as the timing and measurement of expenses related to our pension plans.

Recognition of Actuarial Gains and Losses

Under our current application of U.S. GAAP, actuarial gains and losses are initially deferred in AOCI and subsequently recognized as part of our net periodic benefit cost using the corridor approach. Under IFRS,

the effects of actuarial gains and losses are recorded in AOCI immediately as they arise and are not subsequently recycled into the income statement.

Recognition of Prior Service Cost

Currently under U.S. GAAP, prior service costs are recognized in AOCI at the adoption date of a plan amendment and subsequently amortized into net periodic benefit cost over the expected future service period. Under IFRS, all prior service costs are immediately recognized in net periodic benefit cost when an amendment to an employee benefit plan occurs.

Calculation of Net Interest Cost

Under U.S. GAAP, two of the primary components of the calculation of net periodic benefit cost are EROA and interest cost. Under IFRS, the concept of EROA and interest cost does not exist. Alternatively, a net interest cost was calculated by applying the discount rates by reference to market yields on high-quality long-term corporate bonds in the same currency as the benefits to be paid, with durations that are similar to those of the benefit obligation.

Discount Rates

Under U.S. GAAP, when determining the appropriate discount rate to be used when valuing our benefit obligation, reference is made to market yields on high-quality, long-term corporate bonds that mature in a pattern similar to the expected payments to be made under the plan. When a deep market in high-quality corporate bonds does not exist, a hypothetical high-quality corporate bond yield based on a spread added to representative government bond yields is used. Under IFRS, when a deep market in corporate high-quality corporate bonds does not exist, reference should be made to government bond yields when determining discount rates.

Employer Contribution Taxes

Under U.S. GAAP, contribution taxes are recognized as a component of net periodic benefit cost in the period in which the contribution is made. Under IFRS, taxes payable by the plan on contributions are included in actuarial assumptions for the calculation of the defined benefit obligation.

For additional information about our pension plan accounting under U.S. GAAP, refer to Note 9 of the Notes to Consolidated Financial Statements in this report.

Share-Based Compensation Plans

With respect to our stock-based compensation plans, we identified certain differences between U.S. GAAP and IFRS. These differences impact the classification of shares withheld to satisfy an employee's tax obligation and the timing and amount of recognition of any excess tax benefits on share-based compensation awards.

Bifurcation of Stock Awards

Our restricted share unit and performance share unit awards are subject to a net settlement arrangement by which we withhold the number of shares necessary to satisfy an employee's tax obligation at settlement. As we do not withhold amounts in excess of the minimum statutory withholding, all of our awards are currently treated as equity-settled under U.S. GAAP. Under IFRS, the award must be bifurcated between equity-settled and cash-settled, with the portion of an award withheld for taxes treated as cash-settled. Cash-settled awards are recorded as a liability and adjusted to their fair values at each reporting date, which results in a difference in the compensation expense recorded for share-based payment awards under IFRS.

Excess Tax Benefits

Under U.S. GAAP, we record into equity tax benefits received in excess of an award's recorded deferred tax asset at the time the award becomes deductible for tax purposes (i.e. upon settlement). Under IFRS, a

deferred tax asset is required to be recorded based on the estimated future tax deduction at the end of each reporting period. This results in a difference in the deferred tax asset recorded for share-based payment awards as of the transition date and on a go-forward basis under IFRS.

For additional information about the accounting for our share-based compensation plans under U.S. GAAP, refer to Note 11 of the Notes to Consolidated Financial Statements in this report.

Reconciliation of Net Assets as Reported Under U.S. GAAP to IFRS

The effect of the changes to our accounting policies from U.S. GAAP to IFRS on the reported net assets, as of January 1, 2014 and December 31, 2014, is as follows (in millions):

	December 31, 2014	January 1, 2014
Net assets as reported under U.S. GAAP	$1,431	$2,280
Accounting policy adjustments:		
Pension plan valuation		
Discount rates[A]	(6)	(4)
Employer contribution taxes[B]	(8)	(4)
Share-based payments		
Bifurcation of stock awards[C]	(16)	(26)
Excess tax benefit[D]	20	28
Deferred tax impact of:		
Discount rates[A]	2	1
Employer contribution taxes[B]	3	2
Other tax adjustments[E]	9	9
Total adjustments	4	6
Net assets under IFRS	$1,435	$2,286

Reconciliation of Net Income as Reported Under U.S. GAAP to IFRS

The effect of the changes to our accounting policies from U.S. GAAP to IFRS on our net income for the year ended December 31, 2014 is as follows (in millions):

	December 31, 2014
Net income as reported under U.S. GAAP	$663
Accounting policy adjustments:	
Pension plan valuation	
Actuarial gains and losses[F]	24
Prior service cost[G]	2
Net interest cost[H]	(33)
Employer contribution taxes[B]	(1)
Share-based payments	
Bifurcation of stock awards[C]	(2)
Excess tax benefit[D]	(4)
Deferred tax impact of:	
Actuarial gains and losses[F]	(5)
Prior service cost[G]	(1)
Net interest cost[H]	7
Total adjustments	(13)
Net income under IFRS	$650

(A) *Discount rates*—This adjustment reflects the lower discount rate to be applied when valuing the defined benefit obligation related to our defined benefit pension plans in Norway under IFRS, as well as the deferred tax impact of this change.

Note 17 RECONCILIATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(B) *Employer contribution taxes*—This adjustment reflects the treatment of employer contribution taxes as part of the actuarial assumptions for the calculation of the defined benefit obligation under IFRS, as well as the deferred tax impact of this change.

(C) *Bifurcation of stock awards*—This adjustment reflects the additional compensation cost recognized as a result of separating our share-based payment awards between equity- and cash-settled components under IFRS.

(D) *Excess tax benefit*—This adjustment reflects the incremental tax benefit recognized within our net assets based on each outstanding share-based payment award's intrinsic value as of the end of each period. During 2014, changes in the intrinsic values of these awards were less than the related compensation cost recorded, resulting in a decrease to the tax benefit recorded within net income under IFRS compared to U.S. GAAP.

(E) *Other tax adjustments*—Other deferred tax changes related to the transition from U.S. GAAP to IFRS.

(F) *Actuarial gains and losses*—This adjustment reflects the indefinite deferral of actuarial gains and losses on our defined benefit pension plans in AOCI as of and for the year ended December 31, 2014, as well as the deferred tax impact of this change.

(G) *Prior service cost*—This adjustment reflects the immediate recognition of 2014 prior service costs into net periodic benefit cost under IFRS, as well as the deferred tax impact of this change.

(H) *Net interest cost*—This adjustment reflects the difference in the calculation of the projected benefit obligation and net periodic benefit expense using net interest cost as required under IFRS, as well as the deferred tax impact of this change.

Summary of Other Differences and Elections

The following is a summary of IFRS elections and U.S. GAAP to IFRS differences identified that do not impact our net assets as of January 1, 2014 and December 31, 2014, or net income for the year ended December 31, 2014.

Property, Plant, and Equipment

U.S. GAAP requires capitalized property, plant, and equipment to be carried at historical cost less accumulated depreciation and impairment losses. Although IFRS allows the remeasurement of our fixed assets to fair value, we have elected to continue to record our property, plant, and equipment at historical cost.

IFRS requires each part of an item of property, plant, and equipment be depreciated separately that has a cost that is significant in relation to the cost of the item. Our current accounting policies ensure that significant components of property, plant, and equipment are accounted for and depreciated separately over a range of useful lives, as determined by management. As a result, no further segregation of our property, plant, and equipment is required upon our transition from U.S. GAAP to IFRS. Further, as allowed under IFRS, we have elected to continue to depreciate our property, plant, and equipment on a straight-line basis over the estimated useful life of the asset consistent with our treatment under U.S. GAAP.

Software Costs Classification

We currently record all capitalized software costs as property, plant, and equipment, as allowed under U.S. GAAP. Under IFRS, software that is not integral to the hardware to which it relates must be classified as an intangible asset. Our net capitalized software balance that would be reclassified from property, plant, and equipment to intangible assets totaled $69 million and $72 million as of January 1, 2014 and December 31, 2014, respectively.

Debt Issuance Costs Classification

We currently present debt issuance costs related to our long-term debt within other noncurrent assets. Under IFRS, debt issuance costs are presented in the balance sheet as a direct deduction from the carrying value of the associated borrowing. Our debt issuance costs that would be reclassified from other noncurrent assets to debt, less current portion totaled $17 million and $16 million as of January 1, 2014 and December 31, 2014, respectively.

Recoverability of Intangible Assets

We currently perform a qualitative assessment of our franchise license intangible assets and goodwill under U.S. GAAP for each reporting unit as of the last reporting day of October of each respective year. The

Note 17 RECONCILIATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

results of the qualitative impairment assessment of these assets indicated it was not more likely than not that the estimated fair value of these assets was less than their respective carrying values at each testing date.

IFRS requires a quantitative assessment be performed for each cash generating unit, or the smallest identifiable asset or group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For each cash generating unit identified, we performed a quantitative impairment test as of our transition date and the first day of the fourth quarter of fiscal year 2014. The results of our tests determined that the recoverable amount of each cash generating unit exceeded its carrying value, and thus no impairment charges were recorded as of our transition date or for the year ended December 31, 2014.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF WHITE

PART C

FIRST QUARTER 2016 AND FIRST QUARTER 2015

COCA-COLA ENTERPRISES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited; in millions, except per share data)

	Final Quarter	
	2016	**2015**
Net sales	$1,517	$1,631
Cost of sales	957	1,063
Gross profit	560	568
Selling, delivery, and administrative expenses	438	410
Operating income	122	158
Interest expense, net	30	30
Other nonoperating (expense) income	(2)	2
Income before income taxes	90	130
Income tax expense	24	34
Net income	$ 66	$ 96
Basic earnings per share	$ 0.29	$ 0.41
Diluted earnings per share	$ 0.29	$ 0.40
Dividends declared per share	$ 0.30	$ 0.28
Basic weighted average shares outstanding	228	235
Diluted weighted average shares outstanding	232	240

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited; in millions)

	First Quarter	
	2016	**2015**
Net income	$ 66	$ 96
Components of other comprehensive income (loss):		
Currency translations		
Pretax activity, net	64	(279)
Tax effect	—	—
Currency translations, net of tax	64	(279)
Net investment hedges		
Pretax activity, net	(186)	152
Tax effect	65	(53)
Net investment hedges, net of tax	(121)	99
Cash flow hedges		
Pretax activity, net	14	(2)
Tax effect	(2)	—
Cash flow hedges, net of tax	12	(2)
Pension plan adjustments		
Pretax activity, net	7	7
Tax effect	(1)	(2)
Pension plan adjustments, net of tax	6	5
Other comprehensive loss, net of tax	(39)	(177)
Comprehensive income (loss)	$ 27	$ (81)

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except share data)

	April 1, 2016	December 31, 2015
ASSETS		
Current:		
Cash and cash equivalents	$ 279	$ 170
Trade accounts receivable, less allowances of $16 and $16, respectively	1,352	1,314
Amounts receivable from The Coca-Cola Company	72	56
Inventories	371	336
Other current assets	220	170
Total current assets	2,294	2,046
Property, plant, and equipment, net	2,000	1,920
Franchise license intangible assets, net	3,384	3,383
Goodwill	93	88
Other noncurrent assets	235	159
Total assets	$ 8,006	$ 7,596
LIABILITIES		
Current:		
Accounts payable and accrued expenses	$ 1,766	$ 1,601
Amounts payable to The Coca-Cola Company	107	102
Current portion of debt	577	454
Total current liabilities	2,450	2,157
Debt, less current portion	3,518	3,392
Other noncurrent liabilities	235	236
Noncurrent deferred income tax liabilities	866	854
Total liabilities	7,069	6,639
SHAREOWNERS' EQUITY		
Common stock, $0.01 par value—Authorized—1,000,000,000 shares; Issued—356,817,902 and 356,214,139 shares, respectively	4	4
Additional paid-in capital	4,053	4,032
Reinvested earnings	2,327	2,329
Accumulated other comprehensive income	(1,036)	(997)
Common stock in treasury, at cost—128,879,388 and 128,878,376 shares, respectively	(4,411)	(4,411)
Total shareowners' equity	937	957
Total liabilities and shareowners' equity	$ 8,006	$ 7,596

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

	First Quarter	
	2016	**2015**
Cash Flows from Operating Activities:		
Net income	$ 66	$ 96
Adjustments to reconcile net income to net cash derived from operating activities:		
Depreciation and amortization	66	71
Share-based compensation expense	9	8
Deferred income tax benefit	(17)	(9)
Pension expense less than contributions	(3)	(5)
Net changes in assets and liabilities	2	(3)
Net cash derived from operating activities	123	158
Cash Flows from Investing Activities:		
Capital asset investments	(87)	(98)
Other investing activities, net	—	(9)
Net cash used in investing activities	(87)	(107)
Cash Flows from Financing Activities:		
Net change in commercial paper	122	(109)
Issuances of debt	—	527
Payments on debt	(1)	(3)
Shares repurchased under share repurchase programs	—	(313)
Dividend payments on common stock	(68)	(65)
Exercise of employee share options	9	10
Other financing activities, net	3	—
Net cash derived from financing activities	65	47
Net effect of currency exchange rate changes on cash and cash equivalents	8	(20)
Net Change in Cash and Cash Equivalents	109	78
Cash and Cash Equivalents at Beginning of Period	170	223
Cash and Cash Equivalents at End of Period	$279	$ 301

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

COCA-COLA ENTERPRISES, INC.

Notes to Condensed Consolidated Financial Statements

NOTE 1—BUSINESS AND REPORTING POLICIES

Business

Coca-Cola Enterprises, Inc. ("CCE," "we," "our," or "us") is a marketer, producer, and distributor of nonalcoholic beverages. We market, produce, and distribute our products to customers and consumers through licensed territory agreements in Belgium, continental France, Great Britain, Luxembourg, Monaco, the Netherlands, Norway, and Sweden. We operate in the highly competitive beverage industry and face strong competition from other general and specialty beverage companies. Our financial results are affected by a number of factors including, but not limited to, consumer preferences, cost to manufacture and distribute products, foreign currency exchange rates, general economic conditions, local and national laws and regulations, raw material availability, and weather patterns.

Sales of our products tend to be seasonal, with the second and third quarters accounting for higher unit sales of our products than the first and fourth quarters. In a typical year, we earn more than 60 percent of our annual operating income during the second and third quarters. The seasonality of our sales volume, combined with the accounting for fixed costs, such as depreciation, amortization, rent, and interest expense, impacts our results on a quarterly basis. Additionally, year-over-year shifts in holidays and selling days can impact our results on an interim period basis. Accordingly, our results for the first quarter of 2016 may not necessarily be indicative of the results that may be expected for the full year ending December 31, 2016.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and expense allocations) considered necessary for fair presentation have been included. The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying Notes contained in our Annual Report on Form 10-K for the year ended December 31, 2015 (Form 10-K).

Our Condensed Consolidated Financial Statements include all entities that we control by ownership of a majority voting interest. All significant intercompany accounts and transactions are eliminated in consolidation.

For reporting convenience, our first three quarters close on the Friday closest to the end of the quarterly calendar period. Our fiscal year ends on December 31st. There was one less selling day in the first quarter of 2016 versus the first quarter of 2015, and there will be one additional selling day in the fourth quarter of 2016 versus the fourth quarter of 2015 (based upon a standard five-day selling week).

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2016	66	65	65	65	261
2015	67	65	65	64	261
Change	(1)	—	—	1	—

Recently Adopted Accounting Standards

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-03, "Interest—Imputation of Interest," requiring entities to present debt issuance costs related to a debt liability as a reduction of the carrying amount of the liability. The guidance was effective on January 1, 2016. As a result, $15 million of unamortized debt issuance costs were retrospectively adjusted from other noncurrent assets to debt, less current portion in the Company's Condensed Consolidated Balance Sheet as of December 31, 2015.

NOTE 1—BUSINESS AND REPORTING POLICIES (Continued)

Recently Issued Accounting Standards

In March 2016, the FASB issued ASU 2016-09, "Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." The objective of this update is to simplify 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. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016–02, "Leases (Topic 842)." The objective of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and is to be applied utilizing a modified retrospective approach. We are currently evaluating the new guidance to determine the impact it may have on our consolidated financial statements.

NOTE 2—MERGER AGREEMENT

On August 6, 2015, we entered into agreements with The Coca-Cola Company (TCCC), Coca-Cola Iberian Partners (CCIP), the privately-owned Coca-Cola bottler operating primarily in Spain and Portugal, and Coca-Cola Erfrischungsgetränke (CCEG), the wholly-owned TCCC bottler operating in Germany, under which:

- The parties agreed to combine their respective businesses by combining CCE, CCIP, and CCEG. The combination (the Merger) will be effected through the contribution of CCIP and CCEG to a newly created entity, Coca-Cola European Partners, plc (CCEP), and the merger of CCE with and into a newly formed indirect U.S. subsidiary of CCEP (MergeCo), with MergeCo continuing as the surviving entity. Upon completion of the Merger, CCEP will consist of businesses involved in the marketing, production, and distribution of beverages in Andorra, Belgium, France, Germany, Great Britain, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain, and Sweden.
- At the effective time of the Merger, each outstanding share of common stock of CCE will be converted into the right to receive one ordinary share of CCEP and a cash payment of $14.50. At closing, on a fully diluted basis CCIP and TCCC will own 34 percent and 18 percent of CCEP, respectively, with CCE shareowners owning 48 percent.
- Following the Merger, CCEP will directly and indirectly wholly-own all contributed assets and liabilities of CCE, CCIP, and CCEG.
- At the time of the Merger, CCEP's ordinary shares are expected to be listed for trading on the New York Stock Exchange, Euronext Amsterdam Stock Exchange, and Euronext London Stock Exchange. In addition, listings on the Barcelona, Bilbao, Madrid, and Valencia Stock Exchanges for trading through the Spanish Automated Quotation System is being pursued.

The consummation of the Merger is subject to various conditions including, among others, obtaining the approval of at least a majority of CCE's shareholders, the availability of cash in an amount sufficient to pay the cash payment for the Merger, the New York Stock Exchange approving the listing of shares of CCEP, the shares of CCEP being admitted to listing and trading on the Euronext Amsterdam Stock Exchange, the approval by the UK Financial Conduct Authority of CCEP's prospectus complying with the European prospectus directive, the filing and effectiveness of CCEP's registration statement on Form F-4, the receipt by CCE, TCCC, and CCIP of certain tax opinions, the absence of legal prohibitions and the receipt of requisite regulatory approvals, the absence of pending actions by any governmental entity that would prevent the consummation of the Merger, and TCCC having executed new bottling agreements for CCEP having an initial 10-year term with a 10-year renewal term and, except as otherwise agreed, containing other terms materially similar to those currently in effect at CCE, CCIP, and CCEG. The Form F-4 was declared effective by the Securities and Exchange Commission (SEC) on April 11, 2016. Each party's

NOTE 2—MERGER AGREEMENT (Continued)

obligation to close is further subject to there being no material adverse breach by the other parties. The obligations of the parties to close is further conditioned on the completion of a capital restructuring of CCIP and obtaining the approval of 80 percent of shareholders of CCIP in favor of the Merger. The CCIP capital restructuring and shareholder approval were fulfilled on November 11, 2015. Each of the parties has generally agreed to use all reasonable endeavors to take such steps to satisfy the remaining conditions. If the conditions to the completion are not satisfied by August 6, 2016, any conditions become impossible to be satisfied by such date, or any breach of other covenants or warranties occurs that would result in a material adverse effect in respect of the breaching party and such breach cannot be cured before August 6, 2016, or, if curable, is not cured within 30 days following the delivery of a written notice, then the Merger may be terminated.

The agreements set out certain covenants the parties must comply with prior to completion, including carrying out the agreed transaction steps, the consummation of the CCIP capital restructuring, and the removal of certain assets and liabilities from CCIP that are not being transferred to CCEP. The parties have agreed to cooperate in making employee notifications, competition approvals, securities laws filings and listing applications, and obtaining financing. The parties have agreed to use their reasonable endeavors to negotiate and agree on CCEP's new bottling agreements, an initial business plan, and a long-range business plan.

The parties have also agreed to cause CCIP and CCEP and its subsidiaries, as buyers, to enter into a share purchase agreement shortly after the completion of the Merger, on terms satisfactory to the parties, with Cobega S.A. and Solinbar, S.L.U., as sellers, for the sale of Vifilfell hf. (the entity that owns the Coca-Cola bottling business in Iceland) for aggregate consideration of no more than €35 million.

The agreements contain customary warranties of the parties regarding their respective businesses. The warranties of CCE, CCIP, CCEG, and an entity to be established for the purposes of holding CCIP will survive for three months after the date that CCEP files its December 31, 2016 Form 20-F with the SEC. In the event of a breach of one or more warranties that results in an indemnification claim amount against a particular company for more than $400 million, the relative equity ownership percentages of CCEP will be adjusted by issuing additional shares to increase the ownership of the non-breaching parties to reflect the indemnification claim amount, not to exceed $450 million.

The agreements contain specified termination rights. The agreements can be terminated if the parties fail to perform their representations, warranties, covenants or agreements, if any court of competent jurisdiction or any governmental authority issues an order, decree or ruling or takes any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the transactions or if the CCE Board of Directors withdraws, modifies, or qualifies its recommendation to shareholders regarding the adoption of the merger agreements. Upon termination under specified circumstances, including upon a termination resulting from a change in the CCE Board of Directors recommendation to shareholders, CCE would be required to pay CCEP a termination fee of $450 million.

We expect to incur total Merger expenses of approximately $140 million through its consummation. During the first quarter of 2016, we incurred expenses totaling $12 million related to the Merger. As of April 1, 2016 we had incurred $57 million in cumulative expenses related to the Merger. These expenses are included in selling, delivery, and administrative (SD&A) expenses on our Condensed Consolidated Statements of Income.

CCE has been named in three lawsuits related to the Merger. By consent order dated January 7, 2016, these cases were consolidated. On March 2, 2016, the plaintiffs filed a consolidated amended class action complaint making similar allegations regarding the Merger and adding allegations regarding the Form F-4. For additional information about these lawsuits, refer to Note 9.

CCEP and/or its subsidiaries intend to finance the cash payment in the Merger primarily using debt financing in either the public or private markets. CCEP expects to have financing in place during the second quarter of 2016.

NOTE 3—INVENTORIES

We value our inventories at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The following table summarizes our inventories as of the dates presented (in millions):

	April 1, 2016	December 31, 2015
Finished goods	$249	$209
Raw materials and supplies	122	127
Total inventories	$371	$336

NOTE 4—PROPERTY, PLANT, AND EQUIPMENT

The following table summarizes our property, plant, and equipment as of the dates presented (in millions):

	April 1, 2016	December 31, 2015
Land	$ 133	$ 131
Building and improvements	917	894
Machinery, equipment, and containers	1,270	1,255
Cold-drink equipment	1,240	1,186
Vehicle fleet	70	66
Furniture, office equipment, and software	301	287
Property, plant, and equipment	3,931	3,819
Accumulated depreciation and amortization	(2,119)	(2,036)
	1,812	1,783
Construction in process	188	137
Property, plant, and equipment, net	$ 2,000	$ 1,920

NOTE 5—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table summarizes our accounts payable and accrued expenses as of the dates presented (in millions):

	April 1, 2016	December 31, 2015
Trade accounts payable	$ 528	$ 486
Accrued customer marketing costs	539	508
Accrued compensation and benefits	226	213
Accrued taxes	174	162
Accrued deposits	54	51
Other accrued expenses	245	181
Accounts payable and accrued expenses	$1,766	$1,601

NOTE 6—RELATED PARTY TRANSACTIONS

Transactions with The Coca-Cola Company (TCCC)

We are a marketer, producer, and distributor principally of products of TCCC, with greater than 90 percent of our sales volume consisting of sales of TCCC products. Our license arrangements with TCCC are governed by product licensing agreements. From time to time, the terms and conditions of these agreements with TCCC are modified.

NOTE 6—RELATED PARTY TRANSACTIONS (Continued)

The following table summarizes the transactions with TCCC that directly affected our Condensed Consolidated Statements of Income for the periods presented (in millions):

	First Quarter	
	2016	2015
Amounts affecting net sales:		
Fountain syrup and packaged product sales	$ 5	$ 3
Amounts affecting cost of sales:		
Purchases of concentrate, syrup, mineral water, and juice	$(438)	$(481)
Purchases of finished products	(9)	(11)
Marketing support funding earned	47	46
Total	$(400)	$(446)

On August 6, 2015, we entered into agreements with TCCC, CCIP, and CCEG related to the pending merger to form CCEP. For more information about the pending Merger to form CCEP, refer to Note 2.

We and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding program effective on January 1, 2016. The term of this new understanding is tied to the term of our bottling agreements, which expire on October 2, 2020. If our bottling agreements are terminated due to the closing of the proposed Merger, this understanding will continue until the commencement of a new incidence pricing agreement between TCCC and CCEP. Under the new funding program, the $45 million Global Marketing Fund (GMF), which terminated December 31, 2015, has been replaced by the integration of $20 million into the incidence rate and annual payments of $25 million from TCCC to us to support the execution of commercial strategies focused on capturing growth opportunities. This $25 million funding will be paid in two equal installments each year.

For additional information about our relationship with TCCC, refer to Note 4 of the Notes to Consolidated Financial Statements in our Form 10-K.

NOTE 7—DERIVATIVE FINANCIAL INSTRUMENTS

We utilize derivative financial instruments to mitigate our exposure to certain market risks associated with our ongoing operations. The primary risks that we seek to manage through the use of derivative financial instruments include currency exchange risk, commodity price risk, and interest rate risk. All derivative financial instruments are recorded at fair value on our Condensed Consolidated Balance Sheets. We do not use derivative financial instruments for trading or speculative purposes. While certain of our derivative instruments are designated as hedging instruments, we also enter into derivative instruments that are designed to hedge a risk but are not designated as hedging instruments (referred to as an "economic hedge" or "non-designated hedge"). Changes in the fair value of these non-designated hedging instruments are recognized in each reporting period in the expense line item on our Condensed Consolidated Statements of Income that is consistent with the nature of the hedged risk. We are exposed to counterparty credit risk on all of our derivative financial instruments. We have established and maintain strict counterparty credit guidelines and enter into hedges only with financial institutions that are investment grade or better. We continuously monitor our counterparty credit risk and utilize numerous counterparties to minimize our exposure to potential defaults. We do not require collateral under these agreements.

The fair value of our derivative contracts (including forwards, options, cross-currency swaps, and interest rate swaps) is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions, and, therefore, our derivative contracts have been classified as Level 2. Inputs used in these standard valuation models include the applicable spot, forward, and discount rates that are current as of the valuation date. The standard valuation model for our option contracts also includes implied volatility, which is specific to

NOTE 7—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

individual options and is based on rates quoted from a widely used third-party resource. For more information regarding the valuation of our derivatives, refer to Note 17.

The following table summarizes the fair value of our assets and liabilities related to derivative financial instruments and the respective line items in which they were recorded on our Condensed Consolidated Balance Sheets as of the dates presented (in millions):

Hedging Instruments	Location—Balance Sheets	April 1, 2016	December 31, 2015
Assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts[(A)]	Other current assets	$ 29	$20
Foreign currency contracts	Other noncurrent assets	28	17
Total		57	37
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	2	2
Commodity contracts	Other current assets	1	1
Foreign currency contracts	Other noncurrent assets	10	7
Total		13	10
Total Assets		$ 70	$47
Liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts[(A)]	Accounts payable and accrued expenses	$ 98	$28
Foreign currency contracts	Other noncurrent liabilities	—	2
Total		98	30
Derivatives not designated as hedging instruments:			
Commodity contracts	Accounts payable and accrued expenses	22	24
Foreign currency contracts	Other noncurrent liabilities	10	7
Commodity contracts	Other noncurrent liabilities	13	14
Total		45	45
Total Liabilities		$143	$75

(A) Amounts include the gross interest receivable or payable on our cross-currency swap agreements.

Cash Flow Hedges

We use cash flow hedges to mitigate our exposure to changes in cash flows attributable to currency fluctuations associated with certain forecasted transactions, including purchases of raw materials and services denominated in non-functional currencies, the receipt of interest and principal on intercompany loans denominated in non-functional currencies, and the payment of interest and principal on debt issuances in a non-functional currency. Effective changes in the fair value of these cash flow hedging instruments are recognized in accumulated other comprehensive income (loss) (AOCI) on our Condensed Consolidated Balance Sheets. The effective changes are then recognized in the period that the forecasted purchases or payments impact earnings in the expense line item on our Condensed Consolidated Statements of Income that is consistent with the nature of the underlying hedged item. Any changes in the fair value of these cash flow hedges that are the result of ineffectiveness are recognized immediately in the

NOTE 7—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

expense line item on our Condensed Consolidated Statements of Income that is consistent with the nature of the underlying hedged item.

The following table summarizes our outstanding cash flow hedges as of the dates presented (all contracts denominated in a foreign currency have been converted into U.S. dollars using the period end spot rate):

	April 1, 2016		December 31, 2015	
Type	Notional Amount	Latest Maturity	Notional Amount	Latest Maturity
Foreign currency contracts	USD 709 million	June 2021	USD 700 million	June 2021

The following tables summarize the effect of our derivative financial instruments, net of tax, designated as cash flow hedges on our AOCI and Condensed Consolidated Statements of Income for the periods presented (in millions):

	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments(A)	
	First Quarter	
Cash Flow Hedging Instruments	2016	2015
Foreign currency contracts	$25	$ 6

		Amount of Gain (Loss) Reclassified from AOCI into Earnings(B)	
		First Quarter	
Cash Flow Hedging Instruments	Location—Statements of Income	2016	2015
Foreign currency contracts	Cost of sales	$—	$ (5)
Foreign currency contracts(C)	Other nonoperating expense	13	13
Total		$13	$ 8

(A) The amount of ineffectiveness associated with these hedging instruments was not material.

(B) Over the next 12 months, deferred gains totaling $4 million are expected to be reclassified from AOCI as the forecasted transactions occur. The amounts will be recorded on our Condensed Consolidated Statements of Income in the expense line item that is consistent with the nature of the underlying hedged item.

(C) The gain (loss) recognized on these currency contracts is offset by the gain (loss) recognized on the remeasurement of the underlying debt instruments; therefore, there is a minimal consolidated net effect in other nonoperating (expense) income on our Condensed Consolidated Statements of Income.

Economic (Non-designated) Hedges

We periodically enter into derivative instruments that are designed to hedge various risks but are not designated as hedging instruments. These hedged risks include those related to commodity price fluctuations associated with forecasted purchases of aluminum, sugar, components of PET (plastic), and vehicle fuel. At times, we also enter into other short-term non-designated hedges to mitigate our exposure to changes in cash flows attributable to currency fluctuations associated with short-term intercompany loans and certain cash equivalents denominated in non-functional currencies.

NOTE 7—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following table summarizes our outstanding economic hedges as of the dates presented (all contracts denominated in a foreign currency have been converted into U.S. dollars using the period end spot rate):

	April 1, 2016		December 31, 2015	
Type	Notional Amount	Latest Maturity	Notional Amount	Latest Maturity
Foreign currency contracts	USD 168 million	April 2016	USD 210 million	March 2016
Commodity contracts	USD 119 million	December 2020	USD 137 million	December 2020

Changes in the fair value of outstanding economic hedges are recognized each reporting period in the expense line item on our Condensed Consolidated Statements of Income that is consistent with the nature of the hedged risk.

The following table summarizes the gains (losses) recognized from our non-designated derivative financial instruments on our Condensed Consolidated Statements of Income for the periods presented (in millions):

		First Quarter	
Non-Designated Hedging Instruments	Location—Statements of Income	2016	2015
Commodity contracts	Cost of sales	$ (1)	$ 1
Commodity contracts	Selling, delivery, and administrative expenses	(3)	—
Foreign currency contracts	Other nonoperating expense[(A)]	22	14
Total		$18	$15

(A) The gain (loss) recognized on these currency contracts is offset by the gain (loss) recognized on the remeasurement of the underlying hedged items; therefore, there is a minimal consolidated net effect in other nonoperating (expense) income on our Condensed Consolidated Statements of Income.

Mark-to-market gains/losses related to our non-designated commodity hedges are recognized in the earnings of our Corporate segment until such time as the underlying hedged transaction affects the earnings of our Europe operating segment. In the period the underlying hedged transaction occurs, the accumulated mark-to-market gains/losses related to the hedged transaction are reclassified from the earnings of our Corporate segment into the earnings of our Europe operating segment. This treatment allows our Europe operating segment to reflect the true economic effects of the underlying hedged transaction in the period the hedged transaction occurs without experiencing the mark-to-market volatility associated with these non-designated commodity hedges.

As of April 1, 2016, our Corporate segment earnings included net mark-to-market losses on non-designated commodity hedges totaling $35 million. These amounts will be reclassified into the earnings of our Europe operating segment when the underlying hedged transactions occur. For additional information about our segment reporting, refer to Note 13.

The following table summarizes the deferred gain (loss) activity in our Corporate segment during the period presented (in millions):

Gains (Losses) Deferred at Corporate Segment[(A)]	Cost of Sales	SD&A	Total
Balance at December 31, 2015	$(18)	$(20)	$(38)
Amounts recognized during the period and recorded in our Corporate segment, net	(1)	(3)	(4)
Amounts transferred from our Corporate segment to our Europe operating segment, net	3	4	7
Balance at April 1, 2016	$(16)	$(19)	$(35)

(A) Over the next 12 months, deferred losses totaling $23 million are expected to be reclassified from our Corporate segment earnings into the earnings of our Europe operating segment as the underlying hedged transactions occur.

NOTE 7—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Net Investment Hedges

We have entered into currency forwards, options, and foreign currency denominated borrowings designated as net investment hedges of our foreign subsidiaries. Changes in the fair value of these hedges resulting from currency exchange rate changes are recognized in AOCI on our Condensed Consolidated Balance Sheets to offset the change in the carrying value of the net investment being hedged. Any changes in the fair value of these hedges that are the result of ineffectiveness are recognized immediately in other nonoperating (expense) income on our Condensed Consolidated Statements of Income.

The following table summarizes our outstanding instruments designated as net investment hedges as of the dates presented:

	April 1, 2016		December 31, 2015	
Type	Notional Amount	Latest Maturity	Notional Amount	Latest Maturity
Foreign currency contracts	USD 1.7 billion	August 2016	USD 1.7 billion	August 2016
Foreign currency denominated debt	USD 2.1 billion	March 2030	USD 2.0 billion	March 2030

The following table summarizes the effect of our derivative financial instruments, net of tax, designated as net investment hedges on our AOCI for the periods presented (in millions):

	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments[(A)]	
	First Quarter	
Net Investment Hedging Instruments	2016	2015
Foreign currency contracts	$ (54)	$17
Foreign currency denominated debt	(67)	82
Total	$(121)	$99

(A) The amount of ineffectiveness associated with these hedging instruments was not material.

NOTE 8—DEBT

The following table summarizes our debt as of the dates presented (in millions, except rates):

	April 1, 2016		December 31, 2015	
	Principal Balance	Rates[(A)]	Principal Balance[(D)]	Rates[(A)]
U.S. dollar commercial paper	$ 320	0.6%	$ 198	0.6%
U.S. dollar notes due 2016–2021	1,316	3.4	1,316	3.4
Euro notes due 2017–2030	2,439	2.4	2,315	2.4
Capital lease obligations[(B)]	20	n/a	17	n/a
Total debt[(C)]	4,095		3,846	
Current portion of debt	(577)		(454)	
Debt, less current portion	$3,518		$3,392	

(A) These rates represent the weighted average interest rates or effective interest rates on the balances outstanding, as adjusted for the effects of interest rate swap agreements, if applicable.

(B) These amounts represent the present value of our minimum capital lease payments.

NOTE 8—DEBT (Continued)

(C) The total fair value of our outstanding debt, excluding capital lease obligations, was $4.3 billion and $3.9 billion at April 1, 2016 and December 31, 2015, respectively. The fair value of our debt is determined using quoted market prices for publicly traded instruments (Level 1).

(D) The adoption of ASU 2015–03 on January 1, 2016 resulted in the reclassification unamortized debt issuance costs of $3 million of the principal balance of our U.S. dollar notes and $12 million of the principal balance of our Euro notes from other noncurrent assets to debt, less current portion as of December 31, 2015. For more information on the adoption of this standard, refer to Note 1.

Credit Facilities

We have amounts available to us for borrowing under a $1 billion multi-currency credit facility with a syndicate of eight banks. This credit facility matures in 2017 and is for general corporate purposes, including serving as a backstop to our commercial paper program and supporting our working capital needs. At April 1, 2016, our availability under this credit facility was $1 billion. Based on information currently available to us, we have no indication that the financial institutions syndicated under this facility would be unable to fulfill their commitments to us as of the date of the filing of this report.

Covenants

Our credit facility and outstanding notes contain various provisions that, among other things, require us to limit the incurrence of certain liens or encumbrances in excess of defined amounts. Additionally, our credit facility requires that we meet a minimum interest coverage ratio. We were in compliance with these requirements as of April 1, 2016. These requirements currently are not, nor is it anticipated that they will become, restrictive to our liquidity or capital resources.

NOTE 9—COMMITMENTS AND CONTINGENCIES

Legal Contingencies

In connection with the agreements entered into between us, TCCC, CCIP, and CCEG on August 6, 2015, three putative class action lawsuits were filed in Delaware Chancery Court between the announcement date and the present. The lawsuits are similar and assert claims on behalf of our shareholders for various alleged breaches of fiduciary duty in connection with the Merger. The lawsuits name us, our Board of Directors, CCIP, CCEG, CCEP, and TCCC as defendants. Plaintiffs in each case seek to enjoin the transaction, to rescind the Merger if it is consummated and allow termination damages, and to recover other damages, attorneys' fees, and litigation expenses. By consent order dated January 7, 2016, the court consolidated these cases. On March 2, 2016, the plaintiffs filed a consolidated amended class action complaint, making similar allegations regarding the Merger and adding allegations that the registration statement on Form F-4 and amendment No. 1 thereto, filed with the SEC on December 15, 2015 and January 28, 2016, and as declared effective on April 11, 2016 contain misstatements and omissions in their disclosures regarding the Merger. The defendants have moved to dismiss the consolidated amended class action complaint. We believe this matter to be without merit and intend to defend it vigorously. For additional information about the Merger between us, TCCC, CCIP, and CCEG, refer to Note 2.

Tax Audits

Our tax filings are subjected to audit by tax authorities in most jurisdictions in which we do business. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or potentially through the courts. We believe that we have adequately provided for any assessments that could result from those proceedings where it is more likely than not that we will pay some amount.

Indemnifications

In the normal course of business, we enter into agreements that provide general indemnifications. We have not made significant indemnification payments under such agreements in the past, and we believe the likelihood of incurring such a payment obligation in the future is remote. Furthermore, we cannot reasonably estimate future potential payment obligations because we cannot predict when and under what circumstances they may be incurred. As a result, we have not recorded a liability in our Condensed Consolidated Financial Statements with respect to these general indemnifications.

NOTE 10—EMPLOYEE BENEFIT PLANS

Pension Plans

We sponsor a number of defined benefit pension plans. The following table summarizes the net periodic benefit costs of our pension plans for the periods presented (in millions):

	First Quarter	
	2016	2015
Components of net periodic benefit costs:		
Service cost	$ 13	$ 14
Interest cost	14	13
Expected return on plan assets	(24)	(24)
Amortization of net prior service cost	1	—
Amortization of actuarial loss	6	7
Total costs	$ 10	$ 10

Contributions

Contributions to our pension plans totaled $13 million and $15 million during the first quarter of 2016 and 2015, respectively. The following table summarizes our projected contributions for the full year ending December 31, 2016, as well as actual contributions for the year ended December 31, 2015 (in millions):

	Projected[(A)] 2016	Actual[(A)] 2015
Total pension contributions	$51	$52

(A) These amounts represent only contributions made by CCE.

NOTE 11—TAXES

Our effective tax rate was approximately 26 percent and 27 percent for the first quarter of 2016 and 2015, respectively. The following table provides a reconciliation of our income tax expense at the statutory U.S. federal rate to our actual income tax expense for the periods presented (in millions):

	First Quarter	
	2016	2015
U.S. federal statutory expense	$ 32	$ 46
Taxation of foreign operations, net[(A)]	(20)	(26)
U.S. taxation of foreign earnings, net of tax credits	11	12
Nondeductible items	1	2
Total provision for income taxes	$ 24	$ 34

(A) Our effective tax rate reflects the benefit, net of income tax contingencies, of having all of our operations outside the U.S., all of which are taxed at statutory rates lower than the statutory U.S. rate of 35 percent, with the benefit of some income being fully or partially exempt from income taxes due to various operating and financing activities.

Repatriation of Current Year Foreign Earnings to the U.S.

During the second half of 2016, we expect to repatriate to the U.S. a portion of our 2016 foreign earnings to satisfy our 2016 U.S.-based cash flow needs. The amount to be repatriated to the U.S. will depend on, among other things, our actual 2016 foreign earnings and our actual 2016 U.S.-based cash flow needs. Our historical foreign earnings will continue to remain indefinitely reinvested, and, if we do not generate sufficient current year foreign earnings to repatriate to the U.S. in any future given year, we expect to have adequate access to capital in the U.S. to allow us to satisfy our U.S.-based cash flow needs in that year. Therefore, historical foreign earnings and future foreign earnings that are not repatriated to the U.S. will

NOTE 11—TAXES (Continued)

remain indefinitely reinvested and will be used to service our foreign operations, non-U.S. debt, and to fund future acquisitions. For additional information about our undistributed foreign earnings, refer to Note 11 of the Notes to Consolidated Financial Statements in our Form 10-K.

NOTE 12—EARNINGS PER SHARE

We calculate our basic earnings per share by dividing net income by the weighted average number of shares and participating securities outstanding during the period. Our diluted earnings per share are calculated in a similar manner, but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share.

The following table summarizes our basic and diluted earnings per share calculations for the periods presented (in millions, except per share data; per share data is calculated prior to rounding):

	First Quarter	
	2016	2015
Net income	$ 66	$ 96
Basic weighted average shares outstanding	228	235
Effect of dilutive securities[(A)]	4	5
Diluted weighted average shares outstanding	232	240
Basic earnings per share	$0.29	$0.41
Diluted earnings per share	$0.29	$0.40

(A) Options to purchase 7.5 million and 7.9 million shares were outstanding at April 1, 2016 and April 3, 2015, respectively. During the first quarter of 2016 and 2015, options to purchase 0.9 million and 1.0 million shares, respectively, were not included in the computation of diluted earnings per share because the effect of including these options in the computation would have been antidilutive. The dilutive impact of the remaining options outstanding in each period was included in the effect of dilutive securities.

We did not repurchase any shares in the first quarter of 2016 and do not intend to repurchase additional outstanding shares prior to the closing of the Merger (expected to be during the second quarter of 2016). During the first quarter of 2015, we repurchased 6.9 million shares under our share repurchase program. Refer to Note 16.

During the first quarter of 2016, we issued an aggregate of 0.6 million shares of common stock in connection with the exercise of share options with a total intrinsic value of $20 million.

Dividend payments on our common stock totaled $68 million and $65 million during the first quarter of 2016 and 2015, respectively. In February 2016, our Board of Directors approved a $0.02 per share increase in our quarterly dividend from $0.28 per share to $0.30 per share beginning in the first quarter of 2016.

NOTE 13—OPERATING SEGMENT

We operate in one industry and have one operating segment (our Europe operating segment). This segment derives its revenues from marketing, producing, and distributing nonalcoholic beverages. No single customer accounted for more than 10 percent of our net sales during the first quarter of 2016 or 2015.

Our segment operating income includes the segment's revenue less substantially all the segment's cost of production, distribution, and administration. We evaluate the segment's performance based on several factors, of which net sales and operating income are the primary financial measures.

Mark-to-market gains (losses) related to our non-designated commodity hedges are recognized in the earnings of our Corporate segment until such time as the underlying hedged transaction affects the earnings of our Europe operating segment. In the period the underlying hedged transaction occurs, the accumulated mark-to-market gains (losses) related to the hedged transaction are reclassified from the

NOTE 13—OPERATING SEGMENT (Continued)

earnings of our Corporate segment into the earnings of our Europe operating segment. This treatment allows our Europe operating segment to reflect the true economic effects of the underlying hedged transaction in the period the hedged transaction occurs without experiencing the mark-to-market volatility associated with these non-designated commodity hedges. For additional information about our non-designated hedges, refer to Note 7.

The following table summarizes selected segment financial information for the periods presented (in millions):

	Europe	Corporate	Consolidated
First Quarter 2016:			
Net sales[A]	$1,517	$ —	$1,517
Operating income (loss)[B][C]	162	(40)	122
First Quarter 2015:			
Net sales[A]	$1,631	$ —	$1,631
Operating income (loss)[B]	190	(32)	158

(A) The following table summarizes the contribution of total net sales by country as a percentage of total net sales for the periods presented:

	First Quarter	
	2016	2015
Net sales:		
Great Britain	34%	35%
France	31	30
Belgium	15	15
The Netherlands	8	8
Norway	6	7
Sweden	6	5
Total	100%	100%

(B) Our Corporate segment earnings include net mark-to-market gains on our non-designated commodity hedges totaling $3 million for the first quarter of 2016 and net mark-to-market gains of $2 million for the first quarter of 2015. As of April 1, 2016, our Corporate segment earnings included net mark-to-market losses on non-designated commodity hedges totaling $35 million. These amounts will be reclassified into the earnings of our Europe operating segment when the underlying hedged transactions occur. For additional information about our non-designated hedges, refer to Note 7.

(C) For the first quarter of 2016, operating income in our Corporate and Europe segments included Merger related expenses totaling $11 million and $1 million, respectively. For additional information about the Merger, refer to Note 2.

NOTE 14—RESTRUCTURING ACTIVITIES

The following table summarizes our restructuring costs for the periods presented (in millions):

	First Quarter	
	2016	2015
Europe[A]	$31	$ 9
Corporate	—	—
Total	$31	$ 9

(A) During the first quarter of 2016, we incurred $31 million of restructuring costs under our Belgium supply chain optimization project. During the first quarter of 2015, we incurred $9 million related to other restructuring activities.

Belgium Supply Chain Optimization Project

In the fourth quarter of 2015, we announced the relocation and restructuring of certain production operations in Belgium designed to optimize the efficiency and effectiveness of our supply chain. We expect

NOTE 14—RESTRUCTURING ACTIVITIES (Continued)

to be substantially complete with this program by the end of 2016 and anticipate nonrecurring restructuring charges of approximately $55 million, primarily comprised of severance costs and accelerated depreciation. During the first quarter of 2016, we recorded nonrecurring restructuring charges under this program totaling $31 million. As of April 1, 2016, we had incurred $37 million in cumulative expenses related to the project. Substantially all nonrecurring restructuring charges related to this program are included in SD&A on our Condensed Consolidated Statements of Income.

The following table summarizes these restructuring charges for the periods presented (in millions):

	Severance Pay and Benefits	Accelerated Depreciation[B]	Other	Total
Balance at January 1, 2016	$—	$—	$—	$—
Provision	29	2	—	31
Cash payments	—	—	—	—
Noncash items	—	(2)	—	(2)
Balance at April 1, 2016[A]	$29	$—	$—	$29

(A) Substantially all of the amounts are included in accounts payable and accrued expenses on our Condensed Consolidated Balance Sheets.

(B) Accelerated depreciation represents the difference between the depreciation expense of the asset using the original useful life and the depreciation expense of the asset under the reduced useful life due to the restructuring activity.

NOTE 15—ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

AOCI is comprised of net income and other adjustments, including foreign currency translation adjustments, hedges of our net investments in our foreign subsidiaries, changes in the fair value of certain derivative financial instruments qualifying as cash flow hedges, and pension plan adjustments. We do not provide income taxes on currency translation adjustments (CTA), as the historical earnings from our foreign subsidiaries are considered to be indefinitely reinvested. If current year earnings are repatriated, the amount to be repatriated is determined in U.S. dollars and converted to the equivalent amount of foreign currency at the time of repatriation; therefore, the repatriation of current year earnings does not have an impact on the CTA component of our AOCI balance.

The following table summarizes the change in the components of our AOCI balance for the periods presented (in millions; all amounts are presented net of tax):

	Currency Translations	Net Investment Hedges	Cash Flow Hedges[A]	Pension Plan Adjustments[B]	Total
Balance at January 1, 2015	$(441)	$ 112	$(18)	$(367)	$ (714)
Other comprehensive (loss) income before reclassifications	(337)	106	(11)	(85)	(327)
Amounts reclassified from AOCI	—	—	22	22	44
Net change in other comprehensive (loss) income	(337)	106	11	(63)	(283)
Balance at December 31, 2015	(778)	218	(7)	(430)	(997)
Other comprehensive (loss) income before reclassifications	64	(121)	25	—	(32)
Amounts reclassified from AOCI	—	—	(13)	6	(7)
Net change in other comprehensive (loss) income	64	(121)	12	6	(39)
Balance at April 1, 2016	$(714)	$ 97	$ 5	$(424)	$(1,036)

(A) For additional information about our cash flow hedges, refer to Note 7.

(B) For additional information about our pension plans, refer to Note 10.

NOTE 16—SHARE REPURCHASE PROGRAM

Beginning in October 2010, our Board of Directors approved a series of resolutions authorizing the repurchase of shares of our stock. Since 2010, we have repurchased $4.3 billion in outstanding shares, representing 125.9 million shares, under these resolutions. In December 2014, our Board of Directors approved a resolution to authorize additional share repurchases for an aggregate price of not more than $1.0 billion. We currently have $969 million in authorized share repurchases remaining under the December 2014 resolution. We did not repurchase any shares in the first quarter of 2016 and do not intend to repurchase additional outstanding shares prior to the closing of the Merger (expected to be during the second quarter of 2016).

We can repurchase shares in the open market and in privately negotiated transactions. Repurchased shares are added to treasury stock and are available for general corporate purposes, including acquisition financing and the funding of various employee benefit and compensation plans. In addition to market conditions, we consider alternative uses of cash and/or debt, balance sheet ratios, and shareowner returns when evaluating share repurchases. For additional information about our share repurchase program, refer to Note 16 of the Notes to Consolidated Financial Statements in our Form 10-K.

The following table summarizes the share repurchase activity for the periods presented (in millions, except per share data):

	First Quarter	
	2016	2015
Number of shares repurchased	—	6.9
Weighted average purchase price per share	$—	$43.69
Amount of share repurchases[(A)]	$—	$ 300

(A) Total cash paid in the first quarter of 2015 for share repurchases totaled $313 million due to the timing of settlement.

NOTE 17—FAIR VALUE MEASUREMENTS

The following tables summarize our non-pension financial assets and liabilities recorded at fair value on a recurring basis (at least annually) as of the dates presented (in millions):

	April 1, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets[(A)]	$ 70	$—	$ 70	$—
Derivative liabilities[(A)]	$143	$—	$143	$—

	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets[(A)]	$47	$—	$47	$—
Derivative liabilities[(A)]	$75	$—	$75	$—

(A) We are required to report our derivative instruments at fair value. We calculate our derivative asset and liability values using a variety of valuation techniques, depending on the specific characteristics of the hedging instrument, taking into account credit risk. The fair value of our derivative contracts (including forwards, options, cross-currency swaps, and interest rate swaps) is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and, therefore, our derivative contracts have been classified as Level 2. Inputs used in these standard valuation models include the applicable spot, forward, and discount rates which are current as of the valuation date. The standard valuation model for our option contracts also includes implied volatility which is specific to individual options and is based on rates quoted from a widely used third-party resource.

COCA-COLA IBERIAN PARTNERS, S.A.U.
AND SUBSIDIARIES

Consolidated Financial Statements for the years ended December 31, 2015, December 31, 2014 and December 31, 2013

INDEPENDENT AUDITORS' REPORT

To the Sole Director of Coca-Cola Iberian Partners, S.A.U.:

We have audited the accompanying consolidated financial statements of Coca-Cola Iberian Partners, S.A.U. (formerly known as Coca-Cola Iberian Partners, S.A.) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2015, 2014 and 2013, and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Coca-Cola Iberian Partners, S.A.U. and its subsidiaries as of December 31, 2015, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Deloitte, S.L.
Madrid, Spain
March 14, 2016

COCA-COLA IBERIAN PARTNERS, S.A.U. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Thousands of Euros)

ASSETS	Note	2015	2014	2013
NON-CURRENT ASSETS:		**1,590,247**	**1,721,973**	**1,784,642**
Goodwill	**6 and 7**	**816,211**	**816,211**	**816,211**
Intangible assets	**8**	**26,386**	**33,727**	**17,142**
Property, plant and equipment	**9**	**651,794**	**762,887**	**807,371**
Investment properties		**1,550**	**1,882**	**1,901**
Non-current investments	**11.1**	**4,133**	**4,011**	**14,269**
Deferred tax assets	**18.5**	**90,173**	**103,255**	**127,748**
CURRENT ASSETS		**1,050,760**	**892,476**	**804,904**
Inventories	**12**	**143,963**	**168,808**	**175,872**
Trade and other receivables		**532,096**	**486,768**	**510,293**
Trade receivables	11.2	371,015	329,251	413,880
Trade receivables from associates and related parties	11.2 and 20.2	3,207	5,578	4,150
Other receivables	11.2	12,485	10,250	2,121
Personnel	11.2	1,735	756	2,509
Current tax assets	18.1	4,513	6,710	10,433
Public entities, other	18.1	139,141	134,223	77,200
Current investments in associates and related parties	**20.2**	**203**	**862**	**—**
Current investments	**11.1**	**51,623**	**12,854**	**61,928**
Prepayments for current assets		**2,355**	**7,070**	**8,724**
Cash and cash equivalents	**11.3**	**213,658**	**216,114**	**48,087**
Assets classified as held for distribution to shareholder	**13**	**106,862**	**—**	**—**
TOTAL ASSETS		**2,641,007**	**2,614,449**	**2,589,546**
EQUITY AND LIABILITIES				
EQUITY:	**14**	**2,109,754**	**2,072,496**	**1,896,939**
CAPITAL AND RESERVES		**2,109,745**	**2,071,699**	**1,894,887**
Capital	**6**	**1,517,000**	**1,517,000**	**1,517,000**
Share premium	**6**	**275,262**	**275,262**	**275,262**
Retained earnings		**126,360**	**102,334**	**(5,210)**
Profit for the year attributable to the Parent		**191,123**	**177,103**	**107,835**
ACCUMULATED OTHER COMPREHENSIVE INCOME		**9**	**9**	**9**
NON-CONTROLLING INTERESTS		**—**	**788**	**2,043**
NON-CURRENT LIABILITIES		**75,278**	**86,999**	**111,643**
Non-current provisions	**16.1**	**12,331**	**8,584**	**9,892**
Interest-bearing loans and borrowings	**17**	**31,350**	**40,719**	**55,191**
Bank borrowings		—	1,430	8,423
Finance lease payables	10.1	29,678	32,257	35,013
Other financial liabilities		1,672	7,032	11,755
Deferred tax liabilities	**18.6**	**31,597**	**37,696**	**46,560**
CURRENT LIABILITIES		**455,975**	**454,954**	**580,964**
Current provisions	**16.1**	**—**	**14,764**	**105,868**
Interest-bearing loans and borrowings	**17**	**5,292**	**13,897**	**39,602**
Bank borrowings		—	2,889	18,052
Finance lease payables	10.1	2,539	2,396	2,564
Other financial liabilities		2,753	8,612	18,986
Current debt in associates and related parties	**20.2**	**—**	**—**	**3,089**
Trade and other payables		**433,555**	**426,054**	**429,287**
Suppliers and trade payables		342,140	337,708	312,259
Payables to associates and related parties	20.2	1,750	4,630	3,004
Deposit liabilities	5.13	34,048	42,745	34,568
Personnel		23,130	16,387	19,130
Current tax liabilities	18.1	5,642	8,740	32,854
Public entities, other	18.1	26,845	15,844	27,472
Current accruals		**875**	**239**	**3,118**
Liabilities classified as held for distribution to shareholder	**13**	**16,253**	**—**	**—**
TOTAL EQUITY AND LIABILITIES		**2,641,007**	**2,614,449**	**2,589,546**

Notes 1 to 24 and Appendix I to the accompanying consolidated financial statements are an integral part of the consolidated statement of financial position at December 31, 2015, December 31, 2014 and December 31, 2013.

COCA-COLA IBERIAN PARTNERS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEARS ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Thousands of Euros)

	Note	2015	2014	2013
Revenue	**19.1**	**2,919,791**	**2,831,518**	**1,834,713**
Product sales		2,919,322	2,830,797	1,830,876
Rendering of services		469	721	3,837
Changes in inventories of finished goods and work in progress		**(13,881)**	**7,030**	**(39,956)**
Own work capitalized	**8**	**3,233**	**—**	**—**
Supplies	**19.2**	**(1,185,820)**	**(1,223,699)**	**(763,411)**
Merchandise used		(9,736)	(17,380)	(10,929)
Raw materials and other consumables used		(1,168,901)	(1,205,609)	(751,437)
Subcontracted work		—	—	(1,061)
Impairment of merchandise, raw materials and other supplies		(7,183)	(710)	16
Other operating income		**29,697**	**29,796**	**15,071**
Non-trading and other operating income		27,883	28,929	14,474
Operating grants taken to income		1,814	867	597
Personnel expenses	**19.3**	**(335,599)**	**(318,975)**	**(178,939)**
Salaries and wages		(268,761)	(245,553)	(138,724)
Employee benefits expense		(66,838)	(73,422)	(40,215)
Other operating expenses		**(1,040,599)**	**(1,007,062)**	**(619,679)**
External services	19.4	(1,031,677)	(990,879)	(612,675)
Other taxes		(6,583)	(9,870)	(5,643)
Losses, impairment and changes in trade provisions	11.2	(2,336)	(3,285)	(690)
Other operating expenses		(3)	(3,028)	(671)
Amortization and depreciation	**8, 9**	**(92,921)**	**(92,996)**	**(60,848)**
Non-financial and other capital grants		**2,763**	**3,134**	**2,155**
Provision surpluses		**—**	**530**	**1,461**
Impairment and gains/(losses) on disposal of property, plant and equipment:		**(13,820)**	**1,850**	**720**
Impairment and losses	8, 9	(13,718)	538	(6)
Gains/(losses) on disposal		(102)	1,312	726
Other income and expenses	**19.5**	**(5,376)**	**7,391**	**(119,168)**
RESULTS FROM OPERATING ACTIVITIES		**267,468**	**238,517**	**72,119**
Finance income		**2,702**	**2,096**	**896**
Finance expenses		**(2,104)**	**(2,910)**	**(2,579)**
Change in fair value of financial instruments		**—**	**—**	**14**
Exchange gains/(losses)		**(277)**	**(16)**	**(3)**
Impairment and gains/(losses) on disposal of financial instruments		**—**	**—**	**201**
NET FINANCE INCOME/(EXPENSE)		**321**	**(830)**	**(1,471)**
PROFIT BEFORE TAX		**267,789**	**237,687**	**70,648**
Income tax (expense)/income	**18.3, 18.4**	**(76,802)**	**(60,851)**	**37,334**
NET PROFIT		**190,987**	**176,836**	**107,982**
(Profit) / loss attributable to non-controlling interests	14	136	267	(147)
Profit attributable to the Parent		**191,123**	**177,103**	**107,835**
Earnings per share for profit attributable to Parent (expressed as Euro per share)	**23**	**0.13**	**0.12**	**0.07**

Notes 1 to 24 and Appendix I to the accompanying consolidated financial statements are an integral part of the consolidated statement of profit or loss for the years ended December 31, 2015, December 31, 2014 and December 31, 2013.

COCA-COLA IBERIAN PARTNERS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Thousands of Euros)

	Note	2015	2014	2013
NET PROFIT		**190,987**	**176,836**	**107,982**
OTHER COMPREHENSIVE INCOME RECOGNIZED DIRECTLY IN EQUITY				
Items that will not be reclassified subsequently to profit or loss		—	—	—
Items that may be reclassified subsequently to profit or loss		—	—	—
TRANSFERS TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS		—	—	—
TOTAL COMPREHENSIVE INCOME		**190,987**	**176,836**	**107,982**
Total comprehensive income attributable to:				
—The Parent		191,123	177,103	107,835
—Non-controlling interests	14	136	267	(147)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME		**190,987**	**176,836**	**107,982**

Notes 1 to 24 and Appendix I to the accompanying consolidated financial statements are an integral part of the consolidated statement of other comprehensive income for the years ended December 31, 2015, December 31, 2014 and December 31, 2013.

COCA-COLA IBERIAN PARTNERS, S.A.U. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Thousands of Euros)

	Note	Capital	Share premium	Retained earnings	Treasury shares	Profit for the year attributable to the Parent	Accumulated other comprehensive income	Non-controlling interests	Total
Opening balance at January 1, 2013		**60**	**—**	**—**	**—**	**(1)**	**—**	**—**	**59**
Distribution of profit		—	—	(1)	—	1	—	—	—
Non-monetary contribution	1	1,517,000	275,262	—	—	—	—	—	1,792,262
Business combination		—	—	—	—	—	9	2,310	2,319
Other minor adjustments		—	—	(5,323)	—	—	—	—	(5,323)
Closing balance		**1,517,060**	**275,262**	**(5,324)**	**—**	**—**	**9**	**2,310**	**1,789,317**
Total comprehensive income		—	—	—	—	107,835	—	147	107,982
Transactions with shareholders									
Acquisition of treasury shares		—	—	—	(60)	—	—	—	(60)
Capital reduction through cancellation of treasury shares		(60)	—	—	60	—	—	—	—
Changes in the scope of consolidation		—	—	114	—	—	—	(335)	(221)
Dividends		—	—	—	—	—	—	(79)	(79)
Balance at December 31, 2013		**1,517,000**	**275,262**	**(5,210)**	**—**	**107,835**	**9**	**2,043**	**1,896,939**
Total comprehensive income		—	—	—	—	177,103	—	(267)	176,836
Distribution of profit		—	—	107,835	—	(107,835)	—	—	—
Transactions with shareholders									
Transaction with non-controlling interest	3.7	—	—	—	—	—	—	(978)	(978)
Dividends		—	—	—	—	—	—	(10)	(10)
Other		—	—	(291)	—	—	—	—	(291)
Balance at December 31, 2014		**1,517,000**	**275,262**	**102,334**	**—**	**177,103**	**9**	**788**	**2,072,496**
Total comprehensive income		—	—	—	—	191,123	—	(136)	190,987
Distribution of profit		—	—	177,103	—	(177,103)	—	—	—
Transactions with shareholders									
Transaction with non-controlling interest	3.7	—	—	(2,895)	—	—	—	(652)	(3,547)
Dividends	14	—	—	(150,000)	—	—	—	—	(150,000)
Other		—	—	(182)	—	—	—	—	(182)
Balance at December 31, 2015		**1,517,000**	**275,262**	**126,360**	**—**	**191,123**	**9**	**—**	**2,109,754**

Notes 1 to 24 and Appendix I to the accompanying consolidated financial statements are an integral part of the consolidated statement of changes in equity for the years ended December 31, 2015, December 31, 2014 and December 31, 2013.

COCA-COLA IBERIAN PARTNERS, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015, DECEMBER 31, 2014 AND DECEMBER 31, 2013

(Thousands of Euros)

	Note	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		**268,752**	**200,979**	**43,915**
Profit before tax		**267,789**	**237,687**	**70,648**
Adjustments to profit		**113,930**	**9,612**	**174,693**
Amortization and depreciation		92,921	92,996	60,848
Impairment losses		9,671	13,182	31,314
Change in provisions		3,835	(92,412)	83,008
Profit from derecognition and disposals of property, plant and equipment		13,820	(1,850)	—
Own work capitalized	8	(3,233)	—	—
Recognition of government grants		(2,763)	(3,134)	(2,177)
Finance income		(2,702)	(2,096)	(896)
Finance costs		2,104	2,910	2,579
Exchange gains/(losses)		277	16	3
Change in fair value of financial instruments		—	—	14
Working capital adjustments		**(46,007)**	**21,583**	**(199,743)**
Inventories		9,939	(2,676)	41,119
Trade and other receivables		(49,507)	71,836	(23,960)
Other current assets		1,428	(53,616)	4,400
Trade and other payables		1,373	35,252	(141,302)
Other current liabilities		(9,052)	(17,250)	(21,415)
Other assets and liabilities		(188)	(11,963)	(58,585)
Other cash flows from operating activities		**(66,960)**	**(67,903)**	**(1,683)**
Interest paid		(2,104)	(2,910)	(2,579)
Interest received		2,702	2,096	896
Income tax paid		(67,558)	(67,089)	—
CASH FLOWS FROM INVESTING ACTIVITIES		**(112,100)**	**(4,757)**	**54,982**
Payments for investments		**(138,773)**	**(72,742)**	**49,831**
Related parties		—	(862)	—
Purchase of property, plant and equipment, and investment property	9	(81,885)	(49,254)	(30,820)
Purchase of intangible assets	8	(5,076)	(22,627)	(5,006)
Integration accounted for under the acquisition method	6	—	1	73,139
Integration of entities under common control	6	—	—	12,518
Other financial assets	11	(51,812)	—	—
Proceeds from disposals		**26,673**	**67,985**	**5,151**
Property, plant and equipment and investment property		13,919	8,653	4,766
Intangible assets		—	—	385
Other financial assets		12,754	59,332	—
CASH FLOWS USED IN FINANCING ACTIVITIES		**(158,831)**	**(28,179)**	**(50,807)**
Proceeds from and payments for equity instruments		**(3,547)**	**—**	**(282)**
Issue of equity instruments		—	—	113
Acquisition of own equity instruments		—	—	(60)
Other acquisitions	3.7	(3,547)	—	—
Disposal of own equity instruments		—	—	(335)
Proceeds from and payments for financial liability instruments		**(5,284)**	**(28,169)**	**(50,446)**
Redemption and repayment of bank borrowings		(5,284)	(25,080)	(50,446)
Redemption and repayment of borrowings with related parties		—	(3,089)	—
Dividends and interest on other equity instruments paid		**(150,000)**	**(10)**	**(79)**
Dividends	14	(150,000)	(10)	(79)
EFFECT OF EXCHANGE RATE FLUCTUATIONS		**(277)**	**(16)**	**(3)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(2,456)**	**168,027**	**48,087**
Cash and cash equivalents at the beginning of the year	11.3	216,114	48,087	—
Cash and cash equivalents at the end of the year	11.3	213,658	216,114	48,087

Notes 1 to 24 and Appendix I to the accompanying consolidated financial statements are an integral part of the consolidated statement of cash flows for the years ended December 31, 2015, December 31, 2014 and December 31, 2013.

COCA-COLA IBERIAN PARTNERS, S.A.U. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Coca-Cola Iberian Partners, S.A.U. (the "Company" or the "Parent") was incorporated for an indefinite period on October 3, 2012 under the name Ibérica de Bebidas no Alcohólicas, S.A. The Company changed its name pursuant to a resolution at the General Shareholders Meeting of March 1, 2013.

The Company's registered address is Torre de Cristal, Paseo de la Castellana 259 C- planta 9, Madrid.

The Company's purpose, as established in its statutes, is to engage in the purchase and sale, manufacture, bottling, packaging, distribution and marketing in Spain and abroad of beverages and food products, including soft drinks and sodas, fruit juices and nectars, including those sold under The Coca-Cola Company brands, in addition to food products irrespective of the conservation process and, in general, the business operations related to these activities.

Since June 1, 2013, as a result of the integration described below, the core business of the Company and its subsidiaries (together, the "Group") is the sale of soft drinks under a concession to use the brands of The Coca-Cola Company (Atlanta, USA) in Spain, Portugal and Andorra. The concession arrangement stipulates certain obligations with respect to the acquisition of raw materials and the application of common policies and shared publicity. The current concession arrangement will expire in 2023. The Company's Director believes that the concession arrangement will be renewed when it expires.

In connection with the 2015 Combination transaction described below and associated reorganization activities, until November 11, 2015, there was a Board of Directors, subsequent to that date a Sole Director ("Director" or "Sole Director") was appointed .

The ultimate controlling parent of the Company is Cobega, S.A ("Cobega" or "Cobega, S.A."), with registered address in Esplugues de Llobregat, Barcelona, in Spain. Cobega and its subsidiaries (together, the "Cobega Group") is required in Spain to prepare consolidated financial statements each year under Spanish GAAP.

The accompanying consolidated financial statements of Coca-Cola Iberian Partners, S.A.U. and Subsidiaries (the "Group"), which were obtained from the accounting records of the Parent and the Group companies, were authorized for issue by the Director of the Parent in a meeting held on March 14, 2016.

2013 Integration and Corporate Restructuring

Integration

On January 24, 2013, Compañía Asturiana de Bebidas Gaseosas, S.A., Compañía Castellana de Bebidas Gaseosas, S.L., Compañía Levantina de Bebidas Gaseosas, S.A., Norinvest Iberia, S.L., Refrescos Envasados del Sur, S.A., Cobega Embotellador, S.L.U., Bebidas Gaseosas del Noroeste, S.A. (the "Bottling Companies") and Frutos y Zumos, S.A. signed an agreement under which they would be integrated into and become wholly owned subsidiaries of the Company to manufacture, bottle, distribute and market products sold under The Coca-Cola Company brands in Spain, Andorra and Portugal on an exclusive basis.

A resolution was passed at the General Shareholders Meeting of the Parent held on May 7, 2013 to carry out a capital increase through the contribution of shares representing the share capital of the individual entities comprising the Bottling Companies and Frutos y Zumos, S.A., once the business scope to be contributed by each entity, the applicable exchange ratio and the terms of the New Bottler Agreement were agreed.

On May 31, 2013, after the share subscription period had ended, the Board of Directors of the Company resolved unanimously to execute this capital increase resolution for EUR 1,517,000 thousand via the issuance of 1,517,000,000 fully subscribed and paid shares of the same series and class and of EUR 1 par value each (see Note 6).

At the time of the contribution of shares on May 31, 2013, the companies Bebidas Gaseosas del Noroeste, S.A., Cobega Embotellador, S.L.U. and Norinvest Iberia, S.L., were under the common control of Cobega (ultimate parent of Cobega Invest, S.L., which is the main shareholder of the Company, and

1. General information (Continued)

that also consolidates the Company). A combination of companies under common control is outside the scope of International Financial Reporting Standards (IFRS) 3 *Business Combinations*, and therefore the Directors of the Company have applied the criteria described in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, using similar conceptual framework, in this case Spanish GAAP consolidation and business combination rules since Spanish GAAP uses a conceptual framework similar to IFRS. The application of this criteria resulted in the assets and liabilities of Bebidas Gaseosas del Noroeste, S.A. Cobega Embotellador, S.L.U. and Norinvest Iberia, S.L. being recorded in the accompanying IFRS consolidated financial statements of the Company at their carrying amounts in the consolidated financial statements of Cobega at the time of the share contribution and on a prospective basis since that date.

The integration into the Company of the four other entities comprising the Bottling Companies unrelated to Cobega and Frutos y Zumos, S.A. was accounted for as a business combination under IFRS 3 using the acquisition method. Under the acquisition method, Cobega, represented by the three entities it controlled, was the accounting acquirer since Cobega, the largest shareholder of the Company upon the completion of the integration, has de facto control over the Group since there are certain agreements with the shareholders that give Cobega rights in addition to its ownership percentage which enable it to control the Group. In addition, the assets and liabilities of the four bottling companies and Frutos y Zumos, S.A. were recorded in the accompanying IFRS financial statements at their fair value at the acquisition date (May 31, 2013). The Company recognized share premium for a net amount of approximately EUR 275,262 thousand related to the net assets transferred by the said entities.

For tax purposes, the Company opted to avail itself of the fiscal neutrality regime for the non-monetary contribution as set out in Articles 83, 87 and 96 of Legislative Royal Decree 4/2004, of March 5, approving the Consolidated Text of the Corporate Income Tax Act regarding the special regime for mergers, spin-offs, contributions of assets, exchanges of securities and changes of registered address of a European company or a European Cooperative from one Member State of the European Union ("EU") to another.

Corporate restructuring

As a result of the integration agreement, the Group embarked on a process in 2013 to reorganize and streamline its operations and processes, which included the decision to close down certain of the Group's production facilities and terminate the contracts of certain employees. This process was carried out mostly in 2014, although the cost was recognized mainly in 2013 at each of the Group companies involved since a detailed formal plan was adopted in 2013 and had started being announced to those affected.

At December 31, 2014 and 2013, the Directors of the Group estimated the total cost of the restructuring process for all items based on the best information available at the date of authorization for issue of the consolidated financial statements, recognizing the outstanding amount under "Current provisions" in the consolidated statement of financial position at December 31, 2014 and 2013 (see Notes 16 and 19.5). In addition, in 2013 the Group recognized a provision for impairment of specific items of property, plant and equipment to cover the estimated losses arising from the decision to close the production facilities.

During the year ended December 31, 2015, the termination of the contracts of certain employees made by the Company in connection with the integration agreement described in Notes 1 and 16.1, have been declared null and unenforceable by a judgment made by the Spanish Supreme Court. As a result, the employees affected were to be re-employed by the Group, and as a result the Group has reopened its facility in Fuenlabrada (Madrid), which had been closed following the integration, as a logistic center. In connection with this, any related redundancy payments received by the affected employees who have been reinstated must be returned to the Group. On October 9, 2015 the Company received the Court ruling arising from a further lawsuit in which the unions have demanded that 272 workers be reinstated to their former positions and job functions. The Court ruled employees, included those at Fuenlabrada, were correctly reinstated in the logistics center even if their functions are not identical, and the Court rejected the unions' request to reopen the Fuenlabrada center as a production plant.

1. General information (Continued)

At the date of issuance of these consolidated financial statements, there were 232 Company employees affected by the Spanish Supreme Court ruling, for which there is a net amount receivable to the Company for the redundancy benefits previously paid less accrued wages. The Group has initiated a process to request to the affected employees in order to recover these due amounts. The Group has sent the affected employees refund requests and, once deadlines are met, the corresponding claims will be initiated through the Spanish courts. As at December 31, 2015, the pending receivable amounts to EUR 7.5 million. These receivable balances are only recognized as assets in the consolidated statement of financial position when the recovery is considered virtually certain. The balance recognized, under "Personnel" included in the "Trade and other receivables" caption in the consolidated statement of financial position, amounts to EUR 1.3 million.

2015 Combination transaction

On August 6, 2015, the Company, Coca-Cola Enterprises, Inc. ("CCE") and The Coca-Cola Company issued a joint announcement explaining that they had entered into agreements ("the Agreements") under which the Company, CCE, Orange MergeCo, LLC ("MergeCo"), Orange U.S. HoldCo, LLC ("US HoldCo") and The Coca-Cola Company's wholly owned German subsidiary, Coca-Cola Erfrischungsgetränke GmbH, will be combined after a series of transactions resulting in the Company, CCE, and Coca-Cola Erfrischungsgetränke GmbH becoming wholly owned subsidiaries of a newly formed company, Coca-Cola European Partners Limited. a company organized under the laws of England and Wales. As part of this transaction, the equity shares of Coca-Cola European Partners Limited. will be registered with the Securities and Exchange Commission and admitted to trading on the New York Stock Exchange. These consolidated financial statements were prepared for the purpose of complying with the regulatory requirements associated with registration. In addition to the New York Stock Exchange, it is anticipated that the equity shares of Coca-Cola European Partners Limited. will be admitted to trading on the Euronext Amsterdam, Euronext London and Madrid Stock Exchange EU regulated markets.

Pursuant to the agreement by the Company and holders of its shares, Company shareholders agreed to reorganize their holdings in the Company into a new holding company, a Spanish corporation, Olive Partners, S.A. (1:1 exchange ratio). This reorganization was consummated on November 11, 2015, at which time Olive Partners, S.A. became the parent holding company acquiring 98.3% of Coca-Cola Iberian Partners, S.A.U. shares. On December 29, 2015, Olive Partners, S.A. (the "Sole Shareholder" or "Shareholder") acquired the remaining minority stake and became the owner of the shares representing 100% of the share capital of Coca-Cola Iberian Partners, S.A.U. Notwithstanding the reorganization, the entity that becomes a wholly owned subsidiary of Coca-Cola European Partners Limited will be Coca-Cola Iberian Partners, S.A.U.

Also in connection with the Agreements outlined above, certain assets and businesses considered to be non-core operations will be excluded from the 2015 Combination transaction. Historically these assets and businesses have been included in the consolidated financial statements of the Group and consist primarily of offices, production plants, and 100% of the share capital of the following companies: Aguas de Cospeito, S.L.U., Frutos y Zumos, S.A.U. and Nosoplas, S.L.U. Prior to the completion of the 2015 Combination transaction, the Group expects to distribute these assets and businesses to the existing shareholder of the Group in the form of a dividend in kind. In accordance with IFRS 5, the Group has performed an assessment of the values of these assets and liabilities held for distribution to the shareholder for which an impairment has been registered when considered necessary, even though none of them is significant. The Director does not consider the businesses included in this process to be a major line of business or geographical area of operations. See Note 13 for the detailed breakdown of assets being distributed.

2. Basis of presentation of the financial statements

2.1 Applicable financial reporting framework

This historical consolidated financial information has been prepared for the purpose of inclusion in a registration statement to be filed with the Securities and Exchange Commission (the "SEC") of the United States and in accordance with the requirements of the European Commission Prospectus Directive Regulation. The accompanying consolidated financial statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2.2 Basis of presentation

2.2.1 Standards, interpretations and/or amendments effective in the current period

The nature and the effect of the adoption of amendments effective as of January 1, 2015 are disclosed below. Although these amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group:

Amendments		Mandatory application for annual periods beginning on or after:
Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (issued in November 2013)	The amendments allow employee contributions to be deducted from service costs in the same period in which they are paid, providing certain requirements are met.	July 1, 2014
Improvements to IFRS 2010–2012 Cycle and 2011–2013 Cycle (issued in December 2013)	Minor amendments to certain standards. Amendments to IFRS 8 Operating Segments and IAS 24 Related Party Disclosures.	July 1, 2014

Additionally, in 2014 and 2013, new standards became effective which, therefore, were taken into account in the preparation of the consolidated financial statements:

New standards, amendments and interpretations approved for use	
The following amendments resulting from the annual improvements to IFRS (2010–2012 cycle):	IFRS 2 Shared-based Payments, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement.
Amendments to IAS 32 *Financial Instruments: Presentation—Offsetting Financial Assets and Financial Liabilities* (issued in December 2011)	Additional clarification regarding rules for offsetting financial assets and financial liabilities in IAS 32
Amendment of IAS 36—*Recoverable amount Disclosures for Non-Financial Assets* (issued in May 2013)	Clarifies certain disclosure requirements and requires additional information when recovery amount is based on fair value less costs of disposal
Amendments to IAS 39—Novation of Derivatives and Continuation of Hedge Accounting (issued in June 2013)	The amendments determine in what cases and according to what criteria the novation of a derivative does not make it necessary to discontinue hedge accounting.
IFRIC 21 Levies (issued in May 2013)	Guidance on when to recognize a liability for levies charged for participation by the entity in an activity on a specified date.

The Group has been applying these standards and interpretations since they became effective on January 1, 2014. This did not have a material effect on the consolidated financial statements.

2. Basis of presentation of the financial statements (Continued)

2.2.2 Standards, amendments and interpretations issued but not yet effective

At the date of authorization for issue of these consolidated financial statements, the following standards and interpretations had been issued by the IASB but had not yet become effective and not early adopted:

New standards, amendments and interpretations issued		Mandatory application for annual periods beginning on or after:
IFRS 16 *Leases* (issued in January 2016)	New standard for leases, replacing IAS 17, requires all leases to be shown on the balance sheet as if they were financed purchases. The new standard sets out the principles for the recognition, measurement, presentation and disclosures of leases,	January 1, 2019
IFRS 9 *Financial Instruments* (last phase issued in July 2014)	Replaces the requirements for classifying and measuring financial assets and liabilities and for derecognition of IAS 39	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014)	New standard for recognizing revenue. The new standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. (Replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	January 1, 2018
Investment entities: Applying the consolidation exception—Amendments to IFRS 10, IFRS 12 and IAS 28	Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures	
Amendments to IAS 16 and IAS 38 *Acceptable Methods of Depreciation and Amortization* (issued in May 2014)	Clarifies acceptable methods of depreciation and amortization of property, plant and equipment, and intangible assets.	
Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (issued in May 2014)	Specifies how to recognize acquisitions of interests in a joint operation whose activity constitutes a business.	
Improvements to IFRS 2012–2014 Cycle (issued in September 2014)	Minor amendments to certain standards (IFRS 5 Assets Held for Sale, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits); IAS 34 Cross-reference from information disclosed elsewhere in the interim financial report	January 1, 2016

2. Basis of presentation of the financial statements (Continued)

New standards, amendments and interpretations issued		Mandatory application for annual periods beginning on or after:
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued in September 2014)	The IASB has made limited scope amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).	
Amendment to IAS 1 presentation of Financial Statements.	The amendment clarifies the materiality guidance in IAS 1 and how this applies to financial statements as a whole, including primary statements and notes. Additional disclosures may be necessary if the information required by IFRS is not sufficient for the understanding of the impact of particular transactions or events on the entity's financial performance.	
Equity method in separate financial statements—Amendments to IAS 27	The IASB has made amendments to IAS 27 *Separate Financial Statements* which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.	
Agriculture: Bearer Plants—Amendments to IAS 16 and IAS 41	IAS 41 *Agriculture* now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses.	

The Director of the Company is assessing the potential impact of the application of these standards, amendments and interpretations on the Group's financial statements. In principle, the Director estimates that the only standard that could have a material impact is:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* is the new comprehensive standard for accounting for revenue from customers. It superseded the following standards and interpretations currently in force: IAS 18 *Revenue*, IAS 11 *Construction Contracts*, IFRIC 13 *Customer Loyalty Programs*, IFRIC 15

2. Basis of presentation of the financial statements (Continued)

Agreements for the Construction of Real Estate, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*.

The new revenue model applies to all contracts with customers except those within the scope of other IFRSs, such as lease contracts, insurance contracts and financial instruments.

The core model of recognizing revenue is organized into five steps: step 1: identify the contract(s) with a customer, step 2: identify the performance obligations in the contract, step 3: determine the transaction price, step 4: allocate the transaction price to the performance obligations in the contract and step 5: recognize revenue when (or as) the entity satisfies a performance obligation.

2.3 Functional currency

The consolidated financial statements are presented in euros, the functional currency of the primary economic environment in which the Group entities operate and the currency in which all the Group companies primarily operate.

2.4 Responsibility for the information and estimates and accounting judgments made

The preparation of the consolidated financial statements under International Financial Reporting Standards requires the Director of the Parent to make certain accounting estimates and judgments. These are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances. Although the estimates used were based of the best information available at the date of authorization for issue of these consolidated financial statements, any change to estimates in the future would be applied prospectively from that time, and the effect of the change in the estimates would be recognized in the consolidated statement of profit or loss for the period in question.

The main estimates and assumptions used in the preparation of these consolidated financial statements were as follows:

- Useful lives of property, plant and equipment, intangible assets and investment properties
- Impairment losses on non-financial assets (property, plant and equipment, intangible assets and goodwill)
- Evaluation of occurrence and quantification of litigation, provisions, obligations, assets and contingent liabilities at year-end
- Estimate of impairment for uncollectible receivables and obsolescence of inventories
- Estimate of income tax expense and the recoverability of deferred tax assets

2.5 Comparative information

As indicated in the description of the 2013 integration in Note 1, the integration was accounted for prospectively. Therefore, the 2013 financial information with respect to the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows include the results of operation of the Group beginning June 1, 2013 as the Company as no operations prior to such date.

2.6 Changes in accounting estimates and policies and correction of errors

The effect of any change in accounting estimates is recognized prospectively in each line item of the consolidated statement of profit or loss in which the expense or income is recognized with the previous estimate.

The effect of changes in accounting policies and corrections of errors is recognized as follows: where the effect is material, the cumulative effect is recognized with an adjustment to the opening balance of

2. Basis of presentation of the financial statements (Continued)

"Reserves," and the impact of the current period is recognized in the consolidated statement of profit or loss for the period. In these cases, data for the comparative period presented together with the current period are restated.

At December 31, 2014, the Group had completed the analysis and review of the allocation of the consideration transferred related to the component of the integration accounted for using the acquisition method under IFRS 3 as more fully disclosed in Note 1. As a result of this analysis, the Group reduced the amount of "Goodwill" originally recognized at December 31, 2013 by EUR 3,888 thousand. The change in the amount was accounted for retrospectively (see Note 7).

There were no material changes in accounting policies and no corrections of errors.

3. Basis of consolidation

The following principles were applied in the preparation of the consolidated financial statements:

3.1 Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (subsidiaries). Control is achieved when the Parent:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary.

The financial statements of the subsidiaries are fully consolidated with those of the Company. Consequently, all material balances and results of transactions between consolidated companies were eliminated on consolidation.

The identifiable assets acquired and certain liabilities and contingencies assumed in a business combination are measured at their acquisition-date fair values. In accordance with IFRS 3 *Business Combinations*, the acquisition date is the date on which the acquirer obtains control of the acquiree. Any excess of the cost of acquisition over the fair values of the net identifiable assets acquired is recognized as goodwill in the consolidated statement of financial position. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is recognized in the consolidated statement of profit or loss on the acquisition date.

3. Basis of consolidation (Continued)

The results of subsidiaries acquired during the year are included in the consolidated statement of profit or loss from the effective date of acquisition to the year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated statement of profit or loss up to the date of disposal.

Non-controlling interests are measured at their proportionate share of the fair values of the recognized assets and liabilities.

The shares of non-controlling interests in the equity and profit or loss of fully consolidated companies are presented in "Non-controlling interests" on the liabilities side of the consolidated statement of financial position at December 31 and "Profit attributable to non-controlling interests" in the consolidated statement of profit or loss.

3.2 Intra-group eliminations

All debtor and creditor balances and transactions carried out among subsidiaries were eliminated on consolidation.

3.3 Uniformity of measurement

The consolidation of the companies included in the scope of consolidation was performed based on the companies' accounting records, which were prepared in accordance with the Spanish General Accounting ("Plan General de Contabilidad") for those residents in Spain and in accordance with local GAAP for the foreign companies. All significant adjustments required to adapt them to IFRS as issued by the IASB and/or standardize them with the accounting policies applied by the Parent were made in the consolidation process.

3.4 Associates

Associates are entities over which the Parent has significant influence, but not control. Usually, this influence is evidenced by a (direct or indirect) holding of 20% or more of the investee's voting power.

In the consolidated financial statements, investments in associates are accounted for using the "equity method," i.e. in the proportion of the Group's share of the capital of the investee, after adjusting for dividends received and other equity eliminations. The Group's share of the associate's profit or loss for the year is recognized in "Share of profit/(losses) of associates" in the consolidated statement of profit or loss.

Gains or losses from any transactions with associates are eliminated to the extent of the Group's interest in the associate concerned.

If an associate incurs losses to the extent that its equity becomes negative, it is recorded as zero in the Group's consolidated statement of financial position, since the Group has no obligation to support the associate financially.

The Group did not have any associates in 2015, 2014 and 2013.

3.5 Business combinations

Business combinations are accounted for by applying the acquisition method. The acquisition date is the date on which the Group obtains control of the acquiree.

The consideration transferred is determined at the acquisition date as the sum of the fair values of the assets transferred, the liabilities incurred or assumed and the equity interests issued by the Group in exchange for control of the acquiree. Other acquisition costs, such as professional fees, do not form part of the cost of the business combinations and are accounted for as expenses in the consolidated statement of profit or loss.

Meanwhile, any contingent consideration is measured at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration are recognized in the consolidated statement of profit

3. Basis of consolidation (Continued)

or loss unless the change occurs within a year, which is the period established as the provisional measurement period, in which case an adjustment is made to the amount of goodwill.

Goodwill is calculated as the difference between the aggregate of the consideration transferred, non-controlling interests and the fair value of any previously held equity interest in the acquiree, less the net identifiable assets of the acquiree.

3.6 Companies with a different year-end to the Group

Timing uniformity adjustments were made to significant transactions carried out between the reporting dates of these subsidiaries and the date of the consolidated financial statements.

The reporting period for all Group companies ends on December 31 except for Frutos y Zumos, S.A.U., which ends on August 31, and, as such, the financial information related to this company included in the accompanying consolidated financial statements had been updated through December 31.

3.7 Changes in the scope of consolidation

In January 2014, lparbal 99, S.L. acquired a 20% ownership interest in the subsidiary, Aguas del Toscal S.A., for EUR 1 million, approximately, reaching an ownership interest in such subsidiary of 80%.

The Group incorporated Coca-Cola Iberian Partners Soporte, S.L.U. in 2014 with share capital of EUR 3 thousand.

During 2015, the Group has acquired the additional 20% stake in investee Aguas del Toscal, S.A. for EUR 1,547 thousand and the additional 30% stake in investee Madrid Eco Platform, S.L. for EUR 2,000 thousand, giving the Group a 100% ownership interest of both subsidiaries at December 31, 2015.

In 2015 Olive Activos, S.L. was incorporated with a share capital of EUR 146 thousand.

These changes in the scope of consolidation are detailed in the various notes to these consolidated financial statements.

The entities in the scope of Group consolidation are detailed in Appendix I.

4. Distribution of profit

The proposed distribution of profit of Coca-Cola Iberian Partners, S.A.U. for the period ended December 31, 2015 that the Director will submit for approval by the Sole Shareholder is as follows:

	Thousands of Euros
Basis of distribution	
Profit for the year	147,030
	147,030
Distribution	
To legal reserves	14,703
To the voluntary reserve	132,327
	147,030

5. Significant accounting policies

The main accounting policies and measurement bases used by the Group in preparing the consolidated financial statements for 2015, 2014 and 2013 were as follows:

5.1 Goodwill and business combinations

The acquisition by the Parent of control of a subsidiary constitutes a business combination, which is measured using the acquisition method. In subsequent consolidations, the investment/net assets of subsidiaries is eliminated, in general based on the amounts obtained by applying the acquisition method described below on the date on which control was obtained.

Goodwill or negative goodwill arising on the combination is calculated as the difference between the aggregate of the acquisition-date fair value of the recognized assets acquired and liabilities assumed and the cost of the business combination.

The cost of a business combination is the aggregate of:

- The acquisition-date fair value of the assets transferred, the liabilities incurred or assumed and the equity instruments issued; and
- The fair value of any contingent consideration that depends on future events or compliance with certain pre-established conditions.

Costs related with the issue of equity instruments or the financial liabilities given as consideration for the acquired assets and liabilities are not included in the cost of the business combination.

Neither fees paid to legal advisors or other professionals involved in the transaction, nor expenses incurred internally on such items, are included in the cost of the combination. These amounts are recorded as expenses within the consolidated statement of profit or loss.

In a business combination achieved in stages, whereby prior to the acquisition date (date of control) the acquirer held a previous investment, goodwill or negative goodwill is determined as the difference between:

- The cost of the business combination plus the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- The value of the identifiable assets acquired less the liabilities assumed, determined in the manner described above.

Any gain or loss arising as a result of the fair value measurement at the date on which the acquirer's previously held investment in the acquiree is obtained is recognized in the consolidated statement of profit or loss. If the investment has previously been measured at fair value, valuation adjustments pending recognition in profit or loss for the year will be taken to the consolidated statement of profit or loss. The cost of the business combination is presumed to be the best reference for estimating acquisition-date fair value of any previously held investment in the acquiree.

Goodwill is not amortized and is subsequently measured at cost less any impairment losses. Impairment recognized for goodwill is not reversed in subsequent reporting periods.

If the measurement process required for the application of the acquisition method cannot be completed by the end of the reporting period in which the combination is effected, the accounting is considered provisional. The provisional values may be adjusted over the necessary period to obtain the information required. This period shall not exceed one year. The effects of the adjustments made are accounted for retrospectively, with comparative information also adjusted retrospectively as necessary.

Subsequent changes in fair value of the contingent consideration are adjusted against profit or loss, except where the contingent consideration is classified as equity, in which case subsequent changes in fair value are not recognized.

5. Significant accounting policies (Continued)

5.2 Intangible assets

As a general rule, intangible assets are measured initially at cost of acquisition or production. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment. These assets are amortized over their useful lives.

Computer software

The Group recognizes costs incurred to acquire or develop software programs under intangible assets. Maintenance costs of these assets are recognized with a charge to the consolidated statement of profit or loss for the year in which they are incurred. Computer software is amortized on a straight-line basis over three to six years.

Concession rights

The Group recognizes in this line item the authorization to use one of the springs granted to a subsidiary, Aguas del Cospeito, S.L.U. This asset establishes that the authorization for usage is granted for an unlimited time, but subject to certain causes for termination, none of which is the expiration of the term for which the right was granted, or renewal. Therefore, it is considered to have an indefinite useful life and, accordingly, it is not amortized. Annually, the Group performs an impairment test to estimate the potential loss of value that may reduce the recoverable amount of the asset to below its carrying amount (see Note 5.5). In addition, as at December 31, 2015 and in connection with the 2015 Combination transaction described in note 1, this asset has been treated as "Assets held for distribution to shareholder" (see Note 13).

5.3 Property, plant and equipment

Property, plant and equipment is measured initially at cost of acquisition or production and subsequently carried net of any accumulated depreciation and any impairment losses.

Costs incurred to enlarge, upgrade or improve the items which increase productivity, capacity or efficiency, or extend the useful life of the assets are capitalized as an increase in the cost of the related asset, while repairs and maintenance expenses are charged to the consolidated statement of profit or loss for the year in which they are incurred.

In relation to projects in progress, only the costs of execution and borrowing costs are capitalized, provided that they had been incurred before the assets became ready for their intended use and the duration of the works exceeded one year.

The Group depreciates its property, plant and equipment using the straight-line method and the declining balance method for certain items of machinery and installations, distributing the cost of the assets over the estimated useful lives, as follows:

	Years of estimated useful life
Buildings and other constructions	33–50
Technical installations and machinery	4–30
Other installations, equipment and furniture	5–10
Other property, plant and equipment	3–10

At the end of each reporting period, the Group performs an impairment test to estimate the potential loss of value that may reduce the recoverable amount of the asset to below its carrying amount (see Note 5.5).

Gains or losses arising on the disposal or retirement of an asset are determined as the difference between the carrying amount of the asset and its selling price and recognized in "Impairment and gains/ (losses) on disposal of property, plant and equipment—Results from operating activities" in the consolidated statement of profit or loss.

5. Significant accounting policies (Continued)

5.4 Investment property

The Group classifies under this line item property held, fully or partially, to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes for the Group, or for sale in the ordinary course of business.

The Group recognizes and measures investment property using the criteria established for property, plant and equipment.

5.5 Impairment of intangible assets, property, plant and equipment, investment property and goodwill

For its intangible assets with indefinite useful lives, at the end of each reporting period or whenever there are indications that any of its other assets may be impaired, the Group, through an "Impairment test," estimates the potential loss of value that may reduce the recoverable amount of the assets to below their carrying amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Recoverable amounts are calculated for each cash-generating unit, although for property, plant and equipment, whenever possible, impairment is calculated for each individual asset.

For each cash-generating unit, management draws up an annual business plan by market and activity, generally covering a three-year period. The main elements of the plan are:

- Profit projections
- Investment and working capital projections

Other variables that influence the calculation of recoverable amount include:

- Discount rate to be applied, understood as the average weighted cost of capital. The main variables influencing its calculation are the cost of liabilities and the specific risks of the assets.
- Cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or projections.

Projections are based on past experience and the best estimates available, which are consistent with external sources of information.

When an impairment loss of a cash-generating unit to which all or part of goodwill has been allocated needs to recognized, first it is allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit. If the impairment exceeds this, then it is allocated to other assets of the cash-generating unit pro rata on the basis of the carrying amount up to the limit of the highest of its fair value less costs of disposal, its value in use and zero.

When an impairment loss subsequently reverses (which is not allowed in the case of goodwill), the carrying amount of the asset or cash-generating unit is increased by the revised estimated of the asset's recoverable amount. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized as income.

Based on the Group's organizational structure and the development of activities, the entire business is considered to form a single cash-generating unit.

The impairment tests in 2015, 2014 and 2013 were carried out taking into consideration the business assumptions for a five-year period, as well as other assumptions regarding the current macroeconomic and financial environment. Forecast average annual growth in sales for the projection period is between 2%

5. Significant accounting policies (Continued)

and 4% for 2015, 2014 and 2013. In addition, the main assumptions used in 2015, 2014 and 2013 were as follows:

Discount rate	9.2
Future growth rate (“g”)	0.5

The Group also performed a sensitivity analysis of the result of the impairment test to changes in the following assumptions:

- A 100 basis point (“bp”) increase in the discount rate
- A reduction of 5% in future cash flows
- A 0% growth to perpetuity rate

The performance of a sensitivity analysis of the assumptions above did not reveal the existence of any impairment.

In this respect, the Director of the Company consider that there were no significant factors requiring modification of the estimates made at year-end 2015, 2014 or 2013 for the preparation of the impairment tests and that any potential change in fair value of the key assumptions on which the calculation of recoverable amount is based would not cause the carrying amount of the assets of the Group’s cash-generating unit to be higher or lower than the recoverable amount.

5.6 Assets and liabilities classified as held for distribution to shareholder

The Group classifies an asset as held for distribution to shareholder when it has taken the decision of distribution and has estimated that it will take place within the next twelve months.

Non-current and current assets classified as held for distribution are presented separately from the other assets in the consolidated statement of financial position. The liabilities classified as held for distribution are presented separately from other liabilities in the consolidated statement of financial position.

These assets or disposal groups are measured at the lower of carrying amount or fair value.

These assets are not amortized. However, at the end of each reporting period corrections to the valuations are carried out, if applicable.

Revenues and expenses generated by these assets, which do not meet the requirements to qualify them as discontinued operations, are recognized in the consolidated statement of profit or loss according to their nature.

5.7 Leases

Leases are classified as finance leases when the conditions of the lease agreement indicate that substantially all the risks and rewards incidental to ownership of the asset are transferred. All other leases are classified as operating leases.

Finance leases

For finance leases in which the Group acts as lessee, the Group recognizes the cost of the leased assets in the consolidated statement of financial position according to the nature of the asset and, simultaneously, a liability for the same amount. This amount is the lower of the fair value of the leased asset and the present value of the minimum lease payments agreed, including any purchase option, when it is reasonably certain that this will be exercised. Contingent rents, costs for services and taxes that may be passed on by the lessor are not included. The total finance charge on the lease is recognized in the consolidated statement of profit or loss for the year in which it is incurred, using the effective interest rate method. Contingent rents are expensed in the reporting period in which they are accrued.

5. Significant accounting policies (Continued)

The assets recognized for these types of transactions are depreciated on the basis of their nature using similar criteria to those applied to other items of property, plant and equipment.

Operating leases

Costs from operating leases are recognized in the consolidated statement of profit or loss for the year when they are incurred.

Any payment received or made on entering into an operating lease is considered as revenue received in advance or a prepayment and taken to the consolidated statement of profit or loss over the lease term in accordance with the pattern of economic benefits transferred or received.

5.8 Financial instruments

Financial assets

The financial assets held by the Group are classified into the following categories:

a. Loans and receivables: financial assets arising on the sale of goods and the rendering of services in the course of the company's trade operations, and financial assets that are neither equity instruments nor derivatives, not arising on trade transactions, with fixed or determinable payments, and which are not traded in an active market.

b. Held-to-maturity investments: debt securities with fixed or determinable payments traded in an active market which the Group has the intention and ability to hold to maturity.

Loans and receivables are initially measured at the fair value of the consideration given plus directly attributable transaction costs and subsequently at amortized cost. The Group has recognized provisions to cover the risk of uncollectibility. These provisions are calculated according to the probability of recovering the debt based on its age and the debtor's solvency. At December 31, 2015, December 31, 2014 and December 31, 2013, the fair value of these assets was not materially different from the value at which the assets were stated in the consolidated statement of financial position.

At least at each reporting date, the Group tests its financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment exists if the recoverable amount of the financial asset is less than its carrying amount. When this occurs, the impairment loss is recognized in the consolidated statement of profit or loss.

The Group derecognizes financial assets when the contractual rights to the cash flows from the financial asset expire or have been transferred, provided that substantially all the risks and rewards of ownership have been transferred. However, the Group does not derecognize financial assets which it sells while retaining substantially all the risks and rewards of ownership, instead recognizing a financial liability equal to the consideration received.

Financial liabilities

The main financial liabilities held by Group companies are financial liabilities at amortized cost. The financial liabilities held by Group companies are classified as:

1. Bank borrowings and other loans: loans from banks and other lenders are recognized at the amount received, net of direct transaction costs. Subsequently, they are measured at amortized cost. Finance charges are recognized in the consolidated statement of profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. Trade and other payables: payables arising from trade transactions are initially measured at fair value and subsequently at amortized cost using the effective interest rate.

The Group derecognizes financial liabilities when the obligations are extinguished.

5. Significant accounting policies (Continued)

Own equity instruments

An equity instrument represents a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Parent are recognized in equity for the amount of proceeds received, net of issue costs.

Treasury shares acquired by the Group are recognized at the value of the consideration paid and are deducted directly from equity. Any gain or loss on the acquisition, sale, issue or cancellation of own equity instruments is recognized directly in equity and not in profit or loss.

5.9 Valuation techniques and assumptions used to measure fair value

The fair value of financial assets and liabilities are determined as follows:

- Fair values of financial assets or liabilities with standard terms and conditions traded on active liquid markets are determined by reference to their quoted market price.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable market transactions and dealer quotes for similar instruments.
- The fair values of interest rate derivatives are determined using a discounted cash flow analysis based on the rates implied on the yield curve according to market conditions. The fair value of options is determined by applying a Black-Scholes valuation model or its variants, based on market volatilities for the strike prices and expiry dates of the options concerned.

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: inputs are 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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs are referenced to valuation techniques that include inputs for the asset or liability that are not based on observable market data (“unobservable inputs”).

The Group defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value assessment includes own credit risk.

The credit risk adjustment was determined using a technique based on calculating, through simulations of total expected exposure (including both current and potential exposure) adjusted for the probability of default over time and for loss given default (or potential loss) assigned to the Group and each of the counterparties. The total expected exposure of the derivatives was obtained using observable market inputs, such as interest rate curves, exchange rates and volatilities according to market conditions on the measurement date.

The inputs applied to obtain own credit risk and counterparty risk (determination of probability of default) were based mainly on applying own credit spreads or spreads of comparable companies currently traded in the market (Credit Default Swap-CDS- curves, and internal rate return- IRRs- of debt issues).

At December 31, 2015, 2014 and 2013, the Group did not have any financial assets or financial liabilities measured at fair value.

5. Significant accounting policies (Continued)

5.10 Cash and cash equivalents

The Group classifies under this line item cash and short-term, highly liquid investments with a maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Interest related to these transactions is recognized as income as accrued. Outstanding interest receivable at the end of the reporting period is included in the consolidated statement of financial position under this heading.

5.11 Inventories

Inventories are valued at the lower of acquisition price, production cost and net realizable value. Trade discounts, rebates or other similar items, and interest incorporated into the nominal amount are deducted from the acquisition price.

Production costs include the costs of direct materials and any direct labor and manufacturing overheads.

Net realizable value represents the estimated selling price less the estimated costs to complete the construction and the costs incurred in marketing, sale and distribution.

The Group uses the weighted average cost method to allocate the cost of its inventories. The Group makes valuation allowances and recognizes them as an expense in the consolidated statement of profit or loss when net realizable value is below purchase price (or production cost).

5.12 Income tax and other taxes

Income tax

Since the beginning of 2014, Coca-Cola Iberian Partners, S.A.U. has been subject to the consolidated tax regime set out in Chapter VII, Title VII of Legislative Royal Decree 4/2004 of March 5 approving the Consolidated Corporate Income Tax Act in Spain.

The Group companies included in the tax group in 2014 are Bebidas Gaseosas del Noroeste, S.A.U., Beganet, S.L.U., Cobega Embotellador, S.L.U., Coca-Cola Iberian Partners Gestión, S.A., Compañía Asturiana de Bebidas Gaseosas, S.A.U., Compañía para la Comunicación de Bebidas sin Alcohol, S.L., Conversia IT, S.L.U., Compañía Castellana de Bebidas Gaseosas, S.L., Compañía Levantina de Bebidas Gaseosas, S.A.U. and Refrescos Envasados del Sur, S.A.U. Coca-Cola Iberian Partners, S.A.U. is the parent of the tax group, which has tax ID number 182/14.

In 2015 Aguas de Cospeito, S.L.U., Aguas del Maestrazgo, S.L.U., Aguas del Santolín, S.A.U., Aguas del Toscal, S.A., Aguas de la Vega del Codorno, S.L.U., Nosoplas, S.L.U., Vilas del Turbón, S.A.U., CCIP Soporte, S.L.U., Peña Umbría, S.L.U., Developed System Logistic, S.L.U., Frutos y Zumos, S.A.U. and Olive Activos, S.L., have been incorporated to the referenced tax group.

Accordingly, the income tax expense reflects any advantages from unused tax losses and credits recognized in the individual tax returns of the companies in the tax group.

The corporate income tax expense includes the portion related to current tax and the portion related to deferred tax.

The current income tax is the amount that the Group pays as a result of the tax returns it files each year for corporate income tax purposes. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, and tax loss carryforwards applied in the current reporting period are accounted for as a reduction in current tax.

Deferred tax relates to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences, identified as those expected to be payable or recoverable arising between the carrying amounts of assets and liabilities and their tax bases, as well as tax loss carryforwards and unused tax losses. These amounts are measured by applying to the relevant temporary difference or tax credit the tax rate at which they are expected to be realized or settled.

5. Significant accounting policies (Continued)

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit nor taxable income.

Deferred tax assets are only recognized to the extent that it is considered probable that the Group will have future taxable income to enable their application.

Deferred tax assets and liabilities relating to items recognized directly in equity are recognized in equity.

Recognized deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to their future recoverability. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Other taxes

In addition, since January 1, 2014, the Company has availed of the special regime for groups of entities under Chapter IX, Title IX of Law 37/1992 on value added tax (VAT), together with certain group companies. The VAT tax group number is 107/14.

5.13 Recognition of revenue and expenses

Revenue and expenses are recorded according to the accruals principle, that is, at the moment the goods or services transactions represented by them take place, regardless of when actual payment or collection occurs. Revenue is measured at the fair value of the consideration received less discounts and taxes.

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the good sold, and retains neither continuing managerial involvement nor effective control over the goods sold.

Revenue from the rendering of services is recognized when the outcome of the transaction can be estimated reliably, taking into account the stage of completion of the transaction at the reporting date.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment is established. In any event, interest and dividend income on financial assets accrued after the date of acquisition is recognized as income in the consolidated statement of profit or loss.

Under current legislation, companies that sell soft drinks must charge a deposit for the delivery of returnable containers and packaging. This deposit is refunded to the customer as the containers and packaging are returned. The Company registers this liability in the consolidated statement of financial position under "Deposit liabilities".

5.14 Provisions and contingencies

In preparing the consolidated financial statements, the Parent's Director made a distinction between:

- Provisions: credit balances covering present obligations arising from past events, the settlement of which is likely to cause an outflow of resources, but which are uncertain as to their amount and/or timing.
- Contingent liabilities: possible obligations arising from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group.

The consolidated financial statements include all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

5. Significant accounting policies (Continued)

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation or transfer it, taking into account the information available on the event and its consequences. Adjustments arising from the discounting of the provision are recognized as a finance expense when accrued.

5.15 Environmental assets and liabilities

Items of property, plant and equipment earmarked for environmental purposes are measured at cost less any accumulated depreciation. Costs incurred to enlarge, upgrade or improve property; plant and equipment which increase productivity, capacity or extend the useful life of the asset are capitalized as an increase in the related asset.

Environmental expenditures are recorded according to the accruals principle, that is, at the moment the goods or services transactions represented by them take place, regardless of when actual payment or collection occurs.

Group policy is to account for potential commitments at the moment it has knowledge of them.

5.16 Termination benefits

Under current labor legislation, the Group is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can reasonably be quantified are recognized as an expense when the decision is made to terminate the employment and a valid expectation with respect to third parties regarding the termination has been created.

"Current provisions" in the liabilities side of the statement of financial position at December 31, 2014 and 2013 included restructuring costs not yet incurred related to the integration process described in Note 1, including the best estimate of termination benefits the Group will have to pay as a result of this process. This has been resolved during 2015.

5.17 Employee benefits

In accordance with the applicable collective bargaining agreement:

- Some subsidiaries have an obligation to pay a length-of-service bonus. The provision recognized to cover this bonus is detailed in Note 16.1 and presents the present value, calculated based on actuarial studies by independent experts, of the future payment obligations assumed by the Company with its employees.
- The subsidiary Compañía Castellana de Bebidas Gaseosas, S.L. must pay a special bonus to employees who retire between the ages of 60 and 65 provided that they have rendered 15 years of service at the company. This obligation has been externalized, thus the contribution amount of each year is recognized in the "Personnel expenses" in the consolidated statement of profit or loss (Note 19.3). Other Group companies with these obligations are accounted for on a cash basis according to the actual experience accumulated for this arrangement and the Director considers that if they were to be recognized on an accrual basis, the effect would not be material on the accompanying consolidated financial statements. The amount recognized in the consolidated statement of profit or loss in 2015, 2014 and 2013 for this item is immaterial.
- The subsidiary Compañía Castellana de Bebidas Gaseosas, S.L. ("Casbega") operates a defined contribution pension plan for all its employees contributing a percentage of their salaries to the Casbega external pension plan, which meets the requirements of Royal Decree 1588/1999 of October 15. The administrator and depositary of this plan is VidaCaixa. The contributions by the Company in connection with this plan are recognized within "Personnel expenses" in the consolidated statement of profit or loss (Note 19.3).

5. Significant accounting policies (Continued)

5.18 Grants, donation and bequests

The Group uses the following criteria for the recognition of grants, donations and bequests received:

- Non-refundable grants, donations and bequests: measured at the fair value of the amount or asset awarded, depending on whether they are monetary or non-monetary grants, donations and bequests, and allocated to profit in proportion with the amortization or depreciation charges for those assets, or when the assets are disposed of or impaired, except for those received from partners or owners, which are recognized directly in other financial liabilities and are not considered income.
- Refundable grants: recognized as liabilities as long as they remain repayable.
- Operating grants: taken to profit or loss when awarded, unless they are earmarked to finance operating losses for a future period, in which case they are recognized in those periods. Those awarded to finance specific expenses are recognized as the financed expenses are accrued.

5.19 Related party transactions

The Group carries out all transactions with related parties at market values. In addition, transfer prices are adequately supported, so the Group's Director considers that there are no risks in this connection that could lead to significant liabilities in the future.

5.20 Current/non-current classification

Current assets comprise assets associated with the normal operating cycle, which generally is considered to be one year, as well as those expected to mature, or to be sold or realized in the short term, financial assets held for trading, except financial derivatives that will be settled in more than one year, and cash and cash equivalents. All other assets are classified as non-current.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities classified as held for trading, except financial derivatives that will be settled in more than one year, and, in general, all liabilities expected to fall due or to be extinguished in the short term. All other liabilities are classified as non-current.

5.21 Consolidated statement of cash flows

The following terms, with the meanings specified, are used in the consolidated statement of cash flows, which was prepared using the indirect method:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly-liquid investments that are subject to an insignificant risk of changes in value.
2. Operating activities: the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
3. Investing activities: the acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

6. Integration

On June 1, 2013, all the "Bottling Companies" of the "The Coca-Cola Company" brands in Spain, Portugal and Andorra including Frutos y Zumos, S.A. were integrated (see Note 1).

The Group allocated, at the acquisition date, the consideration transferred with respect to the component of the integration was accounted for using the acquisition method, recognizing the identifiable assets, liabilities and contingent liabilities at their fair values. The total value of the consideration transferred as well as the net assets of entities under common control of Cobega was EUR 1,792,262 thousand. The

6. Integration (Continued)

assets acquired and liabilities assumed in the integration are detailed in the various sections of these notes to the consolidated financial statements as "Additions to the scope of consolidation" in 2013, presented for comparative purposes.

In addition, at December 31, 2013, the consideration transferred with respect to the component of the integration, accounted for using the acquisition method, was provisionally allocated as the fair value as of date of acquisition, as applicable, was still being studied, analyzed and reviewed. A portion of the consideration transferred amounting to EUR 50,567 thousand was allocated to items of property, plant and equipment, comprising land and buildings, and EUR 15,170 thousand in deferred tax. The allocation of the consideration transferred in regards the component of the integration accounted for using the acquisition method was completed on 2014 and shown below as well as the assets and liabilities of the entities under the common control of Cobega:

	Thousands of Euros		
	Entities unrelated to Cobega (non controlling)	Entities under the common control of Cobega	Total
Total consideration transferred (Capital+share premium)	1,218,471	573,791	1,792,262
Intangible assets (Note 8)	2,030	12,602	14,632
Property, plant and equipment (Note 9)	390,590	480,269	870,859
Deferred tax assets	9,754	21,489	31,243
Inventories	129,865	86,500	216,365
Trade and other receivables	149,651	264,726	414,377
Cash and cash equivalents	73,139	12,518	85,657
Other assets	23,372	12,467	35,839
Interest-bearing loans and borrowings	(84,276)	(39,442)	(123,718)
Deferred tax liabilities	(27,660)	(30,528)	(58,188)
Trade and other payables	(240,057)	(224,238)	(464,295)
Other liabilities	(24,148)	(22,572)	(46,720)
Total value of assets and liabilities acquired	402,260	573,791	976,051
Difference—Goodwill	**816,211**	**—**	**816,211**

7. Goodwill

The Group's goodwill arose from the business combination described in Note 1 as the difference between the total value of the assets and liabilities of the four entities included in the Bottling Companies unrelated to Cobega and Frutos y Zumos, S.A. and the consideration transferred (Note 6). The goodwill is considered to have been allocated to a single cash-generating unit corresponding to the sale of soft drinks.

This goodwill is tested for impairment at least annually as described in Note 5.5. In this respect, the Directors of the Parent did not consider it necessary to recognize any impairment of goodwill in any of the periods presented.

8. Intangible assets

The movement in this item in the consolidated statement of financial position in 2015, 2014 and 2013 was as follows:

2015

	Thousands of Euros				
	Beginning balance	Additions or charges	Disposals or cancellations	Transfers (Note 13)	Closing balance
Cost:					
Concessions	6,320	—	—	(6,320)	—
Computer software	34,278	8,309	(4)	(22)	42,561
Other intangible assets	1,272	—	—	(592)	680
Total cost	41,870	8,309	(4)	(6,934)	43,241
Accumulated amortization:					
Computer software	(8,082)	(8,116)	—	20	(16,178)
Other intangible assets	(61)	(36)	—	—	(97)
Total accumulated amortization	(8,143)	(8,152)	—	20	(16,275)
Impairment:					
Concessions	—	(6,050)	—	6,050	—
Computer software	—	(580)	—	—	(580)
Total impairment losses	—	(6,630)	—	6,050	(580)
Net value:	**33,727**				**26,386**

2014

	Thousands of Euros			
	Beginning balance	Additions or charges	Disposals or cancellations	Closing balance
Cost:				
Concessions	6,320	—	—	6,320
Computer software	12,213	22,626	(561)	34,278
Other intangible assets	1,271	1	—	1,272
Total cost	19,804	22,627	(561)	41,870
Accumulated amortization:				
Computer software	(2,041)	(6,062)	21	(8,082)
Other intangible assets	(21)	(40)	—	(61)
Total accumulated amortization	(2,062)	(6,102)	21	(8,143)
Impairment:				
Computer software	(600)	—	600	—
Total impairment losses	(600)	—	600	—
Net value:	**17,142**			**33,727**

8. Intangible assets (Continued)

2013

	Thousands of Euros					
	Beginning balance	Additions to the scope of consolidation (Note 6)	Additions or charges	Disposals or cancellations	Transfers	Closing balance
Cost:						
Concessions	—	6,320	—	—	—	6,320
Computer software	—	7,032	5,006	(385)	560	12,213
Other intangible assets	—	1,271	—	—	—	1,271
Under construction and advances	—	9	—	—	(9)	—
Total cost	—	14,632	5,006	(385)	551	19,804
Accumulated amortization:						
Computer software	—	—	(2,041)	—	—	(2,041)
Other intangible assets	—	—	(21)	—	—	(21)
Total accumulated amortization	—	—	(2,062)	—	—	(2,062)
Impairment:						
Computer software	—	—	(600)	—	—	(600)
Total impairment losses	—	—	(600)	—	—	(600)
Net value:		**14,632**				**17,142**

	Thousands of Euros		
	2015	2014	2013
Concessions	—	6,320	6,320
Computer software	25,803	26,196	9,572
Other intangible assets	583	1,211	1,250
Total intangible assets	**26,386**	**33,727**	**17,142**

Additions to "Computer software" in 2015, 2014 and 2013 related mainly to upgrades of the Group's computer software and own work capitalized, amounting to EUR 3,233 thousand during 2015.

Transfers which occurred in 2015 are related to the assets classified as held for distribution to shareholder as explained in Note 13 of these consolidated financial statements.

9. Property, plant and equipment

The movement in this item in the consolidated statement of financial position in 2015, 2014 and 2013 was as follows:

2015

	Thousands of Euros				
	Beginning balance	Additions or charges	Disposals or cancellations	Transfers (Note 13)	Closing balance
Cost:					
Land and buildings	472,099	2,009	(5,110)	(83,753)	385,245
Technical installations and machinery	307,701	31,093	(3,099)	(41,482)	294,213
Other installations, equipment and furniture	54,416	6,251	(2,004)	(1,253)	57,410
Other property, plant and equipment	102,229	41,360	(9,727)	(258)	133,604
Under construction and advances	2,070	1,172	(37)	(292)	2,913
Total cost	938,515	81,885	(19,977)	(127,038)	873,385
Accumulated depreciation:					
Land and buildings	(19,236)	(12,489)	10	8,934	(22,781)
Technical installations and machinery	(69,350)	(39,613)	848	14,685	(93,430)
Other installations, equipment and furniture	(21,062)	(7,934)	220	1,253	(27,523)
Other property, plant and equipment	(35,607)	(24,726)	5,180	258	(54,895)
Total accumulated amortization	(145,255)	(84,762)	6,258	25,130	(198,629)
Impairment:					
Land and buildings	—	(6,025)	—	4,656	(1,369)
Technical installations and machinery	(30,216)	(1,063)	27	9,816	(21,436)
Other property, plant and equipment	(157)	—	—	—	(157)
Total impairment losses	(30,373)	(7,088)	27	14,472	(22,962)
Net value:	**762,887**				**651,794**

2014

	Thousands of Euros				
	Beginning balance	Additions or charges	Disposals or cancellations	Transfers	Closing balance
Cost:					
Land and buildings	470,009	1,582	(464)	972	472,099
Technical installations and machinery	295,248	13,317	(962)	98	307,701
Other installations, equipment and furniture	53,294	2,057	(15)	(920)	54,416
Other property, plant and equipment	75,582	32,250	(5,630)	27	102,229
Under construction and advances	2,229	48	(30)	(177)	2,070
Total cost	896,362	49,254	(7,101)	—	938,515
Accumulated depreciation:					
Land and buildings	(6,744)	(12,492)	—	—	(19,236)
Technical installations and machinery	(26,054)	(43,300)	6	(2)	(69,350)
Other installations, equipment and furniture	(12,546)	(8,516)	—	—	(21,062)
Other property, plant and equipment	(13,431)	(22,567)	389	2	(35,607)
Total accumulated amortization	(58,775)	(86,875)	395	—	(145,255)
Impairment:					
Technical installations and machinery	(30,216)	—	—	—	(30,216)
Other property, plant and equipment	—	(157)	—	—	(157)
Total impairment losses	(30,216)	(157)	—	—	(30,373)
Net value:	**807,371**				**762,887**

9. Property, plant and equipment (Continued)

2013

	Thousands of Euros					
	Beginning balance	Additions to the scope of consolidation (Note 6)	Additions or charges	Disposals or cancellations	Transfers	Closing balance
Cost:						
Land and buildings	—	466,860	903	—	2,246	470,009
Technical installations and machinery	—	286,760	8,347	—	141	295,248
Other installations, equipment and furniture	—	42,692	6,075	(121)	4,648	53,294
Other property, plant and equipment	—	64,320	11,983	(785)	64	75,582
Under construction and advances	—	10,227	3,512	(3,860)	(7,650)	2,229
Total cost	—	870,859	30,820	(4,766)	(551)	896,362
Accumulated depreciation:						
Land and buildings	—	—	(6,744)	—	—	(6,744)
Technical installations and machinery	—	—	(26,041)	—	(13)	(26,054)
Other installations, equipment and furniture	—	—	(12,596)	—	50	(12,546)
Other property, plant and equipment	—	—	(13,394)	—	(37)	(13,431)
Total accumulated depreciation	—	—	(58,775)	—	—	(58,775)
Impairment:						
Technical installations and machinery	—	—	(30,216)	—	—	(30,216)
Total impairment losses	—	—	(30,216)	—	—	(30,216)
Net value:		**870,859**				**807,371**

Carrying amount	Thousands of Euros 2015	2014	2013
Land and buildings	361,095	452,863	463,265
Technical installations and machinery	179,347	208,135	238,978
Other installations, equipment and furniture	29,887	33,354	40,748
Other property, plant and equipment	78,552	66,465	62,151
Under construction and advances	2,913	2,070	2,229
Net property plant, and equipment	**651,794**	**762,887**	**807,371**

"Additions or charges" and "Disposals or cancellations" include mainly additions and disposals related to additions, replacements or substitutions of certain items of assets of the installations used by the Group and productive items necessary for ordinary activities.

Transfers which occurred in 2015 are related to the assets classified as held for distribution to shareholder as explained in Note 13 of these consolidated financial statements.

In 2015, 2014 and 2013, items of property, plant and equipment were disposed of with a net carrying amount of EUR 13,692 thousand, EUR 6,706 thousand and EUR 4,766 thousand, respectively. The results generated by the disposals were not material.

The impact of the update on revalued assets in the statement of financial position and depreciation in 2015, 2014 and 2013, both cumulative and period depreciation, is not material.

9. Property, plant and equipment (Continued)

In 2013, impairment was recognized for the estimated impact on the Group's assets of the restructuring process described in Note 1 with a charge to "Other income and expenses" in the accompanying consolidated statement of profit or loss for 2013 (see Note 19.5).

At December 31, 2015, 2014 and 2013, the Group had arranged various finance leases on its items of property, plant and equipment (see Note 10.1).

In addition, at December 31, 2015 and 2014, the Group had commitments to acquire items of property, plant and equipment amounting to approximately EUR 7,287 thousand in 2015, EUR 10,907 thousand in 2014 and no commitments in 2013.

10. Leases and similar arrangements

10.1 Finance leases

At December 31, 2015, 2014 and 2013, the Group, as lessee, held the following assets under finance leases:

2015

			Thousands of Euros				
				Lease payments paid			
Item	Lease term (years)	Months elapsed	Original cost excluding purchase option	From prior years	From the current year	Present value of outstanding lease payments (Note 17)	Present value of purchase option
Buildings	15	33	35,735	1,947	2,054	31,734	774
Information technology equipment	5	31	238	74	44	120	15
Machinery	8	89	2,550	1,895	292	363	212
			38,523	**3,916**	**2,390**	**32,217**	**1,001**

2014

			Thousands of Euros				
				Lease payments paid			
Item	Lease term (years)	Months elapsed	Original cost excluding purchase option	From prior years	From the current year	Present value of outstanding lease payments (Note 17)	Present value of purchase option
Buildings	15	21	35,735	—	1,947	33,788	774
Information technology equipment	5	19	238	31	43	164	15
Machinery	5	55	315	226	53	36	—
Machinery	8	77	2,550	1,596	299	655	212
Machinery	5	51	61	38	13	10	1
			38,899	**1,891**	**2,355**	**34,653**	**1,002**

10. Leases and similar arrangements (Continued)

2013

			Thousands of Euros				
				Lease payments paid			
Item	Lease term (years)	Months elapsed	Original cost excluding purchase option	From prior years	From the current year	Present value of outstanding lease payments (Note 17)	Present value of purchase option
Buildings	50	132	666	258	24	384	233
Buildings	15	9	35,735	—	—	35,735	774
Information technology equipment	5	7	238	—	31	208	15
Machinery	5	43	315	189	37	89	—
Machinery	6	72	1,560	1,498	62	—	—
Machinery	6	68,5	2,162	1,777	210	176	86
Machinery	8	65	2,550	1,422	174	961	212
Machinery	5	39	61	31	7	24	1
			43,287	**5,175**	**545**	**37,577**	**1,321**

At December 31, 2015, 2014 and 2013, the Group had leases in force with the following minimum lease payments (including, where applicable, purchase options), excluding the effect of shared expenses, future inflation adjustments or contractually variable agreed rent increases:

	Thousands of Euros		
Finance leases Minimum payments	2015	2014	2013
No later than one year	2,539	2,396	2,564
Between one and five years	9,249	9,245	9,420
More than five years	20,429	23,012	25,593
	32,217	**34,653**	**37,577**

The Director of the Company believes the Group will exercise the purchase option at the expiry of the finance leases arranged with the aforementioned contracts.

10.2 Operating leases

At December 31, 2015, 2014 and 2013, the Group had leases in force with the following minimum lease payments excluding the effect of shared expenses future inflation adjustments or contractually agreed rent increases:

	Thousands of Euros		
Operating leases Minimum payments	2015	2014	2013
No later than one year	17,800	18,084	8,409
Between one and five years	11,646	10,495	6,972
More than five years	6,202	6,380	91
	35,648	**34,959**	**15,472**

The amount of operating lease payments in 2015, 2014 and 2013 related mainly to the lease of delegations and central offices, pallets, forklifts, IT equipment and motor vehicles. The amounts recognized as an expense in 2015, 2014 and 2013 were approximately EUR 33,051 thousand, EUR 35,480 thousand and EUR 20,645 thousand, respectively.

11. Non-current and current financial assets

11.1 Non-current and current investments

The balances of "Non-current investments" at December 31, 2015, 2014 and 2013 are as follows:

2015

	Thousands of Euros			
	Deposits	Loans	Guarantees and other	Total
Loans and receivables	—	2,794	1,104	3,898
Held-to-maturity investments	—	—	235	235
Total, non-current	**—**	**2,794**	**1,339**	**4,133**
Loans and receivables	—	371	1,252	1,623
Held-to-maturity investments	50,000	—	—	50,000
Total, current	**50,000**	**371**	**1,252**	**51,623**

2014

	Thousands of Euros			
	Deposits	Loans	Guarantees and other	Total
Loans and receivables	—	3,046	772	3,818
Held-to-maturity investments	—	—	193	193
Total, non-current	**—**	**3,046**	**965**	**4,011**
Loans and receivables	—	353	2,501	2,854
Held-to-maturity investments	10,000	—	—	10,000
Total, current	**10,000**	**353**	**2,501**	**12,854**

2013

	Thousands of Euros			
	Deposits	Payables	Guarantees and other	Total
Loans and receivables	—	2,319	1,732	4,051
Held-to-maturity investments	10,000	—	218	10,218
Total, non-current	**10,000**	**2,319**	**1,950**	**14,269**
Loans and receivables	490	659	779	1,928
Held-to-maturity investments	60,000	—	—	60,000
Total, current	**60,490**	**659**	**779**	**61,928**

At December 31, 2015, 2014 and 2013, the Company had bank deposits with an original maturity of over three months and less than one year for amounts of approximately EUR 50 million, EUR 10 million and EUR 60 million, respectively. These investments earn interest at market rates.

11. Non-current and current financial assets (Continued)

11.2 Trade and other receivables

The detail of this line item in the consolidated statement of financial position at December 31, 2015, 2014 and 2013 is as follows:

	Thousands of Euros		
	2015	**2014**	**2013**
Trade receivables	369,550	327,515	412,863
Doubtful trade receivables	5,230	4,300	1,017
Provision for impairment (Note 11.2.3)	(3,765)	(2,564)	—
Total trade receivables	371,015	329,251	413,880
Trade receivables, associates and related parties (Note 20.2)	3,207	5,578	4,150
Other receivables	12,485	10,250	2,121
Employees	1,735	756	2,509
	388,442	**345,835**	**422,660**

11.2.1 Trade receivables

This line item of the accompanying consolidated statement of financial position at December 31, 2015, 2014 and 2013 includes mainly balances receivable from sales to third parties by the Group in the ordinary course of its business. In general, these receivables do not bear any interest and the collection terms range from immediate to 60 days. As at December 31, 2015 the average collection period is 47 days (50 days in each of 2014 and 2013).

The balances of "Doubtful trade receivables" for which provisions have not been recognized relate to receivables covered by insurance policies arranged by the Group.

To determine the recoverability of a receivable, the Company takes into consideration any change in the debtor's creditworthiness from the date the credit is granted to the end of the financial period (see Note 15).

11.2.2 Transfers of financial assets

Exclusively in 2014, the Group entered into a number of agreements for the assignment of receivables. As part of its financial risk management, the Group assesses whether these agreements transfer substantially the risks and rewards incidental to the ownership of the assigned receivables.

Receivables for which the Group retains the contractual rights to receive the cash flows are only derecognized when it assumes contractual obligations to pay the cash flows to one or more recipient and the following requirements are met:

- Payment of the cash flows is dependent on prior collection.
- The Group may not sell or pledge the financial asset.
- The cash flows collected on behalf of the recipients are remitted without material delay.

In accordance with this analysis, the Group derecognized the assigned receivables that met these requirements. At December 31, 2014, the carrying amount of derecognized receivables related to non-recourse factoring was EUR 101,125 thousand (2015 and 2013: Nil) (see Note 15.2).

11. Non-current and current financial assets (Continued)

11.2.3 Provision for impairment

The movements in the provision for impairment and uncollectibility in the years ended December 31, 2015, 2014 and 2013 were as follows:

2015

	Thousands of Euros
	Provision for impairment
Balance at December 31, 2014	2,564
Charge	3,208
Amounts used	(829)
Reversals	(872)
Transfers	(306)
Balance at December 31, 2015	**3,765**

2014

	Thousands of Euros
	Provision for impairment
Balance at December 31, 2013	—
Charge	5,804
Amounts used	(721)
Reversals	(2,519)
Balance at December 31, 2014	**2,564**

2013

	Thousands of Euros
	Provision for impairment
Additions to the scope of consolidation	—
Charge	5,643
Amounts used	(690)
Reversals	(4,953)
Balance at December 31, 2013	**—**

The age of impaired receivables is mostly over six months.

At December 31, 2015, 2014 and 2013, there were no impaired outstanding receivables for significant amounts.

11. Non-current and current financial assets (Continued)

11.3 Cash and cash equivalents

The detail of this line item in the accompanying consolidated statement of financial position at December 31, 2015, 2014 and 2013 is as follows:

	Thousands of Euros		
	2015	2014	2013
Cash in hand	320	407	84
Cash at banks	213,338	215,707	48,003
	213,658	**216,114**	**48,087**

The carrying amount of cash approximates its fair value due to the short maturity.

Cash at bank balances earn interest at prevailing market rates.

12. Inventories

The detail of "Inventories" in the accompanying consolidated statement of financial position is as follows:

	Thousands of Euros		
	2015	2014	2013
Goods for resale	4,293	5,507	1,599
Raw materials and other supplies	85,595	82,170	85,402
Work in progress and semi-finished goods	—	710	1,612
Finished goods	70,840	90,214	87,312
Impairment of inventories	(16,765)	(9,793)	(53)
	143,963	**168,808**	**175,872**

The movement in impairment of inventories in the accompanying statement of financial position is as follows:

	Thousands of Euros
Opening balance	—
Charges	53
Balance at December 31, 2013	**53**
Charges	9,740
Balance at December 31, 2014	**9,793**
Charges	7,468
Decrease (reversal)	(133)
Transfers to assets classified for held for distribution to shareholder	(363)
Balance at December 31, 2015	**16,765**

At December 31, 2015 and 2014, the Group had commitments to acquire inventories amounting to approximately EUR 792 thousand in 2015, EUR 1,113 thousand in 2014 and no commitments in 2013. These inventories had no restrictions in 2015, 2014 and 2013.

13. Assets and liabilities classified as held for distribution to shareholder

In connection with the Agreements outlined in Note 1, certain assets and businesses that are considered non-core operations will be excluded from the 2015 Combination transaction. These assets and businesses correspond primarily to offices and production plants, as well 100% of the share capital of three companies engaged in bottling of mineral water, concentrated juices production and manufacturing of packaging businesses (Aguas de Cospeito, S.L.U., Frutos y Zumos, S.A.U. and Nosoplas, S.L.U. respectively). Historically these assets and businesses have been included in the consolidated financial statements of the Group. Prior to the completion of the 2015 Combination transaction, the Group expects to distribute these assets and businesses to the existing shareholder in the form of a dividend in kind.

13. Assets and liabilities classified as held for distribution to shareholder (Continued)

Further detail of the assets and liabilities subject to the intended distribution is outlined below:

a) Assets classified as held for distribution to shareholder

	Thousands of Euros		
	December 31, 2015	December 31, 2014	December 31, 2013
Intangible assets (Note 8)	864	—	—
Property, plant and equipment (Note 9)	87,436	—	—
Inventories	7,571	—	—
Deferred tax assets (Note 18.5)	4,251		
Other assets	6,740	—	—
Total	**106,862**	**—**	**—**

b) Liabilities classified as held for distribution to shareholder

	Thousands of Euros		
	December 31, 2015	December 31, 2014	December 31, 2013
Trade and other payables	9,563	—	—
Deferred tax liabilities (Note 18.6)	2,285		
Other financial liabilities	4,405	—	—
Total	**16,253**	**—**	**—**

The Director does not consider any of the businesses to be a major line of business or geographical area of operations.

14. Equity

Share capital

The Company's share capital at December 31, 2015, 2014 and 2013 was represented by 1,517,000,000 fully subscribed and paid ordinary shares of EUR 1 par value of the same class and series.

At December 31, 2015 Olive Partners, S.A. is the Sole Shareholder of Coca-Cola Iberian Partners, S.A.U. (see Note 1). The main ultimate shareholder of the Group is Cobega Invest, S.L. with 53.9%, whose ultimate parent is Cobega, S.A. (see Note 1).

At December 31, 2014 and December, 31, 2013 the legal person shareholder with a stake above 10% of the Company's share capital was Cobega Invest, S.L. with 42.14%, whose ultimate parent is Cobega, S.A.

Shares of the Company are not quoted on the stock market.

Share premium

The balance of the "Share premium" account of the Company arose as a result of the capital increase carried out by the Company on May 31, 2013.

The Consolidated Text of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) permits the use of the share premium account balance to increase capital and establishes no specific restrictions as to its use.

Legal reserve

According to the Corporate Enterprises Act, companies must earmark 10% of profit for the year to a legal reserve until this reserve reaches at least 20% of share capital. The legal reserve can be used to increase share capital by the amount exceeding 10% of the increased capital amount.

14. Equity (Continued)

Except for this purpose, until the legal reserve exceeds the limit of 20% of share capital, it can only be used to offset losses, if there are no other reserves available.

At December 31, 2015, the Parent had set aside a legal reserve for EUR 18,870 thousand, which is less than 20% of share capital (2014: EUR 9,129 thousand; 2013: Nil).

Non-controlling interests

This heading in the accompanying consolidated statement of financial position at December 31, 2015, 2014 and 2013 reflects the share of non-controlling interests in the consolidated companies.

In addition, "Profit attributable to non-controlling interests" in the accompanying consolidated statement of profit or loss represents the share of these non-controlling interests in net profit for 2015, 2014 and 2013.

Changes in non-controlling interests in 2015, 2014 and 2013 were as follows:

2015

	Thousands of Euros				
	Beginning balance	2015 profit/(loss)	Changes in consolidation scope (Note 3.7)	Dividend	Closing balance
Aguas del Toscal, S.A.	1,014	—	(1,014)	—	—
Madrid Eco Platform, S.L.	(226)	(136)	362	—	—
	788	**(136)**	**(652)**	**—**	**—**

2014

	Thousands of Euros				
	Beginning balance	2014 profit/(loss)	Changes in consolidation scope (Note 3.7)	Dividend	Closing balance
Aguas del Toscal, S.A.	1,956	46	(978)	(10)	1,014
Madrid Eco Platform, S.L.	87	(313)	—	—	(226)
	2,043	**(267)**	**(978)**	**(10)**	**788**

2013

	Thousands of Euros					
	Beginning balance	Additions to the scope of consolidation	2013 profit/ (loss)	Changes in the scope of consolidation	Dividend	Closing balance
Aguas del Toscal, S.A.	—	1,964	71	—	(79)	1,956
Madrid Eco Platform, S.L.	—	11	76	—	—	87
Coca-Cola Iberian Partners Gestión, S.A.	—	287	—	(287)	—	—
Compañía para la Comunicación de Bebidas sin Alcohol, S.L.	—	48	—	(48)	—	—
	—	**2,310**	**147**	**(335)**	**(79)**	**2,043**

Dividends

At June 22, 2015, the General Meeting of the Company approved the distribution of a dividend amounting to EUR 90,000 thousand. This dividend was paid on July 13, 2015.

14. Equity (Continued)

At March 23, 2015, the Board of Directors of the Company proposed the distribution of a dividend out of 2014 profit amounting to EUR 60,000 thousand that was later approved by the General Meeting of the Company. This dividend was paid on May 11, 2015.

15. Exposure to risk

15.1 Capital management

The objectives of the Group's capital management are to ensure that it maintains the ability to continue as a going concern so that it can provide returns to shareholder and benefit other stakeholders, and to maintain an optimal financial structure in order to reduce its cost of capital.

At December 31, 2015, 2014 and 2013, the Group had a positive net financial position as its financial debt was less than its current financial assets, cash and cash equivalents.

15.2 Financial risks

The Group centralizes financial risk management in the Finance Department, which has the necessary mechanisms in place to control exposure to fluctuations in interest rates, as well as to credit and liquidity risk. The main financial risks to which the Group is exposed are outlined below:

a) Credit risk:

The Group controls its bad debt and insolvency risks by setting credit limits and applying strict conditions on collection periods.

As a general rule, the Group places cash and cash equivalents with financial institutions with high credit ratings. In addition, there is no significant concentration of credit risk with third parties; a significant portion of its receivables are guaranteed through credit insurance. Credit insurance covered around 66% of receivables in 2015, 53% in 2014 and 2013. In addition, around 3% of the remaining receivables are covered with surety bonds in 2015, 13% in 2014 and 2013.

Meanwhile, the Group usually monitors trends in average collection periods and customers that, for whatever reason, are late paying their debts.

In addition, credit risk from cash deposits is minimal, as they are placed at renowned financial institutions. The Parent has a "cash-pooling" system with the rest of the Group companies, so cash management is centralized.

In December 2014, the Parent arranged loan assignment agreements through non-recourse factoring with a number of different financial institutions. The amount advanced at this date was EUR 101,125 thousand (See Note 11.2.2).

b) Liquidity risk:

The objective of the Group's liquidity policy is to maintain sufficient funds available to meet all the payment obligations arising from the business.

c) Interest rate risk:

Given its centralized cash management system, the Group's exposure to the risk of changes in interest rates is minimal. This risk is controlled by the Group's Finance Department. Therefore, the potential impact of fluctuations in interest rates on the Group's finance income and expenses and cash flows would not be significant.

The portfolio of financial assets exposed to interest rate risk comprises mainly assets acquired under reverse repurchase agreements. As a result, exposure to interest rate risk is negligible as the maturities are very short term and returns adapt to movements in interest rates quickly.

15. Exposure to risk (Continued)

d) Foreign currency risk:

The Group conducts virtually all its operations in euros. Therefore, its exposure to foreign currency risk is not material.

e) Price risk:

The Group is exposed to changes in raw materials prices. The Group monitors the prices of the raw materials used in its production process on an ongoing basis so that it can make the appropriate decisions at all times in accordance with trends seen and forecasts in markets and its strategy.

16. Provisions and contingencies

16.1 Non-current and current provisions

The detail and movement in provisions under these line items in the accompanying consolidated statement of financial position in 2015, 2014 and 2013 are as follows:

2015

	Thousands of Euros				
	Beginning balance	Charges (Note 19.5)	Reversals	Amounts used / Payments	Closing balance
Long-term employee benefits	3,602	—	(488)	—	3,114
Other provisions	4,982	5,117	(794)	(88)	9,217
Total, non-current	**8,584**	**5,117**	**(1,282)**	**(88)**	**12,331**
Restructuring provision	14,764	—	—	(14,764)	—
Total, current	**14,764**	**—**	**—**	**(14,764)**	**—**

2014

	Thousands of Euros				
	Beginning balance	Charges	Reversals (Note 19.5)	Amounts used / Payments	Closing balance
Long-term employee benefits	3,019	583	—	—	3,602
Other provisions	6,873	127	(1,124)	(894)	4,982
Total, non-current	**9,892**	**710**	**(1,124)**	**(894)**	**8,584**
Restructuring provision	105,868	12,095	(5,983)	(97,216)	14,764
Total, current	**105,868**	**12,095**	**(5,983)**	**(97,216)**	**14,764**

2013

	Thousands of Euros				
	Beginning balance	Additions to the scope of consolidation	Charges (Note 19.5)	Amounts used / Payments	Closing balance
Long-term employee benefits	—	2,939	252	(172)	3,019
Other provisions	—	7,730	618	(1,475)	6,873
Total, non-current	**—**	**10,669**	**870**	**(1,647)**	**9,892**
Restructuring provision	—	22,083	101,656	(17,871)	105,868
Total, current	**—**	**22,083**	**101,656**	**(17,871)**	**105,868**

16. Provisions and contingencies (Continued)

Long-term employee benefits

This provision covers mainly the obligations arising from long-service bonuses of employees at a subsidiary in accordance with the applicable collective bargaining agreement (see Note 5.17).

The main actuarial assumptions used at December 31, 2015, 2014 and 2013 to calculate the present value of the liability arising from these obligations were as follows:

Item	2015 assumptions	2014 assumptions	2013 assumptions
Actuarial measurement	Benefit allocation method	Benefit allocation method	Benefit allocation method
Financial assumptions	Fair value criteria	Fair value criteria	Fair value criteria
Disability tables	Social Security 90 (SS-90)	Social Security 90 (SS-90)	Social Security 90 (SS-90)
Dynamic mortality tables	PEMF 2000,P	PEMF 2000,P	PEMF 2000,P
Annual rate of salary increase	2.5%	2.5%	2.5%

Other long-term provisions

"Other provisions" includes provisions that the Group sets aside to cover: (a) liabilities considered more likely than not to occur that could arise from lawsuits or ongoing litigation, which it maintains until a ruling on the proceedings is issued, and (b) liabilities arising from tax assessments signed under protest that have been appealed before the competent authorities (see Note 18.7).

Current provisions (Restructuring provision)

"Current provisions" in the liabilities side of the consolidated statement of financial position at December 31, 2014 and 2013 included restructuring costs related to staff adjustments (including expenses incurred relating to employee compensation as a result of either termination or geographic relocation) not yet paid related to the integration process described in Note 1, including the best estimate of termination benefits the Group will have to pay as a result of this process. As explained in Note 1, this restructuring process has been completed during 2015. Therefore, at December 31, 2015, no liability is recognized. The professional service expenses related to this process have been paid.

No charges have been made in 2015. Charges made in 2014 amounting to EUR 12,095 thousand were recognized under "Salaries and wages" in the accompanying consolidated statement of profit or loss. Charges in 2013 amounting to EUR 101,656 thousand were recognized under "Other income and expenses" in the accompanying consolidated statement of profit or loss for 2013.

16.2 Written undertakings to third parties and contingent liabilities

The Group had issued a written undertaking to Tax Authorities at December 31, 2015, 2014 and 2013 amounting of EUR 30 million, EUR 85 million and EUR 157 million, respectively, to satisfy any tax obligations arising from tax assessment in regards to certain inspections for which the Group companies has appealed before the Central Economic Administrative Court.

In 2015, 2014 and 2013, the Group issued a written undertaking to fulfill its obligations arising from finance lease arrangements for EUR 31,854 thousand, EUR 33,013 thousand and EUR 35,942 thousand, respectively.

In addition, at December 31, 2015, 2014 and 2013, the Group had issued a written undertaking to fulfill its obligation amounting to EUR 10 million, EUR 14 million and EUR 18 million, respectively, related to its current operations.

The Director of the Parent estimates that any contingent liabilities at December 31, 2015, 2014 and 2013 that could arise from the written undertakings issued would not be material.

17. Interest-bearing loans and borrowings (non-current and current)

"Non-current interest-bearing loans and borrowings" and "Current interest-bearing loans and borrowings" at December 31, 2015, 2014 and 2013 were as follows:

2015

	Thousands of Euros					
		Non-current				
	Current	2017	2018	2019	2020 and beyond	Total
Finance lease (Note 10.1)	2,539	2,242	2,284	2,327	22,825	29,678
Other financial liabilities	2,753	925	165	165	417	1,672
Total interest-bearing loans and borrowings	**5,292**	**3,167**	**2,449**	**2,492**	**23,242**	**31,350**

2014

	Thousands of Euros					
		Non-current				
	Current	2016	2017	2018	2019 and beyond	Total
Loans and credit facilities	2,889	638	638	154	—	1,430
Finance lease (Note 10.1)	2,396	2,491	2,202	2,251	25,313	32,257
Other financial liabilities	8,612	2,026	749	290	3,967	7,032
Total interest-bearing loans and borrowings	**13,897**	**5,155**	**3,589**	**2,695**	**29,280**	**40,719**

2013

	Thousands of Euros					
		Non-current				
	Current	2015	2016	2017	2018 and beyond	Total
Loans and credit facilities	18,052	6,987	638	638	160	8,423
Finance lease (Note 10.1)	2,564	2,108	2,464	2,588	27,853	35,013
Other financial liabilities	18,986	4,118	3,302	1,950	2,385	11,755
Total interest-bearing loans and borrowings	**39,602**	**13,213**	**6,404**	**5,176**	**30,398**	**55,191**

Loans and credit policies with financial institutions were arranged by the Group under market terms. Accordingly, fair value does not differ significantly from carrying amount. The interest rates are indexed to the Euribor rate.

"Other financial liabilities" under non-current and current liabilities include zero-interest loans granted by the Spanish Ministry of Science and Technology, and the Spanish Ministry of Industry, Tourism and Commerce to a subsidiary. These loans are carried at amortized cost. The outstanding amounts payable on the loans at December 31, 2015, 2014 and 2013 were EUR 2,249 thousand, EUR 3,435 thousand and EUR 4,621 thousand, respectively, of which EUR 1,186 thousand, EUR 1,186 thousand and EUR 1,186 thousand, respectively, fall due in the short term.

Finally, "Other financial liabilities" at December 31, 2015, 2014 and 2013 also includes government grants awarded amounting to EUR 1,969 thousand, EUR 4,270 thousand and EUR 6,103 thousand, respectively. The amount recognized as grants at December 31, 2015, 2014 and 2013 corresponds mainly to grants received by certain subsidiaries in prior years to promote investment in certain items of property, plant and equipment (automatic machines and coolers).

At December 31, 2015 the Group had credit facilities available amounting EUR 500 million, of which at that date nothing was drawn. At December 31, 2014 and 2013, the amount available was EUR 275 million and EUR 150 million respectively and was not drawn.

18. Tax matters

18.1 Current balances with public administrations

The breakdown of current balances with public administrations at December 31, 2015, 2014 and 2013 is as follows:

	Thousands of Euros		
	2015	2014	2013
Current tax assets	4,513	6,710	10,433
VAT/Canary Island tax receivable	139,141	134,223	72,305
Other	—	—	4,895
Total receivables	**143,654**	**140,933**	**87,633**
Current tax liabilities	5,642	8,740	32,854
Withholding payable to the Treasury:	9,885	7,582	16,484
Social Security, payables	5,213	4,705	5,296
VAT/Canary Island tax payable	11,747	3,557	5,692
Total payables	**32,487**	**24,584**	**60,326**

18.2 Reconciliation of profit before tax and taxable income

The reconciliation of profit before tax and taxable income is as follows:

2015

	Thousands of Euros		
	Increases	Decreases	Total
Profit before tax			267,789
Permanent differences	5,245	(1,096)	4,149
Temporary differences:			
Current year	5,738	(2,698)	3,040
Prior years	16,497	(24,228)	(7,731)
Offset of tax loss carryforwards	—	(7,657)	(7,657)
Taxable income			**259,590**

2014

	Thousands of Euros		
	Increases	Decreases	Total
Profit before tax			237,687
Permanent differences	9,262	(9,021)	241
Temporary differences:			
Current year	32,327	(2,247)	30,080
Prior years	21,341	(116,608)	(95,267)
Offset of tax loss carryforwards	—	(3,357)	(3,357)
Taxable income			**169,384**

18. Tax matters (Continued)

2013

	Thousands of Euros		
	Increases	Decreases	Total
Profit before tax			70,648
Permanent differences	57,234	(40,358)	16,876
Temporary differences:			
Current year	131,828	(14,652)	117,176
Offset of tax loss carryforwards	—	(18,270)	(18,270)
Taxable income			**186,430**

The temporary differences relate primarily to adjustments arising from certain provisions which are tax deductible when accrued (for the years 2014 and 2013, primarily the provision for the Corporate Restructuring described in Note 1), the differences between accounting and tax depreciation and the limitation on tax deductible depreciation according to Spanish legislation.

18.3 Reconciliation of profit before tax and income tax expense

Income tax expense/(income) accrued in each country in which the Group operated in the years ended December 31, 2015, 2014 and 2013 was as follows:

	Thousands of Euros		
	2015	2014	2013
Profit before tax	267,789	237,687	70,648
Permanent differences	4,149	241	16,876
Taxable income	**271,938**	**237,928**	**87,524**
Income tax (effective tax rates per country)	80,356	70,834	26,373
Offset of tax loss carryforwards	—	(525)	(4,676)
Deductions	(3,316)	(3,611)	(59,031)
Tax credits applied	—	19	—
Other adjustments	(334)	—	
Deferred tax liabilities adjusted into profit or loss	(927)	—	—
Adjusted tax rate	1,023	(5,866)	—
Consolidated income tax expense/(income)	**76,802**	**60,851**	**(37,334)**

On November 27, 2014, the Spanish Corporate Income Tax Act 27/2014 was enacted. It reduces the corporate tax rate to 28% for the tax period beginning on January 1, 2015 and 25% for tax periods beginning on or after January 1, 2016. Therefore, at the years ended December 31, 2015 and 2014, the Group reestimated the amount of deferred taxes considering the year in which they were likely to reverse. As a result, the Group recognized a negative adjustment of EUR 1,023 thousand and positive of EUR 5,866 to “Income tax expense” in the accompanying consolidated statement of profit or loss as of December 31, 2015 and 2014, respectively.

18.4 Breakdown of income tax expense

The breakdown of “Income tax expense/(income)” is as follows:

	Thousands of Euros		
	2015	2014	2013
Current tax:			
	71,785	45,560	56,034
Deferred tax:			
	5,017	15,291	(93,378)
Total income tax expense/(income)	**76,802**	**60,851**	**(37,344)**

18. Tax matters (Continued)

18.5 Recognized deferred tax assets

The detail of the balance of this item at December 31 was as follows:

	Thousands of Euros		
	2015	2014	2013
Recognized deductions	65,700	67,880	68,828
Provisions	1,511	6,698	31,760
Provision for impairment of assets	5,171	7,125	9,245
Limit on tax-deductible depreciation, Law 16/2002	10,768	12,351	7,136
Tax loss carryforwards	2,037	3,465	4,593
Other	4,986	5,736	6,186
Total deferred tax assets	**90,173**	**103,255**	**127,748**

At December 31, 2015 EUR 4,251 thousand have been classified to "Assets classified as held for distribution to shareholder" of the consolidated statement of financial position (see Note 13).

At December 31, 2015, 2014 and 2013, subsidiary Norbega, S.A. had unused tax credits of EUR 61 million, EUR 62 million and EUR 63 million, respectively, of which EUR 56 million arose in 2013 mainly in connection with the capital increases carried out by subsidiary lparbal 99, S.L. (a business promotion subsidiary of the Company), pursuant to article 60 of regional law 3/96 of June 26 on income tax in the historical territory of Bizkaia. The remaining deductions recognized by the Group relate to deductions for new items of property, plant and equipment and deductions for research, development and innovation.

The gross amount of deferred tax assets considered as current within the next year amount EUR 3,027 thousand (EUR 17,585 thousand and EUR 29,708 thousand at December 31, 2014 and 2013, respectively).

The detail of tax loss carryforwards of Group companies at December 31, 2015, is as follows:

Arising in the year	Thousands of Euros Amount
2002	240
2003	167
2004	306
2005	529
2006	2,088
2007	1,749
2008	1,915
2009	5,165
2010	1,658
2011	3,193
2012	2,783
2013	6,852
2014	2,577
2015	1,420
	30,642

At December 31, 2015, the Group had recognized tax assets corresponding to tax losses carryforwards amounting to EUR 9,347 thousand in the accompanying consolidated statement of financial position (EUR 16,151 thousand at December 31, 2014).

In accordance with local tax legislation there is no time limitation to use the tax losses carryforward or the deductions.

18. Tax matters (Continued)

These deferred tax assets were recognized in the consolidated statement of financial position as the Parent's Director considered that, based on the best estimates of the Group's future results, including certain tax planning measures, it was probable that these assets would be recovered.

18.6 Deferred tax liabilities

The breakdown of "Deferred tax liabilities" at December 31, 2015, 2014 and 2013 is as follows:

	Thousands of Euros		
	2015	2014	2013
Property, plant and equipment	26,393	34,134	40,664
Government grants	447	338	351
Other	4,757	3,224	5,545
Total deferred tax liabilities	**31,597**	**37,696**	**46,560**

At December 31, 2015 EUR 2,285 thousand have been classified to "liabilities classified as held for distribution to shareholder" of the consolidated statement of financial position (see Note 13).

Deferred tax liabilities arising from property, plant and equipment arose mainly due to the accelerated depreciation applied to certain of the Group assets and the tax effect of the revaluation of assets as a result of the business combination described in Note 1.

The gross amounts of deferred tax liabilities considered as current within the next year amount EUR 1,463 thousand (EUR 5,254 thousand and EUR 8,864 thousand at December 31,2014 and 2013 respectively).

18.7 Years open to tax inspections

In accordance with prevailing legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period in Spain has elapsed. The main ongoing appeals and claims at December 31, 2015 were as follows:

In previous years, the tax authorities began inspections of certain subsidiaries for non-resident income tax withholdings. These inspections gave rise to assessments which were appealed before the Central Economic Administrative Court. All appeals were ruled on favorably for the subsidiaries involved. The Group has canceled the guarantees and requested a refund of the costs of the guarantees that are to be received (see Note 16.2).

In addition, the tax authorities notified several Group companies of the commencement of inspections for certain years between 2008 and 2012 for non-resident income tax, value added tax and personal income tax withholdings and prepayments for real estate rentals and withholding and payments on account of investment income. The inspections were still ongoing at the date of authorization of these consolidated financial statements.

In 2009, inspections began at the Casbega, S.L. level relating to corporate income tax for the years from 2004 to 2007 and for value added tax from June 2005 to December 2007. As a result of these inspections, the tax authorities issued assessments of EUR 15.5 million and EUR 2.4 million respectively, including tax payable, late payment interest and the related penalties. The Company has appealed this decision before the Spanish High Court (Audiencia Nacional) to obtain a favorable total ruling.

On January 28, 2015, an inspection resulted in an assessment for value added tax for 2013 at the Company, which was appealed. Pursuant to this assessment, a refund of EUR 15 million requested by the Company has been partially accepted, leaving a balance refundable of EUR 33.3 million if the claims submitted by the Company are ruled on favorably.

18. Tax matters (Continued)

On November 30, 2015, an inspection resulted in an assessment for value added tax for 2014 at the Company, which was appealed. The tax assessment rejected the refund request for EUR 56 million and, moreover, derived in a tax quota default payment amounting to EUR 2.1 million.

With respect to the ongoing tax inspections for the years 2008 to 2013, which are disputed by the Group, these have been appealed. The current tax assessment in connection with these inspections amounts to EUR 27.9 million. The Director continues to believe that appropriate taxes have been paid and continue to believe that in the event of discrepancies in the interpretation of the tax treatment applied to these transactions, any potential liabilities that could arise would not have a significant impact on the accompanying consolidated financial statements.

At December 31, 2015, the Parent is open to inspection for income tax from 2012 to 2014 and for all applicable taxes for the last four years, exception made for value added tax 2013. Note that the Parent is head of tax group for corporate and value added tax from 2014 onwards. Subsidiaries are open to inspections for all applicable taxes for the last four years except for the following detail:

- Compañía Levantina de Bebidas Gaseosas, S.A.U., which is open to inspection for income tax for 2013, and value added tax and personal income tax withholdings and prepayment for 2013 and 2014 and all other applicable taxes for the last four years.
- Asturiana de Bebidas Gaseosas, S.A.U., which is open to inspection for income tax from 2008 onwards and value added tax from 2011 onwards.
- Bebidas Gaseosas del Noroeste, S.A.U., which is open to inspection for value added tax from 2013 onwards.
- Cobega Embotellador, S.L., which is open to inspection for tax on business activities for 2016 onwards

On February 12, 2016 a tax inspection regarding for 2015 VAT of the Parent Company was initiated.

The Director considers that the appropriate taxes have been paid and, even in the event of discrepancies in the interpretation of the tax treatment applied to transactions, any potential liabilities that could arise would not have a material impact on the accompanying consolidated financial statements.

19. Revenue and expenses

19.1 Revenue

The Group's revenue for 2015, 2014 and 2013 relates mainly to the sale, under concession, of The Coca-Cola Co. (Atlanta, USA) brand soft drinks.

Regarding geographic markets, the breakdown of Group revenue by percentage is approximately the following:

	% of revenue		
Geographic market	2015	2014	2013
Spain	95%	95%	95%
Portugal	5%	5%	5%
	100%	100%	100%

19. Revenue and expenses (Continued)

19.2 Supplies

The breakdown of "Supplies" in 2015, 2014 and 2013 is as follows:

	Thousands of Euros		
	2015	2014	2013
Consumption of merchandise, raw materials and other consumables used			
Purchases of merchandise, raw materials and other consumables used	1,182,427	1,223,665	762,723
Change in merchandise, raw materials and other consumables used	(3,790)	(676)	(357)
	1,178,637	**1,222,989**	**762,366**
Subcontracted work	—	—	1,061
Impairment of merchandise, raw materials and other supplies	7,183	710	(16)
	1,185,820	**1,223,699**	**763,411**

The breakdown of purchases made by the Group in 2015, 2014 and 2013 by origin is as follows:

	Thousands of Euros		
	2015	2014	2013
Spain	406,133	516,528	276,533
Other European Union countries and imports	772,504	706,461	485,833
	1,178,637	**1,222,989**	**762,366**

19.3 Employee benefits expense

The balance of "Employee benefits expense" in 2015, 2014 and 2013 consists of the following:

	Thousands of Euros		
	2015	2014	2013
Salaries and wages	**268,761**	**245,553**	**138,724**
Employee benefits expense:	**66,838**	**73,422**	**40,215**
Social security costs	59,647	64,939	35,151
Other employee benefits expenses	5,393	6,619	2,768
Contribution to pension plans (Note 5.17)	1,798	1,864	2,296
	335,599	**318,975**	**179,939**

19.4 External services

Other operating expenses mainly consist of external services related to all necessary services for the proper functioning of the entity such as marketing services, consulting services, legal services, bank fees and external transportation expenses.

19. Revenue and expenses (Continued)

19.5 Other income and expenses

The balance of "Other income and expenses" in 2015, 2014 and 2013 consists of the following:

	Thousands of Euros		
	2015	2014	2013
Restructuring provision (Note 16.1)	—	—	101,656
Provision for impairment of property, plant and equipment	—	—	30,816
Provisions for litigation and others (Note 16.1)	5,117	—	—
Restructuring provision reversal (Note 16.1)	—	(5,983)	—
Other provision surpluses (Note 16.1)	—	(1,124)	—
Other income and expenses	259	(284)	(13,304)
	5,376	**(7,391)**	**119,168**

20. Related party transactions and balances

Transactions between Coca-Cola Iberian Partners, S.A.U., and subsidiaries, which are related parties, form part of their ordinary business and were conducted under normal conditions, were eliminated on consolidation as explained in these notes to the consolidated financial statements and are not disclosed in this note.

Cobega, S.A. ("Cobega") is the ultimate controlling parent company of Coca-Cola Iberian Partners, S.A.U. Cobega, its subsidiaries and associates that have not been consolidated within these financial statements (together, the "Cobega Group"), are considered related parties of the Group.

Other related parties include subsidiaries of other shareholders of the Company and Olive Partners, S.A.

20.1 Related party transactions

Related party transactions not eliminated in the consolidation process in 2015, 2014 and 2013 were as follows:

2015

	Thousands of Euros			
	Cobega	Other Cobega Group companies	Other related parties	Total
Sales of merchandise	—	10,053	12,178	22,231
Other operating income	115	54	—	169
Other operating expenses	(1,425)	(10,684)	(23,241)	(35,350)
Sale of assets	—	187	—	187
Purchase of assets	(127)	(459)	—	(586)

2014

	Thousands of Euros			
	Cobega	Other Cobega Group companies	Other related parties	Total
Sales of merchandise	—	1,627	22,532	24,159
Rendering of services	—	—	178	178
Other operating income	236	173	2	411
Other operating expenses	(1,621)	(3,136)	(32,080)	(36,837)
Sale of assets	—	426	—	426
Purchase of assets	(285)	(83)	(14)	(382)

20. Related party transactions and balances (Continued)

2013

	Thousands of Euros			
	Cobega	Other Cobega Group companies	Other related parties	Total
Sales of merchandise	—	2,565	32,717	35,282
Rendering of services	289	337	59	685
Purchases of merchandise	—	(633)	—	(633)
Other operating income	—	6	—	6
Other operating expenses	(1,115)	(1,046)	(17,605)	(19,766)
Finance expenses	—	(29)	—	(29)
Finance income	—	—	160	160

The main transactions carried out by the Group with other related parties arose on trade transactions. These transactions were carried out at arm's length.

20.2 Related party balances

The amount of related party balances in the consolidated statement of financial position at year-end 2015, 2014 and 2013 was as follows:

2015

	Thousands of Euros			
	Cobega	Other Cobega Group companies	Other related parties	Total
Trade receivables (Note 11.2)	47	2,181	979	3,207
Current investments	200	—	3	203
Trade payables	(26)	(1,724)	—	(1,750)

2014

	Thousands of Euros			
	Cobega	Other Cobega Group companies	Other related parties	Total
Trade receivables (Note 11.2)	871	824	3,883	5,578
Current investments	862	—	—	862
Trade payables	(18)	(753)	(3,859)	(4,630)

2013

	Thousands of Euros			
	Cobega	Other Cobega Group companies	Other related parties	Total
Trade receivables (Note 11.2)	1,020	1,277	1,853	4,150
Current debt	(3,048)	(41)	—	(3,089)
Trade payables	(46)	(810)	(2,148)	(3,004)

20.3 Compensation of Directors and senior management

As described in Note 1, until November 11, 2015, the Parent was managed through a Board of Directors. Subsequent to that date and in connection with the reorganization activities associated with the 2015 Combination transaction, a Sole Director was appointed. The compensation paid in 2015, 2014 and 2013 to all the members of the Board of Directors amounted to EUR 738 thousand, EUR 788 thousand and EUR 653 thousand, respectively. Amounts accrued to senior management of the Group in 2015, 2014 and

20. Related party transactions and balances (Continued)

2013 for all items (salaries, bonuses, per diems, remuneration in kind, contribution to Social Security, remuneration of legal persons) amounted to approximately EUR 1,207 thousand, EUR 1,496 thousand and EUR 1,772 thousand, respectively.

No advances or loans had been granted to members of the Board of Directors or senior management at December 31, 2015, 2014 and 2013. No other compensation was paid to members of the Board of Directors.

The Sole Director, who is part of the senior management of the Group, has not accrued any compensation for his service as a Sole Director.

21. Other information

Personnel

The average number of employees in 2015, 2014 and 2013 by professional category is as follows:

Category	Average no, of employees		
	2015	2014	2013
Management	42	60	125
Administration and staff	747	1,192	1,226
Commercial	1,883	1,622	1,617
Production	2,385	1,881	2,351
Total average number of employees for the year	**5,057**	**4,755**	**5,319**

The distribution of employees by gender and professional category at December 31, 2015, 2014 and 2013 is as follows:

Category	2015		2014		2013	
	Female	Male	Female	Male	Female	Male
Directors(*)	—	1	3	12	3	12
Management	12	29	7	41	13	79
Administration and staff	309	360	392	735	335	810
Commercial	379	1,397	257	1,453	210	1,176
Production	335	1,835	255	1,539	361	2,131
Total headcount at year-end	**1,035**	**3,622**	**914**	**3,780**	**922**	**4,208**

(*) In the case of legal persons, the natural person representative was included.

22. Segment information

The Group operates in one industry and the Director has determined that the Group has one operating segment. Prior to November 11, 2015, the chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segment, was the Executive Committee. Since November 11, 2015, the CODM is the Sole Director (see Note 1). The CODM uses the monthly consolidated financial statements and other financial information in evaluating the operating performance and in deciding how to allocate recourses.

22. Segment information (Continued)

The net amount of property, plant and equipment and assets classified as held for distribution to shareholder located outside Spain (the Company's domicile) at December 31, 2015, 2014 and 2013 is as follows:

	Thousands of Euros		
	2015	2014	2013
Land and buildings	10,978	17,872	18,182
Other installations, equipment and furniture	7,371	6,709	8,837
Other property, plant and equipment	1,536	1,438	1,395
Property, plant and equipment under construction	963	84	126
Assets classified as held for distribution to shareholder	2,745	—	—
	23,593	**26,103**	**28,540**

No single customer accounted for more than 10 percent of net sales in 2015, 2014 or 2013.

23. Earnings per share

The calculation of basic and diluted earnings per share attributable to the Parent is based on the following data:

	2015	2014	2013**
Profit attributable to the Parent (EUR thousand)	191,123	177,103	107,835
Number of ordinary shares for the purpose of the basic and diluted earnings per share*	1,517,000	1,517,000	1,517,000
Basic and Diluted earnings per share (EUR / Share)	0.13	0.12	0.07

* There are no existing instruments of the Company that would have a dilutive impact on the existing number of ordinary shares. Therefore the basic and diluted earnings per share are equal.

** The calculation of basic and diluted earnings per share attributable to the Parent for 2013 has been calculated for the period from May 31, 2013 to December 31, 2013, being the reporting period outlined in Note 2.5. Prior to this date the Parent had no assets or operations as discussed in Note 1.

24. Events after the reporting period

The Director of the Parent considers that no events have occurred since December 31, 2015 with a significant effect on the consolidated financial statements.

Appendix I: Information on Group companies

2015

	Thousands of Euros				
Name	**Aguas de la Vega del Codorno, S.L.U.**	**Aguas del Cospeito, S.L.U.**	**Aguas del Maestrazgo, S.L.U.**	**Aguas del Santolín, S.A.U.**	**Aguas del Toscal, S.A.**
Address	C/ Campezo, 10 (Madrid)	Carretera Pino, km 12, Cospeito (Lugo)	Monasterio Las Huelgas nº 7, P,I, Alcalde Caballero 50014 Zaragoza	Calle Real s/n 09246 Quintanaurria (Burgos)	Carretera La Pasadilla Km 3 s/n, 35250 Ingenio, Las Palmas
Activity	Bottling of natural water	Bottling of mineral water	Packaging and sale of natural mineral water	Packaging of natural mineral water	Packaging and sale of natural mineral water
Percentage of capital held:					
Directly					
Indirectly	100,00%	100,00%	100,00%	100,00%	100,00%
Holder of indirect stake	Iparbal 99, S,L,	Iparbal 99, S,L,	Iparbal 99, S,L,	Iparbal 99, S,L,	Iparbal 99, S,L,

	Thousands of Euros				
Name	**Bebidas Gaseosas del Noroeste, S.A.U.**	**Beganet, S.L.U.**	**Cobega Embotellador, S.L.U.**	**Vilas del Turbon, S.A.U.**	**Coca-Cola Iberian Partners Gestión, S.A.**
Address	Avda, Alcalde Alfonso Molina, s/n, A Coruña	Avda, dels Països Catalans, nº 32, Esplugues de Llobregat (Barcelona)	Avda, dels Països Catalans, nº 32, Esplugues de Llobregat (Barcelona)	Monasterio Las Huelgas nº 7, P,I, Alcalde Caballero 50014 Zaragoza	C/ Ribera del Loira 20–22, Madrid
Activity	Manufacturing and provision of marketing and distribution services for beverages	Provision of ICT services	Manufacturing and provision of marketing and distribution services for beverages	Packaging and sale of mineral water	Provision of beverage promotion and management services
Percentage of capital held:					
Directly	100,00%		100,00%		88,00%
Indirectly		100,00%		100,00%	12,00%
Holder of indirect stake		Cobega Embotellador, S.L.U.		Iparbal 99, S.L.	Asturbega, S.A., Begano, S.A.U., Norbega, S.A.U.

	Thousands of Euros				
Name	**Compañía Asturiana de Bebidas Gaseosas, S.A.U.**	**Casbega, S.L.**	**Compañía Levantina de Bebidas Gaseosas, S.A.**	**Compañía para la Comunicación de Bebidas sin Alcohol, S.L.**	**Conversia IT, S.L.U.**
Address	Crta, Oviedo-Santander, s/n, 33010 Colloto, Siero (Asturias)	C/ Campezo, nº 10 (Madrid)	Avda, Real Monsat, Sta, Maria de Poblet, 36, Quart de Poblet, Valencia	C/ Ribera del Loira 20–22, Madrid	C/ Mijancas, nº 1, Edificio "Próxima", Planta 4
Activity	Manufacturing and provision of marketing and distribution services for beverages	Manufacturing and provision of marketing and distribution services for beverages	Manufacturing and provision of marketing and distribution services for beverages	Advertising and marketing services	Provision of ICT services
Percentage of capital held:					
Directly	100,00%	92,17%	100,00%	100,00%	
Indirectly		3,92% and 3,91%			100,00%
Holder of indirect stake		Bebidas Gaseosas del Noroeste, S.A.U., Iparbal 99, S.L.			Casbega, S.L.

Name	Developed System Logistic, S.L.U.	Edari Soluciones Informáticas, S.L.U.	Frutos y Zumos, S.A.U.	CCIP Soporte, S.L.U.	Iparbal 99, S.L.
	Thousands of Euros				
Address	Avda, Henry Ford, 25, Picassent, Valencia	C/ Portal de Gamarra, 1ª (Vitoria)	Crta, Alicante-Valencia, Km, 279, 46470, Albal (Valencia)	Torre de Cristal, Paseo de la Castellana, 259 C-planta 9 (Madrid)	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia
Activity	Storage of beverages and other products for hotels and restaurants	Provision of ICT services	Manufacture of fruit products (orange and lemon)	Provision of administration and management services	Business promotion company
Percentage of capital held:					
Directly				100,00%	1,13%
Indirectly	100,00%	100,00%	100,00%		98,87%
Holder of indirect stake	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.		Norbega, S.A.

Name	Iparsoft 2004, S.L.U.	Lusobega, S.L.	Madrid Eco Platform, S.L.	Norbega, S.A.	Solares y Edificios Norteños, S.A.U.
	Thousands of Euros				
Address	C/ Ibaizabal 57, Galdakao	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia	C/ Diesel, nº 5, Getafe (Madrid)	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia
Activity	Provision of IT services	Manufacture and marketing of soft drinks, ownership of equity interests in non-resident companies	Transport, marketing, distribution, storage and export of beverages and food products	Manufacturing and provision of marketing and distribution services for beverages	Acquisition, development and division of real estate plots, building construction, reforms and enlargements, and property management
Percentage of capital held:					
Directly					
Indirectly	98,59% and 1,41%	100,00%	100,00%	99,998% 0,001%	100,00%
Holder of indirect stake	Iparbal 99, S.L., Norbega, S.A.	Asturbega, S.A., Casbega, S.L., Colebega, S.A., Cobega Embotellador, S.L.U., Rendelsur, S.A.U.	Iparbal 99, S.L.	Iparbal 99,S.L.	Iparbal 99, S.L.

Name	Nosoplas, S.L.U.	Olive Activos, S.L.	Peña Umbría, S.L.U.	Refecon Águas, Lda.	Refrige, S.A.
	Thousands of Euros				
Address	C/ Parroquia de Rois, parcela B 38, Pol, Ind, Bergondo (A Coruña)	Torre de Cristal, Paseo de la Castellana, 259 C-planta 9 (Madrid)	Avda, Real Monast, Sta, Maria de Poblet, 36, Quart de Poblet, Valencia	Quinta da Salmoura, Cabanas	Quinta da Salmoura, Cabanas
Activity	Manufacture of containers and packaging	Holding and Business promotion company	Packaging and sale of mineral water	Packaging and sale of water	Distribution and production of beverages
Percentage of capital held:					
Directly					
Indirectly	100,00%	100,00%	100,00%	100,00%	100,00%
Holder of indirect stake	Iparbal 99, S.L.	Rendelsur, S.A.U.	Iparbal 99, S.L.	Refrige SGPS, S.A.	Refrige SGPS, S.A.

Name	Thousands of Euros		
	Refrige SGPS, S.A.	**Rendelsur, S.A.U.**	**Roalba, S.A.U.**
Adress	Quinta da Salmoura, Cabanas	Carretera nacional IV, Km,528, La Rinconada (Sevilla)	Calle Ibaizabal 57, 48960 Galdakao, Bizkaia
Activity	Holding	Manufacturing and service marketing and distribution of beverages	Exploitation and marketing of refrigeration equipment
Percentage of capital held:			
Directly		100,00%	
Indirectly	100,00%		100,00%
Holder of indirect stake	Iparbal 99, S.L.		Iparbal 99, S.L.

2014

Name	Aguas de la Vega del Codorno, S.L.U.	Aguas del Cospeito, S.L.U.	Aguas del Maestrazgo, S.L.U.	Aguas del Santolín, S.A.U.	Aguas del Toscal, S.A.
	Thousands of Euros				
Address	C/ Campezo, 10 (Madrid)	Carretera Pino, km 12, Cospeito (Lugo)	Monasterio Las Huelgas nº 7, P,I, Alcalde Caballero 50014 Zaragoza	Calle Real s/n 09246 Quintanaurria (Burgos)	Carretera La Pasadilla Km 3 s/n, 35250 Ingenio, Las Palmas
Activity	Bottling of natural water	Bottling of mineral water	Packaging and sale of natural mineral water	Packaging of natural mineral water	Packaging and sale of natural mineral water
Percentage of capital held:					
Directly					
Indirectly	100,00%	100,00%	100,00%	100,00%	80,00%
Holder of indirect stake	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.

Name	Bebidas Gaseosas del Noroeste, S.A.U.	Beganet, S.L.U.	Cobega Embotellador, S.L.U.	Vilas del Turbon, S.A.U.	Coca-Cola Iberian Partners Gestión, S.A.
	Thousands of Euros				
Address	Avda, Alcalde Alfonso Molina, s/n, A Coruña	Avda, dels Països Catalans, nº 32, Esplugues de Llobregat (Barcelona)	Avda, dels Països Catalans, nº 32, Esplugues de Llobregat (Barcelona)	Monasterio Las Huelgas nº 7, P,I, Alcalde Caballero 50014 Zaragoza	C/ Ribera del Loira 20-22, Madrid
Activity	Manufacturing and provision of marketing and distribution services for beverages	Provision of ICT services	Manufacturing and provision of marketing and distribution services for beverages	Packaging and sale of mineral water	Provision of beverage promotion and management services
Percentage of capital held:					
Directly	100,00%		100,00%		20,00%
Indirectly		100,00%		100,00%	80,00%
Holder of indirect stake		Cobega Embotellador, S.L.U.		Iparbal 99, S.L.	Asturbega, S.A., Casbega, S.L., Colebega, S.A., Cobega Embotellador, S.L.U., Rendelsur, S.A.U., Begano, S.A.U., Norbega, S.A.U.

Name	Thousands of Euros Compañía Asturiana de Bebidas Gaseosas, S.A.U.	Casbega, S.L.	Compañía Levantina de Bebidas Gaseosas, S.A.	Compañía para la Comunicación de Bebidas sin Alcohol, S.L.	Conversia IT, S.L.U.
Address	Crta, Oviedo-Santander, s/n, 33010 Colloto, Siero (Asturias)	C/ Campezo, nº 10 (Madrid)	Avda, Real Monsat, Sta, Maria de Poblet, 36, Quart de Poblet, Valencia	C/ Ribera del Loira 20-22, Madrid	C/ Mijancas, nº 1, Edificio "Próxima", Planta 4
Activity	Manufacturing and provision of marketing and distribution services for beverages	Manufacturing and provision of marketing and distribution services for beverages	Manufacturing and provision of marketing and distribution services for beverages	Advertising and marketing services	Provision of ICT services
Percentage of capital held:					
Directly	100,00%	92,17%	100,00%	17,00%	
Indirectly		3,92% and 3,91%		83,00%	100,00%
Holder of indirect stake		Bebidas Gaseosas del Noroeste, S.A.U., Iparbal 99, S.L.		Asturbega, S.A., Casbega, S.L., Colebega, S.A., Cobega Embotellador, S.L.U., Rendelsur, S.A.U., Begano, S.A.U., Norbega, S.A.	Casbega, S.L.

Name	Thousands of Euros Developed System Logistic, S.L.U.	Edari Soluciones Informáticas, S.L.U.	Frutos y Zumos, S.A.U.	CCIP Soporte, S.L.U.	Iparbal 99, S.L.
Address	Avda, Henry Ford, 25, Picassent, Valencia	C/ Portal de Gamarra, 1ª (Vitoria)	Crta, Alicante-Valencia, Km, 279, 46470, Albal (Valencia)	Torre de Cristal, Paseo de la Castellana, 259 C-planta 9 (Madrid)	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia
Activity	Storage of beverages and other products for hotels and restaurants	Provision of ICT services	Manufacture of fruit products (orange and lemon)	Provision of administration and management services	Business promotion company
Percentage of capital held:					
Directly				100,00%	1,13%
Indirectly	100,00%	100,00%	100,00%		98,87%
Holder of indirect stake	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.		Norbega, S.A.

Name	Iparsoft 2004, S.L.U.	Lusobega, S.L.	Madrid Eco Platform, S.L.	Norbega, S.A.	Solares y Edificios Norteños, S.A.U.
	Thousands of Euros				
Address	C/ Ibaizabal 57, Galdakao	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia	C/ Diesel, nº 5, Getafe (Madrid)	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia	C/ Ibaizabal 57, Galdakao, 48960, Bizkaia
Activity	Provision of IT services	Manufacture and marketing of soft drinks, ownership of equity interests in non-resident companies	Transport, marketing, distribution, storage and export of beverages and food products	Manufacturing and provision of marketing and distribution services for beverages	Acquisition, development and division of real estate plots, building construction, reforms and enlargements, and property management
Percentage of capital held:					
Directly				99,998%	
Indirectly	98,59% and 1,41%	100,00%	70,00%	0,001%	100,00%
Holder of indirect stake	Iparbal 99, S,L,, Norbega, S,A,	Asturbega, S,A,, Casbega, S,L,, Colebega, S,A,, Cobega Embotellador, S,L,U,, Rendelsur, S,A,U,	Iparbal 99, S,L,	Iparbal 99, S,L,	Iparbal 99, S,L,

Name	Nosoplas, S.L.U.	Peña Umbría, S.L.U.	Refecon Açores, Lda.	Refecon Águas, Lda.	Refecon Madeira, Lda.
	Thousands of Euros				
Address	C/ Parroquia de Rois, parcela B 38, Pol, Ind, Bergondo (A Coruña)	Avda, Real Monast, Sta, Maria de Poblet, 36, Quart de Poblet, Valencia	S, Miguel, Azores	Quinta da Salmoura, Cabanas	Santa Cruz, Madeira
Activity	Manufacture of containers and packaging	Packaging and sale of mineral water	Distribution and marketing of beverages	Packaging and sale of water	Distribution and marketing of beverages
Percentage of capital held:					
Directly					
Indirectly	100,00%	100,00%	100,00%	100,00%	100,00%
Holder of indirect stake	Iparbal 99, S.L.	Iparbal 99, S.L.	Refecon SGPS Unipessoal, Lda., Refrige, S.A.	Refecon SGPS Unipessoal, Lda,, Refrige, S.A.	Refecon SGPS Unipessoal, Lda.

Name	Thousands of Euros				
	Refecon SGPS Unipessoal, Lda.	Refercon Azeitao, LDA.	Refrige, S.A.	Rendelsur, S.A.U.	Roalba, S.A.U.
Adress	Quinta da Salmoura, Cabanas,	Quinta da Salmoura, Cabanas	Quinta da Salmoura, Cabanas	Carretera nacional IV, Km,528, La Rinconada (Sevilla)	Calle Ibaizabal 57, 48960 Galdakao, Bizkaia
Activity	Representation, distribution and marketing of food products	Representation, distribution and marketing of food products, Installation and service of equipment for the marketing of food products	Distribution and production of beverages	Manufacturing and service marketing and distribution of beverages	Exploitation and marketing of refrigeration equipment
Percentage of capital held:					
Directly				100,00%	
Indirectly	100,00%	100,00%	100,00%		100,00%
Holder of indirect stake	Refrige, S.A.	Refecon SGPS Unipessoal, Lda., Refrige, S.A.	Refrige SGPS, S.A.		Iparbal 99, S.L.

Name	Thousands of Euros
	Refrige SGPS, S.A.
Address	Quinta da Salmoura, Cabanas
Activity	Holding
Percentage of capital held:	
Directly	
Indirectly	100,00%
Holder of indirect stake	Iparbal 99, S.L.

2013

Name	Aguas de la Vega del Codorno, S.L.U.	Aguas del Cospeito, S.L.U.	Aguas del Maestrazgo, S.L.U.	Aguas del Santolín, S.A.U.	Aguas del Toscal, S.A.
	Thousands of Euros				
Address	C/ Campezo, 10 (Madrid)	Carretera Pino, km 12, Cospeito (Lugo)	Monasterio Las Huelgas nº 7, P,I, Alcalde Caballero 50014 Zaragoza	Calle Real s/n 09246 Quintanaurria (Burgos)	Carretera La Pasadilla Km 3 s/n, 35250 Ingenio, Las Palmas
Activity	Bottling of natural water	Bottling of mineral water	Packaging and sale of natural mineral water	Packaging of natural mineral water	Packaging and sale of natural mineral water
Percentage of capital held:					
Directly					
Indirectly	100,00%	100,00%	100,00%	100,00%	60,00%
Holder of indirect stake	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.

Name	Bebidas Gaseosas del Noroeste, S.A.U.	Beganet, S.L.U.	Cobega Embotellador, S.L.U.	Vilas del Turbon, S.A.U.	Coca-Cola Gestión, S.A.
	Thousands of Euros				
Address	Avda, Alcalde Alfonso Molina, s/n, A Coruña	Avda, dels Països Catalans, nº 32, Esplugues de Llobregat (Barcelona)	Avda, dels Països Catalans, nº 32, Esplugues de Llobregat (Barcelona)	Monasterio as Huelgas nº 7. P.I. Alcalde Caballero 50014 Zaragoza	C/ Ribera del Loira 20-22, Madrid
Activity	Manufacturing and provision of marketing and distribution services for beverages	Provision of ICT services	Manufacturing and provision of marketing and distribution services for beverages	Packaging and sale of natural mineral water	Provision of beverage promotion and management services
Percentage of capital held:					
Directly	100,00%		100,00%		20,00%
Indirectly		100,00%		100.00%	80,00%
Holder of indirect stake		Cobega Embotellador, S.L.U.		Iparbal 99, S.L.	Asturbega, S.A., Casbega, S.L., Colebega, S.A., Cobega Embotellador, S.L.U., Rendelsur, S.A.U, Begano, S.A.U., Norbega, S.A.U.

Name	Thousands of Euros				
	Compañía Asturiana de bebidas Gaseosas, S.A.U.	**Casbega, S.L.**	**Compañía Levantina de Bebidas Gaseosas, S.A.**	**Compañía para la Comunicación de Bebidas sin Alcohol, S.L.**	**Conversia IT, S.L.U.**
Address	Crta, Oviedo-Santander, s/n, 33010 Colloto, Siero (Asturias)	C/ Campezo 10 (Madrid)	Avda, Real Monast, Sta, Maria de Poblet, 36, Quart de Poblet, Valencia	C/ Ribera del Loria 20-22, Madrid	C/ Mijancas 1, Edificio "Próxima", Planta 4ª
Activity	Manufacturing and provision of marketing and distribution services for beverages	Manufacturing and provision of marketing services for beverages	Manufacturing and provision of marketing and distribution services for beverages	Advertising and marketing services	Provision of ICT services
Percentage of capital held:					
Directly	100,00%	92,17%	100,00%	17,00%	
Indirectly		7,83%		83,00%	100,00%
Holder of indirect stake		Bebidas Gaseosas del Noroeste, S.A.U., Iparbal 99, S.L.		Asturbega, S.A., Casbega, S.L., Colebega, S.A., Cobega Embotellador, S.L.U., Rendelsur, S.A.U., Begano, S.A.U., Norbega, S.A.U.	Casbega, S.L.

Name	Thousands of Euros				
	Developed System Logistic, S.L.U.	**Edari Soluciones Informáticas, S.L.U.**	**Frutos y Zumos, S.A.U.**	**Intervención Financiera Comercial, S.A.U.**	**Iparbal 99, S.L.**
Address	Avda, Henry Ford 25, Picassent, Valencia	C/ Portal de Gamarra 1A (Vitoria)	Crta, Alicante-Valencia, Km, 279, 46470, Albal (Valencia)	Calles Ibaizabal 57, 48960 Galdakao, Bizkaia	Calles Ibaizabal 57, 48960 Galdakao, Bizkaia
Activity	Storage of beverages and other products for hotels and restaurants	Provision of ICT services	Manufacture of fruit products (orange and lemon)	Brand leasing	Business promotion company
Percentage of capital held:					
Directly					1,13%
Indirectly	100,00%	100,00%	100,00%	100,00%	98,87%
Holder of indirect stake	Iparbal 99, S.L.	Iparbal 99, S.L.	Iparbal 99, S.L.	NorInvest Iberia, S.L.U.	NorInvest Iberia, S.L.U., Norbega S.A.U., Intervención Financiera Comercial, S.A.U.

Name	Iparsoft 2004, S.L.U.	Lusobega, S.L.	Madrid Eco Platform, S.L.	Norbega, S.A.U.	NorInvest Iberia, S.L.U.
	Thousands of Euros				
Address	Calles Ibaizabal 57, 48960 Galdakao, Bizkaia	Calles Ibaizabal 57, 48960 Galdakao, Bizkaia	C/ Diesel, nº 5, Getafe (Madrid)	Calles Ibaizabal 57, 48960 Galdakao, Bizkaia	Calles Ibaizabal 57, 48960 Galdakao, Bizkaia
Activity	Provision of IT services	Manufacture and marketing of soft drinks, ownership of equity interests in non-resident companies	Transport, marketing, distribution, and export of beverages and food products	Manufacturing and provision of marketing and distribution services for beverages	Beverage trade
Percentage of capital held:					
Directly				36,75%	100,00%
Indirectly	100,00%	100,00%	70,00%	63,25%	
Holder of indirect stake	Iparbal 99. S.L.. Norbega. S.A.U.	Asturbega. S.A.. Casbega. S.L.. Colebega. S.A.. Cobega Embotellador. S.L.U.. Rendelsur. S.A.U.	Iparbal 99. S.L.	NorInvest Iberia. S.L.U.	

Name	Nosoplas, S.L.U.	Peña Umbría, S.L.U.	Refecon Açores, Lda.	Refecon Águas, S.A.	Refecon Madeira, Lda.
	Thousands of Euros				
Address	C/ Parroquia de Rois. parcela B. Pol. Ind. Bergondo (A Coruña)	Avda. Real Monast. Sta. Maria de Poblet. 36. Quart de Poblet. Valencia	S. Miguel. Azores	Quinta da Salmoura. Cabanas	Santa Cruz. Madeira
Activity	Manufacture of containers and packaging	Packaging and sale of mineral water	Distribution and marketing of beverages	Packaging and sale of water	
Percentage of capital held:					
Directly					
Indirectly	100.00%	100.00%	100.00%	100.00%	100.00%
Holder of indirect stake	Iparbal 99. S.L.	Iparbal 99. S.L.	Refecon SGPS Unipessoal. Lda. Refrige. S.A.	Refecon SGPS Unipessoal. Lda. Refrige. S.A.	Refecon SGPS Unipessoal. Lda.

Name	Thousands of Euros Refercon SGPS Unipessoal, Lda.	Refecon Azeitao, Lda.	Refrige, S.A.	Rendelsur, S.A.U.	Roalba, S.A.U.
Address	Quinta da Salmoura. Cabanas	Quinta da Salmoura. Cabanas	Quinta da Salmoura. Cabanas	Carretera nacional IV. KM. 528. La Rinconada (Sevilla)	Calles Ibaizabal 57. 48960 Galdakao. Bizkaia
Activity	Representation. distribution. marketing of food products	Representation. distribution. marketing of food products. installation and technical assistance of equipment designed for marketing food products	Manufacture and distribution of beverages	Manufacturing and provision of marketing and distribution services for beverages	Operation and market of refrigeration equipment
Percentage of capital held:					
Directly					
Indirectly	100.00%	100.00%	100.00%	100.00%	100.00%
Holder of indirect stake	Refrige, S.A.	Refecon SGPS Unipessoal. Lda., Refrige. S.A.	Refrige SGPS, S.A.		Iparbal 99, S.L.

Name	Thousands of Euros Refrige SGPS, S.A.	Solares y Edificios Norteños, S.A.U.
Address	Quinta da Salmoura. Cabanas	Calles Ibaizabal 57. 48960 Galdakao. Bizkaia
Activity	Holding company	Acquisition. development and division of real estate plots. building construction. reforms and enlargements. and property management
Percentage of capital held:		
Directly		
Indirectly	100.00%	100.00%
Holder of indirect stake	Iparbal 99, S.L.	Iparbal 99, S.L.

Consolidated Financial Statements

Coca-Cola Erfrischungsgetränke GmbH
(formerly: Coca-Cola Erfrischungsgetränke Aktiengesellschaft)
As of December 31, 2015 and 2014 and for the Years Ended
December 31, 2015, 2014 and 2013 With Report of Independent Auditors

COCA-COLA ERFRISCHUNGSGETRÄNKE GMBH

Audited Consolidated Financial Statements

As of December 31, 2015 and 2014 and for the Years Ended December 31, 2015, 2014 and 2013

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Report of Independent Auditors

Supervisory Board and Board of Directors
Coca-Cola Erfrischungsgetränke GmbH

We have audited the accompanying consolidated financial statements of Coca-Cola Erfrischungsgetränke GmbH, and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 consolidated financial position of Coca-Cola Erfrischungsgetränke GmbH, and subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with U.S. generally accepted accounting principles.

March 14, 2016
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
Berlin, Germany

/s/ Annette Laufenberg	/s/ Dr. Ingo Röders
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	*(German Public Auditor)*

COCA-COLA ERFRISCHUNGSGETRÄNKE GMBH

CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended December 31, (In thousands)	2015	2014	2013
NET OPERATING REVENUES	**$2,420,763**	$2,826,716	$2,822,128
Cost of goods sold	**1,396,178**	1,657,055	1,665,569
GROSS PROFIT	**1,024,585**	1,169,661	1,156,559
Selling, general and administrative expenses	**1,160,530**	1,231,673	1,212,676
OPERATING INCOME (LOSS)	**(135,945)**	(62,012)	(56,117)
Interest income	**593**	665	1,041
Interest expense	**2,940**	4,312	2,486
Other income (loss)—net	**(3,369)**	434	(1,088)
INCOME (LOSS) BEFORE INCOME TAXES	**(141,661)**	(65,225)	(58,650)
Income tax expense (benefit)	**(2,952)**	(1,357)	(1,656)
CONSOLIDATED NET INCOME (LOSS)	**$ (138,709)**	$ (63,868)	$ (56,994)

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE GMBH

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Year Ended December 31, (In thousands)	2015	2014	2013
CONSOLIDATED NET INCOME (LOSS)	**$(138,709)**	$ (63,868)	$ (56,994)
Other comprehensive income (loss), net of tax:			
Net foreign currency translation adjustment	**(225,229)**	(310,499)	106,152
Net change in pension liabilities	**14,947**	(24,999)	(2,061)
TOTAL COMPREHENSIVE INCOME (LOSS)	**$(348,991)**	$(399,366)	$ 47,097

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE GMBH

CONSOLIDATED BALANCE SHEETS

December 31, (In thousands except par value)	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 128,395**	$ 58,707
Trade accounts receivable, less allowances of $3,617 and $3,622, respectively	**405,494**	439,171
Amounts receivable from related parties	**38,345**	43,822
Inventories	**158,107**	171,705
Prepaid expenses and other assets	**96,941**	102,952
TOTAL CURRENT ASSETS	**827,282**	816,357
OTHER ASSETS	**19,478**	15,941
PROPERTY, PLANT AND EQUIPMENT—net	**1,469,573**	1,542,718
FRANCHISE RIGHTS WITH INDEFINITE LIVES	**395,211**	440,431
GOODWILL	**806,356**	898,621
DEFINITE-LIVED INTANGIBLES	**9,966**	6,701
TOTAL ASSETS	**$ 3,527,866**	$ 3,720,769
LIABILITIES AND SHAREOWNERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 687,371**	$ 654,422
Amounts payable to related parties	**78,455**	20,258
Loans payable to related parties	**67,036**	303,305
Capital lease obligations	**12,831**	12,268
TOTAL CURRENT LIABILITIES	**845,693**	990,253
LOANS PAYABLE TO RELATED PARTIES	**87,256**	97,240
CAPITAL LEASE OBLIGATIONS	**39,233**	41,686
OTHER LIABILITIES	**111,130**	108,471
DEFERRED INCOME TAXES	**167,109**	194,263
SHAREOWNERS' EQUITY		
Common stock, no-par value; 76.6 million shares authorized, issued and outstanding	**189,627**	189,627
Capital surplus	**3,455,324**	3,117,744
Accumulated deficit	**(1,150,925)**	(1,012,216)
Accumulated other comprehensive income (loss)	**(216,581)**	(6,299)
TOTAL SHAREOWNERS' EQUITY	**2,277,445**	2,288,856
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	**$ 3,527,866**	$ 3,720,769

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE GMBH

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31, (In thousands)	2015	2014	2013
OPERATING ACTIVITIES			
Consolidated net income (loss)	**$(138,709)**	$ (63,868)	$ (56,994)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and amortization	**119,960**	129,305	124,765
Deferred income taxes	**(2,816)**	(1,020)	(112)
Stock based compensation	**910**	481	317
Other (income) and expense	**51,895**	37,963	32,100
Net change in operating assets and liabilities			
Trade accounts receivable	**115**	(28,059)	(47,702)
Inventories	**(7,101)**	(2,149)	(794)
Prepaid expenses and other assets	**(28,605)**	(6,079)	(5,136)
Amounts receivable from and payable to related parties	**53,629**	5,268	(10,364)
Accounts payable and accrued expenses	**133,725**	16,197	25,577
Other non-current liabilities	**28,662**	36,757	27,952
Contributions to pension plans	**(7,311)**	(155,228)	(9,495)
Net cash provided by (used in) operating activities	**204,354**	(30,432)	80,114
Purchases of property, plant and equipment	**(268,029)**	(194,125)	(214,556)
Proceeds from disposals of property, plant and equipment	**9,693**	4,819	9,838
Other investing activities	**—**	(3,433)	3,175
Net cash provided by (used in) investing activities	**(258,336)**	(192,739)	(201,543)
FINANCING ACTIVITIES			
Borrowing of loans from related parties	**124,552**	256,668	200,659
Repayment of loans from related parties	**(317,573)**	(174,924)	(81,815)
Capital contributions from related parties	**336,670**	163,561	15,246
Capital lease payments	**(13,274)**	(13,602)	(10,537)
Net cash provided by (used in) financing activities	**130,375**	231,703	123,553
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(6,705)**	(13,019)	5,062
CASH AND CASH EQUIVALENTS			
Net increase (decrease) during the year	**69,688**	(4,487)	7,186
Balance at beginning of year	**58,707**	63,194	56,008
Balance at end of year	**$ 128,395**	$ 58,707	$ 63,194

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE GMBH

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

Year Ended December 31, (In thousands)	2015	2014	2013
NUMBER OF COMMON SHARES OUTSTANDING			
Balance at beginning of year	**76,585**	76,568	76,568
Sale of treasury stock	**—**	17	—
Balance at end of year	**76,585**	76,585	76,568
COMMON STOCK	**$ 189,627**	$ 189,627	$ 189,627
CAPITAL SURPLUS			
Balance at beginning of year	**3,117,744**	2,953,594	2,938,031
Capital increase from related party	**337,580**	164,042	15,563
Sale of treasury stock	**—**	108	—
Balance at end of year	**3,455,324**	3,117,744	2,953,594
ACCUMULATED DEFICIT			
Balance at beginning of year	**(1,012,216)**	(948,348)	(891,354)
Consolidated net income (loss)	**(138,709)**	(63,868)	(56,994)
Balance at end of year	**(1,150,925)**	(1,012,216)	(948,348)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	**(6,299)**	329,199	225,108
Net change in pension liabilities	**14,947**	(24,999)	(2,061)
Net foreign currency translation adjustment	**(225,229)**	(310,499)	106,152
Balance at end of year	**(216,581)**	(6,299)	329,199
TREASURY SHARES			
Balance at beginning of year	**—**	(549)	(549)
Sale of treasury stock	**—**	549	—
Balance at end of year	**—**	—	(549)
TOTAL SHAREOWNERS' EQUITY	**$ 2,277,445**	$ 2,288,856	$2,523,523

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE GMBH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

In these notes, the terms "Company," "we," "us" and "our" mean Coca-Cola Erfrischungsgetränke GmbH and its consolidated subsidiaries. We produce, package, distribute and market nonalcoholic beverages, primarily products of The Coca-Cola Company and its consolidated subsidiaries ("TCCC"). We are the sole licensed bottler for products of TCCC in Germany.

We operate in the highly competitive beverage industry and face strong competition from other general and specialty beverage companies. Our financial results, like those of other beverage companies, are affected by a number of factors including, but not limited to, cost to manufacture and distribute products, general economic conditions, consumer preferences, local and national laws and regulations, availability of raw materials, fuel prices, and weather patterns.

Sales of our products tend to be seasonal, with the second and third calendar quarters accounting for higher unit sales of our products than the first and fourth quarters.

The Company is a wholly-owned subsidiary of TCCC. Transactions between the Company and TCCC and any of its consolidated subsidiaries are herein referred to as "related party" transactions. For additional information about our transactions with TCCC, refer to Note 2.

Merger Agreement

On August 6, 2015, TCCC entered into an agreement to merge our Company with Coca-Cola Enterprises, Inc. ("CCE") and Coca-Cola Iberian Partners, S.A.U. (formerly known as Coca-Cola Iberian Partners, S.A.) ("CCIP") to create Coca-Cola European Partners ("CCEP"). The Boards of Directors of TCCC, CCE, and CCIP have approved the transaction. The proposed merger is subject to approval by CCE's shareowners, receipt of regulatory clearances and other customary conditions. The merger is expected to close in the second quarter of 2016.

Change in legal structure and name

On January 20th, 2016, the Company converted its German legal structure from an Aktiengesellschaft (AG) into a Gesellschaft mit beschränkter Haftung (GmbH).

Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are presented on a carve-out basis to reflect the assets, liabilities, revenue and expenses that were directly attributable to the Company as it was operated within TCCC. Generally, bottling operations owned by TCCC are operated as self-sufficient businesses. This includes all functions, such as administrative functions, required to conduct business and meet regulatory requirements as a stand-alone entity. However, certain expenses were incurred directly by TCCC on behalf of the Company, as described below.

TCCC entered into certain derivative contracts, on our behalf, to mitigate the risk related to fluctuations in the price of fuel. These derivative contracts are agreements to buy or sell a quantity of fuel at predetermined future dates and at predetermined prices. Although our Company was not a legal party to these derivative contracts, the impact of these instruments were allocated to our Company by TCCC and included in our consolidated financial statements. These derivative financial instruments did not qualify for hedge accounting and therefore were accounted for as economic hedges. The changes in fair values of these economic hedges were immediately recognized into earnings in the line item cost of goods sold on our consolidated statements of operations. We recognized income (loss) related to these hedges of $(1.1) million, and $0.5 million during the years ended December 31, 2014, and 2013, respectively. TCCC did not enter into derivative contracts on our behalf in 2015.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TCCC issued stock-based compensation awards to certain of the Company's executive officers. The total expense related to these specific awards allocated to our Company by TCCC was $0.9 million, $0.5 million and $0.3 million for the years ended December 31, 2015, 2014, and 2013, respectively, and has been included in our consolidated financial statements.

The Bottling Investments Group ("BIG") of TCCC provides oversight to TCCC's consolidated bottling operations as well as certain strategic bottling investments. Allocations of selling, general and administrative expenses incurred by BIG on behalf of the Company are based on the proportion of the Company's unit case volume to the overall unit case volume of TCCC's consolidated bottling operations managed by BIG. In these notes, "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings); and "unit case volume" means the number of unit cases (or unit case equivalents) of beverage products directly or indirectly sold to customers by TCCC-owned or -controlled, as well as certain independent bottlers. The total expense related to this allocation was $18.1 million, $17.2 million and $15.7 million for the years ended December 31, 2015, 2014, and 2013, respectively, and has been included in our consolidated financial statements.

Each of the above expenses was reflected as a capital contribution to the Company in the related periods. There were no other significant costs incurred or services provided by TCCC that were required for us to operate our business.

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Our Company consolidates all entities that we control by ownership of a majority voting interest. We eliminate from our financial results all significant intercompany transactions.

Revenue Recognition

Our Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of products has occurred, the sales price charged is fixed or determinable, and collectibility is reasonably assured. For our Company, this generally means we recognize net operating revenues from the sale of our products when we deliver the products to our customers and, in the case of full-service vending, when the vending machines are refilled and the cash is collected. Our sales terms do not allow for a right of return except for matters related to any manufacturing defects on our part. We record all sales taxes collected from customers and remitted to governmental authorities as a liability in the balance sheet.

Customer Programs and Sales Incentives

We participate in various programs and arrangements with our customers designed to increase the sale of our products by these customers. Among the programs are arrangements under which allowances can be earned by our customers for participating in these programs. The costs of all of these programs, included as a reduction in net operating revenues, totaled $584.9 million, $659.7 million and $608.4 million in 2015, 2014, and 2013, respectively. Under customer programs and arrangements that require sales incentives to be paid in advance, we amortize the amount paid over the period of benefit. When incentives are paid in arrears, we accrue the estimated amount to be paid based on the program's contractual terms and expected customer performance.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished goods from manufacturing locations to our sales distribution centers are included in the line item cost of goods sold in our consolidated

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements of operations. Shipping and handling costs incurred to move finished goods from our sales distribution centers to customer locations are included in the line item selling, general and administrative expenses in our consolidated statements of operations. During the years ended December 31, 2015, 2014 and 2013, the Company recorded shipping and handling costs of $308.3 million, $368.3 million and $366.6 million, respectively. Our customers do not pay us separately for shipping and handling costs related to finished goods.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments in euro with an overnight maturity.

Trade Accounts Receivable

We sell our products to principally domestic retailers, wholesalers, and other customers and extend credit, generally without requiring collateral, based on our evaluation of the customer's financial condition. We record our trade accounts receivable at net realizable value. Typically, our accounts receivable are collected on average within 45 days and do not bear interest. For the largest national accounts, representing approximately 84 percent of the total sales revenues, the Company obtained trade credit insurance in order to reduce the risk of loss. Apart from a deductible of 10 percent, the insurance company bears the credit risk for these customers.

We monitor our exposure to losses on receivables and maintain allowances for potential losses or adjustments excluding balances that fall under the trade credit insurance. We determine these allowances by (1) evaluating the aging of our receivables; (2) analyzing customer payment history; and (3) reviewing our high-risk customers. Past due receivable balances are written-off when they are no longer considered collectible.

Activity in the allowance for doubtful accounts was as follows (in thousands):

Year Ended December 31,	2015	2014
Balance, beginning of year	**$ 3,622**	$ 5,135
Charges to expenses	**1,414**	2,871
Write-offs	**(1,050)**	(3,892)
Translation	**(369)**	(492)
Balance, end of year	**$ 3,617**	$ 3,622

Our two largest customers in 2015, 2014 and 2013 accounted for approximately 25 percent, 24 percent and 22 percent of our net operating revenues, respectively. The following table provides detail about the percentage of our total sales accounted for by our two largest customers:

Year Ended December 31,	2015[(1)]	2014[(1)]	2013[(1)]
Edeka	**14%**	13%	12%
Rewe	**11**	11	10
Total	**25%**	24%	22%

(1) No other single customer accounted for more than 10 percent of our net operating revenues.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table provides detail about the percentage of our trade accounts receivable balance as of December 31, 2015 and 2014 for customers with balances greater than 10%:

December 31,	2015[(1)]	2014[(1)]
Rewe	**21%**	22%
Edeka	**21**	19
Markant[(2)]	**20**	12
Metro[(2)]	**—**	10
Total	**62%**	63%

(1) No other single customer accounted for more than 10 percent of our trade accounts receivable balance.

(2) In 2015, trade accounts receivable from Metro were processed and settled by Markant for the first time. Markant performs related trade accounts receivable management services. No individual customer of Markant exceeds 10% of the Company's trade accounts receivable balance as of December 31, 2015 and December 31, 2014, respectively.

Concentrations of Supplier Risk

We purchase syrup, concentrate and certain finished products from TCCC to produce, package, distribute and market TCCC's products under our licensing agreement. Refer to Note 2 for additional information about our transactions with TCCC.

Generally, the raw materials we use in production are readily available from numerous sources. Aspartame is included in the concentrate purchased from TCCC and we buy sugar from Nordzucker AG, Südzucker AG, Pfeifer & Langen GmbH & Co. KG, and Tereos Deutschland GmbH. We currently purchase preforms from Petainer Germany GmbH, Artenius PET Packaging Deutschland GmbH, caps from Bender GmbH and Bericap GmbH & Co. KG, and plastic labels from Toepfer GmbH and Novaprint GmbH & Co. KG. Our Company generally has not experienced any difficulties in obtaining its requirements for raw materials.

Collective Bargaining Arrangements

All of our employees, with the exception of so called leading-employees and board members (further exceptions may apply for individual collective bargaining agreements), are covered by collective bargaining agreements either due to membership with the competent trade union "NGG" and / or due to a reference to such collective bargaining agreements within the individual employment agreements. The collective bargaining agreement relating to wages and salaries may not be terminated prior to December 31, 2016. All other collective bargaining agreements agreed upon in March 2015 (e.g., phased retirement arrangements, working time, etc.) may not be terminated prior to December 31, 2019. Collective bargaining agreements agreed upon before 2015 may be terminated as stipulated within the individual provisions of such collective bargaining agreement.

Fair Value of Financial Instruments

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair values of our cash and cash equivalents, accounts receivable, and accounts payable approximate their carrying amounts due to their short-term nature. In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are derivative instruments, which have been entered into by TCCC on our behalf. These derivative instruments are not reflected on our consolidated balance sheets as they are owned by TCCC directly. The estimated fair values of our derivative instruments are calculated based on market rates to settle the instruments (Level 2). These values represent the estimated amounts we would receive upon sale or pay upon transfer, taking into consideration current market rates and creditworthiness. TCCC did not enter into derivative contracts on our behalf in 2015.

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheets, but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net periodic benefit cost, as well as amounts recognized in our consolidated balance sheets. Refer to Note 5. The Company uses the fair value hierarchy to measure the fair value of assets held by our various pension plans.

The following tables summarize our pension plan assets measured at fair value as of the dates presented (in thousands):

	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:[1]				
Global equities	$ 86,448	$86,448	$ —	$ —
Fixed-income securities:[2]				
Corporate bonds and notes	27,180	—	27,180	—
Non-U.S. government securities	12,809	—	12,809	—
Real estate[3]	14,896	—	14,896	—
Other investments:				
Insurance contracts[4]	69,242	—	—	69,242
Cash	500	500	—	—
	$211,075	$86,948	$54,885	$69,242

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:[1]				
Global equities	$ 90,741	$90,741	$ —	$ —
Fixed-income securities:[2]				
Corporate bonds and notes	30,143	—	30,143	—
Non-U.S. government securities	14,111	—	14,111	—
Real estate[3]	15,073	—	15,073	—
Other investments:				
Insurance contracts[4]	75,843	—	—	75,843
Cash	408	408	—	—
	$226,319	$91,149	$59,327	$75,843

(1) Equity securities are comprised of investments in mutual funds and common trusts that are measured at net asset value based on the net asset value per share multiplied by the number of shares owned. The underlying assets are comprised of common stock and preferred stock. Investments in common and preferred stocks are valued using quoted market prices multiplied by the number of shares owned. As of December 31, 2015, it is not probable that we will sell these investments at an amount other than net asset value.

(2) Fixed income securities, excluding real estate funds, are comprised of investments in mutual funds that are measured at net asset value based on the net asset value per share multiplied by the number of shares owned. The underlying assets other than those held in common trust funds are valued utilizing a market approach that includes various valuation techniques and sources such as value generation models, broker quotes in active and non-active markets, benchmark yields and securities, reported trades, issuer spreads, and/or other applicable reference data. As of December 31, 2015, it is not probable that we will sell these investments at an amount other than net asset value.

(3) Real estate funds are investments in mutual funds that are valued based on the net asset values of real estate investment trusts. The underlying investments of these real estate investment trusts are valued based on quoted market prices. As of December 31, 2015, it is not probable that we will sell these investments at an amount other than net asset value.

(4) Insurance contracts are valued at book value, which approximates fair value, and is calculated using the prior year balance adjusted for investment returns and changes in cash flows.

The following table summarizes the changes in our Level 3 (fair value) pension plan assets for the periods presented (in thousands):

	Insurance Contracts
Balance as of January 1, 2014	$83,742
Actual return on plan assets still held at year end	2,822
Asset purchases	2,921
Asset sales	(3,659)
Translation	(9,983)
Balance as of December 31, 2014	$75,843
Actual return on plan assets still held at year end	1,533
Asset purchases	2,875
Asset sales	(3,200)
Translation	(7,809)
Balance as of December 31, 2015	$69,242

Inventory

We value our inventories at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) cost method for finished goods and raw materials. Inventories consist of raw materials (primarily including concentrate, other ingredients) and packaging and finished goods, which also include direct labor

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and indirect production and overhead costs. The following table summarizes our inventories as of the dates presented (in thousands):

December 31,	2015	2014
Raw materials and packaging	**$ 70,658**	$ 71,145
Finished goods	**76,030**	89,914
Other	**11,419**	10,646
Total inventories	**$158,107**	$171,705

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets. Land is not depreciated, and construction in progress is not depreciated until ready for service. Leased assets under capital leases, which are primarily forklifts, trucks, trailers, and IT equipment, are depreciated using the straight-line method over the lease term. Depreciation expense, which includes amortization expense for leased assets under capital leases, totaled $118.5 million, $126.5 million, and $120.3 million for the years ended December 31, 2015, 2014 and 2013, respectively. Amortization expense related to capitalized software was $11.9 million, $13.3 million and $13.4 million during the years ended December 31, 2015, 2014, and 2013, respectively. The unamortized value of capitalized software was $137.7 million and $152.7 million as of December 31, 2015 and 2014, respectively. Bottles and crates are recorded at the lower of their bottle and crate deposit value or purchase price. If the purchase value is higher than the deposit price, the difference is treated as a prepayment and amortized over the average economic life of the asset. Bottles and crates are written off based on scrapping and loss events except for those related to the phase-out of certain package sizes. Refer to Note 7 and Note 9. Write-offs of bottles and crates are allocated to cost of goods sold. The expense related to these write-offs totaled $30.6 million, $56.3 million, and $45.5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The following table summarizes our property, plant and equipment (in thousands):

December 31,	2015	2014	Useful Life
Land	**$ 233,448**	$ 257,938	n/a
Buildings and improvements	**515,205**	569,712	10 to 40 years
Machinery and equipment	**721,675**	785,202	12 to 20 years
Bottles and crates	**232,932**	256,207	3 to 7 years
Cold-drink equipment	**370,586**	398,500	7 to 9 years
Vehicle fleet	**13,750**	21,309	6 to 10 years
Furniture, office equipment and software	**281,091**	305,239	3 to 20 years
Construction in progress	**93,820**	41,692	n/a
Advertising signs	**30,200**	35,719	5 to 12 years
Property, plant and equipment	**2,492,707**	2,671,518	
Less accumulated depreciation	**(1,023,134)**	(1,128,800)	
Property, plant and equipment—net	**$ 1,469,573**	$ 1,542,718	

The following table summarizes leased assets under capital leases which is included in the line item machinery and equipment above (in thousands):

December 31,	2015	2014	Useful Life
Leased assets under capital leases	**$ 87,817**	$ 86,467	3 to 9 years
Less accumulated depreciation	**(36,381)**	(33,402)	
Leased assets under capital leases—net	**$ 51,436**	$ 53,065	

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. Impairment losses were not significant to our results for the years ended December 31, 2015, 2014 and 2013.

Goodwill, Franchise Rights and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives. The Company has recorded customer relationship assets as definite-lived intangible assets and is amortizing these assets over a period of 12 years. On May 18, 2015, the Company acquired rights to distribute Monster products for $5.5 million from Monster Beverage Corporation ("Monster") financed over a period of 30 months. The total outstanding liability as of December 31, 2015 was $4.9 million. These distribution rights are governed by an agreement with an initial term of 5 years with an option to renew for 3 additional 5-year terms and one 6 month term. There are no future costs of renewal. These distribution rights are classified as definite-lived intangible assets and are amortized over their estimated useful life of 20.5 years. Total amortization expense related to definite-lived intangible assets was $1.5 million, $2.8 million and $4.5 million during the years ended December 31, 2015, 2014 and 2013 respectively.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets, specifically the Company's customer relationship assets, may not be recoverable, management assesses the recoverability of the carrying value of the asset group by preparing estimates of sales volume and the resulting profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use. There was no impairment of the Company's definite-lived intangible assets for the years ended December 31, 2015, 2014 and 2013.

We test intangible assets determined to have indefinite useful lives, including franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment reviews as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess.

Our bottler's agreement contains performance requirements and conveys to us the rights to produce, distribute and sell products of TCCC throughout Germany. Our agreement with TCCC has a term until August 31, 2017 with the option for an extension by another ten years. While this agreement contains no

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

automatic right of renewal beyond that date, we believe that our interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by nonrenewal ensures that this agreement will continue to be renewed and, therefore, is essentially perpetual. We have never had a bottler's agreement with TCCC terminated due to nonperformance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term. After evaluating the contractual provisions of our bottler's agreement, our mutually beneficial relationship with TCCC, and our history of renewals, we consider franchise rights as indefinite lived intangible assets and therefore, do not amortize the value of such assets. Instead, franchise rights are tested at least annually for impairment. The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, prior to completing the impairment test described above. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment. The Company performed a qualitative assessment of its franchise rights in 2015 and a quantitative assessment of its franchise rights in 2014 and 2013. There was no impairment of the Company's franchise rights for the years ended December 31, 2015, 2014 and 2013. As of December 31, 2015 and 2014, our franchise rights had a carrying value of $395.2 million and $440.4 million, respectively. The decrease in the carrying value of our franchise rights in 2015 was due to the effect of the translation adjustments.

The goodwill impairment test consists of a two-step process, if necessary. The first step is to compare the fair value of a reporting unit to its carrying value, including goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe hypothetical marketplace participants would use. If the fair value of the reporting unit is less than its carrying value, the second step of the impairment test must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill. The Company has the option to perform a qualitative assessment of goodwill prior to completing the two-step process described above to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it must perform the two-step process. Otherwise, the Company will forego the two-step process and does not need to perform any further testing. The Company performed a qualitative assessment on our goodwill balance in 2015 and a quantitative assessment of our goodwill balance in 2014 and 2013. There was no impairment of the Company's goodwill for the years ended December 31, 2015, 2014 and 2013. As of December 31, 2015 and 2014, our goodwill had a carrying value of $806.4 million, and $898.6 million, respectively. The decrease in the carrying value of our goodwill in 2015 was due to the effect of translation adjustments.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate.

Pension Plans

We sponsor two defined benefit pension plans covering the majority of our employees. Our pension costs (net periodic pension cost) related to these plans totaled $(1.5) million, $(1.6) million and $9.6 million in 2015, 2014 and 2013, respectively. It is not possible to withdraw from these plans as a result of the underlying agreements. Refer to Note 5.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company also sponsors a defined contribution plan under which it contributes EUR 800 per employee per year. Total expense related to this plan was $8.2 million, $7.9 million and $8.3 million during the years ended December 31, 2015, 2014, and 2013, respectively. In 2015, the Company introduced a new defined contribution plan in connection with a newly negotiated collective bargaining agreement. Refer to Note 5.

Income Taxes

We file a separate income tax return and do not participate in any tax sharing arrangements. We recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of our assets and liabilities. We establish valuation allowances if we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. We do not recognize a tax benefit unless we conclude that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, we recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgment, is greater than 50 percent likely to be realized. We record interest and penalties related to unrecognized tax positions in income taxes on our consolidated statements of operations. Refer to Note 6.

Translation and Remeasurement

Our functional currency is the Euro. For our U.S. GAAP financial statements, our reporting currency is the U.S. dollar. Assets and liabilities are translated from local currency Euro into U.S. dollars at currency exchange rates in effect at the end of a reporting period. Gains and losses from this translation are included in accumulated other comprehensive income (“AOCI”) on our consolidated balance sheets. Revenues and expenses are translated at average monthly currency exchange rates. Transaction gains (losses) arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency were $(2.6) million, $(0.4) million and $0.3 million in 2015, 2014 and 2013, respectively, and are included in other income (loss)—net on our consolidated statements of operations.

Advertising Costs

The Company incurred advertising costs of $10.8 million, $12.3 million and $10.8 million in 2015, 2014 and 2013, respectively, which were expensed as incurred and are included in selling, general and administrative expenses on our consolidated statements of operations. For interim reporting purposes, we allocate our estimated full year marketing expenditures that benefit multiple interim periods to each of our interim reporting periods. We use the proportion of each interim period’s actual unit case volume to the estimated full year unit case volume as the basis for the allocation. This methodology results in our marketing expenditures being recognized at a standard rate per unit case. At the end of each interim reporting period, we review our estimated full year unit case volume and our estimated full year marketing expenditures in order to evaluate if a change in estimate is necessary. The impact of any changes in these full year estimates is recognized in the interim period in which the change in estimate occurs. Our full year marketing expenditures are not impacted by this interim accounting policy.

Recently Issued Accounting Guidance

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers,* which will replace most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU 2014-09 allows for both retrospective and prospective methods of adoption and will be effective for the Company beginning

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

January 1, 2018. The Company is currently evaluating the impact that the adoption of ASU 2014-09 will have on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This amendment removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share. This guidance will be effective for the Company beginning January 1, 2016. The Company expects that the implementation of this amendment will impact the Company's notes to the consolidated financial statements but will not have an effect on the Company's financial position or results of operations.

In November 2015, the FASB issued ASU 2015-17, I*ncome Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this update simplify the presentation of deferred income taxes and require that deferred tax liabilities and assets be classified as noncurrent in a consolidated statement of financial position. These amendments may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The amendments will be effective for the Company beginning January 1, 2017. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period.

In February 2016, the FASB issued ASU 2016-02 Leases. The ASU requires lessees to recognize the assets and liabilities on their balance sheet for the rights and obligations created by most leases and continue to recognize expenses on their income statements over the lease term. It will also require disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those years. Early adoption is permitted for all entities. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements and disclosures.

NOTE 2: RELATED PARTY TRANSACTIONS

The following table summarizes our transactions with TCCC for the years ended December 31, 2015, 2014 and 2013 (in thousands):

Year Ended December 31,	2015	2014	2013
Amounts affecting net operating revenues:			
Sale of finished products	**$ 48,405**	$ 66,095	$ 78,493
Amounts affecting cost of sales:			
Purchases of syrup, concentrate, water supply and finished products	**787,421**	937,085	906,989
Sales and marketing support funding earned	**188,552**	228,142	216,055
Purchases of finished products from Monster[(1)]	**28,565**	—	—
Rebate, packaging-, marketing- and sales-participation from Monster[(1)]	**3,298**	—	—
Amounts affecting selling, general and administrative expenses:			
IT services (licenses, maintenance, etc.)[(2)]	**23,271**	22,314	35,313
Net rent for office space and production facilities	**296**	202	616
Other transactions	**2,204**	153	186
Total transactions with related parties	**$1,082,012**	$1,253,991	$1,237,652

(1) On August 14, 2014, TCCC and Monster entered into definitive agreements for a long-term strategic relationship in the global energy drink category. The transaction contemplated under these agreements ("Monster Transaction") closed on June 12, 2015. As a result of the Monster Transaction, TCCC purchased newly issued shares of Monster common stock representing approximately 17 percent of the outstanding shares of Monster common stock (after giving effect to the new issuance). TCCC accounts for its interest in Monster as an equity method investment. Based on this agreement and common ownership by TCCC over us and Monster, we considered these transactions to be related party.

(2) The IT services activity for 2014 and 2013 has been adjusted to correct for certain related party IT services that were not included in the prior year financial statement Note 2. 2014 and 2013 IT services were disclosed as $3.6 million and $4.0 million,

NOTE 2: RELATED PARTY TRANSACTIONS (Continued)

respectively, in the 2014 financial statements. The corrected amounts are included within this line item. This correction solely relates to the disclosures in Note 2 and does not impact the overall consolidated financial statements.

Bottlers Agreement

A bottler agreement exists between us and TCCC. With the agreement TCCC transfers the bottling and distribution rights for Coca-Cola products to us. The agreement has a term until August 31, 2017 with the option for an extension by another ten years, with no payment required to renew.

Purchases of syrup, concentrate, water supply and finished products

We purchase syrup and concentrate from TCCC to produce, package, distribute, and sell TCCC's products under licensing agreements. We also purchased finished products from TCCC for sale within our territory. The licensing agreements give TCCC complete discretion to set prices of syrup, concentrate and finished products. Furthermore we signed a water agreement with TCCC that allows us to produce and sell natural water from wells owned by TCCC until August 31, 2017.

Sale of finished products

We sell certain packaged products to related parties, primarily to Coca-Cola GmbH and European Refreshments, both of which are wholly-owned subsidiaries of TCCC.

Sales and marketing support funding earned

The Company entered into a variety of marketing and sponsorship agreements with TCCC and related affiliates in order to promote the sale of TCCC products in its territory. The amounts to be paid to us, if any, by TCCC under these programs are generally determined annually and are periodically reassessed as the programs progress. Under the licensing agreements, TCCC is under no obligation to participate in the programs or continue past levels of funding in the future. Payments we receive from TCCC under these programs are classified as a reduction of our cost of goods sold in our condensed consolidated statements of operations.

IT Services (licenses, maintenance etc.)

In connection with the use of the SAP system we pay a license fee to TCCC. Furthermore TCCC charges an amount of various service fees for the use of IT maintenance to us.

Rent for office space and production facilities

We rent space and production facilities from and to TCCC and its related affiliates. In connection with an office move in 2013 the Company charged moving costs to TCCC and its related affiliates.

Other transactions

Other transactions include items such as personnel services, shared services for certain administrative functions, and the sale of property and equipment.

The Company has also obtained several loans from TCCC and its related affiliates. In January 2014, the Company extended a credit line from Atlantic Industries, a wholly-owned subsidiary of TCCC, for a total of EUR 250 million, bearing interest at 1.00 percent per annum and maturing on December 31, 2016. In May 2015, this credit line was subsequently amended to EUR 450 million, bearing interest at 0.45 percent per annum which matures on December 31, 2016. The Company has an additional loan with Atlantic Industries for a total of EUR 80 million which matures on December 31, 2017, and bears no interest. In January 2014, the Company obtained a loan of EUR 110 million from European Refreshments, a wholly-owned subsidiary of TCCC, which bore interest at 3-month London Interbank Offered Rate. This loan was paid in full in September 2014, upon receipt of a EUR 110 million capital contribution from European Refreshments. If and to the extent the Company's profit has been increased by withdrawals from the

NOTE 2: RELATED PARTY TRANSACTIONS (Continued)

capital reserves and/or profit reserves, the legal provisions for profit distribution shall be modified in such way, that all amounts withdrawn from dissolved reserves shall be distributed to European Refreshments preferentially. This preferential profit distribution terminates if its aggregate amount has reached the amount of the EUR 110 million capital contribution.

In December 2015, the Company obtained a pro-rated EUR 300 million capital contribution from Coca-Cola GmbH, European Refreshments, and Vivaqa Beteiligungs GmbH & Co. KG, all of whom are wholly-owned subsidiaries of TCCC. This contribution was primarily utilized to reduce the outstanding credit line obligation to Atlantic Industries. The total outstanding carrying amount of both facilities was $154.3 million and $400.5 million as of December 31, 2015 and 2014, respectively. The Company recorded interest expense related to these loans totaling $2.1 million, $3.0 million and $1.6 million during the years ended December 31, 2015, 2014, and 2013, respectively. The Company paid interest of zero, $0.3 million and zero during the years ended December 31, 2015, 2014, and 2013, respectively.

NOTE 3: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (in thousands):

December 31,	2015	2014
Container deposit liability	**$190,620**	$227,512
Trade accounts payable	**148,590**	75,879
Restructuring initiatives	**129,658**	106,558
Accrued customer rebates	**87,665**	115,365
Sales, payroll and other taxes	**52,063**	45,364
Accrued compensation and benefits	**51,714**	54,343
Other accrued expenses	**27,061**	29,401
Accounts payable and accrued expenses	**$687,371**	$654,422

NOTE 4: COMMITMENTS AND CONTINGENCIES

Leases

We lease land, office and warehouse space, computer hardware, machinery and equipment, buildings and vehicles under operating lease agreements expiring at various dates through 2024. Some lease agreements contain standard renewal provisions that allow us to renew the lease at rates equivalent to fair market value at the end of the lease term. Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term. Under lease agreements that contain rent holidays, rent expense is recorded on a straight-line basis over the entire lease term, including the period covered by the rent holiday. Lease expense for operating lease agreements totaled $42.0 million, $48.1 million, and $53.8 million during 2015, 2014, and 2013, respectively.

NOTE 4: COMMITMENTS AND CONTINGENCIES (Continued)

The following table summarizes our future lease payments under non-cancelable operating leases and capital leases with unrelated third parties with initial or remaining lease terms in excess of one year as of December 31, 2015 (in thousands):

Years Ending December 31,	Capital Leases	Operating Leases	Total
2016	$12,830	$34,724	$ 47,554
2017	12,027	18,198	30,225
2018	10,296	12,406	22,702
2019	8,309	7,094	15,403
2020	5,784	4,390	10,174
Thereafter	4,701	15,133	19,834
Total minimum lease payments	$53,947	$91,945	$145,892
Less: Amounts representing interest	1,883		
Present value of minimum lease payments	52,064		
Less: Current portion of capital lease obligations	12,831		
Long-term portion of capital lease obligations	$39,233		

Container Deposit Liabilities

At the time of sales, the Company receives a cash deposit from its customers for returnable bottles and crates used for the transport of refillable and non-refillable bottles. In case of non-refillable bottles the deposit is mandatory due to German Law. The Company refunds this deposit to the customer when the customer returns the empty bottles and crates in case of refillable bottles and crates. The Company refunds the deposit related to non-refillable bottles through the German non-refillable system. As of December 31, 2015 and 2014, the container deposit liability was $190.6 million and $227.5 million, respectively. These amounts were included in accounts payable and accrued expenses on our consolidated balance sheets. Refer to Note 3.

Legal Matters

In 2009, an appellate court ruled that we were liable to one of our suppliers for 50 percent of the damages they incurred as a result of a contractual dispute with the Company. The 2009 appellate court ruling did not contain an amount for damages. In January 2013, the supplier filed a suit against the Company claiming damages of EUR 5.5 million. In November 2013, the appellate court passed an indicative order stating the plaintiff's claim is inconclusive. A decision of the court about the further procedure has not yet been made and any final decision of the court would be open for appeal. At this time, the Company believes it is reasonably possible, but not probable, that we will be liable to this supplier, therefore no litigation reserve has been recorded to date.

Tax Audits

Our tax filings for various periods are subject to audit by local tax authorities. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities. We believe we have adequately provided for any assessments that could result from these audits where it is more likely than not that we will pay some amount.

NOTE 5: PENSION PLANS

We sponsor a number of defined benefit pension plans covering the majority of our employees. All pension plans are measured as of December 31.

Net Periodic Benefit Costs

The following table summarizes the net periodic benefit cost of our pension plans for the periods presented (in thousands):

Year Ended December 31,	2015	2014	2013
Components of net periodic benefit costs:			
Service cost	**$ 2,576**	$ 2,550	$ 2,643
Interest cost	**4,522**	7,620	7,485
Expected return on plan assets[1]	**(13,753)**	(14,819)	(3,378)
Amortization of prior service cost	**(237)**	(282)	(282)
Amortization of actuarial loss[2]	**5,414**	3,358	3,158
Total net periodic benefit cost	**$ (1,478)**	$ (1,573)	$ 9,626

[1] The Company has elected to use the actual fair value of plan assets as the market-related value of assets in the determination of the expected return on plan assets.

[2] Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the pension benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the pension plan participants.

Actuarial Assumptions

At each measurement date, we determine the discount rate by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future payments we anticipate making under the plans. As of December 31, 2015 and 2014, the weighted-average discount rate used to compute our benefit obligation was 2.0 percent and 2.0 percent, respectively. The expected long-term rate of return on plan assets is based upon the long-term outlook of our investment strategy as well as our historical returns and volatilities for each asset class. We also review current levels of interest rates and inflation to assess the reasonableness of our long-term rates. Our pension plan investment objective is to ensure all of our plans have sufficient funds to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to improve returns and manage risk. The weighted-average expected long-term rate of return used to calculate our pension expense was 6.7 percent, 6.9 percent and 4.3 percent in 2015, 2014 and 2013, respectively.

The following table summarizes the weighted average actuarial assumptions used to determine the net periodic benefit cost of our pension plans for the periods presented:

Year Ended December 31,	2015	2014	2013
Discount rate	**2.0%**	2.0%	3.4%
Expected return on assets	**6.7%**	6.9%	4.3%
Rate of compensation increase	**2.0%**	2.0%	2.0%

The following table summarizes the weighted average actuarial assumptions used to determine the benefit obligations of our pension plans as of the dates presented:

December 31,	2015	2014
Discount rate	**2.0%**	2.0%
Rate of compensation increase	**2.0%**	2.0%

NOTE 5: PENSION PLANS (Continued)

Benefit Obligation and Fair Value of Plan Assets

The following table summarizes the changes in our pension plan benefit obligation and the fair value of our plan assets as of the dates presented (in thousands):

Year Ended December 31,	2015	2014
Reconciliation of benefit obligation:		
Benefit obligation at beginning of plan year	**$255,212**	$239,993
Service cost	**2,576**	2,550
Interest cost	**4,522**	7,620
Actuarial (gain) / loss	**(4,945)**	46,963
Benefit payments	**(9,108)**	(10,797)
Currency translation adjustments	**(26,017)**	(32,150)
Other	**(408)**	1,033
Benefit obligation at end of plan year	**$221,832**	$255,212
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of plan year	**$226,319**	$ 84,062
Actual gain on plan assets	**14,365**	20,852
Employer contributions[1]	**7,311**	155,228
Plan participants contributions	**1,472**	1,032
Benefit payments[1]	**(9,108)**	(10,797)
Payments out of Fund to Company[1]	**(5,902)**	—
Currency translation adjustments	**(23,382)**	(24,058)
Fair value of plan assets at end of plan year	**$211,075**	$226,319

(1) The Company received $5.9 million from plan assets in 2015 related to 2014 benefit payments made directly by the Company. The Company paid $7.3 million into plan assets, which includes $5.9 million paid directly to plan participants as benefit payments. The plan assets will repay the 2015 payment for the plan participants to the Company in 2016.

The following table summarizes the projected benefit obligation (PBO), the accumulated benefit obligation (ABO), and the fair value of plan assets for our pension plans with an ABO in excess of plan assets and for our pension plans with a PBO in excess of plan assets as of the dates presented (in thousands):

December 31,	2015	2014
Information for plans with an projected benefit obligation in excess of plan assets:		
Projected benefit obligation	**$85,326**	$253,521
Fair value of plan assets	**64,850**	224,640
Information for plans with an accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	**$84,482**	$249,862
Fair value of plan assets	**64,850**	224,640

NOTE 5: PENSION PLANS (Continued)

Funded Status

The following table summarizes the funded status of our pension plans and the amounts recognized in our consolidated balance sheets as of the dates presented (in thousands):

December 31,	2015	2014
Funded status:		
Projected benefit obligation	**$(221,832)**	$(255,212)
Fair value of plan assets	**211,075**	226,319
Net funded status	**$ (10,757)**	$ (28,893)
Amounts recognized in the consolidated balance sheet consist of:		
Noncurrent assets	**$ 9,775**	$ 3,980
Current liabilities	**(9,102)**	(6,578)
Noncurrent liabilities	**(11,430)**	(26,295)
Net amounts recognized	**$ (10,757)**	$ (28,893)

The accumulated benefit obligation for our pension plans as of December 31, 2015 and 2014 was $216.6 million and $251.5 million, respectively.

Accumulated Other Comprehensive Income

The following table summarizes the amounts recorded in AOCI that have not yet been recognized as a component of net periodic benefit cost as of the dates presented (pretax; in thousands):

December 31,	2015	2014
Amounts in AOCI:		
Prior service (credit) cost	**$ (1,138)**	$ (1,374)
Net actuarial loss	**65,242**	84,955
Amounts in AOCI	**$64,104**	$83,581

The following table summarizes the changes in AOCI related to our pension plans for the periods presented (pretax; in thousands):

	2015	2014
Reconciliation of AOCI:		
AOCI at beginning of plan year	**$ 83,581**	$55,456
Prior service cost recognized during the year	**236**	282
Net losses recognized during the year	**(5,773)**	(3,358)
Net (gains) / losses occurring during the year	**(5,557)**	40,930
Net adjustments to AOCI	**(11,094)**	37,854
Currency exchange rate changes	**(8,383)**	(9,729)
AOCI at end of plan year	**$ 64,104**	$83,581

The following table summarizes the amounts in AOCI expected to be amortized and recognized as a component of net periodic benefit cost for the period presented (pretax; in thousands):

	2016
Amortization of prior service cost	$ (236)
Amortization of net losses	4,453
Total amortization expense	$4,217

NOTE 5: PENSION PLANS (Continued)

Pension Plan Assets

We have established formal investment policies for the assets associated with our pension plans. Policy objectives include (1) maximizing long-term return at acceptable risk levels; (2) diversifying among asset classes, if appropriate, and among investment managers; and (3) establishing relevant risk parameters within each asset class. Investment policies include requirements designed to mitigate risk, including quality and diversification standards. Asset allocation targets are based on periodic asset liability and in coordination of TCCC worldwide strategy. This helps determine the appropriate investment strategies for acceptable risk levels.

Factors such as asset class allocations, long-term rates of return (actual and expected), and results of periodic asset liability modeling studies are considered when constructing the long-term rate of return assumption for our pension plans. While historical rates of return play an important role in the analysis, we also take into consideration data points from other external sources if there is a reasonable justification to do so.

The following table summarizes our weighted average pension asset allocations as of our measurement date for the periods presented by asset category:

		Weighted Average Allocation	
	Target	Actual	
Asset Category	2016	2015	2014
Equity securities	42%	42%	40%
Fixed-income securities	19	19	20
Real estate	7	7	7
Other	32	32	33
Total	100%	100%	100%

Benefit Plan Contributions

The following table summarizes the contributions made to our pension plans for the years ended December 31, 2015 and 2014, as well as our projected contributions for the year ending December 31, 2016 (in thousands):

	Actual		(Unaudited) Projected
Years Ending December 31,	2015	2014	2016
Total pension contributions	$7,311	$155,228	$7,108

We fund our pension plans at a level to maintain, within established guidelines, the appropriate funded status.

NOTE 5: PENSION PLANS (Continued)

Benefit Plan Payments

Benefit payments are primarily made from funded benefit plan trusts. The following table summarizes our expected future benefit payments as of December 31, 2015 (in thousands):

Years Ending December 31,	Pension Benefit Plan Payments
2016	$ 9,102
2017	9,409
2018	9,606
2019	9,948
2020–2024	60,846

Phased Retirement Arrangement

The phased retirement arrangement is an early retirement program in Germany designed to create an incentive for employees, within a certain age group, to transition from (full or part-time) employment into retirement before their legal retirement age. Employers taking advantage of this legislation must sign a contract under the legal framework outlined in the legislation with the workers' council/unions or with the individual employees (employees not within a workers' council/union) to qualify for subsidies from the government. The German government provided a subsidy (reimbursement) to an employer for the bonuses paid to the employee and the additional contributions paid into the German government pension scheme under a phased retirement arrangement for a maximum of six years. The subsidies under these arrangements only apply to contracts signed prior to December 31, 2010. To receive this subsidy, an employer must meet certain criteria (typically, an employer must hire replacement employees from currently registered unemployed persons or former trainees). The Company has accrued $98.7 million and $104.0 million related to phased retirement arrangements as of December 31, 2015 and 2014, respectively, which is recorded in accounts payable and accrued expenses and other liabilities on our consolidated balance sheet.

Value Retirement Investment Plan

In 2015, in connection with a new collective bargaining agreement negotiated in 2015, the Company introduced a new voluntary severance benefit program for employees. The program is designed for employees who will voluntarily leave the Company within a specified period of time. These benefits vest immediately upon acceptance by the employee. The Company incurred expenses of $67.7 million related to these programs in 2015. Charges related to these programs are included in selling, general and administrative expenses on our consolidated statements of operations and are a component of Severance Pay and Benefits. Refer to Note 7.

The Company paid $42.9 million to an insurer to transfer the severance obligations for a share of affected employees. By entering into this arrangement with the insurer, the Company is no longer obligated to pay the severance obligation except in case of insurer insolvency which we deem to be remote. The remaining uninsured severance obligation of $24.8 million is included in accounts payable and accrued expenses as a restructuring initiative. Refer to Note 3 and Note 7.

NOTE 6: INCOME TAXES

Income tax expense (benefit) consisted of the following for the years ended December 31, 2015, 2014 and 2013 (in thousands):

Year Ended December 31,	2015	2014	2013
Current	**$ (136)**	$ (337)	$(1,544)
Deferred	**(2,816)**	(1,020)	(112)
Income tax expense (benefit)	**$(2,952)**	$(1,357)	$(1,656)

We made income tax payments of $5.4 million, $6.6 million and $7.4 million in 2015, 2014 and 2013, respectively.

A reconciliation of the statutory tax rate and effective tax rates is as follows:

Year Ended December 31,	2015	2014	2013
Statutory German corporate tax rate	**29.9%**	30.0%	30.0%
Valuation allowance expense	**(23.3)**	(26.9)	(18.9)
Prior year tax adjustments	**0.1**	1.0	2.6
Impact of tax rate changes	**0.4**	—	(2.0)
Non tax-deductible items	**(4.1)**	(5.9)	(8.1)
Other—net	**(0.9)**	3.9	(0.8)
Effective tax rates	**2.1%**	2.1%	2.8%

The Company files income tax returns in Germany. German tax authorities have completed their corporate income tax examinations for all years prior to 2008.

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The

NOTE 6: INCOME TAXES (Continued)

following table summarizes the significant components of our deferred tax liabilities and assets as of the dates presented (in thousands):

December 31,	2015	2014
Deferred tax liabilities:		
Franchise rights and other intangible assets	**$ 124,265**	$ 131,755
Property, plant, and equipment	**143,534**	167,160
Other, net	**16,930**	52,960
Total deferred tax liabilities	**284,729**	351,875
Deferred tax assets:		
Net operating loss and other carryforwards	**(240,499)**	(232,314)
Employee and retiree benefit accruals	**(77,431)**	(118,323)
Reserves, accruals not yet deductible	**(11,742)**	(12,522)
Other, net	**(13,116)**	(16,056)
Total deferred tax assets	**(342,788)**	(379,215)
Valuation allowances on deferred tax assets	**213,523**	200,078
Net deferred tax liabilities	**$ 155,464**	$ 172,738
Current deferred income tax assets[(1)]	**$ 12,421**	$ 22,393
Current deferred income tax liabilities[(2)]	**776**	868
Noncurrent deferred income tax liabilities	**167,109**	194,263
Net deferred tax liabilities	**$ 155,464**	$ 172,738

(1) Amounts are included in prepaid and other assets on our consolidated balance sheets.

(2) Amounts are included in accounts payable and accrued expenses on our consolidated balance sheets.

We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. As of December 31, 2015 and 2014, we had valuation allowances of $213.5 million and $200.1 million, respectively. We believe our remaining deferred tax assets will be realized because of the existence of sufficient taxable income within the carry-forward periods available under the tax law. Our net tax operating loss carryforwards will not expire due to current tax law.

NOTE 7: RESTRUCTURING AND OTHER CHARGES

The Company has entered into several integration and business transformation programs. In 2008 we began the integration of bottling and distribution operations acquired in 2007. Additionally, we have implemented several business transformation programs designed to improve our operating model and create a platform for driving sustainable future growth. Through this program we have: (1) streamlined and reduced the cost structure of our finance support function, including the establishment of a centralized shared services center; (2) restructured our sales and marketing organization to better align with customers and market requirements; (3) initiated supply chain infrastructure projects to adapt significant developments in our packaging portfolio and route-to-market changes and (4) improved the efficiency and effectiveness of certain aspects of our operations. The Company has incurred total pretax expenses of $1,159.9 million related to these programs since they commenced. Restructuring charges related to these programs are included in selling, general and administrative expenses on our consolidated statements of operations. Other direct costs primarily include enterprise resource planning (ERP) system implementation charges, charges related to transitioning from the refillable business channel, and other integration and business transformation charges. Additionally, the Company incurred $24.2 million of accelerated depreciation resulting from the phasing out of certain packages during the year-ended December 31, 2015. These charges are included in cost of goods sold on our consolidated statements of operations. Refer to Note 9.

NOTE 7: RESTRUCTURING AND OTHER CHARGES (Continued)

The following table summarizes the balance of accrued expenses related to these initiatives and the changes in the accrued amounts (in thousands):

	Severance Pay and Benefits	Asset Write-offs	Other Direct costs	Total
2013				
Accrued balances as of January 1	$ 94,588	$ —	$ 4,372	$ 98,960
Costs incurred	115,132	3,439	67,663	186,234
Payments	(51,250)	—	(72,350)	(123,600)
Reclassification[1]	(38,016)	—	—	(38,016)
Noncash and exchange	6,779	(3,439)	2,064	5,404
Accrued balances as of December 31	$ 127,233	$ —	$ 1,749	$ 128,982
2014				
Costs incurred	$ 147,820	$ 5,001	$ 62,801	$ 215,622
Payments	(88,924)	—	(57,692)	(146,616)
Reclassification[1]	(53,838)	—	—	(53,838)
Noncash and exchange	(26,621)	(5,001)	(5,970)	(37,592)
Accrued balances as of December 31	$ 105,670	$ —	$ 888	$ 106,558
2015				
Costs incurred	**$ 206,235**	**$ 38,286**	**$ 69,652**	**$ 314,173**
Payments	**(133,337)**	**—**	**(69,626)**	**(202,963)**
Reclassification[1]	**(27,715)**	**—**	**—**	**(27,715)**
Noncash and exchange	**(21,249)**	**(38,286)**	**(860)**	**(60,395)**
Accrued balances as of December 31	**$ 129,604**	**$ —**	**$ 54**	**$ 129,658**

[1] Reclassifications include the transfer of phased retirement charges to accrued compensation. Refer to Note 5 for accrued components of phased retirement programs.

The Company is currently reviewing other restructuring opportunities, which if implemented will result in additional charges in future periods. However, as of December 31, 2015, the Company had not finalized any additional plans. Refer to Note 10.

NOTE 8: OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consisted of the following (in thousands):

December 31,	2015	2014
Foreign currency translation adjustment	**$(157,737)**	$ 67,492
Adjustments to pension benefit liabilities	**(58,844)**	(73,791)
Accumulated other comprehensive income (loss)	**$(216,581)**	$ (6,299)

NOTE 8: OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

Other comprehensive income (loss) for the years ended December 31, 2015, 2014 and 2013, is as follows (in thousands):

2015	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:			
Translation adjustments arising in the period	$(225,229)	$ —	$(225,229)
Net foreign currency translation adjustment	(225,229)	—	(225,229)
Pension benefit liabilities[1]:			
Net pension benefits arising during the year	19,478	(4,531)	14,947
Net change in pension benefit liabilities	19,478	(4,531)	14,947
Other comprehensive income (loss)	$(205,751)	$(4,531)	$(210,282)

(1) Refer to Note 5 for additional information related to the Company's pension benefit liabilities.

2014	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:			
Translation adjustments arising in the period	$(310,499)	$ —	$(310,499)
Net foreign currency translation adjustment	(310,499)	—	(310,499)
Pension benefit liabilities[1]:			
Net pension benefits arising during the year	(31,201)	3,126	(28,075)
Reclassification adjustments recognized in net income (loss)	3,076	—	3,076
Net change in pension benefit liabilities	(28,125)	3,126	(24,999)
Other comprehensive income (loss)	$(338,624)	$3,126	$(335,498)

(1) Refer to Note 5 for additional information related to the Company's pension benefit liabilities.

2013	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:			
Translation adjustments arising in the period	$106,152	$ —	$106,152
Net foreign currency translation adjustment	106,152	—	106,152
Pension benefit liabilities[1]:			
Net pension benefits arising during the year	(5,264)	327	(4,937)
Reclassification adjustments recognized in net income (loss)	2,876	—	2,876
Net change in pension benefit liabilities	(2,388)	327	(2,061)
Other comprehensive income (loss)	$103,764	$327	$104,091

(1) Refer to Note 5 for additional information related to the Company's pension benefit liabilities.

NOTE 8: OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

The following table presents the amounts and line items in our consolidated statements of income where adjustments reclassified from AOCI into income were recorded during the year ended December 31, 2015 (in thousands):

Description of AOCI Component	Financial Statement Line Item	Amount Reclassified from AOCI into Income (Loss)
Pension benefit liabilities:		
Amortization of net actuarial loss	*	$5,773
Amortization of prior service cost	*	(236)
	Income (loss) before income taxes	$5,537
	Income taxes	—
	Consolidated net income (loss)	$5,537

* This component of AOCI is included in the Company's computation of net periodic benefit cost and is not reclassified out of AOCI into a single line item in our consolidated statements of operations in its entirety. Refer to Note 5 for additional information.

NOTE 9: CHANGES IN ESTIMATES

Package Phase-Out

In 2015, the Company decided to exit the German refillable business for certain package sizes. Specifically, in March 2015, we began efforts to phase out the 1.5l PET refillable bottle. We completed these efforts in 2015. In September 2015, we began similar efforts to phase out the 0.5l PET refillable bottle by 2016. In connection with these efforts, the Company reconsidered the useful lives of these refillable bottles and related crates and concluded the useful lives of these assets would be reduced. The carrying value of the remaining assets as of December 31, 2015 was $42.2 million, net of accumulated depreciation of $10.6 million, and is reflected in the line item property, plant, and equipment. The related accelerated depreciation charges are included in the restructuring footnote as asset write-offs. Refer to Note 7.

After considering the potential salvage value and alternative uses for these assets, the Company estimates that consolidated net income will be reduced by $19.8 million in 2016 in the Company's consolidated statements of operations.

Pension Yield Curve Approach

Effective January 1, 2016, for benefit plans using the yield curve approach, we changed the method used to calculate the service cost and interest cost components of net periodic benefit costs for our pension benefit plans and will measure these costs by applying the specific spot rates along the yield curve to the plans' projected cash flows. The Company believes the new approach provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and the corresponding spot yield curve rates. The change does not affect the measurement of the Company's pension benefit obligations for those plans and is accounted for as a change in accounting estimate, which is applied prospectively. This change in estimate will not have a material impact on our 2016 net income from continuing operations. Refer to Note 5.

NOTE 10: SUBSEQUENT EVENTS

Integration and Business Transformation

On March 1, 2016, we announced our intent to close 2 production sites, 6 distribution sites and to phase out a refillable PET production line. In addition, we announced our intent to restructure parts of our finance, human resources, marketing and sales departments. The costs associated with these restructuring plans are estimated to approximate $150 million and will primarily relate to severance payments and accelerated depreciation of property, plant & equipment. Based on the existing tariff agreement, NGG has

NOTE 10: SUBSEQUENT EVENTS (Continued)

a twelve week review period beginning March 1, 2016 to consider our proposal and to discuss alternative plans.

Other

The Company evaluated subsequent events through March 14, 2016, noting no other events that occurred subsequent to the balance sheet date but prior to this date that would have a material impact on our consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Coca-Cola Erfrischungsgetränke Aktiengesellschaft
As of December 31, 2014 and 2013 and for the Years Ended
December 31, 2014 and 2013 With Report of Independent Auditors
Also Presented for the Year Ended December 31, 2012 (unaudited)

COCA-COLA ERFRISCHUNGSGETRÄNKE AKTIENGESELLSCHAFT

Audited Consolidated Financial Statements

As of December 31, 2014 and 2013 and for the Years Ended December 31, 2014 and 2013
Also Presented for the Year Ended December 31, 2012 (unaudited)

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Report of Independent Auditors

We have audited the accompanying consolidated financial statements of Coca-Cola Erfrischungsgetränke Aktiengesellschaft, and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 consolidated financial position of Coca-Cola Erfrischungsgetränke Aktiengesellschaft, and subsidiaries at December 31, 2013 and 2014, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Report on summarized comparative information

We have not audited, reviewed or compiled the consolidated information presented herein for the year ended December 31, 2012, and, accordingly, we express no opinion on it.

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

/s/ Annette	/s/ Dr. Ingo
Laufenberg Wirtschaftsprüfer *[German Public Auditor]*	Röders Wirtschaftsprüfer *[German Public Auditor]*

Berlin, Germany
December 14, 2015

COCA-COLA ERFRISCHUNGSGETRÄNKE AKTIENGESELLSCHAFT

CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended December 31, (In thousands)	2014	2013	(Unaudited) 2012
NET OPERATING REVENUES	**$2,826,716**	$2,822,128	$2,664,627
Cost of goods sold	**1,657,055**	1,665,569	1,573,509
GROSS PROFIT	**1,169,661**	1,156,559	1,091,118
Selling, general and administrative expenses	**1,231,673**	1,212,676	1,107,991
OPERATING INCOME (LOSS)	**(62,012)**	(56,117)	(16,873)
Interest income	**665**	1,041	793
Interest expense	**4,312**	2,486	1,729
Other income (loss)—net	**434**	(1,088)	(747)
INCOME (LOSS) BEFORE INCOME TAXES	**(65,225)**	(58,650)	(18,556)
Income tax expense (benefit)	**(1,357)**	(1,656)	8,391
CONSOLIDATED NET INCOME (LOSS)	**$ (63,868)**	$ (56,994)	$ (26,947)

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE AKTIENGESELLSCHAFT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Year Ended December 31, (In thousands)	2014	2013	(Unaudited) 2012
CONSOLIDATED NET INCOME (LOSS)	**$ (63,868)**	$ (56,994)	$(26,947)
Other comprehensive income (loss), net of tax:			
Net foreign currency translation adjustment	**(310,499)**	106,152	49,600
Net change in pension liabilities	**(24,999)**	(2,061)	(46,370)
TOTAL COMPREHENSIVE INCOME (LOSS)	**$(399,366)**	$ 47,097	$(23,717)

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE AKTIENGESELLSCHAFT

CONSOLIDATED BALANCE SHEETS

December 31, (In thousands except par value)	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 58,707**	$ 63,194
Trade accounts receivable, less allowances of $3,622 and $5,135, respectively	**439,171**	461,979
Amounts receivable from related parties	**43,822**	37,906
Inventories	**171,705**	197,442
Prepaid expenses and other assets	**102,952**	88,903
TOTAL CURRENT ASSETS	**816,357**	849,424
OTHER ASSETS	**15,941**	19,022
PROPERTY, PLANT AND EQUIPMENT—net	**1,542,718**	1,716,790
FRANCHISE RIGHTS WITH INDEFINITE LIVES	**440,431**	498,841
GOODWILL	**898,621**	1,017,797
CUSTOMER RELATIONSHIPS	**6,701**	10,447
TOTAL ASSETS	**$ 3,720,769**	$4,112,321
LIABILITIES AND SHAREOWNERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 654,422**	$ 726,960
Amounts payable to related parties	**20,258**	10,962
Loans payable to related parties	**303,305**	258,092
Capital lease obligations	**12,268**	13,185
TOTAL CURRENT LIABILITIES	**990,253**	1,009,199
LOANS PAYABLE TO RELATED PARTIES	**97,240**	110,136
CAPITAL LEASE OBLIGATIONS	**41,686**	47,319
OTHER LIABILITIES	**108,471**	206,786
DEFERRED INCOME TAXES	**194,263**	215,358
SHAREOWNERS' EQUITY		
Common stock, no-par value; 76.6 million shares authorized, issued and outstanding	**189,627**	189,627
Capital surplus	**3,117,744**	2,953,594
Accumulated deficit	**(1,012,216)**	(948,348)
Accumulated other comprehensive income (loss)	**(6,299)**	329,199
Treasury shares	**—**	(549)
TOTAL SHAREOWNERS' EQUITY	**2,288,856**	2,523,523
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	**$ 3,720,769**	$4,112,321

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE AKTIENGESELLSCHAFT

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31, (In thousands)	2014	2013	(Unaudited) 2012
OPERATING ACTIVITIES			
Consolidated net income (loss)	**$ (63,868)**	$ (56,994)	$ (26,947)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and amortization	**129,305**	124,765	107,756
Deferred income taxes	**(1,020)**	(112)	8,202
Stock based compensation	**481**	317	215
Other (income) and expense	**37,963**	32,100	50,706
Net change in operating assets and liabilities			
Trade accounts receivable	**(28,059)**	(47,702)	(961)
Inventories	**(2,149)**	(794)	(15,396)
Prepaid expenses and other assets	**(6,079)**	(5,136)	(1,391)
Amounts receivable from and payable to related parties	**5,268**	(10,364)	(11,683)
Accounts payable and accrued expenses	**16,197**	25,577	89,422
Other non-current liabilities	**36,757**	27,952	(1,466)
Contributions to pension plans	**(155,228)**	(9,495)	(9,291)
Net cash provided by (used in) operating activities	**(30,432)**	80,114	189,166
Purchases of property, plant and equipment	**(194,125)**	(214,556)	(212,367)
Proceeds from disposals of property, plant and equipment	**4,819**	9,838	12,121
Other investing activities	**(3,433)**	3,175	387
Net cash provided by (used in) investing activities	**(192,739)**	(201,543)	(199,859)
FINANCING ACTIVITIES			
Borrowing of loans from related parties	**256,668**	200,659	38,458
Repayment of loans from related parties	**(174,924)**	(81,815)	(48,904)
Capital contributions from related parties	**163,561**	15,246	18,209
Capital lease payments	**(13,602)**	(10,537)	(2,051)
Net cash provided by (used in) financing activities	**231,703**	123,553	5,712
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(13,019)**	5,062	4,014
CASH AND CASH EQUIVALENTS			
Net increase (decrease) during the year	**(4,487)**	7,186	(967)
Balance at beginning of year	**63,194**	56,008	56,975
Balance at end of year	**$ 58,707**	$ 63,194	$ 56,008

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE AKTIENGESELLSCHAFT

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

Year Ended December 31, (In thousands)	2014	2013	(Unaudited) 2012
NUMBER OF COMMON SHARES OUTSTANDING			
Balance at beginning of year	**76,568**	76,568	76,568
Sale of treasury stock	**17**	—	—
Balance at end of year	**76,585**	76,568	76,568
COMMON STOCK	**$ 189,627**	$ 189,627	$ 189,627
CAPITAL SURPLUS			
Balance at beginning of year	**2,953,594**	2,938,031	2,919,607
Capital increase from related party	**164,042**	15,563	18,424
Sale of treasury stock	**108**	—	—
Balance at end of year	**3,117,744**	2,953,594	2,938,031
ACCUMULATED DEFICIT			
Balance at beginning of year	**(948,348)**	(891,354)	(864,407)
Consolidated net income (loss)	**(63,868)**	(56,994)	(26,947)
Balance at end of year	**(1,012,216)**	(948,348)	(891,354)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at beginning of year	**329,199**	225,108	221,878
Net change in pension liabilities	**(24,999)**	(2,061)	(46,370)
Net foreign currency translation adjustment	**(310,499)**	106,152	49,600
Balance at end of year	**(6,299)**	329,199	225,108
TREASURY SHARES			
Balance at beginning of year	**(549)**	(549)	(549)
Sale of treasury stock	**549**	—	—
Balance at end of year	**—**	(549)	(549)
TOTAL SHAREOWNERS' EQUITY	**$ 2,288,856**	$2,523,523	$2,460,863

Refer to Notes to Consolidated Financial Statements.

COCA-COLA ERFRISCHUNGSGETRÄNKE AKTIENGESELLSCHAFT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

In these notes, the terms "Company," "we," "us" and "our" mean Coca-Cola Erfrischungsgetränke Aktiengesellschaft and its consolidated subsidiaries. We produce, package, distribute and market nonalcoholic beverages, primarily products of The Coca-Cola Company and its consolidated subsidiaries ("TCCC"). We are the sole licensed bottler for products of TCCC in Germany.

We operate in the highly competitive beverage industry and face strong competition from other general and specialty beverage companies. Our financial results, like those of other beverage companies, are affected by a number of factors including, but not limited to, cost to manufacture and distribute products, general economic conditions, consumer preferences, local and national laws and regulations, availability of raw materials, fuel prices, and weather patterns.

Sales of our products tend to be seasonal, with the second and third calendar quarters accounting for higher unit sales of our products than the first and fourth quarters.

The Company is a wholly-owned subsidiary of TCCC. Transactions between the Company and TCCC and any of its consolidated subsidiaries are herein referred to as "related party" transactions. For additional information about our transactions with TCCC, refer to Note 2.

Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are presented on a carve-out basis to reflect the assets, liabilities, revenue and expenses that were directly attributable to the Company as it was operated within TCCC. Generally, bottling operations owned by TCCC are operated as self-sufficient businesses. This includes all functions, such as administrative functions, required to conduct business and meet regulatory requirements as a stand-alone entity. However, certain expenses were incurred directly by TCCC on behalf of the Company, as described below.

TCCC entered into certain derivative contracts, on our behalf, to mitigate the risk related to fluctuations in the price of fuel. These derivative contracts are agreements to buy or sell a quantity of fuel at predetermined future dates and at predetermined prices. Although our Company was not a legal party to these derivative contracts, the impact of these instruments were allocated to our Company by TCCC and included in our consolidated financial statements. These derivative financial instruments did not qualify for hedge accounting and therefore were accounted for as economic hedges. The changes in fair values of these economic hedges were immediately recognized into earnings in the line item cost of goods sold on our consolidated statements of operations. We recognized income (loss) related to these hedges of $(1.1) million, $0.5 million, and $0.5 million during the years ended December 31, 2014, 2013, and 2012, respectively.

TCCC issued stock-based compensation awards to certain of the Company's executive officers. The total expense related to these specific awards allocated to our Company by TCCC was $0.5 million, $0.3 million and $0.2 million for the years ended December 31, 2014, 2013, and 2012, respectively, and has been included in our consolidated financial statements.

The Bottling Investments Group ("BIG") of TCCC provides oversight to TCCC's consolidated bottling operations as well as certain strategic bottling investments. Allocations of selling, general and administrative expenses incurred by BIG on behalf of the Company are based on the proportion of the Company's unit case volume to the overall unit case volume of TCCC's consolidated bottling operations managed by BIG. In these notes, "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings); and "unit case volume" means the number of unit cases (or unit case equivalents) of beverage products directly or indirectly sold to customers by TCCC-owned or -controlled, as well as certain independent bottlers. The total expense related to this allocation was

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

$17.2 million, $15.7 million and $18.7 million for the years ended December 31, 2014, 2013, and 2012, respectively, and has been included in our consolidated financial statements.

Each of the above expenses was reflected as a capital contribution to the Company in the related periods. There were no other significant costs incurred or services provided by TCCC that were required for us to operate our business.

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Our Company consolidates all entities that we control by ownership of a majority voting interest. We eliminate from our financial results all significant intercompany transactions.

Revenue Recognition

Our Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of products has occurred, the sales price charged is fixed or determinable, and collectibility is reasonably assured. For our Company, this generally means we recognize net operating revenues from the sale of our products when we deliver the products to our customers and, in the case of full-service vending, when the vending machines are refilled and the cash is collected. Our sales terms do not allow for a right of return except for matters related to any manufacturing defects on our part. We record all sales taxes collected from customers and remitted to governmental authorities as a liability in the balance sheet.

Customer Programs and Sales Incentives

We participate in various programs and arrangements with our customers designed to increase the sale of our products by these customers. Among the programs are arrangements under which allowances can be earned by our customers for participating in these programs. The costs of all of these programs, included as a reduction in net operating revenues, totaled $659.7 million, $608.4 million and $569.8 million in 2014, 2013, and 2012, respectively. Under customer programs and arrangements that require sales incentives to be paid in advance, we amortize the amount paid over the period of benefit. When incentives are paid in arrears, we accrue the estimated amount to be paid based on the program's contractual terms and expected customer performance.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished goods from manufacturing locations to our sales distribution centers are included in the line item cost of goods sold in our consolidated statements of operations. Shipping and handling costs incurred to move finished goods from our sales distribution centers to customer locations are included in the line item selling, general and administrative expenses in our consolidated statements of operations. During the years ended December 31, 2014, 2013 and 2012, the Company recorded shipping and handling costs of $368.3 million, $366.6 million and $343.8 million, respectively. Our customers do not pay us separately for shipping and handling costs related to finished goods.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments in Euro with an overnight maturity.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade Accounts Receivable

We sell our products to principally domestic retailers, wholesalers, and other customers and extend credit, generally without requiring collateral, based on our evaluation of the customer's financial condition. We record our trade accounts receivable at net realizable value. Typically, our accounts receivable are collected on average within 45 days and do not bear interest. For the largest national accounts, representing approximately 80 percent of the total sales revenues, the Company obtained trade credit insurance in order to reduce the risk of loss. Apart from a deductible of 10 percent, the insurance company bears the credit risk for these customers.

We monitor our exposure to losses on receivables and maintain allowances for potential losses or adjustments excluding balances that fall under the trade credit insurance. We determine these allowances by (1) evaluating the aging of our receivables; (2) analyzing customer payment history; and (3) reviewing our high-risk customers. Past due receivable balances are written-off when they are no longer considered collectible.

Activity in the allowance for doubtful accounts was as follows (in thousands):

Year Ended December 31,	2014	2013
Balance, beginning of year	**$ 5,135**	$ 6,520
Charges to expenses	**2,871**	2,273
Write-offs	**(3,892)**	(3,885)
Translation	**(492)**	227
Balance, end of year	**$ 3,622**	$ 5,135

Our two largest customers in 2014, 2013 and 2012 accounted for approximately 24 percent, 22 percent and 23 percent of our net operating revenues, respectively. The following table provides detail about the percentage of our total sales accounted for by our two largest customers:

Year Ended December 31,	2014[1]	2013[1]	(unaudited) 2012[1]
Edeka	**13%**	12%	12%
Rewe	**11**	10	11
Total	**24%**	22%	23%

(1) No other single customer accounted for more than 10 percent of our net operating revenues.

The following table provides detail about the percentage of our trade accounts receivable balance as of December 31, 2014 and 2013 for customers with balances greater than 10%:

December 31,	2014[1]	2013[1]
Rewe	**22%**	22%
Edeka	**19**	16
Markant	**12**	14
Metro	**10**	12
Total	**63%**	64%

(1) No other single customer accounted for more than 10 percent of our trade accounts receivable balance.

Concentrations of Supplier Risk

We purchase syrup, concentrate and certain finished products from TCCC to produce, package, distribute and market TCCC's products under our bottler's agreement. Refer to Note 2 for additional information about our transactions with TCCC.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally, the raw materials we use in production are readily available from numerous sources. Aspartame is included in the concentrate purchased from TCCC and we buy sugar from Nordzucker AG, Südzucker AG, Pfeifer & Langen GmbH & Co. KG, and Tereos Deutschland GmbH. We currently purchase preforms from Petainer Germany GmbH, Artenius PET Packaging Deutschland GmbH, caps from Bender GmbH and Bericap GmbH & Co. KG, and plastic labels from Toepfer GmbH and Novaprint GmbH & Co. KG. Our Company generally has not experienced any difficulties in obtaining its requirements for raw materials.

Collective Bargaining Arrangements

All of our employees, with the exception of so called leading-employees and board members (further exceptions may apply for individual collective bargaining agreements), are covered by collective bargaining agreements either due to membership with the competent trade union "NGG" and / or due to a reference to such collective bargaining agreements within the individual employment agreements. The collective bargaining agreement relating to wages and salaries may not be terminated prior to December 31, 2016. All other collective bargaining agreements agreed upon in March 2015 (e.g., phased retirement arrangements, working time, etc.) may not be terminated prior to December 31, 2019. Collective bargaining agreements agreed upon before 2015 may be terminated as stipulated within the individual provisions of such collective bargaining agreement.

Fair Value of Financial Instruments

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair values of our cash and cash equivalents, accounts receivable, and accounts payable approximate their carrying amounts due to their short-term nature. In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. For our Company, the only assets and liabilities that are adjusted to fair value on a recurring basis are derivative instruments, which have been entered into by TCCC on our behalf. These derivative instruments are not reflected on our consolidated balance sheets as they are owned by TCCC directly. The estimated fair values of our derivative instruments are calculated based on market rates to settle the instruments (Level 2). These values represent the estimated amounts we would receive upon sale or pay upon transfer, taking into consideration current market rates and creditworthiness.

The fair value hierarchy discussed above is not only applicable to assets and liabilities that are included in our consolidated balance sheets, but is also applied to certain other assets that indirectly impact our consolidated financial statements. For example, our Company sponsors and/or contributes to a number of pension plans. Assets contributed by the Company become the property of the individual plans. Even though the Company no longer has control over these assets, we are indirectly impacted by subsequent fair value adjustments to these assets. The actual return on these assets impacts the Company's future net

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

periodic benefit cost, as well as amounts recognized in our consolidated balance sheets. Refer to Note 5. The Company uses the fair value hierarchy to measure the fair value of assets held by our various pension plans.

The following tables summarize our pension plan assets measured at fair value as of the dates presented (in thousands):

	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:[1]				
Global equities	$ 90,741	$90,741	$ —	$ —
Fixed-income securities:[2]				
Corporate bonds and notes	30,143	—	30,143	—
Non-U.S. government securities	14,111	—	14,111	—
Real estate[3]	15,073	—	15,073	—
Other investments:				
Insurance contracts[4]	75,843	—	—	75,843
Cash	408	408	—	—
	$226,319	$91,149	$59,327	$75,843

	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other investments:				
Insurance contracts[4]	$83,742	$ —	$—	$83,742
Cash	320	320	—	—
	$84,062	$320	$—	$83,742

(1) Equity securities are comprised of investments in mutual funds and common trusts that are measured at net asset value based on the net asset value per share multiplied by the number of shares owned. The underlying assets are comprised of common stock and preferred stock. Investments in common and preferred stocks are valued using quoted market prices multiplied by the number of shares owned. As of December 31, 2014, it is not probable that we will sell these investments at an amount other than net asset value.

(2) Fixed income securities, excluding real estate funds, are comprised of investments in mutual funds that are measured at net asset value based on the net asset value per share multiplied by the number of shares owned. The underlying assets other than those held in common trust funds are valued utilizing a market approach that includes various valuation techniques and sources such as value generation models, broker quotes in active and non-active markets, benchmark yields and securities, reported trades, issuer spreads, and/or other applicable reference data. As of December 31, 2014, it is not probable that we will sell these investments at an amount other than net asset value.

(3) Real estate funds are investments in mutual funds that are valued based on the net asset values of real estate investment trusts. The underlying investments of these real estate investment trusts are valued based on quoted market prices. As of December 31, 2014, it is not probable that we will sell these investments at an amount other than net asset value.

(4) Insurance contracts are valued at book value, which approximates fair value, and is calculated using the prior year balance adjusted for investment returns and changes in cash flows.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table summarizes the changes in our Level 3 (fair value) pension plan assets for the periods presented (in thousands):

	Insurance Contracts
Balance as of January 1, 2013	$78,946
Actual return on plan assets still held at year end	1,731
Asset purchases	3,256
Asset sales	(3,530)
Translation	3,339
Balance as of December 31, 2013	$83,742
Actual return on plan assets still held at year end	2,822
Asset purchases	2,921
Asset sales	(3,659)
Translation	(9,983)
Balance as of December 31, 2014	$75,843

Inventory

We value our inventories at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) cost method for finished goods and raw materials. Inventories consist of raw materials (primarily including concentrate, other ingredients) and packaging and finished goods, which also include direct labor and indirect production and overhead costs. The following table summarizes our inventories as of the dates presented (in thousands):

December 31,	2014	2013
Raw materials and packaging	**$ 71,145**	$ 82,161
Finished goods	**89,914**	100,821
Other	**10,646**	14,460
Total inventories	**$171,705**	$197,442

Property and Equipment

Property, plant and equipment are stated at cost. Repair and maintenance costs that do not improve service potential or extend economic life are expensed as incurred. Depreciation is recorded principally by the straight-line method over the estimated useful lives of our assets. Land is not depreciated, and construction in progress is not depreciated until ready for service. Leased assets under capital leases, which is primarily forklifts, trucks and trailers, is depreciated using the straight-line method over the lease term. Depreciation expense, which includes amortization expense for leased assets under capital leases, totaled $126.5 million, $120.3 million, and $102.5 million for the years ended December 31, 2014, 2013 and 2012, respectively. Amortization expense related to capitalized software was $13.3 million, $13.4 million and $5.7 million during the years ended December 31, 2014, 2013, and 2012, respectively. The unamortized value of capitalized software was $152.7 million and $178.3 million as of December 31, 2014, and 2013, respectively. Bottles and crates are recorded at the lower of their bottle and crate deposit value or purchase price. If the purchase value is higher than the deposit price, the difference is treated as a prepayment and amortized over the average economic life of the asset. Bottles and crates are written off based on scrapping and loss events. Write-offs of bottles and crates are allocated to cost of goods sold. The expense related to these write-offs totaled $56.3 million, $45.5 million, and $46.9 million for the years ended December 31, 2014, 2013 and 2012, respectively.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table summarizes our property, plant and equipment (in thousands):

December 31,	2014	2013	Useful Life
Land	**$ 257,938**	$ 293,988	n/a
Buildings and improvements	**569,712**	630,421	10 to 40 years
Machinery and equipment	**785,202**	831,568	12 to 20 years
Bottles and crates	**256,207**	286,516	3 to 7 years
Cold-drink equipment	**398,500**	451,762	7 to 9 years
Vehicle fleet	**21,309**	39,458	6 to 10 years
Furniture, office equipment and software	**305,239**	342,656	3 to 20 years
Construction in progress	**41,692**	31,406	n/a
Advertising signs	**35,719**	41,794	5 to 12 years
Property, plant and equipment	**2,671,518**	2,949,569	
Less accumulated depreciation	**(1,128,800)**	(1,232,779)	
Property, plant and equipment—net	**$ 1,542,718**	$ 1,716,790	

The following table summarizes leased assets under capital leases which is included in the line item machinery and equipment above (in thousands):

December 31,	2014	2013	Useful Life
Leased assets under capital leases	**$ 86,467**	$ 84,209	3 to 9 years
Less accumulated depreciation	**(33,402)**	(24,665)	
Leased assets under capital leases—net	**$ 53,065**	$ 59,544	

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. When such events or changes in circumstances are present, we estimate the future cash flows expected to result from the use of the asset or asset group and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. Impairment losses were not significant to our results for the years ended December 31, 2014, 2013 and 2012.

Goodwill, Franchise Rights and Other Intangible Assets

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives. The Company has recorded customer relationship assets as definite-lived intangible assets and is amortizing these assets over a period of 12 years. Amortization expense related to the customer relationship assets was $2.8 million, $4.5 million and $5.2 million during the years ended December 31, 2014, 2013 and 2012, respectively.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets, specifically the Company's customer relationship assets, may not be recoverable, management assesses the recoverability of the carrying value of the asset group by preparing estimates of sales volume and the

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

resulting profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use. There was no impairment of the Company's customer relationship assets in 2014 or 2013.

We test intangible assets determined to have indefinite useful lives, including franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment reviews as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess.

Our bottler's agreement contains performance requirements and conveys to us the rights to produce, distribute and sell products of TCCC throughout Germany. Our agreement with TCCC has a term until August 31, 2017 with the option for an extension by another ten years. While this agreement contains no automatic right of renewal beyond that date, we believe that our interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by nonrenewal ensures that this agreement will continue to be renewed and, therefore, is essentially perpetual. We have never had a bottler's agreement with TCCC terminated due to nonperformance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term. After evaluating the contractual provisions of our bottler's agreement, our mutually beneficial relationship with TCCC, and our history of renewals, we consider franchise rights as indefinite lived intangible assets and therefore, do not amortize the value of such assets. Instead, franchise rights are tested at least annually for impairment. There was no impairment of the Company's franchise rights in 2014 or 2013. As of December 31, 2014 and 2013, our franchise rights had a carrying value of $440.4 million and $498.8 million, respectively. The decrease in the carrying value of our franchise rights in 2014 was due to the effect of the translation adjustments.

The goodwill impairment test consists of a two-step process, if necessary. The first step is to compare the fair value of a reporting unit to its carrying value, including goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe hypothetical marketplace participants would use. If the fair value of the reporting unit is less than its carrying value, the second step of the impairment test must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill. There was no impairment of the Company's goodwill in 2014 or 2013. As of December 31, 2014 and 2013, our goodwill had a carrying value of $898.6 million and $1,017.8 million, respectively. The decrease in the carrying value of our goodwill in 2014 was due to the effect of translation adjustments.

Contingencies

Our Company is involved in various legal proceedings and tax matters. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate.

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plans

We sponsor two defined benefit pension plans covering the majority of our employees. Our pension costs (net periodic pension cost) related to these plans totaled $(1.6) million, $9.6 million and $7.2 million in 2014, 2013 and 2012, respectively. It is not possible to withdraw from these plans as a result of the underlying agreements. Refer to Note 5. Additionally, the Company sponsors a defined contribution plan under which it contributes EUR 800 per employee per year. Total expense related to this plan was $7.9 million, $8.3 million and $8.1 million during the years ended December 31, 2014, 2013, and 2012, respectively.

Income Taxes

We file a separate income tax return and do not participate in any tax sharing arrangements. We recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of our assets and liabilities. We establish valuation allowances if we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. We do not recognize a tax benefit unless we conclude that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, we recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgment, is greater than 50 percent likely to be realized. We record interest and penalties related to unrecognized tax positions in income taxes on our consolidated statements of operations. Refer to Note 6.

Translation and Remeasurement

Our functional currency is the Euro. For our U.S. GAAP financial statements, our reporting currency is the U.S. dollar. Assets and liabilities are translated from local currency Euro into U.S. dollars at currency exchange rates in effect at the end of a reporting period. Gains and losses from this translation are included in accumulated other comprehensive income (''AOCI'') on our consolidated balance sheets. Revenues and expenses are translated at average monthly currency exchange rates. Transaction gains (losses) arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency were $(0.4) million, $0.3 million and $0.2 million in 2014, 2013 and 2012, respectively, and are included in other income (loss)—net on our consolidated statements of operations.

Advertising Costs

The Company incurred advertising costs of $12.3 million, $10.8 million and $11.0 million in 2014, 2013 and 2012, respectively, which were expensed as incurred and are included in selling, general and administrative expenses on our consolidated statements of operations. For interim reporting purposes, we allocate our estimated full year marketing expenditures that benefit multiple interim periods to each of our interim reporting periods. We use the proportion of each interim period's actual unit case volume to the estimated full year unit case volume as the basis for the allocation. This methodology results in our marketing expenditures being recognized at a standard rate per unit case. At the end of each interim reporting period, we review our estimated full year unit case volume and our estimated full year marketing expenditures in order to evaluate if a change in estimate is necessary. The impact of any changes in these full year estimates is recognized in the interim period in which the change in estimate occurs. Our full year marketing expenditures are not impacted by this interim accounting policy.

Recently Issued Accounting Guidance

In May 2014, the Financial Accounting Standards Board (''FASB'') issued Accounting Standards Update (''ASU'') 2014-09, *Revenue from Contracts with Customers,* which will replace most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU 2014-09 allows for both retrospective and prospective methods of adoption and is effective for periods beginning after December 15, 2016. On July 9, 2015, the FASB decided to defer the effective date of ASU 2014-09 by one year. However, early adoption as of the original effective date will be permitted. The Company is currently evaluating the impact that the adoption of ASU 2014-09 will have on our consolidated financial statements.

NOTE 2: RELATED PARTY TRANSACTIONS

The following table summarizes our transactions with TCCC for the years ended December 31, 2014, 2013 and 2012 (in thousands):

Year Ended December 31,	2014	2013	(unaudited) 2012
Amounts affecting net operating revenues:			
Sale of finished products	**$ 66,095**	$ 78,493	$ 86,258
Amounts affecting cost of sales:			
Purchases of syrup, concentrate, water supply and finished products	**937,085**	906,989	848,625
Sales and marketing support funding earned	**228,142**	216,055	204,505
Amounts affecting selling, general and administrative expenses:			
IT services (licenses, maintenance etc.)	**3,578**	4,013	3,105
Net rent for office space and production facilities	**202**	616	2,834
Other transactions	**153**	186	1,722
Total transactions with related parties	**$1,235,255**	$1,206,352	$1,147,049

Bottler's Agreement

A bottler's agreement exists between us and TCCC. With the agreement TCCC transfers the bottling and distribution rights for Coca-Cola products to us. The agreement has a term until August 31, 2017 with the option for an extension by another ten years, with no payment required to renew.

Purchases of syrup, concentrate, water supply and finished products

We purchase syrup and concentrate from TCCC to produce, package, distribute, and sell TCCC's products under bottler's agreements. We also purchased finished products from TCCC for sale within our territory. The bottler's agreements give TCCC complete discretion to set prices of syrup, concentrate and finished products. Furthermore we signed a water agreement with TCCC that allows us to produce and sell natural water from wells owned by TCCC until August 31, 2017.

Sale of finished products

We sell certain packaged products to related parties, primarily to Coca-Cola GmbH and European Refreshments, both of which are wholly-owned subsidiaries of TCCC.

Sales and marketing support funding earned

The Company entered into a variety of marketing and sponsorship agreements with TCCC and related affiliates in order to promote the sale of TCCC products in its territory. The amounts to be paid to us, if any, by TCCC under these programs are generally determined annually and are periodically reassessed as the programs progress. Under the licensing agreements, TCCC is under no obligation to participate in the programs or continue past levels of funding in the future. Payments we receive from TCCC under these programs are classified as a reduction of our cost of goods sold in our condensed consolidated statements of operations.

NOTE 2: RELATED PARTY TRANSACTIONS (Continued)

IT Services (licenses, maintenance etc.)

In connection with the use of the SAP system we pay a license fee to TCCC. Furthermore TCCC charges an amount of various service fees for the use of IT maintenance to us.

Rent for office space and production facilities

We rent space and production facilities from and to TCCC and its related affiliates. In connection with an office move in 2013 the Company charged moving costs to TCCC and its related affiliates.

Other transactions

Other transactions include items such as personnel services, shared services for certain administrative functions, and the sale of property and equipment.

The Company has also obtained several loans from TCCC and its related affiliates. In January 2014, the Company obtained a credit line from Atlantic Industries, a wholly-owned subsidiary of TCCC, for a total of EUR 250 million, bearing interest at 1.0 percent per annum and maturing on December 31, 2016. In May 2015, this credit line was subsequently amended to EUR 450 million bearing interest at 0.45 percent per annum. The Company has an additional loan with Atlantic Industries for a total of EUR 80 million which matures on December 31, 2017, and bears no interest. In January 2014, the Company obtained a loan of EUR 110 million from European Refreshments, which bore interest at 3-month London Interbank Offered Rate. This loan was paid in full in September 2014, upon receipt of a EUR 110 million capital contribution from European Refreshments. If and to the extent the Company's profit has been increased by withdrawals from the capital reserves and/or profit reserves, the legal provisions for profit distribution shall be modified in such way, that all amounts withdrawn from dissolved reserves shall be distributed to European Refreshments preferentially. This preferential profit distribution terminates if its aggregate amount has reached the amount of the EUR 110 million capital contribution. In 2012, the Company had a loan with Coca-Cola GmbH for a total of EUR 17.8 million which was paid in full upon maturity on August 31, 2012. The total outstanding carrying amount of these facilities was $400.5 million and $368.2 million as of December 31, 2014 and 2013, respectively. The Company recorded interest expense related to these loans totaling $3.0 million, $1.6 million, and $1.2 million during the years ended December 31, 2014, 2013, and 2012, respectively. The Company paid interest of $0.3 million, zero, and $1.2 million during the years ended December 31, 2014, 2013, and 2012, respectively.

NOTE 3: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (in thousands):

December 31,	2014	2013
Container deposit liability	**$227,512**	$236,658
Accrued customer rebates	**115,365**	129,458
Restructuring initiatives	**106,558**	128,982
Trade accounts payable	**75,879**	92,014
Accrued compensation and benefits	**54,343**	57,673
Sales, payroll and other taxes	**45,364**	50,735
Other accrued expenses	**29,401**	31,440
Accounts payable and accrued expenses	**$654,422**	$726,960

NOTE 4: COMMITMENTS AND CONTINGENCIES

LEASES

We lease land, office and warehouse space, computer hardware, machinery and equipment, buildings and vehicles under operating lease agreements expiring at various dates through 2023. Some lease agreements contain standard renewal provisions that allow us to renew the lease at rates equivalent to fair market value at the end of the lease term. Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term. Under lease agreements that contain rent holidays, rent expense is recorded on a straight-line basis over the entire lease term, including the period covered by the rent holiday. Lease expense for operating lease agreements totaled $48.1 million, $53.8 million, and $60.0 million during 2014, 2013, and 2012, respectively.

The following table summarizes our future lease payments under non-cancelable operating leases and capital leases with unrelated third parties with initial or remaining lease terms in excess of one year as of December 31, 2014 (in thousands):

Years Ending December 31,	Capital Leases	Operating Leases	Total
2015	$14,223	$ 44,176	$ 58,399
2016	12,172	28,545	40,717
2017	9,471	16,802	26,273
2018	7,805	11,218	19,023
2019	6,219	6,224	12,443
Thereafter	6,786	21,823	28,609
Total minimum lease payments	$56,676	$128,788	$185,464
Less: Amounts representing interest	2,722		
Present value of minimum lease payments	53,954		
Less: Current portion of capital lease obligations	12,268		
Long-term portion of capital lease obligations	$41,686		

COMMITMENTS AND CONTINGENCIES

Container Deposit Liabilities

At the time of sales, the Company receives a cash deposit from its customers for returnable bottles and crates used for the transport of refillable and non-refillable bottles. In case of non-refillable bottles the deposit is mandatory due to German Law. The Company refunds this deposit to the customer when the customer returns the empty bottles and crates in case of refillable bottles and crates. The Company refunds the deposit related to non-refillable bottles through the German non-refillable system. As of December 31, 2014 and 2013, the container deposit liability was $227.5 million and $236.7 million, respectively. These amounts were included in accounts payable and accrued expenses on our consolidated balance sheets. Refer to Note 3.

Legal Matters

In 2009, an appellate court ruled that we were liable to one of our suppliers for 50 percent of the damages they incurred as a result of a contractual dispute with the Company. The 2009 appellate court ruling did not contain an amount for damages. In January 2013, the supplier filed a suit against the Company claiming damages of EUR 5.5 million. In November 2013, the appellate court passed an indicative order stating the plaintiff's claim is inconclusive. A decision of the court about the further procedure has not yet been made and any final decision of the court would be open for appeal. At this time, the Company believes it is reasonably possible, but not probable, that we will be liable to this supplier, therefore no litigation reserve has been recorded to date.

NOTE 4: COMMITMENTS AND CONTINGENCIES (Continued)

Tax Audits

Our tax filings for various periods are subjected to audit by local tax authorities. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities. We believe we have adequately provided for any assessments that could result from these audits where it is more likely than not that we will pay some amount.

NOTE 5: PENSION PLANS

We sponsor a number of defined benefit pension plans covering the majority of our employees. All pension plans are measured as of December 31.

Net Periodic Benefit Costs

The following table summarizes the net periodic benefit cost of our pension plans for the periods presented (in thousands):

Year Ended December 31,	2014	2013	(unaudited) 2012
Components of net periodic benefit costs:			
Service cost	**$ 2,550**	$ 2,643	$ 1,778
Interest cost	**7,620**	7,485	8,883
Expected return on plan assets[1]	**(14,819)**	(3,378)	(3,238)
Amortization of prior service cost	**(282)**	(282)	(273)
Amortization of actuarial loss[2]	**3,358**	3,158	—
Total net periodic benefit cost	**$ (1,573)**	$ 9,626	$ 7,150

(1) The Company has elected to use the actual fair value of plan assets as the market-related value of assets in the determination of the expected return on plan assets.

(2) Actuarial gains and losses are amortized using a corridor approach. The gain/loss corridor is equal to 10 percent of the greater of the pension benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are generally amortized over the average future working lifetime of the pension plan participants.

Actuarial Assumptions

At each measurement date, we determine the discount rate by reference to rates of high-quality, long-term corporate bonds that mature in a pattern similar to the future payments we anticipate making under the plans. As of December 31, 2014 and 2013, the weighted-average discount rate used to compute our benefit obligation was 2.0 percent and 3.4 percent, respectively. The expected long-term rate of return on plan assets is based upon the long-term outlook of our investment strategy as well as our historical returns and volatilities for each asset class. We also review current levels of interest rates and inflation to assess the reasonableness of our long-term rates. Our pension plan investment objective is to ensure all of our plans have sufficient funds to meet their benefit obligations when they become due. As a result, the Company periodically revises asset allocations, where appropriate, to improve returns and manage risk. The weighted-average expected long-term rate of return used to calculate our pension expense was 6.9 percent and 4.3 percent in 2014 and 2013, respectively.

The following table summarizes the weighted average actuarial assumptions used to determine the net periodic benefit cost of our pension plans for the periods presented:

Year Ended December 31,	2014	2013	(unaudited) 2012
Discount rate	**2.0%**	3.4%	3.4%
Expected return on assets	**6.9%**	4.3%	4.3%
Rate of compensation increase	**2.0%**	2.0%	2.0%

NOTE 5: PENSION PLANS (Continued)

The following table summarizes the weighted average actuarial assumptions used to determine the benefit obligations of our pension plans as of the dates presented:

December 31,	2014	2013
Discount rate	**2.0%**	3.4%
Rate of compensation increase	**2.0%**	2.0%

Benefit Obligation and Fair Value of Plan Assets

The following table summarizes the changes in our pension plan benefit obligation and the fair value of our plan assets as of the dates presented (in thousands):

Year Ended December 31,	2014	2013
Reconciliation of benefit obligation:		
Benefit obligation at beginning of plan year	**$239,993**	$228,728
Service cost	**2,550**	2,643
Interest cost	**7,620**	7,485
Actuarial loss	**46,963**	1,327
Benefit payments	**(10,797)**	(10,485)
Currency translation adjustments	**(32,150)**	9,580
Other	**1,033**	715
Benefit obligation at end of plan year	**$255,212**	$239,993
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of plan year	**$ 84,062**	$ 79,329
Actual gain on plan assets	**20,852**	1,656
Employer contributions	**155,228**	9,495
Plan participants contributions	**1,032**	716
Benefit payments	**(10,797)**	(10,485)
Currency translation adjustments	**(24,058)**	3,351
Fair value of plan assets at end of plan year	**$226,319**	$ 84,062

The following table summarizes the projected benefit obligation (PBO), the accumulated benefit obligation (ABO), and the fair value of plan assets for our pension plans with an ABO in excess of plan assets and for our pension plans with a PBO in excess of plan assets as of the dates presented (in thousands):

December 31,	2014	2013
Information for plans with an projected benefit obligation in excess of plan assets:		
Projected benefit obligation	**$253,521**	$239,143
Fair value of plan assets	**224,640**	83,211
Information for plans with an accumulated benefit obligation in excess of plan assets:		
Accumulated benefit obligation	**$249,862**	$235,852
Fair value of plan assets	**224,640**	83,211

NOTE 5: PENSION PLANS (Continued)

Funded Status

The following table summarizes the funded status of our pension plans and the amounts recognized in our consolidated balance sheets as of the dates presented (in thousands):

December 31,	2014	2013
Funded status:		
Projected benefit obligation	**$(255,212)**	$(239,993)
Fair value of plan assets	**226,319**	84,062
Net funded status	**$ (28,893)**	$(155,931)
Amounts recognized in the consolidated balance sheet consist of:		
Noncurrent assets	**$ 3,980**	$ —
Current liabilities	**(6,578)**	(7,618)
Noncurrent liabilities	**(26,295)**	(148,313)
Net amounts recognized	**$ (28,893)**	$(155,931)

The accumulated benefit obligation for our pension plans as of December 31, 2014 and 2013 was $251.5 million and $236.7 million, respectively.

Accumulated Other Comprehensive Income

The following table summarizes the amounts recorded in AOCI that have not yet been recognized as a component of net periodic benefit cost as of the dates presented (pretax; in thousands):

December 31,	2014	2013
Amounts in AOCI:		
Prior service (credit) cost	**$ (1,374)**	$ (1,849)
Net actuarial loss	**84,955**	57,305
Amounts in AOCI	**$83,581**	$55,456

The following table summarizes the changes in AOCI related to our pension plans for the periods presented (pretax; in thousands):

	2014	2013
Reconciliation of AOCI:		
AOCI at beginning of plan year	**$55,456**	$53,068
Prior service cost recognized during the year	**282**	282
Net losses recognized during the year	**(3,358)**	(3,158)
Net losses occurring during the year	**40,930**	3,049
Net adjustments to AOCI	**37,854**	173
Currency exchange rate changes	**(9,729)**	2,215
AOCI at end of plan year	**$83,581**	$55,456

The following table summarizes the amounts in AOCI expected to be amortized and recognized as a component of net periodic benefit cost for the period presented (pretax; in thousands):

	2015
Amortization of prior service cost	$ (258)
Amortization of net losses	5,926
Total amortization expense	$5,668

NOTE 5: PENSION PLANS (Continued)

Pension Plan Assets

We have established formal investment policies for the assets associated with our pension plans. Policy objectives include (1) maximizing long-term return at acceptable risk levels; (2) diversifying among asset classes, if appropriate, and among investment managers; and (3) establishing relevant risk parameters within each asset class. Investment policies include requirements designed to mitigate risk, including quality and diversification standards. Asset allocation targets are based on periodic asset liability and in coordination of TCCC worldwide strategy. This helps determine the appropriate investment strategies for acceptable risk levels.

Factors such as asset class allocations, long-term rates of return (actual and expected), and results of periodic asset liability modeling studies are considered when constructing the long-term rate of return assumption for our pension plans. While historical rates of return play an important role in the analysis, we also take into consideration data points from other external sources if there is a reasonable justification to do so.

The following table summarizes our weighted average pension asset allocations as of our measurement date for the periods presented by asset category:

		Weighted Average Allocation	
	Target	Actual	
Asset Category	2015	2014	2013
Equity securities	40%	40%	—%
Fixed-income securities	20	20	—
Real estate	7	7	—
Other	33	33	100
Total	100%	100%	100%

Benefit Plan Contributions

The following table summarizes the contributions made to our pension plans for the years ended December 31, 2014 and 2013, as well as our projected contributions for the year ending December 31, 2015 (in thousands):

	Actual		(Unaudited) Projected
Years Ending December 31,	2014	2013	2015
Total pension contributions	$155,228	$9,495	$7,486

We fund our pension plans at a level to maintain, within established guidelines, the appropriate funded status.

NOTE 5: PENSION PLANS (Continued)

Benefit Plan Payments

Benefit payments are primarily made from funded benefit plan trusts. The following table summarizes our expected future benefit payments as of December 31, 2014 (in thousands):

Years Ending December 31,	Pension Benefit Plan Payments
2015	$10,281
2016	10,687
2017	11,060
2018	11,301
2019	11,092
2020–2024	58,791

Phased Retirement Arrangement

The phased retirement arrangement is an early retirement program in Germany designed to create an incentive for employees, within a certain age group, to transition from (full or part-time) employment into retirement before their legal retirement age. Employers taking advantage of this legislation must sign a contract under the legal framework outlined in the legislation with the workers' council/unions or with the individual employees (employees not within a workers' council/union) to qualify for subsidies from the government. The German government provided a subsidy (reimbursement) to an employer for the bonuses paid to the employee and the additional contributions paid into the German government pension scheme under a phased retirement arrangement for a maximum of six years. The subsidies under these arrangements only apply to contracts signed prior to December 31, 2010. To receive this subsidy, an employer must meet certain criteria (typically, an employer must hire replacement employees from currently registered unemployed persons or former trainees). The Company has accrued $104.0 million and $57.3 million related to phased retirement arrangements as of December 31, 2014 and 2013, respectively, which is recorded in accounts payable and accrued expenses and other liabilities on our consolidated balance sheet.

NOTE 6: INCOME TAXES

Income tax expense (benefit) consisted of the following for the years ended December 31, 2014, 2013 and 2012 (in thousands):

Year Ended December 31,	2014	2013	2012
Current	**$ (337)**	$(1,544)	$ 189
Deferred	**(1,020)**	(112)	8,202
Income tax expense (benefit)	**$(1,357)**	$(1,656)	$8,391

We made income tax payments of $6.6 million, $7.4 million and $7.2 million in 2014, 2013 and 2012, respectively.

NOTE 6: INCOME TAXES (Continued)

A reconciliation of the statutory tax rate and effective tax rates is as follows:

Year Ended December 31,	2014	2013
Statutory German corporate tax rate	**30.0%**	30.0%
Valuation allowance expense	**(26.9)**	(18.9)
Prior year tax adjustments	**1.0**	2.6
Impact of tax rate changes	**—**	(2.0)
Non tax-deductible items	**(5.9)**	(8.1)
Other—net	**3.9**	(0.8)
Effective tax rates	**2.1%**	2.8%

During 2012 the Company recorded income tax expense while incurring a loss before income taxes. This is primarily resulting from valuation allowance effects and effects from tax audits for past years.

The Company files income tax returns in Germany. German tax authorities have completed their corporate income tax examinations for all years prior to 2008.

Deferred Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table summarizes the significant components of our deferred tax liabilities and assets as of the dates presented (in thousands):

December 31,	2014	2013
Deferred tax liabilities:		
Franchise rights and other intangible assets	**$ 131,755**	$ 141,371
Property, plant, and equipment	**167,160**	188,621
Other, net	**52,960**	20,908
Total deferred tax liabilities	**351,875**	350,900
Deferred tax assets:		
Net operating loss and other carryforwards	**(232,314)**	(257,198)
Employee and retiree benefit accruals	**(118,323)**	(69,775)
Reserves, accruals not yet deductible	**(12,522)**	(14,215)
Other, net	**(16,056)**	(14,288)
Total deferred tax assets	**(379,215)**	(355,476)
Valuation allowances on deferred tax assets	**200,078**	206,725
Net deferred tax liabilities	**$ 172,738**	$ 202,149
Current deferred income tax assets[1]	**$ 22,393**	$ 14,192
Current deferred income tax liabilities[2]	**868**	983
Noncurrent deferred income tax liabilities	**194,263**	215,358
Net deferred tax liabilities	**$ 172,738**	$ 202,149

(1) Amounts are included in prepaid and other assets on our consolidated balance sheets.

(2) Amounts are included in accounts payable and accrued expenses on our consolidated balance sheets.

We recognize valuation allowances on deferred tax assets if, based on the weight of the evidence, we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. As of December 31, 2014 and 2013, we had valuation allowances of $200.1 million and $206.7 million, respectively. We believe our remaining deferred tax assets will be realized because of the existence of

NOTE 6: INCOME TAXES (Continued)

sufficient taxable income within the carry-forward periods available under the tax law. Our net tax operating loss carryforwards will not expire due to current tax law.

NOTE 7: RESTRUCTURING AND OTHER CHARGES

The Company has entered into several integration and business transformation programs. In 2008 we began the integration of bottling and distribution operations acquired in 2007. Additionally, we have implemented several business transformation programs designed to improve our operating model and create a platform for driving sustainable future growth. Through this program we have: (1) streamlined and reduced the cost structure of our finance support function, including the establishment of a centralized shared services center; (2) restructured our sales and marketing organization to better align with customers and market requirements and (3) improved the efficiency and effectiveness of certain aspects of our operations. The Company has incurred total pretax expenses of $845.7 million related to these programs since they commenced. Restructuring charges related to these programs are included in selling, general and administrative expenses on our consolidated statements of operations. Other direct costs primarily include enterprise resource planning (ERP) system implementation charges, charges related to transitioning from the refillable business channel, and other integration and business transformation charges. The following table summarizes the balance of accrued expenses related to these initiatives and the changes in the accrued amounts (in thousands):

	Severance Pay and Benefits	Asset Write-offs	Other Direct costs	Total
2012				
Accrued balances as of January 1	$ 27,761	$ —	$ 1,603	$ 29,364
Costs incurred	106,972	3,594	37,712	148,278
Payments	(32,030)	—	(33,976)	(66,006)
Reclassification[1]	(11,178)	—	—	(11,178)
Noncash and exchange	3,063	(3,594)	(967)	(1,498)
Accrued balances as of December 31	$ 94,588	$ —	$ 4,372	$ 98,960
2013				
Costs incurred	$115,132	$ 3,439	$ 67,663	$ 186,234
Payments	(51,250)	—	(72,350)	(123,600)
Reclassification[1]	(38,016)	—	—	(38,016)
Noncash and exchange	6,779	(3,439)	2,064	5,404
Accrued balances as of December 31	$127,233	$ —	$ 1,749	$ 128,982
2014				
Costs incurred	**$147,820**	**$ 5,001**	**$ 62,801**	**$ 215,622**
Payments	**(88,924)**	**—**	**(57,692)**	**(146,616)**
Reclassification[1]	**(53,838)**	**—**	**—**	**(53,838)**
Noncash and exchange	**(26,621)**	**(5,001)**	**(5,970)**	**(37,592)**
Accrued balances as of December 31	**$105,670**	**$ —**	**$ 888**	**$ 106,558**

(1) Reclassifications include the transfer of phased retirement charges to accrued compensation. Refer to Note 5 for accrued components of phased retirement programs.

The Company is currently reviewing other restructuring opportunities, which if implemented will result in additional charges in future periods. However, as of December 31, 2014, the Company had not finalized any additional plans.

NOTE 8: OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consisted of the following (in thousands):

December 31,	2014	2013
Foreign currency translation adjustment	**$ 67,492**	$377,991
Adjustments to pension benefit liabilities	**(73,791)**	(48,792)
Accumulated other comprehensive income (loss)	**$ (6,299)**	$329,199

Other comprehensive income (loss) for the years ended December 31, 2014, 2013 and 2012, is as follows (in thousands):

2014	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:			
Translation adjustments arising in the period	$(310,499)	$ —	$(310,499)
Net foreign currency translation adjustment	(310,499)	—	(310,499)
Pension benefit liabilities[1]:			
Net pension benefits arising during the year	(31,201)	3,126	(28,075)
Reclassification adjustments recognized in net income (loss)	3,076	—	3,076
Net change in pension benefit liabilities	(28,125)	3,126	(24,999)
Other comprehensive income (loss)	$(338,624)	$3,126	$(335,498)

(1) Refer to Note 5 for additional information related to the Company's pension benefit liabilities.

2013	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:			
Translation adjustments arising in the period	$ 106,152	$ —	$ 106,152
Net foreign currency translation adjustment	106,152	—	106,152
Pension benefit liabilities[1]:			
Net pension benefits arising during the year	(5,264)	327	(4,937)
Reclassification adjustments recognized in net income (loss)	2,876	—	2,876
Net change in pension benefit liabilities	(2,388)	327	(2,061)
Other comprehensive income (loss)	$(103,764)	$327	$(104,091)

(1) Refer to Note 5 for additional information related to the Company's pension benefit liabilities.

2012	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:			
Translation adjustments arising in the period	$ 49,600	$ —	$ 49,600
Net foreign currency translation adjustment	49,600	—	49,600
Pension benefit liabilities[1]:			
Net pension benefits arising during the year	(52,585)	6,488	(46,097)
Reclassification adjustments recognized in net income (loss)	(273)	—	(273)
Net change in pension benefit liabilities	(52,858)	6,488	(46,370)
Other comprehensive income (loss)	$ (3,258)	$6,488	$ 3,230

(1) Refer to Note 5 for additional information related to the Company's pension benefit liabilities.

NOTE 8: OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

The following table presents the amounts and line items in our consolidated statements of income where adjustments reclassified from AOCI into income were recorded during the year ended December 31, 2014 (in thousands):

Description of AOCI Component	Financial Statement Line Item	Amount Reclassified from AOCI into Income (Loss)
Pension benefit liabilities:		
Amortization of net actuarial loss	*	$3,358
Amortization of prior service cost		(282)
	Income (loss) before income taxes	$3,076
	Income taxes	—
	Consolidated net income (loss)	$3,076

* This component of AOCI is included in the Company's computation of net periodic benefit cost and is not reclassified out of AOCI into a single line item in our consolidated statements of operations in its entirety. Refer to Note 5 for additional information.

NOTE 9: SUBSEQUENT EVENTS

Merger Agreement

On August 6, 2015, TCCC entered into an agreement to merge our Company with Coca-Cola Enterprises, Inc. ("CCE") and Coca-Cola Iberian Partners SA ("CCIP") to create Coca-Cola European Partners ("CCEP"), the world's largest independent Coca-Cola bottler based on net revenues. The Boards of Directors of TCCC, CCE, and CCIP have approved the transaction. The proposed merger is subject to approval by CCE's shareowners, receipt of regulatory clearances and other customary conditions. The merger is expected to close in the second quarter of 2016.

Package Phase-Out

In 2015, the Company decided to exit the German refillable business for the 1.5l PET refillable bottle and 0.5l PET refillable bottle by 2016. Therefore, the Company reconsidered the useful lives of these refillable bottles and related crates and concluded the useful lives of these assets would be reduced. The carrying value of these assets as of December 31, 2014 was $65.9 million and are reflected in the line item property, plant, and equipment—net, on our consolidated balance sheet. After considering the potential salvage value and alternative uses for these assets, the Company estimates that consolidated net income will be reduced by $19.2 million in 2015 and $19.4 million in 2016 in the Company's consolidated statements of operations.

Other

The Company evaluated subsequent events through December 14, 2015, noting no other events that occurred subsequent to the balance sheet date but prior to this date that would have a material impact on our consolidated financial statements.

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