

OI EUROPEAN GROUP B.V.

Schiedam, The Netherlands

Annual Report 2016

OI EUROPEAN GROUP B.V.

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OI EUROPEAN GROUP B.V.

Directors' report

The Board of Managing Directors herewith submits the Financial Statements of OI European Group B.V. (the Company) for the financial year ended December 31st, 2016.

Summary of activities and source of income

The Company mainly acts as a holding and finance company for certain European, Asian and Latin American operations of Owens-Illinois Inc. ("the Parent company").

The Company's source of income consists of dividend received from its subsidiaries and interest income on its Global lending position, offset by the interest paid to intercompany parties as well external parties.

The state of affairs of the Company at the closing of the financial year is adequately presented in the balance sheet and the income statement, published herewith.

During the year the Company entered into several agreements with its participations and its shareholder including several group companies to streamline their legal structure of which the main ones are listed below.

In February 2016, the Company made a voluntary capital contribution of EUR 6.9M in the capital of O-I Glasspack Beteiligungs & Verwaltungs GmbH.

In September 2016, the Company converted part of a loan to O-I Argentina S.A. into the capital for the amount of EUR 7.2M as a voluntary contribution.

In October 2016, the Company received a capital contribution of EUR 84M from its shareholder OI Global C.V. by means of a loan receivable on OI Canada Holdings B.V.. Subsequently, the Company transferred this loan receivable together with another loan of EUR 15mIn into the capital of OI Canada Holdings B.V.. The total capital contribution into OI Canada Holding B.V. amounts to EUR 99M

During November 2016, the Company issued Senior notes with a face value of EUR 500 million that bear interest at 3.125% and are due November 15, 2024. The notes were issued via a private placement and are guaranteed by Owens-Illinois Inc. The proceeds were used to repay the other loans at Corporate level. The notes are listed on The International Stock Exchange (former Channel Islands Securities Exchange).

Impairments

Further to last year's assessment of the market valuation of the investment portfolio, the entity O-I Argentina S.A. had a further impairment charge of EUR 14M. Positive developments are already visible, however through the year still additional fundings were done.

Finance activity

The Company assesses its capital raising and refinancing needs on an ongoing basis and may enter into additional credit facilities and seek to issue equity an/or debt securities in the domestic and international markets if the market conditions are favourable. Also depending on the market conditions, the Company may elect to repurchase portions of its debt securities in the open market.

During the year under review, the Company recorded a net loss of EUR 52M details of which are set out in the attached income statement.

General Development of Business

Owens-Illinois, Inc. (the "Parent Company"), through its subsidiaries, is the largest manufacturer of glass containers in the world with leading positions in Europe, North America, South America and Asia Pacific.

Strategic Ambition and Competitive Strengths

The parent company is pursuing the following ambition:

- To be the world's leading maker of brand-building glass containers
- To deliver unmatched quality, innovation and service to their customers
- To generate superior financial results for their investors
- And to provide a safe, motivating and engaging work environment for their employees.

Risk and risk appetite

The principle activity of the Company is the holding of investments and financing of these activities, globally. As part of the global business the Company faces risks and uncertainties. The Company faces currency-, liquidity-, and credit risk. The management prefers to be risk averse in general.

The Board of Managing Directors utilizes a risk management policy and receives regular reports to enable prompt identification of financial risk so that appropriate action may be taken. The Company employs written policy and procedures that set out specific guidelines to manage foreign exchange risk, interest risk, credit risk, liquidity risk and the use of financial instruments to manage these.

As per January 1, 2006 the Company's shareholder, OI Global C.V., has also entered into a Profit Guarantee agreement with the Company which has no due date. The Profit Guarantee agreement ensures that the Company at all times will earn the agreed minimum margin on its' financing activities (excludes all holding interest) and ensures any remaining F/X risks borne by the Company are for the benefit or the account of the profit guarantor.

As per January 1, 2006 the Company's shareholder, OI Global C.V., is guarantor of various loans made by the Company to several group companies. The guarantor guarantees each and every principal and interest amount. In 2016 the agreement has been renewed. The Company bears a risk and pays the maximum amount of EUR 4,000,000. The actual risk is calculated pro-rata in relation to all outstanding loans together of any shortfall upon an event of default, like indebtedness, in terms of principal amount and/or interest payments due. The remainder of any shortfall will then be borne by the guarantor.

The Company's investment in group companies is subject to impairments. Periodically, the Company reassesses the acquisition value based on the Business Enterprise Value calculation (BEV). The BEV is generally accepted and makes use of certain assumptions. Throughout the year the Board of Managing Directors assesses the capital raising and refinancing needs of its group companies. In case a group company is in need of significant additional funds, this will signal the Board of Managing directors of potential impairments.

OI Global C.V. is mainly financed with equity and as such the credit risk is limited.

Furthermore, derivative financial instruments such as forward currency contracts are used to manage risks generally associated with foreign exchange rates on the Company's loan portfolio.

Reference is also made to the notes to the financial statements for further details on risk management.

The Company needs to adhere to local and international laws and regulations. Part of the implemented SOX controls cover these risks. The Board of Managing Directors are aware of (local) reporting requirements and makes sure that reporting deadlines are met. Regarding tax compliance the Company makes use of "horizontaal toezicht" and makes sure that all transactions are "at arms lengths".

Other strategic risk is managed by OI Inc, the Company's ultimate parent, which is set out above.

There are no R&D expenses as these are made by the Company's ultimate parent and various factories in the regions.

Employees of the Company

The Company employed 3 employees in 2016. During the year both Mr. Rozenberg as well as Mr. Van den Berg left the Company. They were succeeded by respectively, Mr De Haan and Mr. Copper.

As of January 1, 2013, the Dutch Management and Supervision Act came into effect. With this Act, statutory provisions were introduced to encourage a balanced representation of men and women in the management boards and supervisory boards of companies governed by this Act. Balanced representation of men and women is deemed to exist if at least 30% are filled by women.

The Board of Managing Directors currently has no seats taken by women. The Board of Managing Directors recognizes the benefits of diversity, including gender balance. However, it feels that gender is only one component of diversity. Management Board members will continue to be selected on the basis of wide ranging experience, backgrounds, skills, knowledge and insights.

Future developments

Globally, OI Inc's first quarter of 2017 showed a solid progress on strategic initiatives.

The Board of Managing Directors does not anticipate any other major changes during the financial year 2017.

Post balance sheet events

Senior Notes

In March 2017, the Company issued another amount of EUR 225mln of senior notes on top of the notes issued in November 2016. The total amount issued on The International StockExchange (former Channel Islands Securities Exchange) amounts to EUR 725mln.

New Director

Mr. J. Amezquita will resign as Director of the Company. His successor is Mr. Scott Gedris as per February 28, 2017.

The Board of Managing Directors.

Mr. J. W. Baehren

Mr. J. Ritmeijer

Mr. R. de Haan

Mr. S. Gedris

Mr. G. Copper

Schiedam, July 13, 2017

OI EUROPEAN GROUP B.V.

Balance Sheet as at December 31st, 2016

(in EUR, after appropriation of results)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Non-current assets			
Financial assets	6	<u>3.317.271.364</u>	<u>3.422.277.243</u>
		<u>3.317.271.364</u>	<u>3.422.277.243</u>
Current assets			
VAT receivable		31.357	8.815
Intercompany receivable	9	97.555.161	109.626.320
Corporate income tax receivable	8	19.019	228.822
Other receivables	10	88.302.939	86.256.038
Short term intercompany loans receivable	11	23.395.805	18.863.195
Interest receivable	12	5.982.884	10.945.681
Cash at banks	13	<u>51.547.151</u>	<u>50.747.589</u>
		<u>266.834.317</u>	<u>276.676.460</u>
TOTAL ASSETS		<u><u>3.584.105.680</u></u>	<u><u>3.698.953.703</u></u>
EQUITY AND LIABILITIES			
Equity			
	14		
Issued and paid-up capital		18.450	18.450
Share premium reserve		447.475.007	363.547.974
Other reserves		<u>(232.954.164)</u>	<u>(180.958.657)</u>
		<u>214.539.293</u>	<u>182.607.767</u>
Non-current Liabilities			
	15	2.593.508.831	3.204.215.370
Current Liabilities			
Interest payable	16	26.754.194	28.158.000
Intercompany payable	17	186.640.931	141.807
Accounts payable and accrued expenses	18	13.211.443	7.365.196
Short term intercompany loans payable	19	547.601.289	275.662.553
Intercompany account f/x contracts	20	<u>1.849.699</u>	<u>803.010</u>
		<u>776.057.556</u>	<u>312.130.566</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3.584.105.680</u></u>	<u><u>3.698.953.703</u></u>

OI EUROPEAN GROUP B.V.

Income Statement 31st December, 2016

(in EUR)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Dividend income	21	35.376.181	30.023.059
Net dividend income		<u>35.376.181</u>	<u>30.023.059</u>
Impairment of investments / loans	22	(7.467.832)	(180.049.872)
Interest income on loans	23	60.686.802	64.189.828
Interest expense on loans	24	(69.692.265)	(81.024.650)
Interest expense on loans bank		(60.832.137)	(57.143.750)
Other short term interest		(302.474)	1.291.536
Other Income and expense		(357.463)	(364.623)
Result profit guarantee agreement	26 & 27	(83.019.232)	74.049.898
Exchange differences	28	72.762.748	(81.161.842)
		<u>(88.221.853)</u>	<u>(260.213.475)</u>
Total operating income		<u>(52.845.672)</u>	<u>(230.190.416)</u>
General and administrative expenses		(647.094)	(465.937)
Total expenses		<u>(647.094)</u>	<u>(465.937)</u>
RESULT BEFORE TAXATION		<u>(53.492.766)</u>	<u>(230.656.353)</u>
Corporate income tax	8	1.497.259	3.034.278
NET RESULT AFTER TAXATION		<u>(51.995.507)</u>	<u>(227.622.075)</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016 (in EUR)

1 GENERAL

OI European Group B.V. is a Dutch private company with limited liability having its registered office in Schiedam. It is incorporated in Eindhoven on February 17, 1999, a 100% subsidiary of OI Global C.V. The Company is registered at the Commercial register with number 24291478. The principal activity of the Company is the holding of investments in group companies and the financing of these activities. The Company's office address is Buitenhavenweg 114, 3113 BE Schiedam, The Netherlands. The ultimate parent of the Company is Owens-Illinois Inc. The Financial Statements of Owens-Illinois Inc. can be found on www.o-i.com.

2 PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

The accompanying financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and in accordance with the generally accepted accounting principles accepted in the Netherlands (RJ).

(a) Comparison with previous year

The principles of valuation and determination of result remained unchanged compared to the previous year.

(b) Foreign currencies

All assets and liabilities denominated in currencies other than Euro have been translated at the rates on balance sheet date. All transactions in foreign currencies have been translated into Euro at rates of exchange approximating those prevailing on the dates of the transaction. Unless otherwise indicated, any resulting exchange differences are included in the income statement. Income and expenses are translated at the average rates of exchange during the year.

Exchange rates used at year-end

	2016	2015
USD	0,9498	0,9147
ARS	0,0597	0,0705
BRL	0,2920	0,2313
CHF	0,9309	0,9254
CAD	0,7045	0,6593
AUD	0,6871	0,6681
GBP	1,1660	1,3560
PLN	0,2263	0,2350
HUF	0,0032	0,0032
CZK	0,0370	0,0370
SGD	0,6567	0,6472
NZD	0,6608	0,6265

(c) Financial assets

The financial assets include participating interests and non-current receivables. Participating interests, are stated at acquisition cost in accordance with Article 389.9 of the Dutch Civil Code. In case of a prolonged decline of the value of the shares, the participating interests are recorded at lower market value as determined on the basis of the Business Enterprise valuation of the group companies. Non-current receivables are valued at amortized cost. The losses arising from impairment are recorded through the income statement.

(d) Current assets / liabilities

On initial recognition current assets and liabilities are valued at the fair value adjusted for transaction costs. After initial recognition current assets and liabilities are recognized at amortized cost using the effective interest method. Provision for bad debts are deducted from the carrying amount of the receivable.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

2 PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES (Continued)

(e) Hedge of foreign currencies

Derivative financial instruments such as forward currency contracts are used to manage risks generally associated with foreign exchange rates, interest rates and commodity market volatility. These are included in the balance sheet at fair value on the date of which a derivative contract was entered into and are subsequently re-measured at fair value. Re-measurement is recorded as realized/unrealized loss or gain through the income statement.

The fair value of forward currency contracts is based on the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. See notes 10 and 20 for additional information related to derivative instruments.

Currency Risk

The company operates globally. The currency risk for the Company largely concerns positions and future transactions in US dollars, New Zealand Dollars, Hungarian Forint and Polish Zloty. Management has determined, based on a risk assessment, that some of these currency risks need to be hedged. Forward exchange contracts are used for this purpose.

Liquidity Risk

The Company uses Citi bank globally in order to avail itself of a range of overdraft facilities.

Credit Risk

The Company does not have any significant concentrations of credit risk. For banks and financial institutions only independently rated parties with sufficient ratings are accepted. These counterparties do not have a history of non-performance.

(f) Non-current liabilities

Long-term liabilities are carried at amortized cost, being the amount received taking account of any premium or discount, less transaction costs. The difference between the carrying value determined and the ultimate repayment value, together with the interest due, is determined in such a manner that the effective interest is taken to the income statement during the term of liabilities.

3 PRINCIPLES OF DETERMINATION OF RESULT

(a) General

Result is mainly determined as the difference between dividend income, interest income and the costs of fundings and other charges for the year. Income from transactions is recognized in the year in which it is realized.

(b) Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognized in the income statement in the period that they arise. Exchange rate differences on long-term loans relating to the financing of foreign participations are recognised in the income statement in the period they arise.

(c) Financial income and expenses

Interest income and expense is recognized on a time-weighted basis, making allowance for the effective interest rate applicable to the asset and liability item in question. Dividend income is recognized as soon as the company has the right to such income.

(d) Taxation

Domestic corporate income tax is determined by applying Dutch fiscal practice rules and taking into account allowable deductions, charges and exemptions.

(e) Result guarantee agreements

The Company is a party in several result guarantees.

- As per January 1, 2006 the Company's shareholder, OI Global CV, is guarantor of various loans made by the Company to several group companies,
- As per January 1, 2006 the Company's shareholder, OI Global CV, ensures that the Company at all times will earn the agreed minimum margin on its financing activities and any remaining F/X risks borne by the Company are for the benefit or the account of OI Global CV and,
- As per 24 February 2007, the deficit or surplus of OI Manufacturing Netherlands B.V. are for the benefit or the account of the Company.

Note 24, 25 and 26 provide further details on these arrangements.

As the generally accepted accounting principles in the Netherlands do not provide specific guidance on result guarantees, the Company decided to recognize in the income statement of a specific year the amounts the Company becomes entitled to or liable for based on the results in that specific year. Hence, the Company does not recognize the guarantees as assets or liabilities in the balance sheet (except regarding the amounts recognized in the income statement but not yet paid or received) nor treat the payments and receipts as informal capital contributions or informal dividends. Given the duration of the guarantees and the fact that the guarantees are between related parties, it is difficult, if not impossible, to determine a reliable estimate of the value of the guarantee at the signing date of the agreements. In addition, given that the current payments and receipts are based on agreements signed in the past, these amounts are not informal capital contributions or dividends in the year they occur.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016 (in EUR)

4 CONSOLIDATION

Consolidated Financial Statements have not been prepared, as is permitted by Article 408, Book 2 of the Dutch Civil Code
Pursuant to the conditions of this article, the Company will file with the Trade Register of the Chamber of Commerce in Rotterdam the consolidated financial statements of its (ultimate) parent company Owens-Illinois Inc , Perrysburg, United States of America

5 CASH FLOW STATEMENT

In accordance with section RJ 360 104 the Company applies for exemption from including a cash flow statement in the financial statements
The consolidated cash flow statement is included in the financial statements of Owens-Illinois Inc

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

NON-CURRENT ASSETS

6 FINANCIAL ASSETS

	Investments in group companies	Amounts due from indirect investments	Amounts due from direct investments	Amounts due from related parties	Amounts due from shareholder	Total
Closing balance 2015	2 277 280 814	479 684 685	555 542 260	109 769 484	--	3 422 277 243
Movements 2016						
Additions/new loans	112 849 594	141 510 444	32 332 431	--	--	286 692 469
Repayments	--	(304 247 460)	(30 267 343)	(109 769 484)	--	(444 284 287)
Impairments *	(7 164 867)	--	(7 133 451)	--	--	(14 298 318)
Foreign exchange effects	--	1 146 744	65 737 513	--	--	66 884 257
Closing balance 31st December, 2016	2 382 965 541	318 094 413	616 211 410	0	0	3 317 271 364

* Impairments made to investments in Argentina are based on Business Enterprise Value valuations as per 31 December 2016. See note 22

All investments are considered group companies except for Andover (11.6%), OST-Tara (19%). In Fabrica de Vidrios there is a direct 32% interest and through indirect investment there is control. The Company's investments in Andover, OST-Tara and group companies comprise the following:

Name	Registered office	Ownership	Acquisition cost	2016	2015
Centro de Mecanizados del Cauca S A	Colombia	100,00%	8 734 595	8 734 595	8 734 595
Cristaleria Peldar, S A	Colombia	58,41%	34 368 673	34 368 673	34 368 673
Fabrica de Vidrios los Andes, C A	Venezuela *	32,00%	1 415 737	--	--
Manufacturera de Vidrios Planos, C A	Venezuela	100,00%	4 492 718	--	--
Owens-Illinois do Brasil Indústria e Comércio ("OI Brasil")	Brazil	99,47%	182 818 301	182 818 301	182 818 301
OI Asia Pacific Holdings	Mauritius	100,00%	477 313	477 313	477 313
OI Canada Holdings B V	Netherlands **	100,00%	98 833 073	98 833 073	1
OI Europe Sarl	Switzerland	100,00%	794 186	794 186	794 186
O-I Europe SAS	France	100,00%	395 037 000	395 037 000	395 037 000
OI Jaroslaw Centrum Serwisowe Maszyn Sp z o o	Poland	99,00%	877 877	877 877	877 877
OI Finnish Holdings Oy	Finland	100,00%	7 161 656	7 161 656	7 161 656
O-I Glasspack Beteiligungs & Verwaltungs GmbH	Germany **	100,00%	163 851 655	163 851 655	157 000 000
O-I Latam Services S A S	Colombia	100,00%	266 401	266 401	266 401
O-I Manufacturing Italy S P A	Italy	99,78%	192 734 156	192 734 156	192 734 156
O-I Manufacturing Netherlands B V	Netherlands	100,00%	157 631 589	157 631 589	157 631 589
Owens-Illinois (Australia) Pty Ltd	Australia	100,00%	1 229 761 060	585 469 690	585 469 690
O-I Andover Group Inc	Australia	11,60%	28 517 897	28 517 897	28 517 897
OI Sales & Distribution Netherlands B V	Netherlands	100,00%	17 898 000	17 898 000	17 898 000
Owens-Illinois de Venezuela, C A	Venezuela *	73,97%	12 044 372	--	--
UGG Holdings Ltd	United Kingdom	100,00%	156 290 003	129 779 967	129 779 967
OST-Tara	Russia	19,00%	1	--	--
O-I Argentina S A	Argentina	92,00%	61 054 892	--	--
Vidriera Rovira S L	Spain	100,00%	261 844 515	261 844 515	261 844 515
Owens - Illinois Singapore Pte Ltd	Singapore	100,00%	260 414 118	86 453 664	86 453 664
O-I Sales & Distribution Spain	Spain	100,00%	29 414 901	29 414 901	29 414 901
OI GMEC Lurin S r l	Peru	99,00%	432	432	432
			3 306 735 121	2 382 965 541	2 277 280 814

* Regarding the two companies in Venezuela reference is made to Note 7 "Other contingent assets"

** The increased acquisition cost in OI Canada Holdings B V and O-I Glasspack Beteiligungs & Verwaltungs GmbH is due to voluntary capital contributions into the share premium of both subsidiaries

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

6 FINANCIAL ASSETS (Continued)

The amounts due from indirect investments are specified as follows:

Name	Interest	CCY	Amount in CCY	2016	2015
ACI Operations Pty Ltd.	6-months Libor plus 3.5%	AUD	229 701 528	157 839 007	153 470 566
O-I Glass C V	1-month all in rate of 1.94%	USD	-	--	112 569 305
O-I Sales and Distribution France SAS	6-months Libor plus 2.25%	EUR	30 032 144	30 032 144	30 032 144
O-I Manufacturing U K Ltd	6-month Libor plus 4.69%	GBP	--	--	44 002 984
O-I Canada Corp	6 months Libor plus 1.612%	CAD	38 515 721	27 134 936	41 925 658
O-I Sales and Distribution Germany GmbH	6-months Libor plus 2.25%	EUR	224	224	224
O-I Sales and Distribution UK Ltd	6-months Libor plus 3.5%	GBP	12 000	13 992	16 272
ACI Operations NZ Ltd	6-months Libor plus 2.25%	NZD	149 999 783	99 126 223	93 976 130
O-I Hong Kong Ltd	6-months Libor plus 2.0%	USD	3 840 860	3 647 887	3 391 402
BSN Distribution SO	1-month Libor plus 4.25%	EUR	300 000	300 000	300 000
				<u>318 094 413</u>	<u>479 684 685</u>

The amounts due from direct investments are specified as follows:

Name	Interest	CCY	Amount in CCY	2016	2015
O-I Canada Holdings B V	1 year Libor plus 3%	USD	--	--	14 480 100
Vidneria Rovira S L	6-months Libor plus 4.67%	EUR	35 248	35 248	35 248
O-I Manufacturing Netherlands B V	1-month all in rate of 8.465%	BRL	1 090 544 764	318 389 568	252 223 806
O-I Europe SAS	6-month Libor plus 4.8%	EUR	143 737 528	143 737 528	137 101 103
O-I Europe Sarl	6-month Libor plus 3.6%	EUR	152 475 034	152 475 034	149 221 976
OI Jaroslaw Centrum Serwisowe Maszyn Sp z o o	6-months Libor plus 7.17%	PLN	6 932 154	1 568 783	2 474 778
O-I Glasspack Beteiligungs & Verwaltungs GmbH	6-months Libor plus 1.25%	EUR	5 249	5 249	5 249
O-I Argentina S A	6-months flat rate of 1%	ARS	427 312 734 *	--	--
				<u>616 211 410</u>	<u>555 542 260</u>

The amounts due from related parties are specified as follows:

Name	Interest	CCY	Amount in CCY	2016	2015
O-I International Holdings Inc	1-months Libor plus 2%	USD	-	--	109 769 484
				<u>--</u>	<u>109 769 484</u>

The amounts due from shareholder are specified as follows:

Name	Interest	CCY	Amount in CCY	2016	2015
OI Global C V	6-months Libor plus 2.75%	USD	--	--	--
				<u>--</u>	<u>--</u>

Most loan agreements include a termination date of 31 May 2020, however some agreements are different or do not provide for a specific repayment date, which is to be agreed between the parties. The intention is that the loans are long-term. On termination dates, normally these loans are extended if needed. The movements on the loans are related to the working capital changes, interest capitalized and foreign exchange movements.

* Loan has been impaired because there are objective indications of a decline in value. Please refer to Note 22.

7 CONTINGENT ASSETS

Venezuela

On April 4, 2016 the annulment committee formed by the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") ruled that the Company is free to pursue the enforcement of a prior arbitration award against Venezuela. That award amounts to more than USD 485 million after including interest from the date of the expropriation by Venezuela (October 26, 2010). Venezuela's application to annul the award is still pending, although the annulment proceedings were suspended in October 2016 because Venezuela has not paid its fees owed to ICSID. If the proceeding is stayed for non-payment for a consecutive period in excess of six months, ICSID's Secretary General could move that the committee discontinue the annulment proceeding altogether. The Company intends to take appropriate steps to vigorously enforce and collect the award, which is enforceable in approximately 150 member states that are party to the ICSID Convention. However, even with the lifting of the stay of enforcement, the Company recognizes that the collection of the award may present significant practical challenges. Because the award has yet to be satisfied and the annulment proceeding is pending, the Company is unable at this stage to reasonably predict the collection of the award, the amount of the award or the timing of any such collection efforts. Therefore, the Company has not recognize this award in its financial statements.

In the event income is recognized this could be net of any tax liability. Due to various possible scenarios on the tax treatment of any income, the Company cannot make a reliable estimate on any tax effect at this time.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

CURRENT ASSETS

8 CORPORATE INCOME TAX

For Dutch corporate income tax purposes, OI European Group B.V. as a parent company is part of a fiscal unity with its Dutch subsidiaries OI Canada Holdings B.V., O-I Manufacturing Netherlands B.V., O-I Sales and Distribution Netherlands B.V., and Veglarec B.V. For Dutch tax purposes the taxable income of the fiscal unity companies is consolidated. On a stand-alone basis OI European Group B.V. has incurred a taxable loss for the current year. Furthermore, the fiscal unity as a whole incurred a taxable loss for the year as a result of which no Dutch corporate income tax is due.

The reconciliation between the result before taxation and the taxable income of OI European Group B.V. for Dutch corporate income tax purposes can be specified as follows:

	2016	2015
Result before taxation	(53 492 766)	(230 656 353)
Permanent differences	28 529 954	205 760 062
Taxable result	<u>(24 962 812)</u>	<u>(24 896 291)</u>

The permanent difference between the result before taxation and the taxable result consist of the following elements:

Exempted dividend income	(35 376 181)
Correction Impairments for operations	7 467 832
Correction non-deductible interest	58 140 513
Other	<u>(1 702 210)</u>
	<u>28 529 954</u>

The fiscal unity profit/(loss) can be specified as follows:

	2016	2015
OI European Group B.V.	(24 962 812)	(24 896 291)
OI Canada Holdings B.V.	(6 985)	(7 888)
O-I Manufacturing Netherlands B.V.	8 953 797	12 068 109
O-I Sales and Distribution Netherlands B.V.	3 578 473	5 648 946
	<u>(12 437 527)</u>	<u>(7 187 124)</u>

On a stand-alone basis O-I Manufacturing Netherlands B.V. and O-I Sales and Distribution Netherlands B.V. would have incurred a Dutch corporate tax expense. As a result of the fiscal unity principle the taxable income of both companies is offset against losses of OI European Group B.V. as a result of which no corporate income tax is due to the Tax Authorities. Therefore, the standalone corporate tax expense of both companies is settled with OI European Group B.V. However, the corporate tax expense incurred by O-I Manufacturing Netherlands B.V. and O-I Sales and Distribution Netherlands B.V. is actually received by the Company. Currently, the Company has recorded a receivable of EUR 19K related to corporate income tax.

For more information on the Venezuela claim reference is made to Note 7 "contingent assets".

Losses are not valued as deferred Income Tax assets as it is not foreseen that they would be utilized in the foreseeable future against income. The total losses that are not recognized amount to EUR 64 million.

Corporate income tax:

The corporate income tax as included in the profit and loss account is comprised of foreign and Dutch corporate income tax and can be specified as follows:

	2016	2015
Withholding tax on interest	(1 702 210)	(1 266 091)
Corporate income tax fiscal unity	3 199 469	4 300 369
Corporate income tax	<u>1 497 259</u>	<u>3 034 278</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

9 INTERCOMPANY RECEIVABLE

	2016	2015
Accounts receivable from shareholder	96 886 513	109 022 092
Accounts receivable from direct investments	668 648	604 228
Total	<u>97 555 161</u>	<u>109 626 320</u>

The accounts receivable from shareholder can be specified as follows

	2016	2015
O-I Global C V	96 886 513	109 022 092
Other	--	--
	<u>96 886 513</u>	<u>109 022 092</u>

The accounts receivable from direct investments can be specified as follows

	2016	2015
O-I Europe Sarl	(7 691)	(8 535)
O-I Asia Pacific Holdings	622 257	599 288
O-I Canada Holdings B V	10 000	5 000
O-I Spanish Holdings B V	10 000	5 000
O-I Corporate staff	36 154	--
Other	(2 072)	3 475
	<u>668 648</u>	<u>604 228</u>

10 OTHER RECEIVABLES

Other Receivables can be specified as follows

	2016	2015
Intercompany account f/x contracts	23 516	5 036 422
Funds in transits	3 295 496	--
VAT advance to Italy Tax authorities	--	1 746 230
Securitization	* 84 981 000	79 470 459
Other receivable	2 927	2 927
	<u>88 302 939</u>	<u>86 256 038</u>

* In 2015 the Company renewed its Euro 215 million European accounts receivable securitization program into EUR 185 million. It expires at March 2019, subject to annual renewal of backup credit lines.

As part of this program the Company invested EUR 84,981,000 in 2016 and EUR 79,470,459 in 2015 in Subordinated Units. The investment in Subordinated Units will vary from month to month depending on the actual amounts which are securitized. OI Europe Sarl bears the risk of a debtors default.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

10 OTHER RECEIVABLES (Continued)

The Intercompany account f/x contracts can be specified as follows

	Nominal Value	Due Date	2016	2015
CAD	(66 680)	May-17	21	2 402 070
GBP	(48 160 000)	Mar-17	13 770	1 472 367
CZK	345 141 200	May-17	4 066	65 247
HUF	1 469 550 000	Jan-16	--	19 243
PLN	(13 986 870)	Mar-17	5 659	--
AUD	(2 263 300)	Mar-16	--	15 285
NZD	(665 000)	May-16	--	1 065
USD	1 061 145	May-16	--	1 061 145
			<u>23 516</u>	<u>5 036 422</u>

The derivative contracts are recorded at fair value on the balance sheet, re-measurement is recorded as realized/unrealized loss or gain through the income statement

11 SHORT TERM INTERCOMPANY LOANS RECEIVABLE

	2016	2015
Short term intercompany loans receivable from indirect investments	10 364 743	18 852 572
Short term intercompany loans receivable from direct investments	12 957 629	1 834
Short term intercompany loans receivable from related parties	73 433	8 789
Total	<u>23 395 805</u>	<u>18 863 195</u>

Short term intercompany loans from indirect investments can be specified as follows

	2016	2015
O-I Glasspack GmbH & Co KG	321	321
O-I Glasspack Beteiligungs & Verwaltungs GmbH	260 103	--
O-I Sales and Distribution Poland Sp Zoo	--	23 889
O-I Manufacturing U K Ltd	10 104 319	18 750 646
O-I Manufacturing Poland	--	77 716
	<u>10 364 743</u>	<u>18 852 572</u>

Short term intercompany loans from direct investments can be specified as follows

	2016	2015
O-I Canada Holdings B V	1 636	1 586
O-I Manufacturing Netherlands B V	205	200
O-I Europe Sarl	12 955 741	--
Vidriena Rovira S L (Spain)	48	48
	<u>12 957 629</u>	<u>1 834</u>

Short term intercompany loans from related parties can be specified as follows

	2016	2015
O-I Corporate Staff	55 855	--
O-I Mexico Holdings I B V	8 789	8 789
O-I Mexico Holdings II B V	8 789	--
	<u>73 433</u>	<u>8 789</u>

The short term intercompany loans receivable are created through the cash pooling process and bear variable interest rates
The main cash pooling account is the EUR account of the Company with the Citigroup London

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

12 INTEREST RECEIVABLE

	2016	2015
Interest receivable from indirect investments	1 712 070	5 014 601
Interest receivable from direct investments	4 246 893	5 619 294
Interest receivable from related parties	23 921	311 786
Total	<u>5 982 884</u>	<u>10 945 681</u>

The interest receivable from indirect investments can be specified as follows

Name	CCY	Amount in CCY	2016	2015
ACI Operations Pty Ltd	AUD	1 116 881	767 463	2 478 962
O-I Sales and Distribution France SAS	EUR	79 540	79 540	250 917
O-I Canada Corp	CAD	151 200	106 523	123 017
O-I Sales and Distribution UK Ltd	GBP	4 299	5 012	43 411
O-I Sales and Distribution Estonia	EUR	10 548	10 548	9 124
O-I Sales and Distribution Germany GmbH	EUR	11 060	11 060	15 949
O-I Manufacturing France S.A.	EUR	23 099	23 099	119 440
O-I Sales and Distribution Italy Srl	EUR	33 688	33 688	66 039
O-I Glasspack GmbH & Co KG	EUR	19 206	19 206	14 082
O-I Manufacturing Czech Republic a.s.	CZK	(229)	(8)	(8)
O-I Sales and Distribution CZ	CZK	2 350	87	--
O-I Production Estonia AS	EUR	1 924	1 924	253 300
ACI Operations NZ Ltd	NZD	778 874	514 713	564 093
Owens-Illinois (HK) Limited	USD	21 724	20 633	10 294
BSN Distribution SO	EUR	525	525	--
O-I Sales and Distribution Poland Sp. z o.o.	PLN	60 882	13 778	--
O-I Business Service Center Sp. z o.o.	PLN	5 740	1 299	--
O-I Manufacturing UK Ltd	GBP	88 319	102 981	1 065 981
			<u>1 712 070</u>	<u>5 014 601</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

12 INTEREST RECEIVABLE (Continued)

The interest receivable from direct investments can be specified as follows

Name	CCY	Amount in CCY	2016	2015
O-I Canada Holdings B V	USD	-	--	368 174
O-I Manufacturing Italy S p A	EUR	807 337	807 337	1 212 922
O-I Sales and Distribution Spain	EUR	12 093	12 093	20 323
Vidnera Rovira S L	EUR	64 672	64 672	20 627
O-I Sales and Distribution Netherlands B V	EUR	18 734	18 734	26 181
O-I Argentina S A	ARS	(6)	(0)	--
O-I Europe Sarl	EUR	304 182	304 182	1 419 345
O-I Manufacturing Netherlands B V	BRL	7 598 650	2 218 461	1 760 863
OI Jaroslaw Centrum Serwisowe Maszyn Sp z o o	PLN	102 609	23 221	25 459
O-I Glasspack Beteiligungs & Verwaltungs GmbH	EUR	628	628	--
O-I Spanish Holdings B V	EUR	812	812	--
O-I Europe SAS	EUR	796 753	796 753	765 400
			<u>4 246 893</u>	<u>5 619 294</u>

The interest receivable from related parties can be specified as follows

Name	CCY	Amount in CCY	2016	2015
O-I Manufacturing Hungary	HUF	--	--	90
O-I Glass C V	USD	25 186	23 921	289 542
O-I International Holdings Inc	USD	--	--	22 154
			<u>23 921</u>	<u>311 786</u>

13 CASH AT BANKS

	2016	2015
Cash-Call Deposits	51 547 151	50 747 589
Total	<u>51 547 151</u>	<u>50 747 589</u>

	CCY	Amount in CCY	2016	2015
Cash at banks can be specified as follows				
Citi Group London	EUR	33 036 452	33 036 452	34 670 852
Citi Group London	GBP	(821 735)	(958 158)	7 767 006
Citibank New York	USD	(626 332)	(594 864)	674 466
Citi Group Sydney	AUD	12 658	8 698	4 107
Citi Warsaw	CZK	195 820 719	7 249 357	5 638 276
Citi Budapest	HUF	(225 022 803)	(725 424)	1 594 741
Citibank Handlowy	PLN	56 808 694	12 856 107	103 359
Citi Group London	CHF	725 114	674 983	294 782
			<u>51 547 151</u>	<u>50 747 589</u>

There are no restrictions on the availability of cash and cash equivalents These are readily available

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016 (in EUR)

14 EQUITY

The Company's authorized share capital amounts to EUR 90,000 and consists of 2,000 ordinary shares with a nominal value of EUR 45 each

As at December 31st, 2016 410 shares were issued and fully paid-up. The movements in the year under review can be summarized as follows

	Issued and paid-up capital	Share premium	Other reserves	Total
Opening balance 2014	18 450	363 547 974	(22 682 227)	340 884 197
Restatements			(188 000 000)	(188 000 000)
Result for the period			257 345 645	257 345 645
Opening balance 2015	18 450	363 547 974	46 663 418	410 229 842
Result for the period	--	--	(227 622 075)	(227 622 075)
Opening balance 2016	18 450	363 547 974	(180 958 657)	182 607 767
Result for the period	--	--	(51 995 507)	(51 995 507)
Capital contribution	--	83 927 033	--	83 927 033
Closing balance 31st December, 2016	18 450	447 475 007	(232 954 164)	214 539 293

The share premium relates to a capital contribution from the Shareholder of the Company. In 2016 the Company received the loans receivable on OI Canada Holdings B.V. from OI Global C.V. Subsequently, OI European Group B.V. contributed this new loan, together with an existing loan in the capital of OI Canada Holdings B.V. for the amount of EUR 99mln

Appropriation of result:

The loss sustained by the Company during the year under review has been debited to the other reserve and such has been reflected in the Financial Statements

15 NON-CURRENT LIABILITIES

	2016	2015
Loans from indirect investments	264 465 534	520 388 188
Loans from direct investments	237 635 327	248 116 904
Loans from related parties	24 501 727	77 393 541
Loans from shareholder	496 333 061	1 273 746 129
Debts to credit-institutions	1 570 573 182	1 084 570 608
Total	2 593 508 831	3 204 215 370

Repayment of liabilities within 12 months as at balance date, as set out above, are included under current liabilities

The loans from group indirect investments can be specified as follows

Name	Interest	CCY	Amount in CCY	2016	2015
ACI Operations Pty Ltd	6-month Libor plus 2.47%	EUR	39 880 482	39 880 482	22 559 184
O-I Glasspack GmbH & Co KG	6-month Libor plus 1.25%	EUR	--	--	107 730 216
O-I Production Estonia AS	6-months Libor 2.5%	EUR	976 923	976 923	1 976 923
O-I Manufacturing Czech Republic a.s.	6-months Libor plus 1.75%	CZK	412 699 569	15 278 294	44 918 310
O-I Sales and Distribution Czech Republic a.s.	6-months Libor plus 2.03%	CZK	63 000 005	2 332 284	6 037 509
O-I Manufacturing UK Ltd		GBP	6	7	7
O-I Sales and Distribution UK	SECUR. GB 1.3%	EUR	12 167 887	12 167 887	17 081 993
O-I Sales and Distribution Estonia	6-months Euribor plus 1.75%	EUR	21 602	21 602	21 602
Balance c/f				70,657,479	200,325,744

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016 (in EUR)

15 NON-CURRENT LIABILITIES (Continued)

Balance b/f				70.657.479	200.325.744
O-I Manufacturing France SAS	6-month Libor plus 2.63%	EUR	-- **	--	100.291.174
O-I Sales and Distribution France SAS	SECUR FR 1.3%	EUR	68.904.581 *	68.904.581	70.285.584
O-I Peru S A	6-month Libor plus 1.5%	USD	--	--	27.687.317
Karhulan Last Oy	6-months Libor plus 1.75%	EUR	7.533.778	7.533.778	10.804.761
O-I Sales and Distribution Poland Sp z o o	6-months Libor plus 4.39%	PLN	41.130.712	9.308.097	9.088.683
O-I Sales and Distribution Italy Srl	SECUR IT 1.3%	EUR	91.892.284 *	91.892.284	86.901.149
O-I Sales and Distribution Germany GmbH	SECUR DE 1.3%	EUR	16.169.315 *	16.169.315	15.003.776
				<u>264.465.534</u>	<u>520.388.188</u>

The loans from direct investments can be specified as follows

O-I Europe Sarl	6-months Libor plus 3.23%	EUR	21.895.948	21.895.948	19.890.466
O-I Europe Sarl	6-months Libor plus 3.60%	PLN	88.020.176	19.919.430	40.291.587
O-I Europe Sarl	6-months Libor plus 3.93%	CZK	209.999.990	7.774.279	7.778.386
O-I Europe Sarl	6-months Libor plus 4.39%	GBP	11.000.000	12.826.193	14.916.266
O-I Europe Sarl	SECUR OE00 1.3%	EUR	- *	--	82.358
O-I Sales and Distribution Spain	SECUR ES 1.3%	EUR	35.925.901 *	35.925.901	20.379.628
O-I Sales and Distribution Spain	6-months Euribor plus 3.37%	EUR	-	--	14.025.686
O-I Manufacturing Italy S p A	6-months Libor plus 1.75%	EUR	78.246.158	78.246.158	47.896.938
Vidriera Rovira S L	6-month Libor plus 2.49%	EUR	--	--	--
O-I Sales and Distribution Netherlands B V	6-month Libor 3.23%	EUR	17.580.861	17.580.861	--
O-I Manufacturing Netherlands B V	6-months plus 4%	EUR	30.692.318	30.692.318	29.508.528
O-I Manufacturing Netherlands B V	6-months plus 5.035%	USD	-	--	20.583.608
O-I Sales and Distribution Netherlands B V	SECUR NL 1.3%	USD	- *	--	15.294.998
Centro de Mecanizados del Cauca S A	3-months Libor plus 5%	USD	3	3	3.242.327
O-I Glasspack Beteiligungs & Verwaltungs GmbH	6-month Libor plus 1.25%	EUR	1.803.713	1.803.713	1.803.713
O-I Singapore Pte Ltd	3 months at 4.39%	USD	2.499.999	2.374.394	3.658.983
O-I Finnish Holdings Oy	6-months Libor plus 4.4%	EUR	8.596.129	8.596.129	8.763.432
				<u>237.635.327</u>	<u>248.116.904</u>

The loans from related parties can be specified as follows

Name	Interest	CCY	Amount in CCY	2016	2015
O-I International Holdings Inc	6-month Libor plus 875 to 3.23%	USD	200.313	190.249	41.315.917
O-I Manufacturing Hungary Ltd	6-months Libor plus 1.75%	HUF	7.541.295.758	24.311.478	31.715.340
O-I Sales and Distribution Hungary Kft	6-month Libor plus 3.6%	HUF	-	--	4.362.284
				<u>24.501.727</u>	<u>77.393.541</u>

The loans from shareholder can be specified as follows

Name	Interest	CCY	Amount in CCY	2016	2015
OI Global C V	6-months Euribor plus 3.35%	EUR	-	--	478.624.294
	6-months Euribor plus 3.475%	EUR	-	--	115.639.815
	6-months Euribor plus 3.6%	EUR	-	--	39.417.259
	5.2% per annum	EUR	496.333.061	496.333.061	471.165.315
	6-months Euribor plus 3.6%	EUR	-	--	168.899.446
				<u>496.333.061</u>	<u>1.273.746.129</u>

Most loan agreements include a termination date of 31 May 2020, however some agreements are different or do not provide for a specific repayment date, which is to be agreed between the parties. The intention is that the loans are long-term. On termination dates, normally these loans are extended if needed. The movements on the loans are related to the working capital changes, interest capitalized and foreign exchange movements.

* The borrowing under the terms "SECUR", is the result of the Securitization Program's cash flows centralization through OI European Group B.V. OI European Group B.V. is enjoying the use of the funds generated by the program and is in exchange recognizing an Interco loan facility from the participating sales entities at favorable borrowing rates. The "SECUR" loans are considered long term in nature and the balance is renewed each year (i.e. it has a different composition as in the year before) there remains an outstanding amount every year (which is rather stable).

** Please note that the balances of O-I Manufacturing France SAS and O-I Glasspack GmbH & Co KG are considered current in 2016 and are included in note 19.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016 (in EUR)

15 NON-CURRENT LIABILITIES (Continued)

The debts to credit-institutions are specified as follows

Name	Interest	CCY	Amount in CCY	2016	2015
Term Eur loan	Eur Libor plus 1.75%	EUR	268 354 625	268 354 625	275 324 875
Term Eur loan current portion, see note 18	Eur Libor plus 1.75%	EUR	(10 455 375)	(10 455 375)	(6 970 250)
Senior Notes due 2020	6.75% per annum	EUR	500 000 000	500 000 000	500 000 000
Senior Notes due 2021	4.875% per annum	EUR	330 000 000	330 000 000	330 000 000
Senior Notes due 2024	3.125% per annum	EUR	500 000 000	500 000 000	--
Deferred finance fees		EUR	(17 326 068)	(17 326 068)	(13 784 017)
				<u>1 570 573 182</u>	<u>1 084 570 608</u>

The Company is a borrower under the OI Group bank credit facility. Under the credit facility, the Company has borrowed a term loan in the amount of EUR 279 million with a maturity date of April 2020.

At December 31st, 2016, the outstanding balance was EUR 268,354,625 million and EUR 0 under the term loan and the revolver respectively. Obligations under the global facility are secured by guarantees and asset pledges of certain group companies.

The facility is subject to certain global covenants that were complied with as of December 31, 2016.

During March 2013, the Company retired the existing, more expensive Senior Notes of EUR 300 million and re-issued new Senior Notes totaling EUR 330 million with a coupon of 4.875%. The notes are listed on the official list of the Luxembourg Stock Exchange and admitted for trading on the EURO MTF market of the Luxembourg Stock Exchange. The notes are due in March 31, 2021 and are guaranteed by various related companies within the O-I group. The proceeds were used for general funding purposes.

During September 2010, the Company issued Senior Notes with a face value of EUR 500 million due September 15, 2020. The notes bear interest, at 6.75% are guaranteed also by substantially all of the Company's subsidiaries. The notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading at the EUR MTF market of Luxembourg stock exchange.

During November 2016, the Company issued Senior notes with a face value of EUR 500 million that bear interest at 3.125% and are due November 15, 2024. The notes were issued via a private placement and are guaranteed by Owens-Illinois Inc. The proceeds were used to repay the other loans at Corporate level. The notes are listed on The International Stock Exchange (former Channel Islands Securities Exchange).

The deferred finance fees represent expenses incurred in issuing the Senior Notes.

CURRENT LIABILITIES

16 INTEREST PAYABLE

	2016	2015
Interest payable to indirect investments	513 854	1 345 643
Interest payable to direct investments	772 164	1 064 039
Interest payable to Shareholder (OI Global C.V)	4 022 349	6 205 839
Interest payable to related parties	71 637	156 798
Interest payable to credit-institutions	21 374 190	19 385 681
Total	<u>26 754 194</u>	<u>28 158 000</u>

The interest payable to indirect investments can be specified as follows

Name	CCY	Amount in CCY	2016	2015
O-I Manufacturing Czech Republic a.s	CZK	1 040 130	38 506	111 098
O-I Glasspack GmbH & Co. KG	EUR	142 226	142 226	155 659
O-I Sales and Distribution Germany GmbH	EUR	7 591	7 591	11 253
O-I Production Estonia AS	EUR	2 667	2 667	5 731
O-I Sales and Distribution CZ	CZK	179 847	6 658	16 905
O-I Sales and Distribution Estonia	EUR	40	40	44
Karhulan Lasi OY	EUR	13 822	13 822	21 871
O-I Manufacturing France SAS	EUR	208 199	208 199	466 619
O-I Sales and Distribution France SAS	EUR	--	32 347	52 714
O-I Sales and Distribution UK Ltd	EUR	18 416	18 416	25 515
O-I Sales and Distribution Italy Srl	EUR	43 383	43 383	65 176
Owens Illinois Peru S.A	USD	--	--	48 665
ACI Operations Pty Ltd	AUD	--	--	364 393
			<u>513 854</u>	<u>1 345 643</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

16 INTEREST PAYABLE (Continued)

The interest payable to direct investments can be specified as follows

Name	CCY	Amount in CCY	2016	2015
O-I Manufacturing Italy S P A	EUR	167 474	167 474	184 813
Vidneria Rovira S L	EUR	55 225	55 225	55 225
O-I Sales and Distribution Poland Sp z o o	PLN	352 754	79 830	65 635
O-I Manufacturing Poland SA	PLN	7 154	1 619	--
OI Jaroslaw Centrum Serwisowe Maszyn Sp z o o	PLN	2 028	459	--
O-I Business Service Center Sp Z o o	PLN	1 396	316	--
O-I Sales and Distribution Spain	EUR	63 153	63 153	70 184
O-I Finish Holdings Oy	EUR	38 873	38 873	40 743
O-I Europe Sarl	EUR	311 597	311 597	428 482
O-I Manufacturing Netherlands B V	EUR	10 627	10 627	144 383
O-I Sales and Distribution Netherlands B V	EUR	11 835	11 835	14 902
Centro de Mecanizados del Cauca S A	USD	637	605	11 472
O-I Glasspack Beteiligungs & Verwaltungs GmbH	EUR	2 243	2 243	2 609
O-I Singapore Pte Ltd	USD	29 805	28 308	45 591
			<u>772 164</u>	<u>1 064 039</u>

The interest payable to related parties can be specified as follows

Name	CCY	Amount in CCY	2016	2015
O-I Manufacturing Hungary Ltd	HUF	22 068 814	71 145	114 721
O-I Sales and Distribution Hungary Kft	HUF	1 241	4	25 196
O-I International Holdings Inc	USD	514	488	16 881
			<u>71 637</u>	<u>156 798</u>

The interest payable to credit-institutions can be specified as follows

Name	CCY	Amount in CCY	2016	2015
500M Bond Due 2020	EUR	14 062 500	14 062 500	14 062 500
330M Bond Due 2021	EUR	4 066 563	4 066 563	4 066 562
500M Bond Due 2024	EUR	2 517 361	2 517 361	--
Term Eur loan	EUR	759 237	759 237	1 177 779
All banks-FX (Premium)/Discount	EUR	(31 471)	(31 471)	78 840
			<u>21 374 190</u>	<u>19 385 681</u>

17 INTERCOMPANY PAYABLE

	2016	2015
Accounts payable to shareholder	186 046 401	--
Accounts payable to indirect investments	475 353	(25 819)
Accounts payable to direct investments	118 820	161 043
Accounts payable to related parties	357	6 583
Total	<u>186 640 931</u>	<u>141 807</u>

The accounts payable to indirect investments can be specified as follows

	2016	2015
O-I Sales and Distribution Germany GmbH	24 000	--
O-I Sales and Distribution France SAS	120 000	--
O-I Manufacturing France SAS	185 686	--
O-I Sales and Distribution UK Ltd	48 000	--
O-I Manufacturing Czech Republic a s	3 456	3 456
O-I Sales and Distribution Italy Srl	94 211	(29 275)
	<u>475 353</u>	<u>(25 819)</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

17 INTERCOMPANY PAYABLE (Continued)

The accounts payable to direct investments can be specified as follows

	2016	2015
O-I Manufacturing Netherlands B V	40 820	161 043
O-I Argentina S A	--	--
O-I Europe Sarl	6 000	--
O-I Sales and Distribution Spain	24 000	--
O-I Sales and Distribution Netherlands B V	48 000	--
	<u>118 820</u>	<u>161 043</u>

The accounts payable to related parties can be specified as follows

	2016	2015
O-I Manufacturing Hungary Ltd	357	357
O-I Corporate Inc	--	6 226
	<u>357</u>	<u>6 583</u>

18 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2016	2015
VAT payable to Italian Tax authorities	2 043 980	--
Current portion long term Term Eur loan (see note 15)	10 455 375	6 970 250
Accrued legal and tax fees	153 000	93 000
Payroll accruals	324 832	204 858
Accrued audit fees	55 969	62 147
O-I Mexico Holdings II B V	--	(8 784)
Restructuring provision	159 813	--
Others	18 474	43 725
	<u>13 211 443</u>	<u>7 365 196</u>

19 SHORT TERM INTERCOMPANY LOANS PAYABLE

	2016	2015
Short term intercompany loans payable to indirect investments	315 022 417	160 264 953
Short term intercompany loans payable to direct investments	224 720 074	108 494 255
Short term intercompany loans payable to related parties	7 858 798	6 903 345
Total	<u>547 601 289</u>	<u>275 662 553</u>

Short term intercompany loans to indirect investments can be specified as follows

	2016	2015
O-I Sales and Distribution Czech Republic s r o	2 133 038	3 948 727
O-I Glasspack GmbH & Co KG	114 581 871	--
O-I Production Estonia AS	2 190 636	1 469 493
O-I Sales and Distribution Estonia	298 977	148 137
O-I Manufacturing France SAS	39 734 388	31 028 907
O-I Sales and Distribution France SAS	18 590 142	15 508 639
O-I Sales and Distribution Germany GmbH	3 597 398	3 922 986
Avirunion A.S (CZECH) Manufacturing	10 458 554	9 183 494
O-I Spanish Holdings B V	516 773	516 823
O-I Glasspack GmbH & Co KG	15 681 634	10 389 324
O-I Manufacturing Poland SA	9 331 372	--
O-I Sales and Distribution Poland Sp z o o	13 177 060	--
OI Jaroslaw Centrum Serwisowe Maszyn Sp z o o	226 123	--
O-I Business Service Center Sp Z o o	514 304	--
O-I Sales and Distribution UK Ltd	9 158 185	3 226 147
O-I Sales and Distribution Italy Srl	74 831 962	80 922 276
	<u>315 022 417</u>	<u>160 264 953</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
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19 SHORT TERM INTERCOMPANY LOANS PAYABLE (Continued)

Short term intercompany loans to direct investments can be specified as follows

	2016	2015
O-I Manufacturing Netherlands B V	41 736 206	42 244 722
O-I Manufacturing France SAS	100 291 174	--
Vidneria Rovira S L	10 222 231	2 203 573
O-I Sales and Distribution Spain	4 696 050	3 603 249
O-I Sales and Distribution Netherlands B V	11 138 504	15 092 845
O-I Manufacturing Italy S p A	50 133 807	29 079 323
O-I Glasspack Beteiligungs & Verwaltungs GmbH	--	324 874
O-I Europe SAS	6 502 102	4 358 970
O-I Europe Sarl	--	11 586 699
	<u>224 720 074</u>	<u>108 494 255</u>

Short term intercompany loans to related parties can be specified as follows

* Please note that the balances of O-I Manufacturing France SAS and O-I Glasspack GmbH & Co KG were considered long term in 2015 and were included in note 15

	2016	2015
O-I Sales and Distribution Hungary Kft	665 846	1 481 560
O-I Manufacturing Hungary Ltd	7 192 952	5 421 785
	<u>7 858 798</u>	<u>6 903 345</u>

The short term loans are related to the cash pooling balances. The main cash pooling account is the EUR account of the Company with the Citi Group London

20 INTERCOMPANY ACCOUNT F/X CONTRACTS

The Intercompany account f/x contracts can be specified as follows,

	Nominal Value *	Due Date	2016	2015
AUD	(1 116 878)	January-17	2 471	38 272
CAD	(38 600 000)	May-17	1 058 744	103
CZK	280 850 000	March-17	3 682	--
GBP	3 354 063	May-17	276 886	--
HUF	6 439 563 740	May-17	42 350	113 234
PLN	162 200 000	May-17	214 799	122 289
NZD	(778 875)	January-17	1 106	1 709
USD	(11 859 630)	May-17	249 661	527 403
			<u>1 849 699</u>	<u>803 010</u>

* The nominal values are stated in foreign currencies

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

INCOME STATEMENT

21 DIVIDEND INCOME

The dividend received from subsidiaries can be specified as follows

Name	2016	2015
Owens-Illinois (Australia) Pty Ltd	--	46 800 000
Pre-acquisition dividend	--	(46 800 000)
O-I Manufacturing Italy S p A	2 197 824	--
O-I Sales and Distribution Spain	5 666 346	--
O-I Finnish Holdings Oy	6 300 000	--
O-I Sales and Distribution Netherlands B V	3 000 000	3 000 000
Cristalleria Peldar, S A	13 212 011	22 023 059
O-I Manufacturing Netherlands B V	5 000 000	5 000 000
	<u>35 376 181</u>	<u>30 023 059</u>

22 IMPAIRMENT ON INVESTMENT/LOANS

	2016	2015
Recharge impaired loans to OI Global C V	71 002 776	10 078 133
Forgiveness of loan to O-I Manufacturing UK Ltd	(64 575 338)	--
Loan and accrued interest impairments	(6 730 403)	(9 928 005)
Reversal of prior year investment impairments	--	71 000 000
Investment impairments	<u>(7 164 867) *</u>	<u>(251 200 000)</u>
	<u>(7 467 832)</u>	<u>(180 049 872)</u>

* Impairment made to investments in Argentina is based on the Business Enterprise Value (BEV) calculation made in 2016

23 INTEREST INCOME ON LOANS

	2016	2015
Interest income on loans due from indirect investments	21 030 136	21 658 498
Interest income on loans due from direct investments	37 967 508	39 989 083
Interest income on loans due from shareholder	--	2 072 581
Interest income on loans due from related parties	1 689 158	469 666
Interest income on loans due from credit-institutions	--	--
	<u>60 686 802</u>	<u>64 189 828</u>

Interest income on loans due from indirect investments can be specified as follows

	2016	2015
ACI Operations Pty Ltd	10 020 741	10 156 725
O-I Sales and Distribution France SAS	764 131	884 703
O-I Manufacturing France SAS	88 692	115 542
O-I Sales and Distribution Germany GmbH	19 067	14 178
O-I Glasspack Beteiligungs & Verwaltungs GmbH	659	--
O-I Sales and Distribution UK Ltd	5 803	35 923
O-I Sales and Distribution Italy Srl	151 426	66 039
O-I Glasspack GmbH & Co KG	26 669	14 122
O-I Canada Corp	968 300	918 734
O-I Production Estonia AS	3 025	237 489
O-I Sales and Distribution Estonia	1 424	8 756
ACI Operations NZ Ltd	5 985 970	6 074 852
O-I Manufacturing UK Ltd	2 850 637	3 038 118
O-I Sales and Distribution CZ	870	--
BSN Distribution SO	11 929	12 743
O-I Hong Kong Ltd	130 793	80 574
	<u>21 030 136</u>	<u>21 658 498</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

23 INTEREST INCOME ON LOANS (Continued)

Interest income on loans due from direct investments can be specified as follows

	2016	2015
O-I Europe SAS	6 667 806	6 597 277
O-I Canada Holdings B V	447 304	528 445
O-I Europe Sarl	5 195 181	7 270 698
O-I Manufacturing Netherlands B V	24 874 799	24 554 149
Vidriera Rovira S L	14 768	22 140
O-I Manufacturing Italy S p A	98 667	389 234
O-I Sales and Distribution Netherlands B V	43 109	26 181
O-I Argentina S A	283 899	400 257
O-I Sales and Distribution Spain	18 349	20 323
O-I Spanish Holdings B V	812	--
O-I Manufacturing Poland SA	114 521	--
O-I Sales and Distribution Poland Sp Z o o	13 954	--
O-I Business Service Center Sp Z o o	190 068	--
O-I Jaroslaw Centrum Serwisowe Maszyn Sp z o o	4 271	180 379
	<u>37 967 508</u>	<u>39 989 083</u>

Interest income on loans due from shareholder can be specified as follows

	2016	2015
OI Global C V	--	2 072 581
	-	<u>2 072 581</u>

Interest income on loans due from related parties can be specified as follows

	2016	2015
O-I Glass C V	1 564 663	361 364
O-I Glass J V Mexico Sarl	--	86 055
O-I Sales and Distribution Hungary Kft	--	--
O-I International Holdings Inc	124 395	22 154
O-I Manufacturing Hungary Ltd	100	93
	<u>1 689 158</u>	<u>469 666</u>

24 INTEREST EXPENSE ON LOANS

Interest expense on loans due to indirect investments
Interest expense on loans due to direct investments
Interest expense on loans due to shareholder
Interest expense on loans due to related parties

	2016	2015
	8 726 641	10 620 547
	9 904 648	13 212 369
	50 077 519	55 674 195
	983 457	1 517 539
	<u>69 692 265</u>	<u>81 024 650</u>

Interest expense on loans due to indirect investments can be specified as follows

	2016	2015
O-I Glasspack GmbH & Co KG	1 319 556	1 471 086
O-I Manufacturing Czech Republic a s	650 101	967 723
O-I Production Estonia AS	42 323	512 365
O-I Sales and Distribution France SAS	1 024 823	1 592 415
Balance c/f	<u>3.036.803</u>	<u>4.543.589</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016
(in EUR)

24 INTEREST EXPENSE ON LOANS (Continued)

Balance b/f	3.036.803	4.543.589
O-I Manufacturing Poland SA	91.392	--
O-I Sales and Distribution Poland Sp z o o	577.474	562.180
O-I Jaroslaw Centrum Serwisowe Maszyn Sp z o o	463	--
O-I Business Service Center Sp z o o	320	--
O-I Sales and Distribution Germany GmbH	199.430	257.666
O-I Sales and Distribution Estonia	361	5.917
O-I Manufacturing France SAS	2.822.009	2.794.758
O-I Sales and Distribution Czech	102.294	147.050
O-I Sales and Distribution Italy Srl	1.083.363	1.532.132
O-I Sales and Distribution UK Ltd	177.384	300.292
Owens-Illinois Peru S A	464.380	277.072
Karhulan Lasi Oy	170.968	199.891
	<u>8.726.641</u>	<u>10.620.547</u>

Interest expense on loans due to direct investments can be specified as follows

	2016	2015
O-I Europe Srl	3.082.464	3.046.181
O-I Manufacturing Netherlands B V	2.082.922	2.299.391
O-I Finnish Holdings Oy	350.827	247.230
O-I Glasspack Beteiligungs & Verwaltungs GmbH	20.990	24.630
O-I Manufacturing Italy S p A	1.117.960	1.878.770
Vidneria Rovira S L	--	235.944
O-I Sales and Distribution Spain	798.806	907.042
O-I Sales and Distribution Netherlands B V	221.780	402.620
Centro de Mecanizados del Cauca S A	128.834	204.558
Cristaleria Peldar SA	--	57.665
O-I Singapore Pte Ltd	143.161	200.265
ACI Operations Pty Ltd	1.956.904	3.708.073
	<u>9.904.648</u>	<u>13.212.369</u>

Interest expense on loans due to shareholder can be specified as follows

	2016	2015
OI Global C V	50.077.519	55.674.195
	<u>50.077.519</u>	<u>55.674.195</u>

Interest expense on loans due to related parties can be specified as follows

	2016	2015
O-I International Holdings Inc	58.877	110.525
O-I Manufacturing Hungary Ltd	817.394	1.164.036
O-I Sales and Distribution Hungary	107.186	242.978
	<u>983.457</u>	<u>1.517.539</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016 (in EUR)

25 RESULT GUARANTEE AGREEMENT

As per January 1, 2006 the Company's shareholder, OI Global C.V., is guarantor of various loans made by the Company to several group companies. The guarantor guarantees each and every principal and interest amount. In 2016 the agreement has been renewed. The Company bears a risk and pays the maximum amount of EUR 4,000,000. The actual risk is calculated pro-rata in relation to all outstanding loans together of any shortfall upon an event of default, like indebtedness, in terms of principal amount and/or interest payments due. The remainder of any shortfall will then be borne by the guarantor.

26 RESULT PROFIT GUARANTEE AGREEMENT (WITH OI GLOBAL C.V.)

As per January 1, 2006 the Company's shareholder, OI Global C.V., has also entered into a Profit Guarantee agreement with the Company which has no due date. The Profit Guarantee agreement ensures that the Company at all times will earn the agreed minimum margin on its financing activities (excludes all holding interest) and ensures any remaining F/X risks borne by the Company are for the benefit or the account of the profit guarantor. For 2016 the PGA expense is EUR 83,129,766 including a PGA income of 111k (see note 27) from OI Manufacturing Netherlands B.V.

27 RESULT PROFIT GUARANTEE AGREEMENT (WITH OIMNL)

Based on the Profit guarantee agreement between OI Manufacturing Netherlands B.V. and the Company, the deficit or surplus shall be for the Company and should thus, be taken into account as an expense or income respectively under the Profit guarantee Agreement. For 2016 the PGA income is EUR 110,534.

28 EXCHANGE DIFFERENCES

Exchange differences arise on certain intercompany loans that are not hedged due to loans being labeled "FASB 52" loans which are not considered as FX exposure under U.S. Gaap accounting due to long term nature of certain loans that have no planned payback date. These loans are denominated in USD, CAD, AUD, BRL, ARS, CNY and NZD and exchange rates can fluctuate causing significant changes from year to year.

29 AUDIT FEES

The breakdown of the audit fees is as follows and concerns the provided services throughout the year 2016

	2016	2015
Audit fees	95,646	75,091
	<u>95,646</u>	<u>75,091</u>

30 RELATED PARTIES TRANSACTIONS

All group companies mentioned in note 6 above and the associates are considered to be related parties. The transaction between the Company and its related parties are specified in notes 20 through 27.

Related party transactions are conducted in the ordinary course of business. Interest at positions with affiliated companies is at a market conform interest rate.

31 NUMBER OF EMPLOYEES AND EMPLOYEES COSTS

During the year under review the Company had three employees (2015: 3 employees). The breakdown of employee costs are as follows:

	2016	2015
Wages & Salaries	212,352	204,042
Pension Charges	11,871	34,327
Other Social Charges & Securities	34,354	13,038
	<u>258,577</u>	<u>251,407</u>

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2016 (in EUR)

32 DIRECTORS

The Company has five Managing Directors, remuneration was paid to three members of the Board of Managing Directors for the year ended December 31st, 2016. Remuneration including (pension) remittance amounted in 2016 € 593,007 (2015: € 463,000).

33 POST BALANCE SHEET EVENTS

Senior notes

In March 2017, the Company issued another amount of EUR 225mln of senior notes on top of the notes issued in November 2016. The total amount issued on The International Stock Exchange (former Channel Islands Securities Exchange) amounts to EUR 725mln.

New Director

Mr. J. Amezquita will resign as Director of the Company. His successor is Mr. Scott Gedris as per February 28, 2017.

The Board of Managing Directors

Mr. J. W. Baehren

Mr. J. Ritmeijer

Mr. R. de Haan

Mr. S. Gedris

Mr. G. Copper

Schiedam, July 13, 2017

OI EUROPEAN GROUP B.V.

Other Information

Other Information

Other reserves

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the other reserves are at the disposal of the shareholder in accordance with Article 23 of the Company's Articles of Association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves.

Independent auditor's report

Reference is made to the independent auditor's report hereinafter.