

---

---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2017**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

COMMISSION FILE NUMBER: **001-33988**

**Graphic Packaging Holding Company**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**1500 Riveredge Parkway, Suite 100**

**Atlanta, Georgia**

(Address of principal executive offices)

**26-0405422**

(I.R.S. employer  
identification no.)

**30328**

(Zip Code)

**(770) 240-7200**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer  (Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 24, 2017, there were 310,555,926 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

---

---

***Information Concerning Forward-Looking Statements***

Certain statements regarding the expectations of Graphic Packaging Holding Company (“GPHC” and, together with its subsidiaries, the “Company”), including, but not limited to, the availability of net operating losses to offset U.S. federal income taxes and the timing related to the Company’s future U.S. federal income tax payments, capital investment, available cash and liquidity, depreciation and amortization, interest expense, reclassification of Accumulated Other Comprehensive Loss to earnings, pension plan contributions and postretirement health care benefit payments, in this report constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and its present expectations. These risks and uncertainties include, but are not limited to, inflation of and volatility in raw material and energy costs, changes in consumer buying habits and product preferences, competition with other paperboard manufacturers and product substitution, the Company’s ability to implement its business strategies, including strategic acquisitions, productivity initiatives and cost reduction plans, the Company’s debt level, currency movements and other risks of conducting business internationally, and the impact of regulatory and litigation matters, including those that could impact the Company’s ability to utilize its net operating losses to offset taxable income and those that impact the Company’s ability to protect and use its intellectual property. Undue reliance should not be placed on such forward-looking statements, as such statements speak only as of the date on which they are made and the Company undertakes no obligation to update such statements, except as may be required by law. Additional information regarding these and other risks is contained in Part I, “Item 1A., Risk Factors” of the Company’s 2016 Annual Report on Form 10-K, and in other filings with the Securities and Exchange Commission.

**TABLE OF CONTENTS**

<a href="#">PART I — FINANCIAL INFORMATION</a>	<a href="#">4</a>
<a href="#">ITEM 1. FINANCIAL STATEMENTS</a>	<a href="#">4</a>
<a href="#">ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</a>	<a href="#">24</a>
<a href="#">ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK</a>	<a href="#">31</a>
<a href="#">ITEM 4. CONTROLS AND PROCEDURES</a>	<a href="#">31</a>
<a href="#">PART II — OTHER INFORMATION</a>	<a href="#">31</a>
<a href="#">ITEM 1. LEGAL PROCEEDINGS</a>	<a href="#">31</a>
<a href="#">ITEM 1A. RISK FACTORS</a>	<a href="#">31</a>
<a href="#">ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</a>	<a href="#">31</a>
<a href="#">ITEM 4. MINE SAFETY DISCLOSURES</a>	<a href="#">32</a>
<a href="#">ITEM 6. EXHIBITS</a>	<a href="#">32</a>
<a href="#">SIGNATURES</a>	<a href="#">33</a>
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
XBRL Content	

**PART I — FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****GRAPHIC PACKAGING HOLDING COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)**

<i>In millions, except per share amounts</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net Sales	\$ 1,061.5	\$ 1,034.0
Cost of Sales	886.5	826.3
Selling, General and Administrative	91.1	89.1
Other (Income) Expense, Net	(0.2)	0.9
Business Combinations and Other Special Charges	8.6	10.5
Income from Operations	75.5	107.2
Interest Expense, Net	(21.3)	(16.9)
Income before Income Taxes and Equity Income of Unconsolidated Entity	54.2	90.3
Income Tax Expense	(17.6)	(33.2)
Income before Equity Income of Unconsolidated Entity	36.6	57.1
Equity Income of Unconsolidated Entity	0.4	0.4
Net Income	\$ 37.0	\$ 57.5
Net Income Per Share — Basic and Diluted	\$ 0.12	\$ 0.18
Cash Dividends Declared Per Share	\$ 0.075	\$ 0.05

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

<i>In millions</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net Income	\$ 37.0	\$ 57.5
Other Comprehensive (Loss) Income, Net of Tax:		
Derivative Instruments	(1.9)	(2.0)
Pension and Postretirement Benefit Plans	0.7	2.6
Currency Translation Adjustment	18.9	6.0
Total Other Comprehensive Income, Net of Tax	17.7	6.6
<b>Total Comprehensive Income</b>	<b>\$ 54.7</b>	<b>\$ 64.1</b>

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>In millions, except share and per share amounts</i>	March 31, 2017	December 31, 2016
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 37.4	\$ 59.1
Receivables, Net	453.0	426.8
Inventories, Net	603.1	582.9
Other Current Assets	51.8	46.1
Total Current Assets	1,145.3	1,114.9
Property, Plant and Equipment, Net	1,785.4	1,751.9
Goodwill	1,265.8	1,260.3
Intangible Assets, Net	434.7	445.3
Other Assets	30.6	31.0
<b>Total Assets</b>	<b>\$ 4,661.8</b>	<b>\$ 4,603.4</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Short-Term Debt and Current Portion of Long-Term Debt	\$ 69.0	\$ 63.4
Accounts Payable	447.0	466.5
Compensation and Employee Benefits	95.8	107.3
Interest Payable	18.4	15.4
Other Accrued Liabilities	127.2	127.2
Total Current Liabilities	757.4	779.8
Long-Term Debt	2,183.8	2,088.5
Deferred Income Tax Liabilities	381.4	408.0
Accrued Pension and Postretirement Benefits	189.5	202.5
Other Noncurrent Liabilities	68.9	68.1
<b>SHAREHOLDERS' EQUITY</b>		
Preferred Stock, par value \$.01 per share; 100,000,000 shares authorized; no shares issued or outstanding	—	—
Common Stock, par value \$.01 per share; 1,000,000,000 shares authorized; 311,283,386 and 313,533,785 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	3.1	3.1
Capital in Excess of Par Value	1,685.4	1,709.0
Accumulated Deficit	(237.8)	(268.0)
Accumulated Other Comprehensive Loss	(369.9)	(387.6)
<b>Total Shareholders' Equity</b>	<b>1,080.8</b>	<b>1,056.5</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,661.8</b>	<b>\$ 4,603.4</b>

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>In millions</i>	Three Months Ended	
	March 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 37.0	\$ 57.5
Non-cash Items Included in Net Income:		
Depreciation and Amortization	75.0	70.7
Deferred Income Taxes	11.9	28.9
Amount of Postretirement Expense Less Than Funding	(11.9)	(6.7)
Other, Net	4.1	12.8
Changes in Operating Assets and Liabilities	(87.7)	(104.8)
Net Cash Provided by Operating Activities	28.4	58.4
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital Spending	(69.2)	(99.0)
Packaging Machinery Spending	(6.9)	(4.0)
Acquisition of Businesses, Net of Cash Acquired	—	(288.5)
Other, Net	(1.2)	(1.4)
Net Cash Used in Investing Activities	(77.3)	(392.9)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchase of Common Stock	(40.1)	(43.5)
Payments on Debt	(6.3)	(6.3)
Borrowings under Revolving Credit Facilities	310.1	552.5
Payments on Revolving Credit Facilities	(206.4)	(122.4)
Repurchase of Common Stock related to Share-Based Payments	(10.0)	(10.4)
Dividends Paid	(23.6)	(16.3)
Other, Net	2.2	(0.3)
Net Cash Provided by Financing Activities	25.9	353.3
Effect of Exchange Rate Changes on Cash	1.3	1.9
Net (Decrease) Increase in Cash and Cash Equivalents	(21.7)	20.7
Cash and Cash Equivalents at Beginning of Period	59.1	54.9
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 37.4</b>	<b>\$ 75.6</b>

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 — GENERAL INFORMATION**

***Nature of Business and Basis of Presentation***

Graphic Packaging Holding Company ("GPHC" and, together with its subsidiaries, the "Company") is committed to providing consumer packaging that makes a world of difference. The Company is a leading provider of paper-based packaging solutions for a wide variety of products to food, beverage and other consumer products companies. The Company operates on a global basis and is one of the largest producers of folding cartons in the United States ("U.S.") and holds leading market positions in coated unbleached kraft paperboard ("CUK") and coated-recycled paperboard ("CRB").

The Company's customers include many of the world's most widely recognized companies and brands with prominent market positions in beverage, food and other consumer products. The Company strives to provide its customers with packaging solutions designed to deliver marketing and performance benefits at a competitive cost by capitalizing on its low-cost paperboard mills and converting plants, its proprietary carton and packaging designs, and its commitment to quality and service.

GPHC conducts no significant business and has no independent assets or operations other than its ownership of all of Graphic Packaging International, Inc.'s ("GPII") outstanding common stock.

The Company's Condensed Consolidated Financial Statements include all subsidiaries in which the Company has the ability to exercise direct or indirect control over operating and financial policies. Intercompany transactions and balances are eliminated in consolidation.

In the Company's opinion, the accompanying Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods. The Company's year end Condensed Consolidated Balance Sheet data was derived from audited financial statements. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with instructions to Form 10-Q and Rule 10-01 of Regulation S-X and do not include all the information required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements. Therefore, these Condensed Consolidated Financial Statements should be read in conjunction with GPHC's Form 10-K for the year ended December 31, 2016. In addition, the preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates and changes in these estimates are recorded when known.

For a summary of the Company's significant accounting policies, please refer to GPHC's Form 10-K for the year ended December 31, 2016.

***Accounts Receivable and Allowances***

The Company has entered into agreements for the purchasing and servicing of receivables to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions. Transfers under these agreements meet the requirements to be accounted for as sales in accordance with the *Transfers and Servicing* topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification"). During the first three months of 2017, the Company sold and derecognized approximately \$346 million of receivables, collected approximately \$353 million on behalf of the financial institution, and received no funding from the financial institutions, resulting in deferred proceeds of approximately \$33 million as of March 31, 2017. During the same period of 2016, the Company sold and derecognized approximately \$300 million of receivables, collected approximately \$290 million on behalf of the financial institution, and received funding of approximately \$24 million by the financial institution, resulting in deferred proceeds of approximately \$36 million as of March 31, 2016. Cash proceeds related to the sales are included in cash from operating activities in the Condensed Consolidated Statements of Cash Flows in the Changes in Operating Assets and Liabilities line item. The loss on sale is not material and is included in Other (Income) Expense, Net line item on the Condensed Consolidated Statement of Operations.

The Company has also entered into various factoring and supply chain financing arrangements which also qualify for sale accounting in accordance with the *Transfers and Servicing* topic of the FASB Codification. For the three months ended March 31, 2017 and 2016, the Company sold receivables of approximately \$18 million and \$10 million, respectively, related to these factoring arrangements.

Receivables sold under all programs subject to continuing involvement, which consist principally of collection services, at March 31, 2017 and December 31, 2016, were approximately \$370 million and \$376 million, respectively.

***Capital Allocation Plan***

On March 13, 2017, the Company's board of directors declared a regular quarterly dividend of \$0.075 per share of common stock paid on April 5, 2017 to shareholders of record as of March 29, 2017.

On January 10, 2017, the Company's board of directors authorized an additional share repurchase program to allow the Company to purchase up to \$50 million of the Company's issued and outstanding shares of common stock through open market purchases, privately negotiated transactions and Rule 10b5-1 plans (the "2017 share repurchase program"). The original \$250 million share repurchase program

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

was authorized on February 4, 2015 (the "2015 share repurchase program"). During the quarter, the Company repurchased 2,956,121 shares at an aggregate average price of \$12.98, including 1,440,697 shares repurchased under the 2015 share repurchase program thereby completing that program. The Company repurchased 3,712,552 shares at an average price of \$12.12 during the three months ended March 31, 2016 under the 2015 share repurchase program. As of March 31, 2017, the Company has approximately \$230 million remaining under the 2017 share repurchase program.

**Business Combinations and Other Special Charges**

The following table summarizes the transactions recorded in Business Combinations and Other Special Charges in the Condensed Consolidated Statements of Operations:

<i>In millions</i>	Three Months Ended March 31,	
	2017	2016
Charges Associated with Business Combinations	\$ 3.9	\$ 5.1
Other Special Charges	4.7	5.4
<b>Total</b>	<b>\$ 8.6</b>	<b>\$ 10.5</b>

On April 29, 2016, the Company acquired Colorpak Limited ("Colorpak"), a leading folding carton supplier in Australia and New Zealand. Colorpak operates three folding carton facilities that convert paperboard into folding cartons for the food, beverage and consumer product markets. The folding carton facilities are located in Melbourne, Australia, Sydney, Australia and Auckland, New Zealand.

On March 31, 2016, the Company acquired substantially all of the assets of Metro Packaging & Imaging, Inc. ("Metro"), a single converting facility located in Wayne, New Jersey.

On February 16, 2016, the Company acquired Walter G. Anderson, Inc., ("WG Anderson") a premier folding carton manufacturer with a focus on store branded food and consumer product markets. WG Anderson operates two world-class sheet-fed folding carton converting facilities located in Hamel, Minnesota and Newton, Iowa.

On January 5, 2016, the Company acquired G-Box, S.A. de C.V., ("G-Box"). The acquisition includes two folding carton converting facilities located in Monterrey, Mexico and Tijuana, Mexico that service the food, beverage, and consumer products markets.

Charges associated with these acquisitions are reflected in Charges Associated with Business Combinations in the above table.

For more information regarding the above acquisitions see "Note 3 - Acquisitions."

**Adoption of New Accounting Standards**

Effective January 1, 2017 the Company adopted Accounting Standards Update ("ASU") No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies the accounting for income taxes, among other changes, related to stock-based compensation. In the first quarter of 2017, the Company recorded a discrete benefit of approximately \$2 million during the quarter related to the excess benefit associated with share based payments to employees. The remaining \$39 million of previously unrecognized excess tax benefits, which were prohibited from recognition due to net operating loss carryforwards, were recognized in accumulated deficit. The Company is continuing its practice of estimating forfeitures and recording cash paid for withholding taxes as a financing activity.

Effective January 1, 2017 the Company adopted ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. This amendment replaced the method of measuring inventories at lower of cost or market with a lower of cost and net realizable value method. The adoption had no impact on the Company's financial position, results of operations and cash flows.

**Accounting Standards Not Yet Adopted**

In March 2017, the FASB issued ASU No. 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendments to this ASU require the service cost component of net periodic benefit cost be reported in the same income statement line or lines as other compensation costs for employees. The other components of net periodic benefit cost are required to be reported separately from service costs and outside a subtotal of income from operations. Only the service cost component is eligible for capitalization. The guidance is effective for annual periods beginning after December 15, 2017. The amendments should be applied retrospectively for the income statement presentations and prospectively for the capitalization of service costs. The Company does not expect the adoption of this standard to have a material impact on the Company's financial position, result of operations and cash flows.

In January 2017, the FASB issued ASU No. 2017-04 *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* which simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 of the goodwill impairment model. Step 2 measures a goodwill impairment loss by comparing the implied value of a reporting unit's goodwill with the carrying

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

amount of that goodwill. An entity would recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value; however, the loss recognized is limited to the amount of goodwill allocated to that reporting unit. The guidance is effective for annual periods beginning after December 15, 2019. Early adoption is permitted for any impairment tests performed after January 1, 2017.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The amendments in this ASU provide guidance in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill and consolidation. The amendments are effective for annual periods beginning after December 15, 2017 and will be applied prospectively.

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. This ASU provides guidance to clarify how certain cash receipts and payments should be presented in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. The updated guidance requires a modified retrospective adoption. The Company is evaluating the impact of adoption on the Company's financial position, results of operations and cash flow.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this ASU require an entity to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures about leasing arrangements. The amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The updated guidance requires a modified retrospective adoption. The Company is evaluating the impact of adoption on the Company's financial position, results of operation and cash flows.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. Adoption of ASU No. 2014-09 requires that an entity recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB deferred the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard but not before the original effective date of December 15, 2016, and can be applied using a full retrospective or modified retrospective approach. The Company is adopting this standard in the first quarter of fiscal 2018 and currently expects to use the modified retrospective approach. Based on certain contractual terms with some customers, the adoption may require acceleration of revenue for products produced by the Company without an alternative use and where the Company would have a legally enforceable right of payment for production completed to date. The Company is continuing to evaluate these contractual terms, including possible modifications to certain contracts, as well as evaluating the materiality of the impact to the financial statements. Currently, the Company does not believe the adoption of the other elements of the standard will have a material impact on the Company's financial position, results of operations and cash flows.

**NOTE 2 — INVENTORIES, NET**

Inventories, Net by major class:

<i>In millions</i>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Finished Goods	\$ 258.2	\$ 238.3
Work in Progress	66.8	73.5
Raw Materials	191.8	187.2
Supplies	86.3	83.9
<b>Total</b>	<b>\$ 603.1</b>	<b>\$ 582.9</b>

**NOTE 3 — ACQUISITIONS**

As disclosed in "Note 1 - General Information," the Company acquired Colorpak, Metro, WG Anderson, and G-Box, which are referred to collectively as the "2016 Acquisitions" and are included in the Americas Paperboard Packaging Segment.

The Company paid approximately \$333 million, net of cash acquired, for the 2016 Acquisitions using existing cash and borrowings under its revolving line of credit, and assumed debt of approximately \$31 million.

**NOTE 4 — DEBT**

For more information regarding the Company's debt, see "Note 5 — Debt" of the Notes to Consolidated Financial Statements of the Company's 2016 Form 10-K.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Long-Term Debt is composed of the following:

<i>In millions</i>	March 31, 2017	December 31, 2016
Senior Notes with interest payable semi-annually at 4.125%, effective rate of 4.19%, payable in 2024	\$ 300.0	\$ 300.0
Senior Notes with interest payable semi-annually at 4.875%, effective rate of 4.94%, payable in 2022	250.0	250.0
Senior Notes with interest payable semi-annually at 4.75%, effective rate of 4.79%, payable in 2021	425.0	425.0
Senior Secured Term Loan Facilities with interest payable at various dates at floating rates (2.3% at March 31, 2017) payable through 2019	943.8	950.0
Senior Secured Revolving Facilities with interest payable at floating rates (2.3% at March 31, 2017) payable in 2019	291.8	184.8
Capital Lease Obligations	18.0	17.9
Other	2.8	3.0
<b>Total Long-Term Debt</b>	<b>2,231.4</b>	<b>2,130.7</b>
Less: Current Portion	32.5	26.3
	2,198.9	2,104.4
Less: Unamortized Deferred Debt Issuance Costs	15.1	15.9
<b>Total</b>	<b>\$ 2,183.8</b>	<b>\$ 2,088.5</b>

At March 31, 2017, the Company and its U.S. and international subsidiaries had the following commitments, amounts outstanding and amounts available under revolving credit facilities:

<i>In millions</i>	Total Commitments	Total Outstanding	Total Available
Senior Secured Domestic Revolving Credit Facility <sup>(a)</sup>	\$ 1,250.0	\$ 242.0	\$ 985.4
Senior Secured International Revolving Credit Facility	170.1	49.8	120.3
Other International Facilities	55.0	39.3	15.7
<b>Total</b>	<b>\$ 1,475.1</b>	<b>\$ 331.1</b>	<b>\$ 1,121.4</b>

<sup>(a)</sup> In accordance with its debt agreement, the Company's availability under its revolving credit facilities has been reduced by the amount of standby letters of credit issued of \$22.6 million as of March 31, 2017. These letters of credit are used primarily as security against its self-insurance obligations and workers' compensation obligations. These letters of credit expire at various dates through mid-2018 unless extended.

The Credit Agreement and the indentures governing the 4.75% Senior Notes due 2021, 4.875% Senior Notes due 2022 and 4.125% Senior Notes due 2024 (the "Indentures") limit the Company's ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indentures may, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, prepay other indebtedness, repurchase stock, pay dividends and make other restricted payments, create liens, make equity or debt investments, make acquisitions, modify terms of the Indenture, engage in mergers or consolidations, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Such restrictions could limit the Company's ability to respond to changing market conditions, fund its capital spending program, provide for unexpected capital investments or take advantage of business opportunities.

As of March 31, 2017, the Company was in compliance with the covenants in the Credit Agreement and the Indentures.

**NOTE 5 — STOCK INCENTIVE PLANS**

The Company has one active equity compensation plan from which new grants may be made, the Graphic Packaging Holding Company 2014 Omnibus Stock and Incentive Compensation Plan (the "2014 Plan"). Under the 2014 Plan, the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs") and other types of stock-based and cash awards. Awards under the 2014 Plan generally vest and expire in accordance with terms established at the time of grant. Shares issued pursuant to awards under the 2014 Plan are from the Company's authorized but unissued shares. Compensation costs are recognized on a straight-line basis over the requisite service period of the award.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Stock Awards, Restricted Stock and Restricted Stock Units**

Under the 2014 Plan, all RSUs generally vest and become payable in three years from date of grant. RSUs granted to employees generally contain either performance conditions based on various financial targets or service requirements that must be met for the shares to vest. Stock awards granted to non-employee directors as part of their compensation for service on the Board are unrestricted on the grant date.

Data concerning RSUs and stock awards granted in the first three months of 2017 is as follows:

	Shares	Weighted Average Grant Date Fair Value Per Share
RSUs — Employees	1,508,616	\$ 13.34

During the three months ended March 31, 2017 and 2016, \$2.3 million and \$5.5 million, respectively, were charged to compensation expense for stock incentive plans.

During the three months ended March 31, 2017 and 2016, approximately 0.9 million and 1.6 million shares were issued, respectively. The shares issued were primarily related to RSUs granted during 2014 and 2013, respectively.

**NOTE 6 — PENSIONS AND OTHER POSTRETIREMENT BENEFITS**

The Company maintains both defined benefit pension plans and postretirement health care plans that provide medical and life insurance coverage to eligible salaried and hourly retired employees in North America and their dependents. The Company maintains international defined benefit pension plans which are either noncontributory or contributory and are funded in accordance with applicable local laws. Pension or termination benefits are based primarily on years of service and the employee's compensation.

**Pension and Postretirement Expense**

The pension and postretirement expenses related to the Company's plans consisted of the following:

	Pension Benefits		Postretirement Health Care Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2017	2016	2017	2016
<i>In millions</i>				
<b>Components of Net Periodic Cost:</b>				
Service Cost	\$ 2.6	\$ 2.5	\$ 0.2	\$ 0.2
Interest Cost	10.6	11.1	0.3	0.3
Administrative Expenses	—	0.3	—	—
Expected Return on Plan Assets	(16.0)	(15.1)	—	—
<b>Amortization:</b>				
Prior Service Cost (Credit)	0.1	0.2	(0.1)	(0.1)
Actuarial Loss (Gain)	1.7	4.8	(0.5)	(0.5)
<b>Net Periodic (Benefit) Cost</b>	<b>\$ (1.0)</b>	<b>\$ 3.8</b>	<b>\$ (0.1)</b>	<b>\$ (0.1)</b>

**Employer Contributions**

The Company made contributions of \$10.2 million during the first three months of both 2017 and 2016. The Company expects to make contributions of \$30 million to \$40 million for the full year 2017. During 2016, the Company made \$51.4 million of contributions to its pension plans.

The Company made postretirement health care benefit payments of \$0.6 million and \$0.2 million during the first three months of 2017 and 2016, respectively. The Company estimates its postretirement health care benefit payments for the full year 2017 to be approximately \$3 million. During 2016, the Company made postretirement health care benefit payments of \$2.1 million.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 7 — FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT**

The Company enters into derivative instruments for risk management purposes only, including derivatives designated as hedging instruments under the *Derivatives and Hedging* topic of the FASB Codification and those not designated as hedging instruments under this guidance. The Company uses interest rate swaps, natural gas swap contracts, and forward exchange contracts. These derivative instruments are designated as cash flow hedges and, to the extent they are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings but are included in Accumulated Other Comprehensive Loss. These changes in fair value will subsequently be reclassified to earnings, contemporaneously with and offsetting changes in the related hedged exposure.

For more information regarding the Company's financial instruments and fair value measurement, see "Note 9 — Financial Instruments, Derivatives and Hedging Activities" and "Note 10 — Fair Value Measurement" of the Notes to Consolidated Financial Statements of the Company's 2016 Form 10-K.

**Interest Rate Risk**

The Company uses interest rate swaps to manage interest rate risks on future interest payments caused by interest rate changes on its variable rate term loan facility. Changes in fair value will subsequently be reclassified into earnings as a component of Interest Expense, Net as interest is incurred on amounts outstanding under the term loan facility. The following table summarizes the Company's current interest rate swap positions for each period presented as of March 31, 2017:

Start	End	(In Millions) Notional Amount	Weighted Average Interest Rate
02/01/2017	12/01/2017	\$450.0	0.89%
12/01/2017	10/01/2018	\$250.0	1.16%

Ineffectiveness measured in the hedging relationship is recorded in earnings in the period it occurs. During the first three months of 2017 and 2016, there were no amounts of ineffectiveness related to changes in the fair value of interest rate swap agreements. Additionally, there were no amounts excluded from the measure of effectiveness.

**Commodity Risk**

To manage risks associated with future variability in cash flows and price risk attributable to certain commodity purchases, the Company enters into natural gas swap contracts to hedge prices for a designated percentage of its expected natural gas usage. Such contracts are designated as cash flow hedges. The contracts are carried at fair value with changes in fair value recognized in Accumulated Other Comprehensive Loss, the resulting gain or loss reclassified into Cost of Sales concurrently with the recognition of the commodity consumed, and the ineffective portion of the swap contracts' change in fair value recognized immediately in earnings. The Company has hedged approximately 50% and 12% of its expected natural gas usage for the remainder of 2017 and 2018, respectively.

During the first three months of 2017 and 2016, there were minimal amounts of ineffectiveness related to changes in the fair value of natural gas swap contracts. Additionally, there were no amounts excluded from the measure of effectiveness.

**Foreign Currency Risk**

The Company enters into forward exchange contracts to manage risks associated with foreign currency transactions and future variability of cash flows arising from those transactions that may be adversely affected by changes in exchange rates. The contracts are carried at fair value with changes in fair value recognized in Accumulated Other Comprehensive Loss and gains/losses related to these contracts are recognized in Other (Income) Expense, Net or Net Sales, when appropriate.

At March 31, 2017, multiple forward exchange contracts existed that expire on various dates through the remainder of 2017. Those purchased forward exchange contracts outstanding at March 31, 2017 and December 31, 2016, when aggregated and measured in U.S. dollars at contractual rates at March 31, 2017 and December 31, 2016, had notional amounts totaling \$41.8 million and \$55.9 million, respectively.

No amounts were reclassified to earnings during the first three months of 2017 or during 2016 in connection with forecasted transactions that were considered probable of not occurring and there was no amount of ineffectiveness related to changes in the fair value of foreign currency forward contracts. Additionally, there were no amounts excluded from the measure of effectiveness.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Derivatives not Designated as Hedges**

The Company enters into forward exchange contracts to effectively hedge substantially all of its accounts receivables resulting from sales transactions denominated in foreign currencies in order to manage risks associated with variability in cash flows that may be adversely affected by changes in exchange rates. At March 31, 2017 and December 31, 2016, multiple foreign currency forward exchange contracts existed, with maturities ranging up to three months. Those foreign currency exchange contracts outstanding at March 31, 2017 and December 31, 2016, when aggregated and measured in U.S. dollars at exchange rates at March 31, 2017 and December 31, 2016, had net notional amounts totaling \$64.2 million and \$68.1 million, respectively. Unrealized gains and losses resulting from these contracts are recognized in Other (Income) Expense, Net and approximately offset corresponding recognized but unrealized gains and losses on the remeasurement of these accounts receivable.

**Fair Value of Financial Instruments**

The Company's derivative instruments are carried at fair value. The Company has determined that the inputs to the valuation of these derivative instruments are Level 2 in the fair value hierarchy. Level 2 inputs are defined as quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. The Company uses valuation techniques based on discounted cash flow analyses, which reflect the terms of the derivatives and use observable market-based inputs, including forward rates, and uses market price quotations obtained from independent derivatives brokers, corroborated with information obtained from independent pricing service providers.

As of March 31, 2017, the Company had a gross derivative asset of \$4.4 million and a gross derivative liability of \$0.4 million, related to interest rate, foreign currency and commodity contracts. As of March 31, 2017, there has not been any significant impact to the fair value of the Company's derivative liabilities due to its own credit risk. Similarly, there has not been any significant adverse impact to the Company's derivative assets based on evaluation of the Company's counterparties' credit risks.

The fair values of the Company's other financial assets and liabilities at March 31, 2017 and December 31, 2016 approximately equal the carrying values reported on the Condensed Consolidated Balance Sheets except for Long-Term Debt. The fair value of the Company's Long-Term Debt (excluding capital leases and deferred financing fees) was \$2,241.5 million and \$2,132.7 million as compared to the carrying amounts of \$2,213.4 million and \$2,112.8 million as of March 31, 2017 and December 31, 2016, respectively. The fair value of the Company's Total Debt, including the Senior Notes, are based on quoted market prices (Level 2 inputs). Level 2 valuation techniques for Long-Term Debt are based on quotations obtained from independent pricing service providers.

The following is a rollforward of pre-tax Accumulated Other Comprehensive Loss pertaining to derivative instruments:

<i>In millions</i>	
Balance at December 31, 2016	\$ 7.5
Reclassification to Earnings	(0.9)
Current Period Change in Fair Value	(2.2)
Balance at March 31, 2017	\$ 4.4

At March 31, 2017, the Company expects to reclassify approximately \$3.8 million of gains in the next twelve months from Accumulated Other Comprehensive Loss to earnings, contemporaneously with and offsetting changes in the related hedged exposure. The actual amount that will be reclassified to future earnings may vary from this amount as a result of changes in market conditions.

**NOTE 8 — INCOME TAXES**

During the three months ended March 31, 2017, the Company recognized Income Tax Expense of \$17.6 million on Income before Income Taxes and Equity Income of Unconsolidated Entity of \$54.2 million. The effective tax rate for the three months ended March 31, 2017 is lower than the statutory rate due to the mix and levels of earnings between foreign and domestic tax jurisdictions. In addition, the Company recorded a discrete benefit of approximately \$2 million during the quarter related to the excess benefit associated with share based payments to employees that vested during the period in accordance with the new guidance in ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718)*, which requires entities to recognize all income tax effects of excess tax benefits and tax deficiencies in the income statement during the period in which the awards vest or are settled.

During the three months ended March 31, 2016, the Company recognized Income Tax Expense of \$33.2 million on Income before Income Taxes and Equity Income of Unconsolidated Entity of \$90.3 million. The effective tax rate for the three months ended March 31, 2016 was different than the statutory rate due to the mix and levels of earnings between foreign and domestic tax jurisdictions as well as discrete items recorded during the quarter.

As of December 31, 2016, the Company had approximately \$351 million of Net Operating Losses ("NOLs") for U.S. federal income tax purposes which may be used to offset future taxable income. During the three months ended March 31, 2017, the Company adopted ASU 2016-09 and as a result recorded additional federal and state NOLs of approximately \$107 million that were generated through

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

excess tax benefit deductions claimed on the Company's 2011-2016 U.S. federal income tax returns and were previously prohibited from being recognized. The Company recognized the cumulative federal and state income tax effects of these previously unrecognized NOLs in accumulated deficit in accordance with ASU No. 2016-09. The Company will utilize NOLs during 2017 and expects to have approximately \$285 million to \$335 million of NOLs remaining at December 31, 2017. Based on these NOLs and other tax benefits, the Company does not expect to be a meaningful U.S. federal cash taxpayer until 2019.

**NOTE 9 — ENVIRONMENTAL AND LEGAL MATTERS**

***Environmental Matters***

The Company is subject to a broad range of foreign, federal, state and local environmental, health and safety laws and regulations, including those governing discharges to air, soil and water, the management, treatment and disposal of hazardous substances, solid waste and hazardous wastes, the investigation and remediation of contamination resulting from historical site operations and releases of hazardous substances, and the health and safety of employees. Compliance initiatives could result in significant costs, which could negatively impact the Company's consolidated financial position, results of operations or cash flows. Any failure to comply with environmental or health and safety laws and regulations or any permits and authorizations required thereunder could subject the Company to fines, corrective action or other sanctions.

Some of the Company's current and former facilities are the subject of environmental investigations and remediations resulting from historic operations and the release of hazardous substances or other constituents. Some current and former facilities have a history of industrial usage for which investigation and remediation obligations may be imposed in the future or for which indemnification claims may be asserted against the Company. Also, potential future closures or sales of facilities may necessitate further investigation and may result in future remediation at those facilities.

The Company has established reserves for those facilities or issues where a liability is probable and the costs are reasonably estimable. The Company believes that the amounts accrued for its loss contingencies, and the reasonably possible loss beyond the amounts accrued, are not material to the Company's consolidated financial position, results of operations or cash flows. The Company cannot estimate with certainty other future corrective compliance, investigation or remediation costs. Some costs relating to historic usage that the Company considers to be reasonably possible of resulting in a liability are not quantifiable at this time. The Company will continue to monitor environmental issues at each of its facilities, as well as regulatory developments, and will revise its accruals, estimates and disclosures relating to past, present and future operations, as additional information is obtained.

***Legal Matters***

The Company is a party to a number of lawsuits arising in the ordinary conduct of its business. Although the timing and outcome of these lawsuits cannot be predicted with certainty, the Company does not believe that disposition of these lawsuits will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

**NOTE 10 — SEGMENT INFORMATION**

Effective January 5, 2017, the consumer product and beverage operating segments (previously combined into the Americas Paperboard Packaging reporting segment) were reorganized and combined into an Americas Converting operating segment (Americas Paperboard Packaging reportable segment). As part of this reorganization, Australia, which was previously included as part of the Americas Paperboard Packaging reporting segment, is now an operating segment and included in Corporate/Other/Elimination. Prior periods have been recast.

The Company has three reportable segments as follows:

*Paperboard Mills* includes the seven North American paperboard mills which produce primarily CUK and CRB. The majority of the paperboard is consumed internally to produce paperboard packaging for the Americas and Europe Paperboard Packaging segments. The remaining paperboard is sold externally to a wide variety of paperboard packaging converters and brokers. The Paperboard Mills segment Net Sales represent the sale of paperboard only to external customers. The effect of intercompany transfers to the paperboard packaging segments has been eliminated from the Paperboard Mills segment to reflect the economics of the integration of these segments.

*Americas Paperboard Packaging* includes paperboard packaging folding cartons sold primarily to Consumer Packaged Goods ("CPG") companies serving the food, beverage, and consumer product markets in the Americas.

*Europe Paperboard Packaging* includes paperboard packaging folding cartons sold primarily to CPG companies serving the food, beverage and consumer product markets in Europe.

The Company allocates certain mill and corporate costs to the reportable segments to appropriately represent the economics of these segments. The Corporate and Other caption includes the Pacific Rim and Australia operating segments and unallocated corporate and one-time costs.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

These segments are evaluated by the chief operating decision maker based primarily on Income from Operations, as adjusted for depreciation and amortization. The accounting policies of the reportable segments are the same as those described above in "Note 1 - General Information."

Segment information is as follows:

<i>In millions</i>	Three Months Ended	
	March 31,	
	2017	2016
<b>NET SALES:</b>		
Paperboard Mills	\$ 98.1	\$ 101.1
Americas Paperboard Packaging	792.8	776.4
Europe Paperboard Packaging	139.7	144.3
Corporate/Other/Eliminations	30.9	12.2
<b>Total</b>	<b>\$ 1,061.5</b>	<b>\$ 1,034.0</b>
<b>INCOME (LOSS) FROM OPERATIONS:</b>		
Paperboard Mills	\$ (12.3)	\$ (1.2)
Americas Paperboard Packaging	89.4	113.5
Europe Paperboard Packaging	7.0	9.1
Corporate and Other	(8.6)	(14.2)
<b>Total</b>	<b>\$ 75.5</b>	<b>\$ 107.2</b>
<b>DEPRECIATION AND AMORTIZATION:</b>		
Paperboard Mills	\$ 30.6	\$ 31.1
Americas Paperboard Packaging	30.2	27.3
Europe Paperboard Packaging	9.8	10.1
Corporate and Other	4.4	2.2
<b>Total</b>	<b>\$ 75.0</b>	<b>\$ 70.7</b>

For more information regarding the Company's business segments, see "Note 14 — Business Segment and Geographic Area Information" of the Notes to Consolidated Financial Statements of the Company's 2016 Form 10-K.

**NOTE 11 — EARNINGS PER SHARE**

<i>In millions, except per share data</i>	Three Months Ended	
	March 31,	
	2017	2016
<b>Net Income</b>	<b>\$ 37.0</b>	<b>\$ 57.5</b>
Weighted Average Shares:		
Basic	312.9	323.1
Dilutive Effect of RSUs	1.2	1.1
<b>Diluted <sup>(a)</sup></b>	<b>314.1</b>	<b>324.2</b>
Income Per Share — Basic	\$ 0.12	\$ 0.18
Income Per Share — Diluted	\$ 0.12	\$ 0.18

<sup>(a)</sup> For the three months ended March 31, 2017, 0.5 million shares were excluded from the calculation of earnings per share since they were anti-dilutive.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 12 — EQUITY**

The following is a summary of the changes in total equity for the three months ended March 31, 2017:

<i>In millions</i>	<b>Total Shareholders' Equity</b>
Balance at December 31, 2016	\$ 1,056.5
Net Income	37.0
Other Comprehensive Income, Net of Tax	17.7
Dividends Declared	(23.4)
Repurchase of Common Stock	(38.4)
Pre-2017 Excess Tax Benefit related to Share-Based Payments	39.1
Compensation Expense Under Share-Based Plans	2.3
Repurchase of Common Stock related to Share-Based Payments	(10.0)
Balance at March 31, 2017	\$ 1,080.8

**NOTE 13 — ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME**

The following represents changes in Accumulated Other Comprehensive (Loss) Income by each component of other comprehensive income for the three months ended March 31, 2017 <sup>(a)</sup>:

<i>In millions</i>	<b>Derivative Instruments</b>	<b>Pension Benefit Plans</b>	<b>Postretirement Benefit Plans</b>	<b>Currency Translation Adjustment</b>	<b>Total</b>
Balance at December 31, 2016	\$ (5.4)	\$ (250.2)	\$ 14.7	\$ (146.7)	\$ (387.6)
Other Comprehensive (Loss) Income before Reclassifications	(1.3)	—	—	18.9	17.6
Amounts Reclassified from Accumulated Other Comprehensive (Loss) Income <sup>(b)</sup>	(0.6)	1.1	(0.4)	—	0.1
Net Current-period Other Comprehensive (Loss) Income	(1.9)	1.1	(0.4)	18.9	17.7
Balance at March 31, 2017	\$ (7.3)	\$ (249.1)	\$ 14.3	\$ (127.8)	\$ (369.9)

<sup>(a)</sup> All amounts are net of income taxes.

<sup>(b)</sup> See following table for details about these reclassifications.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The following represents reclassifications out of Accumulated Other Comprehensive (Loss) Income for the three months ended March 31, 2017:

*In millions*

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Statement Where Net Income is Presented
<b>Derivatives Instruments:</b>		
Commodity Contracts	\$ (1.1)	Cost of Sales
Foreign Currency Contracts	(0.1)	Other (Income) Expense, Net
Interest Rate Swap Agreements	0.3	Interest Expense, Net
	<u>(0.9)</u>	Total before Tax
	0.3	Tax Benefit
	<u>\$ (0.6)</u>	Net of Tax
<b>Amortization of Defined Benefit Pension Plans:</b>		
Prior Service Costs	\$ 0.1 <sup>(c)</sup>	
Actuarial Losses	1.7 <sup>(c)</sup>	
	<u>1.8</u>	Total before Tax
	<u>(0.7)</u>	Tax Benefit
	<u>\$ 1.1</u>	Net of Tax
<b>Amortization of Postretirement Benefit Plans:</b>		
Prior Service Credits	\$ (0.1) <sup>(c)</sup>	
Actuarial Gains	(0.5) <sup>(c)</sup>	
	<u>(0.6)</u>	Total before Tax
	0.2	Tax Expense
	<u>\$ (0.4)</u>	Net of Tax
<b>Total Reclassifications for the Period</b>	<u>\$ 0.1</u>	

<sup>(c)</sup> These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see "Note 6 — Pensions and Other Postretirement Benefits").

**NOTE 14 — GUARANTOR CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

These consolidating financial statements reflect GPHC ("the Parent"); GPII (the "Subsidiary Issuer"); and the Subsidiary Guarantors, which consist of all material 100% owned subsidiaries of GPII other than its foreign subsidiaries; and the nonguarantor subsidiaries (herein referred to as "Nonguarantor Subsidiaries"). The Nonguarantor Subsidiaries include all of GPII's foreign subsidiaries and immaterial domestic subsidiaries. Separate complete financial statements of the Subsidiary Guarantors are not presented because the guarantors are jointly and severally, fully and unconditionally liable under the guarantees.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

Three Months Ended March 31, 2017						
<i>In millions</i>	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
Net Sales	\$ —	\$ 845.2	\$ 37.0	\$ 262.6	\$ (83.3)	\$ 1,061.5
Cost of Sales	—	705.4	30.8	233.6	(83.3)	886.5
Selling, General and Administrative	—	68.9	2.7	19.5	—	91.1
Other (Income) Expense, Net	—	(2.7)	0.1	2.4	—	(0.2)
Business Combinations and Other Special Charges	—	5.8	—	2.8	—	8.6
Income from Operations	—	67.8	3.4	4.3	—	75.5
Interest Expense, Net	—	(20.4)	—	(0.9)	—	(21.3)
Income before Income Taxes and Equity Income of Unconsolidated Entity	—	47.4	3.4	3.4	—	54.2
Income Tax Expense	—	(14.9)	(1.2)	(1.5)	—	(17.6)
Income before Equity Income of Unconsolidated Entities	—	32.5	2.2	1.9	—	36.6
Equity Income of Unconsolidated Entity	—	—	—	0.4	—	0.4
Equity in Net Earnings of Subsidiaries	37.0	4.5	(3.4)	—	(38.1)	—
Net Income (Loss)	\$ 37.0	\$ 37.0	\$ (1.2)	\$ 2.3	\$ (38.1)	\$ 37.0
Comprehensive Income (Loss)	\$ 54.7	\$ 54.7	\$ 21.2	\$ 20.8	\$ (96.7)	\$ 54.7

Three Months Ended March 31, 2016						
<i>In millions</i>	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
Net Sales	\$ —	\$ 866.0	\$ 16.1	\$ 231.3	\$ (79.4)	\$ 1,034.0
Cost of Sales	—	691.4	12.7	201.6	(79.4)	826.3
Selling, General and Administrative	—	70.1	0.7	18.3	—	89.1
Other (Income) Expense, Net	—	(1.6)	—	2.5	—	0.9
Business Combinations and Other Special Charges	—	10.5	—	—	—	10.5
Income from Operations	—	95.6	2.7	8.9	—	107.2
Interest Expense, Net	—	(15.9)	—	(1.0)	—	(16.9)
Income before Income Taxes and Equity Income of Unconsolidated Entity	—	79.7	2.7	7.9	—	90.3
Income Tax Expense	—	(31.6)	(1.1)	(0.5)	—	(33.2)
Income before Equity Income of Unconsolidated Entity	—	48.1	1.6	7.4	—	57.1
Equity Income of Unconsolidated Entity	—	—	—	0.4	—	0.4
Equity in Net Earnings of Subsidiaries	57.5	9.4	(2.6)	—	(64.3)	—
Net Income (Loss)	\$ 57.5	\$ 57.5	\$ (1.0)	\$ 7.8	\$ (64.3)	\$ 57.5
Comprehensive Income (Loss)	\$ 64.1	\$ 64.1	\$ (1.0)	\$ 13.0	\$ (76.1)	\$ 64.1

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

	March 31, 2017					
<i>In millions</i>	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ —	\$ 6.1	\$ 0.9	\$ 30.4	\$ —	\$ 37.4
Receivables, Net	—	197.0	10.4	245.6	—	453.0
Inventories, Net	—	411.5	18.6	173.0	—	603.1
Intercompany	—	1,102.4	87.3	—	(1,189.7)	—
Other Current Assets	—	40.4	—	11.4	—	51.8
<b>Total Current Assets</b>	<b>—</b>	<b>1,757.4</b>	<b>117.2</b>	<b>460.4</b>	<b>(1,189.7)</b>	<b>1,145.3</b>
Property, Plant and Equipment, Net	—	1,443.4	68.8	273.2	—	1,785.4
Investment in Consolidated Subsidiaries	1,417.6	—	15.1	—	(1,432.7)	—
Goodwill	—	1,098.9	55.5	111.4	—	1,265.8
Other Assets	—	306.7	63.2	95.4	—	465.3
<b>Total Assets</b>	<b>\$ 1,417.6</b>	<b>\$ 4,606.4</b>	<b>\$ 319.8</b>	<b>\$ 940.4</b>	<b>\$ (2,622.4)</b>	<b>\$ 4,661.8</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Short-Term Debt and Current Portion of Long-Term Debt	\$ —	\$ 32.3	\$ —	\$ 36.7	\$ —	\$ 69.0
Accounts Payable	—	327.6	10.1	109.3	—	447.0
Intercompany	336.8	—	—	882.3	(1,219.1)	—
Interest Payable	—	18.3	—	0.1	—	18.4
Other Accrued Liabilities	—	161.7	1.8	59.5	—	223.0
<b>Total Current Liabilities</b>	<b>336.8</b>	<b>539.9</b>	<b>11.9</b>	<b>1,087.9</b>	<b>(1,219.1)</b>	<b>757.4</b>
Long-Term Debt	—	2,130.4	—	53.4	—	2,183.8
Deferred Income Tax Liabilities	—	314.2	43.3	23.9	—	381.4
Other Noncurrent Liabilities	—	204.3	—	54.1	—	258.4
<b>EQUITY</b>						
<b>Total Equity</b>	<b>1,080.8</b>	<b>1,417.6</b>	<b>264.6</b>	<b>(278.9)</b>	<b>(1,403.3)</b>	<b>1,080.8</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,417.6</b>	<b>\$ 4,606.4</b>	<b>\$ 319.8</b>	<b>\$ 940.4</b>	<b>\$ (2,622.4)</b>	<b>\$ 4,661.8</b>

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

<i>In millions</i>	December 31, 2016					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ —	\$ 0.9	\$ 1.2	\$ 57.0	\$ —	\$ 59.1
Receivables, Net	—	183.7	10.1	233.0	—	426.8
Inventories, Net	—	403.8	16.1	163.0	—	582.9
Intercompany	—	1,077.5	73.3	—	(1,150.8)	—
Other Current Assets	—	36.4	—	9.7	—	46.1
<b>Total Current Assets</b>	<b>—</b>	<b>1,702.3</b>	<b>100.7</b>	<b>462.7</b>	<b>(1,150.8)</b>	<b>1,114.9</b>
Property, Plant and Equipment, Net	—	1,435.8	64.1	252.0	—	1,751.9
Investment in Consolidated Subsidiaries	1,362.9	—	12.3	—	(1,375.2)	—
Goodwill	—	1,098.9	55.5	105.9	—	1,260.3
Other Assets	—	314.8	65.6	95.9	—	476.3
<b>Total Assets</b>	<b>\$ 1,362.9</b>	<b>\$ 4,551.8</b>	<b>\$ 298.2</b>	<b>\$ 916.5</b>	<b>\$ (2,526.0)</b>	<b>\$ 4,603.4</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Short-Term Debt and Current Portion of Long-Term Debt	\$ —	\$ 26.0	\$ —	\$ 37.4	\$ —	\$ 63.4
Accounts Payable	—	354.3	8.5	103.7	—	466.5
Interest Payable	—	15.4	—	—	—	15.4
Intercompany	306.4	—	—	913.0	(1,219.4)	—
Other Accrued Liabilities	—	163.2	3.0	68.3	—	234.5
<b>Total Current Liabilities</b>	<b>306.4</b>	<b>558.9</b>	<b>11.5</b>	<b>1,122.4</b>	<b>(1,219.4)</b>	<b>779.8</b>
Long-Term Debt	—	2,042.4	—	46.1	—	2,088.5
Deferred Income Tax Liabilities	—	342.1	43.3	22.6	—	408.0
Other Noncurrent Liabilities	—	245.5	—	25.1	—	270.6
<b>EQUITY</b>						
<b>Total Equity</b>	<b>1,056.5</b>	<b>1,362.9</b>	<b>243.4</b>	<b>(299.7)</b>	<b>(1,306.6)</b>	<b>1,056.5</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,362.9</b>	<b>\$ 4,551.8</b>	<b>\$ 298.2</b>	<b>\$ 916.5</b>	<b>\$ (2,526.0)</b>	<b>\$ 4,603.4</b>

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

	Three Months Ended March 31, 2017					
<i>In millions</i>	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Net Income (Loss)	\$ 37.0	\$ 37.0	\$ (1.2)	\$ 2.3	\$ (38.1)	\$ 37.0
Non-cash Items Included in Net Income (Loss):						
Depreciation and Amortization	—	57.6	3.6	13.8	—	75.0
Deferred Income Taxes	—	11.7	1.2	(1.0)	—	11.9
Amount of Postretirement Expense Less Than Funding	—	(10.3)	—	(1.6)	—	(11.9)
Equity in Net Earnings of Subsidiaries	(37.0)	(4.5)	3.4	—	38.1	—
Other, Net	—	3.0	—	1.1	—	4.1
Changes in Operating Assets and Liabilities	—	(55.7)	(7.3)	(24.7)	—	(87.7)
Net Cash Provided by (Used in) Operating Activities	—	38.8	(0.3)	(10.1)	—	28.4
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Capital Spending	—	(47.7)	—	(21.5)	—	(69.2)
Packaging Machinery Spending	—	(6.9)	—	—	—	(6.9)
Other, Net	73.7	(1.2)	—	—	(73.7)	(1.2)
Net Cash Provided by (Used in) Investing Activities	73.7	(55.8)	—	(21.5)	(73.7)	(77.3)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Repurchase of Common Stock	(40.1)	—	—	—	—	(40.1)
Payments on Debt	—	(6.3)	—	—	—	(6.3)
Borrowings under Revolving Credit Facilities	—	298.5	—	11.6	—	310.1
Payments on Revolving Credit Facilities	—	(198.5)	—	(7.9)	—	(206.4)
Dividends Paid	(23.6)	—	—	—	—	(23.6)
Repurchase of Common Stock related to Share-Based Payments	(10.0)	—	—	—	—	(10.0)
Other, Net	—	(71.5)	—	—	73.7	2.2
Net Cash (Used in) Provided by Financing Activities	(73.7)	22.2	—	3.7	73.7	25.9
Effect of Exchange Rate Changes on Cash	—	—	—	1.3	—	1.3
Net Increase (Decrease) in Cash and Cash Equivalents	—	5.2	(0.3)	(26.6)	—	(21.7)
Cash and Cash Equivalents at Beginning of Period	—	0.9	1.2	57.0	—	59.1
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ —</b>	<b>\$ 6.1</b>	<b>\$ 0.9</b>	<b>\$ 30.4</b>	<b>\$ —</b>	<b>\$ 37.4</b>

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

	Three Months Ended March 31, 2016					
<i>In millions</i>	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Net Income (Loss)	\$ 57.5	\$ 57.5	\$ (1.0)	\$ 7.8	\$ (64.3)	\$ 57.5
Non-cash Items Included in Net Income (Loss):						
Depreciation and Amortization	—	59.3	0.9	10.5	—	70.7
Deferred Income Taxes	—	29.3	1.0	(1.4)	—	28.9
Amount of Postretirement Expense Less Than Funding	—	(5.4)	—	(1.3)	—	(6.7)
Equity in Net Earnings of Subsidiaries	(57.5)	(9.4)	2.6	—	64.3	—
Other, Net	—	12.8	—	—	—	12.8
Changes in Operating Assets and Liabilities	—	(113.2)	4.1	4.3	—	(104.8)
Net Cash Provided By Operating Activities	—	30.9	7.6	19.9	—	58.4
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Capital Spending	—	(80.0)	—	(19.0)	—	(99.0)
Packaging Machinery Spending	—	(4.0)	—	—	—	(4.0)
Acquisition of Business, Net of Cash Acquired	—	(205.4)	—	(83.1)	—	(288.5)
Other, Net	70.2	(84.6)	0.1	—	12.9	(1.4)
Net Cash Provided by (Used in) Investing Activities	70.2	(374.0)	0.1	(102.1)	12.9	(392.9)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Repurchase of Common Stock	(43.5)	—	—	—	—	(43.5)
Payments on Debt	—	(6.3)	—	—	—	(6.3)
Borrowings under Revolving Credit Facilities	—	528.9	—	23.6	—	552.5
Payments on Revolving Credit Facilities	—	(108.6)	—	(13.8)	—	(122.4)
Dividends Paid	(16.3)	—	—	—	—	(16.3)
Repurchase of Common Stock related to Share-Based Payments	(10.4)	—	—	—	—	(10.4)
Other, Net	—	(42.2)	—	54.8	(12.9)	(0.3)
Net Cash (Used in) Provided by Financing Activities	(70.2)	371.8	—	64.6	(12.9)	353.3
Effect of Exchange Rate Changes on Cash	—	—	—	1.9	—	1.9
Net Increase (Decrease) in Cash and Cash Equivalents	—	28.7	7.7	(15.7)	—	20.7
Cash and Cash Equivalents at Beginning of Period	—	0.1	—	54.8	—	54.9
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ —</b>	<b>\$ 28.8</b>	<b>\$ 7.7</b>	<b>\$ 39.1</b>	<b>\$ —</b>	<b>\$ 75.6</b>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### INTRODUCTION

This management's discussion and analysis of financial conditions and results of operations is intended to provide investors with an understanding of the Company's past performance, financial condition and prospects. The following will be discussed and analyzed:

- Overview of Business
- Overview of 2017 Results
- Results of Operations
- Financial Condition, Liquidity and Capital Resources
- Critical Accounting Policies
- New Accounting Standards
- Business Outlook

### OVERVIEW OF BUSINESS

The Company's objective is to strengthen its position as a leading provider of paper-based packaging solutions. To achieve this objective, the Company offers customers its paperboard, cartons and packaging machines, either as an integrated solution or separately. Cartons and carriers are designed to protect and contain products. Product offerings include a variety of laminated, coated and printed packaging structures that are produced from the Company's coated unbleached kraft ("CUK") and coated recycled board ("CRB"), as well as other grades of paperboard that are purchased from third party suppliers. Innovative designs and combinations of paperboard, films, foils, metallization, holographics and embossing are customized to the individual needs of the customers.

The Company is implementing strategies (i) to expand market share in its current markets and to identify and penetrate new markets; (ii) to capitalize on the Company's customer relationships, business competencies, and mills and converting assets; (iii) to develop and market innovative, sustainable products and applications; and (iv) to continue to reduce costs by focusing on operational improvements. The Company's ability to fully implement its strategies and achieve its objectives may be influenced by a variety of factors, many of which are beyond its control, such as inflation of raw material and other costs, which the Company cannot always pass through to its customers, and the effect of overcapacity in the worldwide paperboard packaging industry.

#### *Significant Factors That Impact The Company's Business*

*Impact of Inflation/Deflation.* The Company's cost of sales consists primarily of energy (including natural gas, fuel oil and electricity), pine pulpwood, chemicals, secondary fibers, purchased paperboard, aluminum foil, ink, plastic films and resins, depreciation expense and labor. Costs increased in the first three months of 2017 by \$24.2 million, compared to the first three months of 2016. The higher costs in the three months ended March 31, 2017 were primarily due to secondary fiber (\$12.1 million) higher labor and benefit costs (\$5.7 million), net energy related costs (\$3.1 million), chemicals (\$2.9 million) and freight (\$1.3 million), partially offset by other costs (\$0.9 million).

Because the price of natural gas experiences significant volatility, the Company has entered into contracts designed to manage risks associated with future variability in cash flows caused by changes in the price of natural gas. The Company has entered into natural gas swap contracts to hedge prices for a portion of its expected usage for the remainder of 2017 and 2018. Since negotiated sales contracts and the market largely determine the pricing for its products, the Company is at times limited in its ability to raise prices and pass through to its customers any inflationary or other cost increases that the Company may incur.

*Commitment to Cost Reduction.* In light of increasing margin pressure throughout the packaging industry, the Company has programs in place that are designed to reduce costs, improve productivity and increase profitability. The Company utilizes a global continuous improvement initiative that uses statistical process control to help design and manage many types of activities, including production and maintenance. This includes a Six Sigma process focused on reducing variable and fixed manufacturing and administrative costs. The Company expanded the continuous improvement initiative to include the deployment of Lean Sigma principles into manufacturing and supply chain services.

The Company's ability to continue to successfully implement its business strategies and to realize anticipated savings and operating efficiencies is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. If the Company cannot successfully implement the strategic cost reductions or other cost savings plans it may not be able to continue to compete successfully against other manufacturers. In addition, any failure to generate the anticipated efficiencies and savings could adversely affect the Company's financial results.

*Competition and Market Factors.* As some products can be packaged in different types of materials, the Company's sales are affected by competition from other manufacturers' CUK board and CRB and other paper substrates such as solid bleached sulfate and recycled clay-coated news. Additional substitute products also include plastic, shrink film and corrugated containers. In addition, while the Company

has long-term relationships with many of its customers, the underlying contracts may be re-bid or renegotiated from time to time, and the Company may not be successful in renewing on favorable terms or at all. The Company works to maintain market share through efficiency, product innovation and strategic sourcing to its customers; however, pricing and other competitive pressures may occasionally result in the loss of a customer relationship.

In addition, the Company's sales historically are driven by consumer buying habits in the markets its customers serve. Changes in consumer dietary habits and preferences, increases in the costs of living, unemployment rates, access to credit markets, as well as other macroeconomic factors, may negatively affect consumer spending behavior. New product introductions and promotional activity by the Company's customers and the Company's introduction of new packaging products also impact its sales.

*Debt Obligations.* The Company had \$2,267.9 million of outstanding debt obligations as of March 31, 2017. This debt has consequences for the Company, as it requires a portion of cash flow from operations to be used for the payment of principal and interest, exposes the Company to the risk of increased interest rates and restricts the Company's ability to obtain additional financing. Covenants in the Company's Credit Agreement and Indentures may, among other things, restrict the ability of the Company to; dispose of assets, incur guarantee obligations, prepay other indebtedness, repurchase stock, pay dividends and make other restricted payments. The Credit Agreement also requires compliance with a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio. The Company's ability to comply in future periods with the financial covenants will depend on its ongoing financial and operating performance, which in turn will be subject to many other factors, many of which are beyond the Company's control. See "Financial Condition, Liquidity and Capital Resources — Liquidity and Capital Resources" for additional information regarding the Company's debt obligations.

The debt and the restrictions under the Credit Agreement and the Indentures could limit the Company's flexibility to respond to changing market conditions and competitive pressures. The outstanding debt obligations and the restrictions may also leave the Company more vulnerable to a downturn in general economic conditions or its business, or unable to carry out capital expenditures that are necessary or important to its growth strategy and productivity improvement programs.

## OVERVIEW OF FIRST QUARTER 2017 RESULTS

This management's discussion and analysis contains an analysis of Net Sales, Income from Operations and other information relevant to an understanding of results of operations. On a Consolidated basis:

- Net Sales for the three months ended March 31, 2017, increased by \$27.5 million or 2.7% to \$1,061.5 million from \$1,034.0 million for the three months ended March 31, 2016, primarily due to the acquisitions discussed below, partially offset by the unfavorable foreign exchange rates and lower pricing.
- Income from Operations for the three months ended March 31, 2017 decreased \$31.7 million or 29.6% to \$75.5 million from \$107.2 million for the three months ended March 31, 2016 due to higher inflation, planned downtime taken to upgrade a paper machine in West Monroe, LA, higher depreciation and amortization related to purchase accounting for the acquisitions, the lower pricing and unfavorable foreign exchange rates. These decreases were offset by cost savings through continuous improvement and other programs.

### Acquisitions

- During 2016, the Company acquired G-Box, S.A. de C.V., ("G-Box"), Walter G. Anderson, Inc., ("WG Anderson"), Metro Packaging & Imaging, Inc. ("Metro"), and Colorpak Limited ("Colorpak"). These transactions are referred to collectively as the "2016 Acquisitions."

### Capital Allocations

- On January 10, 2017, the Company's board of directors authorized an additional share repurchase program to allow the Company to purchase up to \$50 million of the Company's issued and outstanding shares of common stock through open market purchases, privately negotiated transactions and Rule 10b5-1 plans (the "2017 share repurchase program"). The original \$250 million share repurchase program was authorized on February 4, 2015 (the "2015 share repurchase program"). During the quarter, the Company repurchased 2,956,121 shares at an aggregate average price of \$12.98, including 1,440,697 shares repurchased under the 2015 share repurchase program thereby completing that plan. As of March 31, 2017, the Company has approximately \$230 million remaining under the 2017 share repurchase program.
- On March 13, 2017, the Company's board of directors declared a quarterly dividend of \$0.075 per share of common stock paid on April 5, 2017 to shareholders of record as of March 29, 2017.

**RESULTS OF OPERATIONS**

<i>In millions</i>	Three Months Ended March 31,	
	2017	2016
Net Sales	\$ 1,061.5	\$ 1,034.0
Income from Operations	75.5	107.2
Interest Expense, Net	(21.3)	(16.9)
Income before Income Taxes and Equity Income of Unconsolidated Entity	54.2	90.3
Income Tax Expense	(17.6)	(33.2)
Income before Equity Income of Unconsolidated Entity	36.6	57.1
Equity Income of Unconsolidated Entity	0.4	0.4
Net Income	\$ 37.0	\$ 57.5

**FIRST QUARTER 2017 COMPARED WITH FIRST QUARTER 2016**

*Net Sales*

<i>In millions</i>	Three Months Ended March 31,			
	2017	2016	Increase	Percent Change
Consolidated	\$ 1,061.5	\$ 1,034.0	\$ 27.5	2.7%

The components of the change in Net Sales are as follows:

<i>In millions</i>	Three Months Ended March 31,					
	2016	Variances				2017
		Price	Volume/Mix	Exchange	Total	
Consolidated	\$ 1,034.0	\$ (13.8)	\$ 56.2	\$ (14.9)	\$ 27.5	\$ 1,061.5

The Company's Net Sales for the three months ended March 31, 2017 increased by \$27.5 million, or 2.7% to \$1,061.5 million from \$1,034.0 million for the three months ended March 31, 2016, primarily due to Net Sales of \$61.5 million for the 2016 Acquisitions and new product introductions, partially offset by unfavorable foreign exchange rates and lower pricing. Core volumes were stable as global beverage volumes were up modestly while softness continued for certain consumer products, primarily frozen pizza and dry and frozen foods.

*Income from Operations*

<i>In millions</i>	Three Months Ended March 31,			
	2017	2016	Decrease	Percent Change
Consolidated	\$ 75.5	\$ 107.2	\$ (31.7)	(29.6)%

The components of the change in Income from Operations are as follows:

In millions	Three Months Ended March 31,							2017
	2016	Variances					Total	
		Price	Volume/Mix	Inflation	Exchange	Other <sup>(a)</sup>		
Consolidated	\$ 107.2	\$ (13.8)	\$ (6.2)	\$ (24.2)	\$ (4.2)	\$ 16.7	\$ (31.7)	\$ 75.5

<sup>(a)</sup> Includes the Company's cost reduction initiatives and expenses related to acquisitions and integration activities and other special charges.

Income from Operations for the three months ended March 31, 2017 decreased \$31.7 million or 29.6%, to \$75.5 million from \$107.2 million for the three months ended March 31, 2016 due to higher inflation, an approximate \$18 million impact related to planned downtime taken to upgrade a paper machine in West Monroe, LA, higher costs of depreciation and amortization related to purchase accounting for the 2016 Acquisitions, the lower pricing and unfavorable foreign exchange rates. These decreases were partially offset by cost savings through continuous improvement and other programs. Inflation in the three months ended March 31, 2017, increased primarily due to secondary fiber (\$12.1 million) labor and benefit costs (\$5.7 million), net energy related costs (\$3.1 million), chemicals (\$2.9 million) and freight (\$1.3 million), partially offset by other costs (\$0.9 million).

#### **Interest Expense, Net**

Interest Expense, Net was \$21.3 million and \$16.9 million for the three months ended March 31, 2017 and 2016, respectively. Interest Expense, Net increased due primarily to higher average debt balances and higher average interest rates as compared to the same period in the prior year. As of March 31, 2017, approximately 36% of the Company's total debt was subject to floating interest rates.

#### **Income Tax Expense**

During the three months ended March 31, 2017, the Company recognized Income Tax Expense of \$17.6 million on Income before Income Taxes and Equity Income of Unconsolidated Entity of \$54.2 million. The effective tax rate for the three months ended March 31, 2017 is different than the statutory rate primarily due to the mix and levels of earnings between foreign and domestic tax jurisdictions. In addition, the Company recorded a discrete benefit of approximately \$2 million during the quarter related to the excess benefit associated with share based payments to employees that vested during the period in accordance with the new guidance in ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718)*, which requires entities to recognize all income tax effects of excess tax benefits and tax deficiencies in the income statement during the period in which the awards vest or are settled.

During the three months ended March 31, 2016, the Company recognized Income Tax Expense of \$33.2 million on Income before Income Taxes and Equity Income of Unconsolidated Entity of \$90.3 million. The effective tax rate for the three months ended March 31, 2016 was different than the statutory rate primarily due to the mix and levels of earnings between foreign and domestic tax jurisdictions, as well as discrete items recorded during the quarter.

As of December 31, 2016, the Company had approximately \$351 million of Net Operating Losses ("NOLs") for U.S. federal income tax purposes which may be used to offset future taxable income. The Company will utilize NOLs during 2017 and expects to have approximately \$285 million to \$335 million of NOLs remaining at December 31, 2017. Based on these NOLs and other tax benefits, the Company does not expect to be a meaningful U.S. federal cash taxpayer until 2019.

#### **Segment Reporting**

Effective January 5, 2017, the consumer product and beverage operating segments (previously combined into the Americas Paperboard Packaging reporting segment) were reorganized and combined into an Americas Converting operating segment (Americas Paperboard Packaging reportable segment). As part of this reorganization, Australia, which was previously included as part of the Americas Paperboard Packaging reporting segment, is now an operating segment and included in Corporate/Other/Elimination. Prior periods have been recast.

The Company has three reportable segments as follows:

*Paperboard Mills* includes the seven North American paperboard mills which produce primarily CUK and CRB. The majority of the paperboard is consumed internally to produce paperboard packaging for the Americas and Europe Paperboard Packaging segments. The remaining paperboard is sold externally to a wide variety of paperboard packaging converters and brokers. The Paperboard Mills segment Net Sales represent the sale of paperboard only to external customers. The effect of intercompany transfers to the paperboard packaging segments has been eliminated from the Paperboard Mills segment to reflect the economics of the integration of these segments.

*Americas Paperboard Packaging* includes paperboard packaging folding cartons sold primarily to Consumer Packaged Goods ("CPG") companies serving the food, beverage, and consumer product markets in the Americas.

*Europe Paperboard Packaging* includes paperboard packaging folding cartons sold primarily to CPG companies serving the food, beverage and consumer product markets in Europe.

The Company allocates certain mill and corporate costs to the reportable segments to appropriately represent the economics of these segments. The Corporate and Other caption includes the Pacific Rim and Australia operating segments and unallocated corporate and one-time costs.

These segments are evaluated by the chief operating decision maker based primarily on Income from Operations, as adjusted for depreciation and amortization. The accounting policies of the reportable segments are the same as those described in "Note 1 - General Information" in the Notes to Condensed Consolidated Financial Statements.

<i>In millions</i>	Three Months Ended	
	March 31,	
	2017	2016
<b>NET SALES:</b>		
Paperboard Mills	\$ 98.1	\$ 101.1
Americas Paperboard Packaging	792.8	776.4
Europe Paperboard Packaging	139.7	144.3
Corporate/Other/Eliminations	30.9	12.2
<b>Total</b>	<b>\$ 1,061.5</b>	<b>\$ 1,034.0</b>
<b>INCOME (LOSS) FROM OPERATIONS:</b>		
Paperboard Mills	\$ (12.3)	\$ (1.2)
Americas Paperboard Packaging	89.4	113.5
Europe Paperboard Packaging	7.0	9.1
Corporate and Other	(8.6)	(14.2)
<b>Total</b>	<b>\$ 75.5</b>	<b>\$ 107.2</b>

## 2017 COMPARED WITH 2016

### First Quarter 2017 Compared to First Quarter 2016

#### *Paperboard Mills*

Net Sales decreased due to lower sales of open market CRB and containerboard partially offset by increased sales of CUK.

Loss from Operations increased due to an approximate \$18 million impact related to planned downtime taken to upgrade a paper machine in West Monroe, LA, and higher inflation, partially offset by productivity improvements.

#### *Americas Paperboard Packaging*

Net Sales increased primarily due to Net Sales of \$30.1 million for the WG Anderson and Metro acquisitions, higher beverage volumes, and new product introductions. These increases were partially offset by lower pricing and lower volume for certain consumer products.

Income from Operations decreased due to the lower pricing, higher inflation and higher depreciation and amortization related to purchase accounting for the acquisitions, partially offset by cost savings through continuous improvement programs.

#### *Europe Paperboard Packaging*

Net Sales decreased primarily due to unfavorable foreign currency exchange rates and lower pricing, partially offset by higher volumes for consumer and convenience products.

Income from Operations decreased due to the lower pricing, higher inflation and unfavorable foreign currency exchange rates, partially offset by improved operating performance due to capital investments and other cost saving programs.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company broadly defines liquidity as its ability to generate sufficient funds from both internal and external sources to meet its obligations and commitments. In addition, liquidity includes the ability to obtain appropriate debt and equity financing and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be

considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service commitments.

## Cash Flows

<i>In millions</i>	Three Months Ended	
	March 31,	
	2017	2016
Net Cash Provided by Operating Activities	\$ 28.4	\$ 58.4
Net Cash Used in Investing Activities	\$ (77.3)	\$ (392.9)
Net Cash Provided by Financing Activities	\$ 25.9	\$ 353.3

Net cash provided by operating activities for the first three months of 2017 totaled \$28.4 million, compared to \$58.4 million for the same period in 2016. The decrease was due primarily to lower operating results as discussed above compared to the same period of the prior year. Pension contributions for the first three months of both 2017 and 2016 were \$10.2 million.

Net cash used in investing activities for the first three months of 2017 totaled \$77.3 million, compared to net cash used in investing activities of \$392.9 million for the same period in 2016. Current period activities consisted primarily of capital spending of \$76.1 million. In the prior period, the Company paid \$288.5 million, net of cash acquired, for the 2016 Acquisitions and had \$103.0 million of capital spending.

Net cash provided by financing activities for the first three months of 2017 totaled \$25.9 million, compared to net cash provided by financing activities of \$353.3 million for the same period in 2016. Current year activities include net borrowings under revolving credit facilities of \$103.7 million, and payments on debt of \$6.3 million. The Company also paid dividends of \$23.6 million, repurchased \$40.1 million of its common stock, and withheld \$10.0 million of restricted stock units to satisfy tax withholding payments related to the payout of restricted stock units. In the prior period, the Company had net borrowings under revolving credit facilities of \$430.1 million primarily for the 2016 Acquisitions, and made payments of debt of \$6.3 million. Additionally, the Company paid dividends of \$16.3 million, repurchased \$43.5 million of its common stock and withheld \$10.4 million of restricted stock units to satisfy tax withholding payments related to the payout of restricted stock units.

## Liquidity and Capital Resources

The Company's liquidity needs arise primarily from debt service on its indebtedness and from the funding of its capital expenditures, ongoing operating costs and working capital. Principal and interest payments under the term loan facility and the revolving credit facilities, together with principal and interest payments on the Company's 4.75% Senior Notes due 2021, 4.875% Senior Notes due 2022 and 4.125% Senior Notes due 2024 (the "Notes"), represent liquidity requirements for the Company. Based upon current levels of operations, anticipated cost savings and expectations as to future growth, the Company believes that cash generated from operations, together with amounts available under its revolving credit facilities and other available financing sources, will be adequate to permit the Company to meet its debt service obligations, necessary capital expenditure program requirements and ongoing operating costs and working capital needs, although no assurance can be given in this regard. The Company's future financial and operating performance, ability to service or refinance its debt and ability to comply with the covenants and restrictions contained in its debt agreements (see "Covenant Restrictions" below) will be subject to future economic conditions, including conditions in the credit markets, and to financial, business and other factors, many of which are beyond the Company's control, and will be substantially dependent on the selling prices and demand for the Company's products, raw material and energy costs, and the Company's ability to successfully implement its overall business and profitability strategies.

The Company has entered into agreements for the purchasing and servicing of receivables to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions. Transfers under these agreements meet the requirements to be accounted for as sales in accordance with the *Transfers and Servicing* topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification"). During the first three months of 2017, the Company sold and derecognized approximately \$346 million of receivables, collected approximately \$353 million on behalf of the financial institution, and received no funding from the financial institutions, resulting in deferred proceeds of approximately \$33 million as of March 31, 2017. During the same period of 2016, the Company sold and derecognized approximately \$300 million of receivables, collected approximately \$290 million on behalf of the financial institution, and received funding of approximately \$24 million by the financial institution, resulting in deferred proceeds of approximately \$36 million as of March 31, 2016. Cash proceeds related to the sales are included in cash from operating activities on the Condensed Consolidated Statements of Cash Flows in the Changes in Operating Assets and Liabilities line item. The loss on sale is not material and is included in Other (Income) Expense, Net line item on the Condensed Consolidated Statement of Operations.

The Company has also entered into various factoring and supply chain financing arrangements which also qualify for sale accounting in accordance with the *Transfers and Servicing* topic of the FASB Codification. For the three months ended March 31, 2017 and 2016, the Company sold receivables of approximately \$18 million and \$10 million, respectively, related to these factoring arrangements.

Receivables sold under all programs subject to continuing involvement, which consist principally of collection services, at March 31, 2017 and December 31, 2016, were approximately \$370 million and \$376 million, respectively.

## **Covenant Restrictions**

Covenants contained in the Credit Agreement and the Indentures may, among other things, limit the ability to incur additional indebtedness restrict the ability of the Company to dispose of assets, incur guarantee obligations, prepay other indebtedness, repurchase shares, pay dividends and make other restricted payments, create liens, make equity or debt investments, make acquisitions, modify terms of the indentures under which the Notes are issued, engage in mergers or consolidations, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Such restrictions, together with disruptions in the credit markets, could limit the Company's ability to respond to changing market conditions, fund its capital spending program, provide for unexpected capital investments or take advantage of business opportunities.

Under the terms of the Credit Agreement, the Company must comply with a maximum Consolidated Total Leverage Ratio covenant and a minimum Consolidated Interest Expense Ratio covenant. The Second Amended and Restated Credit Agreement, which contains the definitions of these covenants, was filed as an exhibit to the Company's Form 8-K filed on October 7, 2014.

The Company must maintain a maximum Consolidated Total Leverage Ratio of less than 4.25 to 1.00. At March 31, 2017, the Company was in compliance with the Consolidated Total Leverage Ratio covenant in the Credit Agreement and the ratio was 2.97 to 1.00.

The Company must also comply with a minimum Consolidated Interest Expense Ratio of 3.00 to 1.00. At March 31, 2017, the Company was in compliance with the minimum Consolidated Interest Expense Ratio covenant in the Credit Agreement and the ratio was 9.81 to 1.00.

As of March 31, 2017, the Company's credit was rated BB+ by Standard & Poor's and Ba1 by Moody's Investor Services. Standard & Poor's and Moody's Investor Services' ratings on the Company included a stable outlook.

## **Capital Investment**

The Company's capital investment in the first three months of 2017 was \$76.1 million compared to \$103.0 million in the first three months of 2016. The capital investments were primarily due to planned asset upgrades at the U.S.-based mills and continued investments made as part of the integration of acquisitions.

## **Environmental Matters**

Some of the Company's current and former facilities are the subject of environmental investigations and remediations resulting from historical operations and the release of hazardous substances or other constituents. Some current and former facilities have a history of industrial usage for which investigation and remediation obligations may be imposed in the future or for which indemnification claims may be asserted against the Company. Also, potential future closures or sales of facilities may necessitate further investigation and may result in future remediation at those facilities. The Company has established reserves for those facilities or issues where liability is probable and the costs are reasonably estimable.

For further discussion of the Company's environmental matters, see "*Note 9 - Environmental and Legal Matters*" in the Notes to Condensed Consolidated Financial Statements.

## **CRITICAL ACCOUNTING POLICIES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Actual results could differ from these estimates, and changes in these estimates are recorded when known. The critical accounting policies used by management in the preparation of the Company's condensed consolidated financial statements are those that are important both to the presentation of the Company's financial condition and results of operations and require significant judgments by management with regard to estimates used.

The Company's most critical accounting policies which require significant judgment or involve complex estimations are described in GPHC's Form 10-K for the year ended December 31, 2016.

## **NEW ACCOUNTING STANDARDS**

For a discussion of recent accounting pronouncements impacting the Company, see "*Note 1 - General Information*" in the Notes to Condensed Consolidated Financial Statements.

## **BUSINESS OUTLOOK**

Total capital investment for 2017 is expected to be approximately \$250 million and is expected to relate principally to the Company's maintenance and process capability improvements (approximately \$230 million) and acquiring capital spares (approximately \$20 million).

The Company also expects the following in 2017:

- Depreciation and amortization between \$300 million and \$320 million.

- Interest expense of \$80 million to \$90 million, including approximately \$5 million to \$6 million of non-cash interest expense associated with amortization of debt issuance costs.
- Cash flow of \$380 million to \$400 million available for net debt reduction, dividends, and share repurchases, excluding mergers and acquisitions and capital market activity.
- Pension plan contributions of \$30 million to \$40 million.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

For a discussion of certain market risks related to the Company, see Part II, “*Item 7A. Quantitative and Qualitative Disclosure about Market Risk*”, in GPHC’s Form 10-K for the year ended December 31, 2016. There have been no significant developments with respect to derivatives or exposure to market risk during the first three months of 2017. For a discussion of the Company’s Financial Instruments, Derivatives and Hedging Activities, see GPHC’s Form 10-K for the year ended December 31, 2016 and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources.*”

### **ITEM 4. CONTROLS AND PROCEDURES**

#### *Disclosure Controls and Procedures*

The Company’s management has carried out an evaluation, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as amended. Based upon such evaluation, management has concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2017.

#### *Changes in Internal Control over Financial Reporting*

There was no change in the Company’s internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2017 that has materially affected, or is likely to materially affect, the Company’s internal control over financial reporting.

## **PART II — OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

The Company is a party to a number of lawsuits arising in the ordinary conduct of its business. Although the timing and outcome of these lawsuits cannot be predicted with certainty, the Company does not believe that disposition of these lawsuits will have a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows. For more information see “*Note 9 - Environmental and Legal Matters*” in the Notes to Condensed Consolidated Financial Statements.

### **ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors previously disclosed in GPHC’s Form 10-K for the year ended December 31, 2016.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The Company purchases shares of its common stock from time to time pursuant to the 2015 and 2017 share repurchase programs announced on February 4, 2015, and January 10, 2017, respectively, with each program allowing management to purchase up to \$250 million of the Company’s issued and outstanding common stock.

During the first quarter of 2017, the Company purchased shares of its common stock through a broker in the open market as follows:

**Issuer Purchases of Equity Securities**

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Program (a)
January 1, 2017 through January 31, 2017	1,054,932	\$ 12.75	18,882,568	20,379,606
February 1, 2017 through February 28, 2017	806,889	\$ 13.20	19,689,457	18,299,579
March 1, 2017 through March 31, 2017	1,094,300	\$ 13.03	20,783,757	17,873,913
<b>Total</b>	<b>2,956,121</b>			

(a) Based on the closing price of the Company's common stock at the end of each period.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 6. EXHIBITS**

Exhibit Number	Description
10.1	Local Country Agreement - European Union addendum effective as of November 1, 2016 to the Master Services Agreement between Graphic Packaging International, Inc. and Dell Marketing, L.P., as amended.
10.2	Third Amendment to Master Services Agreement dated as of November 1, 2016 between Graphic Packaging International, Inc. and Dell Marketing, L.P.
10.3	Fourth Amendment to Master Services Agreement dated as of March 1, 2017 between Graphic Packaging International, Inc. and NTT DATA Services, LLC, as successor-in-interest to Dell Marketing, L.P.
31.1	Certification required by Rule 13a-14(a).
31.2	Certification required by Rule 13a-14(a).
32.1	Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAPHIC PACKAGING HOLDING COMPANY

(Registrant)

<u>/s/ STEPHEN R. SCHERGER</u> Stephen R. Scherger	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	April 26, 2017
<u>/s/ DEBORAH R. FRANK</u> Deborah R. Frank	Vice President and Chief Accounting Officer (Principal Accounting Officer)	April 26, 2017

LOCAL COUNTRY AGREEMENT

[European Union]

This Local Country Agreement – European Union (this “ **Local Country Agreement**”) is entered into effective November 1, 2016 (the “ **Local Country Agreement Date**”), by and between Graphic Packaging International Europe NV, with offices at Fountain Plaza Belgicastraat 7 bus 5, 1930 Zaventem, Belgium (“ **Local GPI**”), and Dell Corporation Ltd., a registered company under the law of England and Wales with offices at Dell House, The Boulevard, Cain Road, Bracknell, Berkshire, RG12 1LF (“ **Local Dell**”) (Local GPI and Local Dell being the “ **Parties**”, and each being a “ **Party**” to this Local Country Agreement).

**RECITALS:**

Graphic Packaging International, Inc., a corporation formed in accordance with the laws of Delaware (“ **GPI**”), and Dell Marketing L.P., a Texas limited partnership (“ **Dell**”), are Parties to a Master Services Agreement (the “ **Master Services Agreement**”) effective November 29, 2007 (together with any amendments thereto, and including the schedules and exhibits thereto, the “ **Agreement** ”);

The Agreement contemplates that, in the case of Service Recipients located outside of the United States, GPI or an Affiliate designated by GPI, and Dell or an Affiliate designated by Dell, may enter into a local country agreement for the provision of such Designated Services;

The purpose of this Local Country Agreement is to set forth the terms and conditions for Local Dell’s provision of the Designated Services as described in this Local Country Agreement to Service Recipients in the European Union as identified in Schedule 1.1(a) to the Master Services Agreement;

In consideration of the promises contained in this Local Country Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Local GPI and Local Dell agree as follows:

**1. GENERAL:**

- 1.1 **Incorporation of Agreement and Precedence of Obligations.** Except as expressly modified or excluded in this Local Country Agreement, the terms and conditions of the Agreement will apply to, and are incorporated into, this Local Country Agreement. Local GPI and Local Dell agree that the terms and conditions of this Local Country Agreement shall consist of the terms and conditions of the Agreement, as modified and supplemented by this Local Country Agreement; and that they are bound by and subject to the terms and conditions of the Agreement, as modified and supplemented by this Local Country Agreement. References in the Agreement to “GPI” mean Local GPI, references in the Agreement to “Dell” and “Perot Systems” mean Local Dell, and references in the Agreement to “Agreement” mean the Agreement as modified and supplemented by this Local Country Agreement, for the purposes of this Local Country Agreement. In the event of a conflict between this Local Country Agreement and the Agreement, unless expressly specified otherwise, the terms of this Local Country Agreement will prevail.
- 1.2 **References.** All references in this Local Country Agreement to articles, sections and exhibits are to this Local Country Agreement, unless another reference is provided.
- 1.3 **Definitions.** Capitalized terms used in this Local Country Agreement, to the extent not otherwise defined in this Local Country Agreement, have the same meanings as in the Agreement.
- 1.4 **Changes to the Agreement.** The Parties acknowledge and agree that GPI and Dell may modify the Agreement at any time. Local GPI and Local Dell agree to all of the terms and conditions set forth in the Agreement as so modified, and hereby consent to, agree to be bound by, and waive

notice of any extensions, deletions or other modifications of the terms and conditions of the Agreement properly made by GPI and Dell including, without limitation, any extension of the LCA Term under the terms of the Agreement.

1 **TERM AND TERMINATION.**

2.1 **Term.** The term of this Local Country Agreement (the "**LCA Term**") will start on the Local Country Agreement Date and, unless terminated earlier pursuant to Article XV (Termination) of the Agreement or extended pursuant to Section 3 (Extension) of this Local Country Agreement, will continue until 11:59 p.m. Atlanta, Georgia time on January 31, 2022 (the "**LCA Term Expiration Date**"). For the avoidance of doubt, the terms and conditions of the Agreement will continue in full force and effect as to this Local Country Agreement for any period of time during which the LCA Term extends beyond the Term of the Agreement.

2.2 **Termination.**

- (a) Local GPI may terminate: (a) this Local Country Agreement; or (b) any Service Tower under this Local Country Agreement, at any time following the Local Country Agreement Date for convenience by providing Dell with at least 120 days' prior Notice of GPI's intent to terminate and paying Local Dell the Termination Fee. In the case of the termination of this Local Country Agreement as a whole for convenience, upon its payment of the appropriate Termination Fee, Local GPI will be under no further obligation to pay any Charges arising from and after the date of termination. In the case of the termination for convenience of less than all then-current Service Towers under this Local Country Agreement, upon its payment of the appropriate Termination Fee, Local GPI will be under no further obligation to pay any Charges arising from and after the date of termination with respect to the terminated Service Towers.
- (b) For the avoidance of doubt, except as modified by Section 2.2 (Termination) of this Local Country Agreement, Article XV (Termination) of the Agreement will apply to this Local Country Agreement fully in accordance with its terms.
- (c) For purposes of this Local Country Agreement, "Termination Fee" means only the applicable fee set forth in Schedule 15.1. For the avoidance of doubt, "Termination Fee" as used in this Local Country Agreement does not include Wind-down Expenses or any other fees, costs or expenses (other than any amounts specified in Schedule 15.1). Section 15.11(a)(3) and Section 15.11(c) of the Agreement shall not apply to any termination pursuant to Section 2.2(a) of this Local Country Agreement.

2 **INTENTIONALLY OMITTED.**

3 **LOCAL SERVICES.** Local Dell will provide to the Service Recipients in the European Union identified in Schedule 1.1(a) to the Master Services Agreement the Designated Services described in Statement of Work No. 1 to this Local Country Agreement, in accordance with the applicable provisions of the Agreement. For the purposes of this Local Country Agreement, the definition of "Designated Services" (as set out in Section 2.1 of the Agreement) shall be amended to exclude Sub-sections 2.1(1) and (2). Local Dell will also timely perform or cause to be performed the obligations of Dell specified in the Agreement with respect to such Designated Services.

4 **DATA PROTECTION.** In this Clause [5](#), the terms "data controller", "data processor", "personal data" and "processing" shall be as defined in the European Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data ("**Directive**") as amended or superseded (in particular by the General Data Protection Regulation (EU) 2016/679) from time to time. Local GPI shall comply with the provisions and

obligations imposed by the Directive (as implemented into applicable national laws) and, once it has entered into force, the General Data Protection Regulation (EU) 2016/679 in respect of the processing of the personal data.

- (a) Local GPI warrants and represents on behalf of itself and its Affiliates that it has obtained all necessary consents and permissions for lawful processing, prior to passing personal data to Local Dell.
- (b) Local Dell shall process the personal data only in accordance with Local GPI's instructions and this Local Country Agreement. This Local Country Agreement and its annexes set out the scope of Local GPI's complete and final instructions to Local Dell for the processing of personal data. Any additional or alternate instructions must be agreed between the Parties in writing, such agreement shall not be unreasonably withheld, delayed or denied by either Party. To the extent Local Dell processes personal data as a data processor for Local GPI under or in connection with the Local Country Agreement, Local Dell shall take reasonable steps designed to ensure appropriate protection is in place to safeguard such personal data. For this reason Local Dell and Local GPI enter into a Data Processing Agreement which is attached as Annex 1 to this Local Country Agreement as a signed version. Service Recipients in the EEA/Switzerland as identified in Schedule 1.1(a) of the Agreement hereby accede to the Data Processing Agreement attached as Annex 1 to this Local Country Agreement and may directly enforce them against Local Dell with regard to the personal data they control as a data controller.
- (c) Subject to section 21.4 of the Agreement, Local Dell must comply with any specific clauses that any applicable law enforcement authority (including the European Commission and the European Data Protection Supervisor) obligate or recommend are inserted into the Data Processing Agreement attached to this Local Country Agreement as Annex 1 and the Parties will amend it respectively.
- (d) Local Dell shall use its reasonable efforts to assist Local GPI to respond to requests for access to personal data which may be made by individuals to whom the personal data relates and where the personal data are held by Local Dell, subject to the payment by Local GPI of Local Dell's reasonable professional charges for the time engaged by Local Dell staff in so doing.
- (e) Local GPI instructs and authorizes Local Dell to collect, use, store and transfer the personal data Local GPI provides to Local Dell for the purpose of and to the extent required to perform Local Dell's obligations under the Local Country Agreement.
- (f) In case Local Dell uses sub-processors (including its Affiliates) to perform the services under this Local Country Agreement in accordance with Clause 11 of the Data Processing Agreement attached to the Local Country Agreement as Annex 1, Local Dell will flow down similar rights and obligations to its sub-processors as set out in this Section 5 (Data Protection), provided that in the case of Affiliates of Local Dell, the EU model clauses (2010/87/EU) in place between all Affiliates within the Dell group shall be adequate for this purpose. If requested by Local GPI, Local Dell will procure that each sub-processor will enter into a data processing agreement as attached to this Local Country Agreement as Annex 1 with Local GPI and all Service Recipients located in the EEA/Switzerland as identified in Schedule 1.1(a) of the Agreement.
- (g) Local Dell shall not be liable for any claim brought by Local GPI or a data subject arising from any action or omission by Local Dell to the extent that such action or omission resulted from compliance by Local Dell with Local GPI's instructions. Local Dell shall,

at its own expense, defend Local GPI against all losses, claims, costs, damages or proceedings suffered or incurred by Local GPI and/or its Affiliates by a third party arising out of or in connection with a breach by Local Dell and/or its sub-processors of its obligations set out in this clause 5 of this Local Country Agreement and the Data Processing Agreement attached as Annex 1 and Local Dell will pay any costs of settlement or any damages finally awarded against Dell.

- (h) In the event of any conflict or inconsistency between this Local Country Agreement and the Agreement or the SOW, this Local Country Agreement shall prevail. In the event of any conflict or inconsistency between this Local Country Agreement and the Data Processing Agreement attached hereto as Annex 1, the Data Processing Agreement shall prevail.
- (i) Local Dell and all subcontractor(s) performing Designated Services under this Local Country Agreement are certified as compliant with ISO 27001:2013 by an accredited certification body, and will remain certified as compliant with ISO 27001:2013 (or a successor) at all times during the LCA Term. Local Dell will provide all then-current certificates of compliance to Local GPI upon request.

6. **LOCAL GPI OBLIGATIONS.** Local GPI will timely perform or cause to be performed the obligations of GPI specified in the Agreement with respect to the Designated Services provided by Local Dell under this Local Country Agreement.

7. **LOCAL CHARGES.**

7.1 The Charges for the Designated Services to be provided by Local Dell under this Local Country Agreement are set forth Schedule 4.1 to the Agreement and in Statement of Work No. 1 to this Local Country Agreement. All Charges for the Designated Services under this Local Country Agreement are set out in Schedule 4.1 in U.S. Dollars.

7.2 Local Dell will invoice Local GPI for the Designated Services under this Local Country Agreement in Euro. Each invoice shall be in the form of Annex 2 (Form of Invoice). Local Dell will send all invoices to Local GPI addressed as follows:

Graphic Packaging International Europe NV  
Attn: Accounts Payable  
Belgicastraat 7 bus 5  
1930 Zaventem  
Belgium

7.3 **Currency Conversion.**

(a) **Adjustment.** Starting on January 1, 2017, the Charges under this Local Country Agreement shall be converted from U.S. Dollars into Euro on a consecutive three-month basis in accordance with this Section 7.3. The Charges in each Conversion Rate Period shall be subject to conversion from U.S. Dollars to Euro at the Average Exchange Rate calculated based on the immediately preceding Conversion Rate Period. Notwithstanding the foregoing, Adjustments shall be subject to conversion from U.S. Dollars to Euro based on the Average Exchange Rate in effect during the Conversion Rate Period in which the Services giving rise to the Adjustment were performed.

(b) **Average Exchange Rate.** The "Average Exchange Rate" shall be determined by calculating the average daily Exchange Rate in each Conversion Rate Period. The Average

Exchange Rate will be calculated by dividing the sum of the daily Exchange Rates during the Conversion Rate Period by the number of days in that Conversion Rate Period.

(c) **Examples.**

(i) Calculation of Average Exchange Rate.

If the sum of the daily Exchange Rates during the Conversion Rate Period starting July 1, 2017, and ending September 30, 2017, equals 82.8, then the Average Exchange Rate calculated on October 1, 2017, and applicable to the Charges under this Local Country Agreement during the Conversion Rate Period running from October 1, 2017, through December 31, 2017, will equal 0.90.

$$[82.8 / 92 = \text{Average Exchange Rate of } \mathbf{0.90}]$$

82.8 = the sum of daily Exchange Rates in the Conversion Rate Period  
92 = the number of calendar days in the Conversion Rate Period

(ii) Conversion of Charges.

The Charges shall be converted from U.S. Dollars to Euro by multiplying the Charges as set out in Schedule 4.1 by the Average Exchange Rate calculated based on the immediately preceding Conversion Rate Period. For example, if the EU Cloud Service Fee identified in Schedule 4.1 is US\$89,245, and the Average Exchange Rate calculated based on the Conversion Rate Period of January 1, 2017, to March 31, 2017, is USD 1.00 = EUR 0.90, then the EU Cloud Service Fee each month for the Conversion Rate Period commencing on April 1, 2017, will equal €80,320.50.

(d) **Definitions.**

- (i) "**Conversion Rate Period**" means the three-month period starting on a Measurement Date and ending on the earlier of (A) the day before the next Measurement Date, or (B) the effective date of termination or expiration of the Local Country Agreement or the applicable Statement of Work. Notwithstanding the foregoing, the initial Conversion Rate Period is October 1, 2016, to December 31, 2016.
- (ii) "**Exchange Rate**" means the exchange rate of U.S. Dollars to Euro published at <http://www.bloomberg.com/markets/currencies> (or any successor resource designated by Bloomberg L.P.) as the rate at "close," represented by the number of Euro received in exchange for USD 1.00.
- (iii) The "**Measurement Dates**" are January 1, April 1, July 1 and October 1 of each calendar year during the term of this Local Country Agreement.

7.4 **Taxes.**

- (a) **Allocation of Responsibility.** Except as provided in Section 6.2(e), Local GPI will be financially responsible for Taxes imposed on, based on, or measured by any consideration for any provision of services or transfer of property by Local Dell to Local GPI pursuant to this Local Country Agreement and for which Local Dell has an obligation under Law to collect such Taxes from Local GPI. Local GPI shall not be financially responsible for (i) any penalties, interest and other charges related to Taxes, (ii) except as provided in Section 6.2(c), any taxes (including related interest, penalties, and additions to tax) not within the scope of the term Taxes as defined in this Local Country Agreement, including but not limited to, any and

all non-U.K. value added taxes, non-U.S. goods and services taxes, non-U.K. sales taxes and similar types of non-U.K. taxes which are imposed on, based on, or measured by any consideration for any provision of services or transfer of property by Local Dell to Local GPI as a result of Local Dell's decision to provide any services from, or otherwise undertake any action in, a non-U.K. jurisdiction, (iii) any Taxes on any amounts (including but not limited to taxes) previously paid or incurred by Local Dell and that are passed through to and reimbursed by Local GPI, (iv) any Taxes that are imposed on Local Dell's acquisition, ownership, or use of property or services in the course of providing property or services to Local GPI, (v) any Taxes imposed on, based on, or measured by any consideration for any provision of services by Local Dell to Local GPI pursuant to this Local Country Agreement and for which Local Dell has an obligation under Law to collect such Taxes from Local GPI and that arise as a result of Local Dell's decision to provide any services from a jurisdiction other than the United Kingdom and (vi) any Taxes on any amounts owed by Local Dell to any subcontractor.

- (b) **Exemptions.** Notwithstanding anything to the contrary in this Local Country Agreement, Local GPI will not pay or reimburse Local Dell for any Taxes related to the provision of goods or services for which Local GPI provides Local Dell with a valid and applicable exemption certificate, multi-state benefit certificate, resale certificate, direct pay permit, or other reasonable evidence of exemption. Each Party will make all reasonable efforts to accurately determine each Party's tax liability and to minimize such liability to the extent legally permissible.
- (c) **Property and Ad Valorem Taxes.** Local Dell will be responsible for reporting and payment of any real or personal property or ad valorem taxes due on property it owns and property or ad valorem taxes it otherwise has a responsibility under law to remit, and Local GPI will be responsible for reporting and payment of any real or personal property or ad valorem taxes due on property it owns and property or ad valorem taxes it otherwise has a responsibility under law to remit. Each Party will bear sole responsibility for all taxes for franchise and privilege taxes on its business, and for taxes based on its net income.
- (d) **Withholding Taxes.** Local Dell shall be financially responsible for any Withholding Tax liability asserted by any tax authority against Local GPI as a result of payments made by Local GPI to Local Dell under the terms of this Local Country Agreement. Local GPI shall provide notice to Local Dell of any assertion of Withholding Tax liability by any tax authority and shall make available to Local Dell on a timely basis valid evidence of any Withholding Tax paid by Local GPI to such tax authority.
- (e) **Assessments.** Notwithstanding any other provision of this Local Country Agreement, if Local Dell receives notice from any taxing authority with respect to an assessment or potential assessment or imposition of any Tax that Local GPI would be financially responsible pursuant to this Section 6.2 (an "Assessed Tax"), Local Dell shall promptly send notice to Local GPI of such notice. Local Dell shall also provide the Local GPI tax department a copy of any such notice, which notice will be directed to the director of state taxes or comparable position. To the extent directed by Local GPI in a notice sent to Local Dell, Local Dell shall timely contest (at Local GPI's direction and expense relating to all actions to be taken to contest) such Assessed Tax with Local GPI's participation, or, if Local GPI so directs, permit Local GPI to contest, to the extent permissible under applicable tax law and procedures, such Assessed Tax, at Local GPI's expense, in a forum selected by Local GPI, and with counsel selected by Local GPI and reasonably acceptable to Local Dell, until Local GPI has decided to settle the matter or all appeals have been exhausted. To the extent Local Dell contests an Assessed Tax at Local GPI's direction, and such contest involves claims with respect to taxes or Taxes for which Local GPI would not be financially responsible pursuant to this Section 6.2, Local GPI shall be responsible only for that portion of Local Dell's expenses as

are reasonably allocable to the contest of the Assessed Tax. Local Dell may not compromise, settle, or resolve a contest with respect to such Assessed Tax under this Section 6.2(e) without Local GPI's Consent. Notwithstanding any provision in this Local Country Agreement to the contrary, with respect to any Assessed Tax, if Local Dell fails to comply with any of the requirements of this Section 6.2(e), such Assessed Tax shall not be a Tax for which Local GPI is financially responsible under Section 6.2.

- (f) **Refunds and Rebates.** Local GPI will be entitled to any Tax refunds or rebates granted to the extent such refunds or rebates are of Taxes that were the responsibility of Local GPI under this Local Country Agreement. Local GPI may require Local Dell to choose and perform one of the following: (i) apply for and diligently pursue, at Local GPI's expense, a refund of Taxes paid by Local GPI; (ii) if permitted by Law, assign its rights to a refund claim for such Taxes to Local GPI; or (iii) in the event that Local Dell has already received a refund or rebate of any Tax for which Local GPI was responsible under this Local Country Agreement, pay to Local GPI the amount of such Taxes refunded to Local Dell and any interest received thereon.
- (g) **Cooperation.** The Parties agree to reasonably cooperate with each other to enable each to more accurately determine its own Tax Liabilities and to minimize such Taxes incurred in connection with this Local Country Agreement to the extent legally possible. Such cooperation shall include, but not be limited to, preparation of Invoices in accordance with Section 4.2(b), and maintaining data, as reasonably necessary for Tax compliance purposes, making such data available to the other Party (or permitting the other Party to copy, at the requesting Party's expense, such data), and making information in its possession and employees with technical expertise available (at the providing Party's reasonable cost) as reasonably necessary in connection with the preparation of any Tax returns or any audit, contest or refund claim related to Taxes.
- (h) **Indemnification of GPI Indemnitees.** Local Dell shall indemnify, defend and hold harmless the Local GPI and its officers, directors and Affiliates from and against all Losses (including fines and penalties) (i) for property taxes, Withholding Taxes, taxes, and Taxes for which Local GPI is not financially responsible under this Local Country Agreement, including any interest, penalties, and other charges related thereto, (ii) arising from any Governmental Authority's reclassification or attempt to reclassify any of Local Dell's personnel, agents, subcontractors or suppliers as an employee of Local GPI or any of Local GPI's Affiliates, including without limitation, any tax liability (including interest and penalties) resulting from Local GPI's or any such Affiliate's failure to pay, deduct or withhold any income or employment-related taxes with respect to any of Local Dell's personnel, agents, subcontractors or suppliers, (iii) for penalties, interest and other charges related to Taxes, and (iv) for taxes that any non-U.K. taxing authority assesses, levies or charges Local GPI in any jurisdiction outside the United Kingdom from which services are provided by reason of the provision of the Designated Services by Local Dell to Local GPI.
- (i) **Indemnification of Dell Indemnitees.** Local GPI will indemnify, defend and hold harmless Local Dell and its officers, directors and Affiliates from and against all Losses (including fines, interest, and penalties) for Taxes, property taxes, Withholding Taxes, interest and penalties assessed or claimed against Local Dell for which Local GPI is financially responsible under this Agreement.
- (j) **Definitions.** For purposes of this Local Country Agreement, the following definitions shall apply:
  - (i) **"Tax" or "Taxes"** means U.K. value added, goods and services, sales, use, excise, and other similar types of U.K. transfer taxes, fees or charges (excluding any related

penalties, additions to tax, and interest), however designated or imposed, which are in the nature of a transaction tax, fee or charge, but not including any such taxes, duties, fees or charges imposed on or measured by net or gross income or gross receipts (other than any such taxes which are in the nature of transaction taxes of the type listed above), capital stock or net worth, or that are in the nature of an income, capital, franchise, or net worth tax.

(ii) **“Withholding Taxes”** means non-U.K. and U.K. federal, state and local taxes, fees, or charges which are imposed on or by reference to gross or net income or gross or net receipts and are required by any Governmental Authority to be withheld by Local GPI from payments made to Local Dell under this Local Country Agreement (including any related penalties and interest thereon).

(k) **Survival.** The Parties’ obligations under Section 6.2 survive any expiration or termination of this Local Country Agreement.

7.5 Unless otherwise specified in this Local Country Agreement, the responsibilities of each Party for invoicing and payment for Designated Services provided under this Local Country Agreement will be as set forth in the Agreement.

8. **HR PROVISIONS.** The parties have agreed the provisions set out in the attached HR Provisions Schedule, which is hereby incorporated into this Local Country Agreement.

9. **DISPUTES AND JURISDICTION.** For avoidance of doubt, any dispute arising under this Local Country Agreement will be resolved in accordance with the provisions of Schedule 3.2 (Account Governance) and Schedule 20.1 (Dispute Resolution Procedure) of the Agreement.

10. **GOVERNING LAW.** Except as otherwise provided in this Local Country Agreement, this Local Country Agreement and performance under it will be governed by and construed in accordance with the applicable laws of the state of Georgia, without giving effect to the principles thereof relating to conflicts of laws. The application of the United Nations Convention on Contracts for the International Sale of Goods is expressly excluded. Notwithstanding the foregoing, if any provision of this Local Country Agreement is expressly required by the laws of England and Wales to be subject to specific laws of England and Wales and the applicability of such mandatory laws is not subject to contractual waiver or limitation, the construction, interpretation and performance of such provision will be governed by the internal mandatory laws of England and Wales (without reference to choice or conflict of laws).

11. **NOTICE.** Each Party will comply with the notice provisions of Section 21 .8 of the Agreement for all notices to the other Party that are related to this Local Country Agreement.

12. **COUNTERPARTS.** This Local Country Agreement may be executed in several counterparts, all of which taken together will constitute one single agreement between the parties hereto.

13. **SEVERABILITY.** In the event that any provision of this Local Country Agreement conflicts with the law under which this Local Country Agreement is to be construed or if any such provision is held invalid or unenforceable by a court with jurisdiction over the parties hereto, such provision will be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law. The remaining provisions of this Local Country Agreement and the application of the challenged provision to persons or circumstances other than those as to which it is invalid or unenforceable will not be affected thereby, and each such provision will be valid and enforceable to the full extent permitted by law.

14. **NO THIRD PARTY RIGHTS.** This Local Country Agreement is entered into solely between, and may be enforced only by, Local Dell and Local GPI, and this Agreement will not be deemed to create any rights in Third Parties, including employees, suppliers or subcontractors of a Party, or to create any obligations of a Party to any such Third Parties. Nothing in this Section 14, however, is intended to contravene a Party's obligation to the other Party to indemnify the other Party's Indemnitees, or Dell's obligation to Local GPI to provide the Designated Services to Service Recipients.
15. **ENTIRE AGREEMENT.** Together with the Agreement, this Local Country Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. There are no agreements, representations, warranties, promises, covenants, commitments or undertakings other than those expressly set forth herein and therein. This Local Country Agreement supersedes all prior agreements, representations, warranties, promises, covenants, commitments or undertakings, whether written or oral, with respect to the subject matter contained in this Local Country Agreement. No amendment, modification, change, waiver, or discharge hereof will be valid unless in writing and signed by an authorized representative of the Party against which such amendment, modification, change, waiver, or discharge is sought to be enforced (except, however, that amendments to the Agreement will be applicable to this Local Country Agreement). No "click-wrap", "shrink-wrap" or other agreement, notice or terms that accompany the Designated Services shall be effective, nor shall Local GPI's consent to any such click-wrap, shrink-wrap or other agreement be required for Local GPI to receive the Designated Services. Local Dell (and, for avoidance of doubt, Local Dell's Affiliates or subcontractors) will not present any terms and conditions, terms of use or agreements to Service Recipient in connection with the Services.

IN WITNESS WHEREOF, Local GPI and Local Dell have each caused this Local Country Agreement to be executed by their respective duly authorized representatives on the dates set forth below to be effective as of the Local Country Agreement Date.

**GRAPHIC PACKAGING INTERNATIONAL  
EUROPE NV**

**DELL CORPORATION LTD.**

By:

By:

Name:

Name:

Title:

Title:

Date: \_\_

Date: \_\_

HR PROVISIONS SCHEDULE

Application of Transfer Regulations on commencement

- 1.1 It is not the intention of the Parties that any individual employed or engaged by GPI, any GPI Affiliate and/or any of their subcontractors will transfer to Dell or any of its Affiliates (or any of their subcontractors) pursuant to the Transfer Regulations on commencement of the Designated Services under the Agreement.
- 1.2 If any individual asserts the transfer of his or her employment relationship to Dell or any of Dell's Affiliates or any of their subcontractors or makes any claims relating to an employment relationship against any such entity (an "Unintended GPI Transfer") and Dell, its relevant Affiliate or their subcontractors (as appropriate) in its or their sole discretion does not wish to employ the Unintended GPI Transfer, then:
  - 1.3 Dell shall (or shall procure that the Dell Affiliate or relevant subcontractor shall) notify GPI in writing within five business days after becoming aware of such assertions or claims;
  - 1.4 GPI, the relevant GPI Affiliate and/or their subcontractors (as appropriate) may offer to re-employ the Unintended GPI Transfer within 15 business days of the notification by Dell in Section 2.1 or take such other steps as it or they considers appropriate; and
  - 1.5 if such offer of employment is accepted, or if the situation has otherwise been resolved, Dell shall (or shall procure that the Dell Affiliate or relevant subcontractor, as appropriate, shall) immediately release the person from his/her purported employment.
- 1.6 In the event that after the 15 day business period specified in Section 2.2 above has elapsed, no offer of employment has been made or such offer has been made but not accepted or the situation has not otherwise been resolved, Dell, the Dell Affiliate or relevant subcontractor (as appropriate) may within five business days give notice to terminate the employment of such Unintended GPI Transfer.
- 1.7 Subject to Sections 2 and 3 above, GPI shall (and shall procure that the relevant GPI Affiliate shall) indemnify Dell, each Affiliate of Dell and all of their subcontractors from and keep them indemnified against:
  - 1.8 all losses, liabilities, costs, awards, damages, fines, penalties, sanctions, amounts paid in settlement and expenses (including reasonable legal fees for both internal and external counsel, and reasonable costs of investigation, litigation and settlement) arising in connection with or as a result of any claim or demand by or on behalf of any Unintended GPI Transfer in relation to any act or omission occurring prior to or on the date on which the employment of the Unintended GPI Transfer transferred to Dell, any Affiliate of Dell or any of their sub-contractors, including a failure to inform or consult with its employees or their representatives in accordance with the Transfer Regulations; and
  - 1.9 all losses, liabilities, costs, awards, damages (including any statutory redundancy payments, any enhanced redundancy payments, pension and retirement-related liability and any awards made by an employment tribunal for a basic award or compensation for unfair dismissal), fines, penalties, sanctions, amounts paid in settlement or by way of a settlement agreement and expenses (including reasonable legal fees for both internal and external counsel, and reasonable costs of investigation, litigation and settlement) arising in connection with any employment and termination of employment of an Unintended GPI Transfer by Dell, any Affiliate of Dell or any of their sub-contractors, as appropriate, in accordance with Section 3 above.

1.10 The indemnity in Section 4 above will not apply to any claim by any person in respect of whom the notification given by Dell under Section 2.1 is received by GPI more than six calendar months after the Local Country Agreement Date.

Application of Transfer Regulations on exit

1.11 It is not the intention of the Parties that any individual employed or engaged by Dell, any Dell Affiliate and/or any of their subcontractors will transfer to GPI, its Affiliates or any Replacement Service Provider pursuant to Transfer Regulations on the termination or expiry of the Designated Services (in whole or in part) under the Agreement.

1.12 If any individual asserts the transfer of his or her employment relationship to GPI or any of GPI's Affiliates or any Replacement Service Provider or makes any claims relating to an employment relationship against any such entity (an "Unintended Dell Transfer") and GPI, its relevant Affiliate or their subcontractors (as appropriate) in its or their sole discretion does not wish to employ the Unintended Dell Transfer, then:

1.13 GPI shall (or shall procure that the GPI Affiliate or Replacement Service Provider shall) notify Dell in writing within five business days after becoming aware of such assertions or claims;

1.14 Dell, the relevant Dell Affiliate and/or their subcontractors (as appropriate) may offer to re-employ the Unintended Dell Transfer within 15 business days of the notification in Section 8.1 or take such other steps as it or they considers appropriate; and

1.15 If such offer of employment is accepted, or if the situation has otherwise been resolved, GPI shall (or shall procure that the GPI Affiliate or Replacement Service Provider, as appropriate, shall) immediately release the person from his/her purported employment.

1.16 In the event that after the 15 day business period specified in Section 8.2 above has elapsed, no offer of employment has been made or such offer has been made but not accepted or the situation has not otherwise been resolved, GPI, the GPI Affiliate or Replacement Service Provider (as appropriate) may within five business days give notice to terminate the employment of such Unintended Dell Transfer.

1.17 Subject to Sections 8 and 9 above, Dell shall indemnify GPI, each Affiliate of GPI and any Replacement Service Provider from and keep them indemnified against:

1.18 all losses, liabilities, costs, awards, damages, fines, penalties, sanctions, amounts paid in settlement and expenses (including reasonable legal fees for both internal and external counsel, and reasonable costs of investigation, litigation and settlement) arising in connection with or as a result of any claim or demand by or on behalf of any Unintended Dell Transfer in relation to any act or omission occurring prior to or on the date on which the employment of the Unintended Dell Transfer transferred to GPI, any Affiliate of GPI or any Replacement Service Provider, as appropriate, including a failure to inform or consult with its employees or their representatives in accordance with the Transfer Regulations; and

1.19 all losses, liabilities, costs, awards, damages (including any statutory redundancy payments, any enhanced redundancy payments, pension and retirement-related liability and any awards made by an employment tribunal for a basic award or compensation for unfair dismissal), fines, penalties, sanctions, amounts paid in settlement or by way of a settlement agreement and expenses (including reasonable legal fees for both internal and external counsel, and reasonable costs of investigation, litigation and settlement) arising in connection with any employment and termination of employment of an Unintended Dell Transfer by GPI, any Affiliate of GPI or any Replacement Service Provider, as appropriate, in accordance with Section 9 above.

1.20 The indemnity in Section 9 above will not apply to any claim by any person in respect of whom the notification given by GPI under Section 7.1 is received by Dell more than six calendar months after the expiry or termination of the Local Country Agreement.

General

1.21 This HR Provisions Schedule shall be governed by and construed in all respects in accordance with the laws of England. Each of the parties hereto hereby irrevocably submits to the non-exclusive jurisdiction of the English Courts in respect of this HR Provisions Schedule only.

1.22 In this HR Provisions Schedule, the following expressions have the following meanings:

"**Transfer Regulations**" means the Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended or restated from time to time; and

"**Replacement Service Provider**" means a supplier engaged to provide services in replacement for the Designated Services (in whole or in part).

**ANNEX 1 to the LOCAL COUNTRY AGREEMENT: Data Processing Agreement**

**Controller to Processor or Sub-processor Agreement**

For the purposes of accommodating local data protection requirements and the requirements of the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") and of Article 26(2) of Directive 95/46/EC for the transfer of personal data to processors established in third countries which do not ensure an adequate level of data protection, the Parties have agreed on the following Contractual Clauses (the "**Clauses**") in order to adduce adequate safeguards with respect to the protection of privacy and fundamental rights and freedoms of individuals for the transfer by the data exporter to the data importer of the personal data specified in Appendix 1.

*Clause 1*  
**Definitions**

For the purposes of the Clauses:

- (a) "**personal data**", "**special categories of data**", "**process/processing**", "**controller**", "**processor**", "**data subject**" and "**supervisory authority**" shall have the same meaning as in Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data;
- (b) "**the data exporter**" shall mean the controller who transfers the personal data;
- (c) "**the data importer**" shall mean the processor who agrees to receive from the data exporter personal data intended for processing on his behalf after the transfer in accordance with his instructions and the terms of these Clauses and who is not subject to a third country's system ensuring to adequate protection within the meaning of Article 25(1) of Directive 95/46/EC;
- (d) "**the sub-processor**" means any processor engaged by the data importer or by any other sub-processor of the data importer who agrees to receive from the data importer or from any other sub-processor of the data importer personal data exclusively intended for processing activities to be carried out on behalf of the data exporter after the transfer in accordance with his instructions, the terms of the Clauses and the terms of the written subcontract;
- (e) "**the applicable data protection law**" means the legislation protecting the fundamental rights and freedoms of individuals and, in particular, their right to privacy with respect to the processing of personal data applicable to a data controller in the Member State in which the data exporter is established; and
- (f) "**technical and organisational security measures**" means those measures aimed at protecting personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing.

*Clause 2*

**Details of the transfer**

The details of the transfer and in particular the special categories of personal data where applicable are specified in Appendix 1 which forms an integral part of the Clauses.

*Clause 3*

**Third-party beneficiary clause**

- 1. The data subject can enforce against the data exporter this Clause, Clause 4(b) to (i), Clause 5(a) to (e), and (g) to (j), Clause 6(1) and (2), Clause 7, Clause 8(2), and Clauses 9 to 12 as third-party beneficiary.
- 2. The data subject can enforce against the data importer this Clause, Clause 5(a) to (e) and (g), Clause 6, Clause 7, Clause 8(2), and Clauses 9 to 12, in cases where the data exporter has factually disappeared or has ceased to exist in law unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law, as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity.

3. The data subject can enforce against the sub-processor this Clause, Clause 5(a) to (e) and (g), Clause 6, Clause 7, Clause 8(2), and Clauses 9 to 12, in cases where both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity. Such third-party liability of the sub-processor shall be limited to its own processing operations under the Clauses.
4. The Parties do not object to a data subject being represented by an association or other body if the data subject so expressly wishes and if permitted by national law.

#### *Clause 4*

##### **Obligations of the data exporter**

The data exporter agrees and warrants:

- (a) that the processing, including the transfer itself, of the personal data has been and will continue to be carried out in accordance with the relevant provisions of the applicable data protection law (and, where applicable, has been notified to the relevant authorities of the Member State where the data exporter is established) and does not violate the relevant provisions of that State;
- (b) that it has instructed and throughout the duration of the personal data processing services will instruct the data importer to process the personal data transferred only on the data exporter's behalf and in accordance with the applicable data protection law and the Clauses;
- (c) that the data importer will provide sufficient guarantees in respect of the technical and organisational security measures specified in Appendix 2 to this Schedule 4;
- (d) that after assessment of the requirements of the applicable data protection law, the security measures are appropriate to protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing, and that these measures ensure a level of security appropriate to the risks presented by the processing and the nature of the data to be protected having regard to the state of the art and the cost of their implementation;
- (e) that it will ensure compliance with the security measures;
- (f) that, if the transfer involves special categories of data, the data subject has been informed or will be informed before, or as soon as possible after, the transfer that its data could be transmitted to a third country not providing adequate protection within the meaning of Directive 95/46/EC;
- (g) to forward any notification received from the data importer or any sub-processor pursuant to Clause 5(b) and Clause 8(3) to the data protection supervisory authority if the data exporter decides to continue the transfer or to lift the suspension;
- (h) to make available to the data subjects upon request a copy of the Clauses, with the exception of Appendix 2, and a summary description of the security measures, as well as a copy of any contract for sub-processing services which has to be made in accordance with the Clauses, unless the Clauses or the contract contain commercial information, in which case it may remove such commercial information;
- (i) that, in the event of sub-processing, the processing activity is carried out in accordance with Clause 11 by a sub-processor providing at least the same level of protection for the personal data and the rights of data subject as the data importer under the Clauses; and
- (j) that it will ensure compliance with Clause 4(a) to (i).

#### *Clause 5*

##### **Obligations of the data importer**

The data importer agrees and warrants:

- (a) to process the personal data only on behalf of the data exporter and in compliance with its instructions and the Clauses; if it cannot provide such compliance for whatever reasons, it agrees to inform promptly the data exporter of its inability to comply, in which case the data exporter is entitled to suspend the transfer of data and/or terminate the contract;
- (b) that it has no reason to believe that the legislation applicable to it prevents it from fulfilling the instructions received from the data exporter and its obligations under the contract and that in the event of a change in this legislation which is likely to have a substantial adverse effect on the warranties and obligations provided by the Clauses, it will promptly notify the change to the data exporter as soon as it is aware, in which case the data exporter is entitled to suspend the transfer of data and/or terminate the contract;
- (c) that it has implemented the technical and organisational security measures specified in Appendix 2 before processing the personal data transferred;
- (d) that it will promptly notify the data exporter about:
  - (i) any legally binding request for disclosure of the personal data by a law enforcement authority unless otherwise prohibited, such as a prohibition under criminal law to preserve the confidentiality of a law enforcement investigation;
  - (ii) any accidental or unauthorised access;  
and
  - (iii) any request received directly from the data subjects without responding to that request, unless it has been otherwise authorised to do so;
- (e) to deal promptly and properly with all inquiries from the data exporter relating to its processing of the personal data subject to the transfer and to abide by the advice of the supervisory authority with regard to the processing of the data transferred;

- (f) at the request of the data exporter to submit its data processing facilities for audit of the processing activities covered by the Clauses which shall be carried out by the data exporter or an inspection body composed of independent members and in possession of the required professional qualifications bound by a duty of confidentiality, selected by the data exporter, where applicable, in agreement with the supervisory authority;
- (g) to make available to the data subject upon request a copy of the Clauses, or any existing contract for sub-processing, unless the Clauses or contract contain commercial information, in which case it may remove such commercial information, with the exception of Appendix 2 which shall be replaced by a summary description of the security measures in those cases where the data subject is unable to obtain a copy from the data exporter;
- (h) that, in the event of sub-processing, it has previously informed the data exporter and obtained its prior written consent;
- (i) that the processing services by the sub-processor will be carried out in accordance with Clause 11; and
- (j) to send promptly a copy of any sub-processor agreement it concludes under the Clauses to the data exporter.

*Clause 6*  
**Liability**

1. The Parties agree that a data subject, who has suffered damage as a result of any breach of the obligations referred to in Clause 3 or in Clause 11 by any party or sub-processor is entitled to receive compensation from the data exporter for the damage suffered.
2. If a data subject is not able to bring a claim for compensation in accordance with paragraph 1 against the data exporter, arising out of a breach by the data importer or his sub-processor of any of their obligations referred to in Clause 3 or in Clause 11, because the data exporter has factually disappeared or ceased to exist in law or has become insolvent, the data importer agrees that the data subject may issue a claim against the data importer as if it were the data exporter, unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law, in which case the data subject can enforce its rights against such entity.

The data importer may not rely on a breach by a sub-processor of its obligations in order to avoid its own liabilities.

3. If a data subject is not able to bring a claim against the data exporter or the data importer referred to in paragraphs 1 and 2, arising out of a breach by the sub-processor of any of their obligations referred to in Clause 3 or in Clause 11 because both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, the sub-processor agrees that the data subject may issue a claim against the data sub-processor with regard to its own processing operations under the Clauses as if it were the data exporter or the data importer, unless any successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law, in which case the data subject can enforce its rights against such entity. The liability of the sub-processor shall be limited to its own processing operations under the Clauses.

*Clause 7*

**Mediation and jurisdiction**

1. The data importer agrees that if the data subject invokes against it third-party beneficiary rights and/or claims compensation for damages under the Clauses, the data importer will accept the decision of the data subject:
  - (a) to refer the dispute to mediation, by an independent person or, where applicable, by the supervisory authority;
  - (b) to refer the dispute to the courts in the Member State in which the data exporter is established.
2. The Parties agree that the choice made by the data subject will not prejudice its substantive or procedural rights to seek remedies in accordance with other provisions of national or international law.

*Clause 8*

**Cooperation with supervisory authorities**

1. The data exporter agrees to deposit a copy of this contract with the supervisory authority if it so requests or if such deposit is required under the applicable data protection law.
2. The Parties agree that the supervisory authority has the right to conduct an audit of the data importer, and of any sub-processor, which has the same scope and is subject to the same conditions as would apply to an audit of the data exporter under the applicable data protection law.
3. The data importer shall promptly inform the data exporter about the existence of legislation applicable to it or any sub-processor preventing the conduct of an audit of the data importer, or any sub-processor, pursuant to paragraph 2. In such a case the data exporter shall be entitled to take the measures foreseen in Clause 5(b).

*Clause 9*

**Governing law**

The Clauses shall be governed by the law of the Member State in which the data exporter is established.

*Clause 10*

**Variation of the contract**

1. The Parties undertake not to vary or modify the Clauses. This does not preclude the Parties from adding clauses on business related issues where required as long as they do not contradict the Clauses.

2. The following commercial clauses have been added as new clauses:

- (a) **Term of the Clauses:** The term of these Clauses corresponds to the term of the Local Country Agreement ( "LCA") entered into by Graphic Packaging International Europe S.A. and Dell Corporation Ltd. These Clauses shall automatically terminate upon any termination or expiration of the LCA.
- (b) **Correcting, Blocking, and Deleting Data:** Data importer may only correct, delete or block personal data processed within the scope of the LCA and these Clauses in accordance with the instructions of the respective data exporter. Where data exporter so instructs data importer, data importer shall correct, delete or block data in the scope of these Clauses. Alternatively, data importer can provide data exporter with the necessary means to correct, delete or block personal data via the services agreed in the LCA. To the extent data exporter cannot correct, delete or block personal data in its use of the services, data importer shall comply with any such request from data exporter within a reasonable period of time.
- (c) **Serious Interruption of Operations/Data Breaches:** Data importer shall, without undue delay, inform data exporter in case of a serious interruption of operations, strong suspicion of breaches of personal data protection (but in any case including all suspicion which may lead to reporting obligations of data exporter under any applicable data protection laws in the jurisdictions in which the Service Recipients under this Local Country Agreement are located or the GDPR when it comes into effect), and any other severe irregularity in processing personal data under these Clauses/the LCA and shall also cooperate and support data exporter to the extent necessary to comply with the data breach information obligations applicable under the relevant EU-law and the respective implementing local data protection laws of the EU-Member States. This means in particular that if data importer becomes aware of any accidental, unauthorised or unlawful destruction, loss, alteration, or disclosure of, or access to the personal data that is processed by data importer in the course of providing the services under these Clauses/the LCA (or any other situation according to the preceding sentence) which is in breach of data importer's security obligations under this Data Transfer Agreement (a "Security Breach"), it shall:
- (i) without undue delay (when the GDPR comes into effect, where feasible within 48 hours, if later, it shall be accompanied by reasons for the delay) inform data exporter of the Security Breach;
  - (ii) provide without undue delay (when the GDPR comes into effect, where feasible within 48 hours, if later, it shall be accompanied by reasons for the delay) data exporter with: (a) a detailed description of the Security Breach; (b) the affected systems (as well as periodic updates to this information and any other information data exporter may reasonably request relating to the Security Breach);
  - (iii) take action immediately to investigate the Security Breach and to identify, prevent and mitigate the effects of the Security Breach and, with the prior written approval of data exporter, to carry out any recovery or other action necessary to remedy the Security Breach; and
  - (iv) not release or publish any filing, communication, notice, press release, or report concerning the Security Breach and mentioning the data exporter without data exporter's prior written approval (except where it is required to do so by applicable law).
- (d) **Confidentiality and Data Secrecy:** Data importer shall ensure that all personnel required to access/process the personal data are informed of the confidential nature of the personal data and comply with the obligations set out in this section 13.2 of the Master Service Agreement. In case data is processed in Germany, data importer shall ensure that any personnel entrusted with processing data exporter's data have undertaken to comply with the principle of data secrecy in accordance with section 5 of the German Federal Data Protection Act and have been duly instructed on the protective regulations of the German Federal Data Protection Act. The undertaking to secrecy and confidentiality shall continue after the termination of the above-entitled activities.
- (e) **Adequate Level of Data Protection:** Data importer agrees and warrants that data importer and all its affiliates and/or all other third parties which act as subprocessors according to Clause 11 of these Clauses provide for or are subject to an adequate level of data protection according to Art. 25 and Art. 26 of the EU Data Protection Directive 95/46/EC (and the respective successor rules under the General Data Protection Regulation) when personal data is processed, e.g. currently by agreeing to the "EU Standard Contractual Clauses".
- (f) **Additional Provision on Disclosure:** Data importer will not disclose personal data to law enforcement authorities or agencies unless required by law. Should a law enforcement authority or agency contact data importer with a demand for personal data, data importer will attempt to redirect the law enforcement authority or agency to request that data directly from data exporter. As part of this effort, data importer may provide data exporter's basic contact information to the law enforcement authority or agency. If compelled to disclose personal data to a law enforcement authority or agency, data importer will promptly notify data exporter in advance of a disclosure unless legally prohibited to do so.
- (g) **Additional Provision on Technical and Organisational Measures and Data Security:** Data importer will not implement any changes to its security concept/technical and organisational measures that would lower the level of security compared to that described in Appendix 2 to these Clauses. In any case shall data importer notify data exporter with ninety (90) days prior notice of any planned material changes to the technical and organisational measures and/or its security concept as described in Appendix 2. Data exporter shall have the right to terminate these Clauses and the LCA upon thirty (30) calendar days prior written notice, if he – at its sole reasonable discretion – concluded that the modified technical and organisational measures/security concepts would no longer provide for adequate security standards/technical and organisational measures as required by the applicable data protection laws in order to process the personal data covered by the MSA/these Clauses.
- (h) **Additional Provision regarding Audit Rights and Obligations of the Parties:** In order to comply with its (statutory) obligations as a data controller, each data exporter needs to, prior to the commencement of processing, and in regular intervals thereafter, audit the technical and organisational measures taken by data importer, and shall document the resulting findings. For such purpose, the data importer agrees (without limiting the rights stipulated under Clause 5 f)) using auditors to verify its compliance with the security obligations under these Clauses and that of its subcontractors, including the security of the physical data centres from which data importer provides the services under this Data Transfer Agreement and the LCA. This audit: (a) will be performed at least annually; (b) will be performed by security professionals at data importer's selection; and (c) will result in the generation of an audit report which will be provided to data exporter after this report was generated (upon data exporters written request) so that data exporter can reasonably verify data importer's and its subcontractor's compliance with the security obligations under these Clauses.
- (i) **Additional Subprocessing Provision:** The data exporter agrees within the meaning of Clause 5 paragraph 8 and Clause 11 paragraph 1 of these Clauses that data importer may subcontract the processing operations under these Clauses to the subcontractors named in Appendix 3 to these Clauses subject to the further requirements set out in this Clause and Clause 11 of these Clauses. Such subcontractors shall only be permitted to obtain personal data covered by these Clauses to the extent required to deliver the services data importer has retained them to provide, and subcontractors shall be prohibited from using this personal data for any other purpose. Subcontractors shall only be allowed to store or process data in the territories/locations listed and for the services described in Appendix 3 to these Clauses.

- (j) **Future Changes:** If the European Commission lays down, or an applicable supervisory authority adopts, standard contractual clauses for the matters referred to in Article 28(3) and Article 28(4) of the General Data Protection Regulation pursuant to Article 28(7) or Article 28(8) of the General Data Protection Regulation (as appropriate) and data exporter notifies data importer that it wishes to incorporate any element of any such standard contractual clauses into this Annex, the parties will work together to mutually agree on the changes or to implement any additional measures that may be needed. The parties agree that changes affecting the provision of the services may result in price adjustments.

*Clause 11*

**Sub-processing**

1. The data importer shall not subcontract any of its processing operations performed on behalf of the data exporter under the Clauses without the prior written consent of the data exporter. Where the data importer subcontracts its obligations under the Clauses, with the consent of the data exporter, it shall do so only by way of a written agreement with the sub-processor which imposes the same obligations on the sub-processor as are imposed on the data importer under the Clauses. Where the sub-processor fails to fulfil its data protection obligations under such written agreement the data importer shall remain fully liable to the data exporter for the performance of the sub-processor of the sub-processor's obligations under such agreement.
2. The prior written contract between the data importer and the sub-processor shall also provide for a third-party beneficiary clause as laid down in Clause 3 for cases where the data subject is not able to bring the claim for compensation referred to in paragraph 1 of Clause 6 against the data exporter or the data importer because they have factually disappeared or have ceased to exist in law or have become insolvent and no successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law. Such third-party liability of the sub-processor shall be limited to its own processing operations under the Clauses.
3. The provisions relating to data protection aspects for sub-processing of the contract referred to in paragraph 1 shall be governed by the law of the Member State in which the data exporter is established.
4. The data exporter shall keep a list of sub-processing agreements concluded under the Clauses and notified by the data importer pursuant to Clause 5(j), which shall be updated at least once a year. The list shall be available to the data exporter's data protection supervisory authority.

*Clause 12*

**Obligation after the termination of personal data-processing services**

1. The Parties agree that on the termination of the provision of data processing services, the data importer and the sub-processor shall, at the choice of the data exporter, return all the personal data transferred and the copies thereof to the data exporter or shall destroy all the personal data and certify to the data exporter that it has done so, unless legislation imposed upon the data importer prevents it from returning or destroying all or part of the personal data transferred. In that case, the data importer warrants that it will guarantee the confidentiality of the personal data transferred and will not actively process the personal data transferred anymore.
2. The data importer and the sub-processor warrant that upon the request of the data exporter and/or of the supervisory authority, it will submit its data-processing facilities for an audit of the measures referred to in paragraph 1.

*[Signatures on following page]*

On behalf of the data exporter:

**GRAPHIC PACKAGING INTERNATIONAL EUROPE NV**

Name (written out in full):

Position:

Address: **Fountain Plaza Belgicastraat 7 bus 5, 1930 Zaventem, Belgium**

Other information necessary in order for the contract to be binding (if any):

Signature  
(stamp of organisation)

On behalf of the data importer:

**DELL CORPORATION LTD.**

Name (written out in full):

Position:

Address: **Dell House, The Boulevard, Cain Road, Bracknell, Berkshire, RG12 1LF**

Other information necessary in order for the contract to be binding (if any):

Signature  
(stamp of organisation)

## Appendix 1

### Data exporter

The data exporter is the Party which is a signatory to the LCA and its affiliates based in the EEA as specified as Service Recipients in Schedule 1.1 a) of the Master Service Agreement and which are the exporter of personal data.

### Data importer

The data importer is a Party which is a signatory to the LCA and which is the recipient of personal data which is exported by the data exporter to it.

### Data subjects

The personal data transferred concern the following categories of data subjects:

- Past, present and prospective employees, volunteers, interns and partners.
- Past, present and prospective clients.
- Past, present and potential advisors, consultants, suppliers, contractors, subcontractors and agents.
- Complainants, correspondents, visitors and enquirers.
- Beneficiaries, parents and guardians.

### Categories of data

The personal data transferred concern the following categories of data:

- Contact details (which may include name, address, email address, telephone, fax, emergency contact details and associated local time zone information).
- Employment details (which may include company name, job title, grade, demographic, time recording and location data, nationality and export compliance status).
- IT systems and operational information (which may include voice, video and data recordings, user ID and password details, computer name, domain name, IP address, software and hardware inventory, security camera and software usage pattern tracking information, i.e. cookies, and information recorded for operational or training purposes).
- Data subjects' email content, online interactive and voice communications (such as blogs, chat, webcam and networking sessions) and transmission data which is available on an incidental basis for the provision of information technology consultancy, support and services (incidental access may include accessing the content of email communications and data relating to the sending, routing and delivery of emails).
- Details of goods or services provided to or for the benefit of data subjects.
- Financial and government and tax identifier details (e.g. credit, payment, bank details and NI or social security number).

### Special categories of data

The personal data transferred concern the following special categories of data:

To the extent permitted by applicable law, the personal data may include information which reveals racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union opinions, memberships or activities, social security files, data concerning health (including physical or mental health or condition), sexual life and information regarding criminal offences or alleged offences and any related court proceedings, any information identified through use of whistle blowing hotlines and shall include special categories of data as defined in Article 8 of Directive 95/46/EC.

### Processing operations

The personal data transferred will be subject to the following basic processing activities:

Any operation with regard to personal data irrespective of the means applied and procedures, in particular, the obtaining, collecting, recording, organising, storage, holding, use, amendment, adaptation, alteration, disclosure, dissemination or otherwise making available, aligning, combining, retrieval, consultation, archiving, transmission, blocking, erasing, or destruction of data, the operation and maintenance of systems, management and management reporting, financial reporting, risk management, compliance, legal and audit functions and shall include "processing" which shall have the meaning given to such term in Directive 95/46/EC.

## Appendix 2 (to the Controller to Processor/Sub-Processor Model Clauses)

### Technical and Organisational Security Measures

This Appendix 2 sets out a description of the technical and organisational security measures implemented by the data importer in accordance with Clauses 4(d) and 5(c).

Data importer takes information security seriously and this approach is followed through in its processing and transfers of personal data. This information security overview applies to data importer's corporate controls for safeguarding personal data which is processed and transferred amongst the data importer's group companies. Data importer's information security program enables the workforce to understand their responsibilities. Some customer solutions may have alternate safeguards outlined in the applicable statement of work as agreed with each customer.

## Security Practices

Data importer has implemented corporate information security practices and standards that are designed to safeguard data importer's corporate environment and to address business objectives across the following areas:

- (1) information security
- (2) system and asset management
- (3) development, and
- (4) governance.

These practices and standards are approved by the data importer's executive management and are periodically reviewed and updated where necessary.

Data importer shall maintain an appropriate data privacy and information security program, including policies and procedures for physical and logical access restrictions, data classification, access rights, credentialing programs, record retention, data privacy, information security and the treatment of personal data and sensitive personal data throughout its lifecycle. Key policies should be reviewed at least annually.

## Organizational Security

It is the responsibility of the individuals across the data importer's organization to comply with these practices and standards. To facilitate the corporate adherence to these practices and standards, data importer's Information Security ("IS") function is responsible for the following activities:

1. **Security strategy** – the IS function drives data importer's security direction. The IS function works to ensure compliance with security related policies, standards and regulations, and to raise awareness and provide education to users. The IS function also carries out risk assessments and risk management activities, and manages contract security requirements.
2. **Security engineering** – the IS function manages testing, design and implementation of security solutions to enable adoption of security controls across the environment.
3. **Security operations** – the IS function manages support of implemented security solutions, monitors and scans the environment and assets, and manages incident response.
4. **Forensic investigations** – the IS function works with Security Operations, Legal, Global Privacy Office and Human Resources to carry out investigations, including eDiscovery and eForensics.
5. **Security consulting and testing** – the IS function works with software developers on developing security best practices, consults on application development and architecture for software projects, and carries out assurance testing.

## Asset Classification and Control

Data importer's practice is to track and manage key information and physical, software and logical assets. Examples of the assets that data importer might track include:

- information assets, such as identified databases, disaster recovery plans, business continuity plans, data classification, archived information
- software assets, such as identified applications and system software
- physical assets, such as identified servers, desktops/laptops, backup/archival tapes, printers and communications equipment.

The assets are classified based on business criticality to determine confidentiality requirements. Industry guidance for handling personal data provides the framework for technical, organizational and physical safeguards. These safeguards may include controls such as access management, encryption, logging and monitoring, and data destruction.

## Employee Screening, Training and Security

1. **Screening/background checks:** Where reasonably practicable and appropriate, as part of the employment/recruitment process, data importer shall perform screening/background checks on employees (which shall vary from country to country based on local laws and regulations), where such employees will have access to data importer's networks, systems or facilities.
2. **Identification:** Data importer shall require all employees to provide proof of identification and any additional documentation that may be required based on the country of hire or if required by other data importer entities or customers for whom the employee is providing services.
3. **Training:** Data importer's annual compliance training program includes a requirement for employees to complete a data protection and information security awareness course and pass an assessment at the end of the course. The security awareness course may also provide materials specific to certain job functions.
4. **Confidentiality:** Data importer shall ensure its employees are legally bound to protect and maintain the confidentiality of any personal data they handle pursuant to standard agreements.

## Physical Access Controls and Environmental Security

1. **Physical Security Program:** Data importer shall use a number of technological and operational approaches in its physical security program to mitigate security risks to the extent reasonably practicable. Data importer's security team works closely with each site to determine appropriate measures are in place to prevent unauthorized persons from gaining access to systems within which personal data is processed and continually monitor any changes to the physical infrastructure, business and known threats. They also monitor best practice measures used by others in the industry and carefully select approaches that meet both uniqueness in business practice and expectations of data importer. Data importer balances its approach towards security by considering elements of control that include architecture, operations and systems.

2. **Physical Access controls:** Physical access controls/security measures at data importer's facilities/premises are designed to meet the following requirements:
- (a) access to data importer's buildings, facilities and other physical premises shall be controlled and based upon business necessity, sensitivity of assets and the individual's role and relationship to the data importer. Only personnel associated with data importer are provided access to data importer's facilities and physical resources in a manner consistent with their role and responsibilities in the organization;
  - (b) relevant data importer facilities are secured by an access control system. Access to such facilities is granted with an activated card only;
  - (c) all persons requiring access to facilities and/or resources are issued with appropriate and unique physical access credentials (e.g. a badge or keycard assigned to one individual) by the IS function. Individuals issued with unique physical access credentials are instructed not to allow or enable other individuals to access the data importer's facilities or resources using their unique credentials (e.g. no "tailgating"). Temporary (up to 14 days) credentials may be issued to individuals who do not have active identities where this is necessary (i) for access to a specific facility and (ii) for valid business needs. Unique credentials are non-transferable and if an individual cannot produce their credentials upon request they may be denied entry to data importer's facilities or escorted off the premises. At staffed entrances, individuals are required to present a valid photo identification or valid credentials to the security representative upon entering. Individuals who have lost or misplaced their credentials or other identification are required to enter through a staffed entrance and be issued a temporary badge by a security representative;
  - (d) employees are regularly trained and reminded to always carry their credentials, store their laptops, portable devices and documents in a secure location (especially while traveling) and log out or shut down their computers when away from their desk;
  - (e) visitors who require access to data importer's facilities must enter through a staffed and/or main facility entrance. Visitors must register their date and time of arrival, time of leaving the building and the name of the person they are visiting. Visitors must produce a current, government issued form of identification to validate their identity. To prevent access to, or disclosure of, company proprietary information visitors are not allowed un-escorted access to restricted or controlled areas;
  - (f) select data importer facilities use CCTV monitoring, security guards and other physical measures where appropriate and legally permitted;
  - (g) locked shred bins are provided on most sites to enable secure destruction of confidential information/personal data;
  - (h) for data importer's major data centres, security guards, UPS and generators, and change control standards are available;
  - (i) for software development and infrastructure deployment projects, the IS function uses a risk evaluation process and a data classification program to manage risk arising from such activities.

### Change Management

The IT organization manages changes to the corporate infrastructure, systems and applications through a centralized change management program, which may include testing, business impact analysis and management approval where appropriate. All relevant application and systems developments adhere to an approved change management process.

### Security Incidents and Response Plan

1. **Security incident response plan:** Data importer maintains a security incident response policy and related plan and procedures which address the measures that data importer will take in the event of loss of control, theft, unauthorized disclosure, unauthorized access, or unauthorized acquisition of personal data. These measures may include incident analysis, containment, response, remediation, reporting and the return to normal operations.
2. **Response controls:** Controls are in place to protect against, and support the detection of, malicious use of assets and malicious software and to report potential incidents to the data importer's IS function or Service Desk for appropriate action. Controls may include, but are not limited to: information security policies and standards; restricted access; designated development and test environments; virus detection on servers, desktop and notebooks; virus email attachment scanning; system compliance scans; intrusion prevention monitoring and response; firewall rules; logging and alerting on key events; information handling procedures based on data type; e-commerce application and network security; and system and application vulnerability scanning. Additional controls may be implemented based on risk.

### Data Transmission Control and Encryption

Data importer shall, to the extent it has control over any electronic transmission or transfer of personal data, take all reasonable steps to ensure that such transmission or transfer cannot be read, copied, altered or removed without proper authority during its transmission or transfer. In particular, data importer shall:

1. implement industry-standard encryption practices in its transmission of personal data. Industry-standard encryption methods used by data importer includes Secure Sockets Layer (SSL), Transport Layer Security (TLS), a secure shell program such as SSH, and/or Internet Protocol Security (IPSec);
2. if technically feasible, encrypt all personal data, including, in particular any sensitive personal data or confidential information, when transmitting or transferring that data over any public network, or over any network not owned and maintained by data importer. The data importer's policy recognizes that encryption is ineffective unless the encryption key is inaccessible to unauthorized individuals and instructs personnel never to provide an encryption key via the same channel as the encrypted document;
3. for Internet-facing applications that may handle sensitive personal data and/or provide real-time integration with systems on a network that contains such information (including data importer's core network), a Web Application Firewall (WAF) may be used to provide an additional layer of input checking and attack mitigation. The WAF will be configured to mitigate potential vulnerabilities such as injection attacks, buffer overflows, cookie manipulation and other common attack methods.

### System Access Controls

Access to data importer's systems is restricted to authorized users. Access is granted based on formal procedures designed to ensure appropriate approvals are granted so as to prevent access from unauthorised individuals. Such procedures include:

1. **admission controls** (i.e. measures to prevent unauthorized persons from using data processing systems):
  - (a) access is provided based on segregation of duties and least privileges in order to reduce the risk of misuse, intention or otherwise;

- (b) access to IT systems will be granted only when a user is registered under a valid username and password;
  - (c) data importer has a password policy in place which requires strong passwords for user login to issued laptops, prohibits the sharing of passwords, prohibits the use of passwords that are also used for non-work functions, and advises users on what to do in the event their password or other login credentials are lost, stolen or compromised;
  - (d) mandatory password changes on a regular basis;
  - (e) automatic computer lock, renewed access to the PC only after new registration with a valid username and password;
  - (f) data and user classification determines the type of authentication that must be used by each system;
  - (g) remote access and wireless computing capabilities are restricted and require that both user and system safeguards are in place as well as user authentication.
2. **access controls** (i.e. measures to prevent unauthorised access to systems):
- (a) access authorization is issued in respect of the specific area of work the individual is assigned to (i.e. work role);
  - (b) adjustment of access authorizations in case of changes to the working area, or in case an employee's employment is terminated for any reason;
  - (c) granting, removing and reviewing administrator privileges with the appropriate additional controls and only as needed to support the system(s) in question;
  - (d) event logs from key devices and systems are centrally collected and reported on an exceptions basis to enable incident response and forensic investigations.

### **Data Access Control**

Data importer applies the controls set out below regarding the access and use of personal data:

- 1. personnel are instructed to only use the minimum amount of personal data necessary in order to achieve the data importer's relevant business purposes
- 2. personnel are instructed not to read, copy, modify or remove personal data unless necessary in order to carry out their work duties;
- 3. third party use of personal data is governed through contractual terms and conditions between the third party and data importer which impose limits on the third party's use of personal data and restricts such use to what is necessary for the third party to provide services;

### **Separation control**

Where legally required, data importer will ensure that personal data collected for different purposes can be processed separately. Data importer shall also ensure there is separation between test and production systems.

### **Availability Control**

Data importer protects personal data against accidental destruction or loss by following these controls:

- 1. personal data is retained in accordance with customer contract or, in its absence, data importer's record management policy and practices, as well as legal retention requirements;
- 2. hardcopy personal data is disposed of in a secure disposal bin or a crosscut shredder such that the information is no longer decipherable;
- 3. electronic personal data is given to data importer's IT Asset Management team for proper disposal;
- 4. appropriate technical measures are in place, including (without limitation): anti-virus software is installed on all systems; network protection is provided via firewall; network segmentation; user of content filter/proxies; interruption-free power supply; regular generation of back-ups; hard disk mirroring where required; fire safety system; water protection systems where appropriate; emergency plans; and air-conditioned server rooms.

### **Data Input Control**

Data importer has, where appropriate, measures designed to check whether and by whom personal data have been input into data processing systems, or whether such data has been modified or removed. Access to relevant applications is recorded.

### **System Development and Maintenance**

Publicly released third party vulnerabilities are reviewed for applicability in the data importer environment. Based on risk to data importer's business and customers, there are pre-determined timeframes for remediation. In addition, vulnerability scanning and assessments are performed on new and key applications and the infrastructure based on risk. Code reviews and scanners are used in the development environment prior to production to proactively detect coding vulnerabilities based on risk. These processes enable proactive identification of vulnerabilities as well as compliance.

### **Compliance**

The information security, legal, privacy and compliance departments work to identify regional laws and regulations that may be applicable to data importer. These requirements cover areas such as, intellectual property of the data importer and its customers, software licenses, protection of employee and customer personal information, data protection and data handling procedures, trans-border data transmission, financial and operational procedures, regulatory export controls around technology, and forensic requirements.

Mechanisms such as the information security program, the executive privacy council, internal and external audits/assessments, internal and external legal

counsel consultation, internal controls assessment, internal penetration testing and vulnerability assessments, contract management, security awareness, security consulting, policy exception reviews and risk management combine to drive compliance with these requirements.

**ANNEX 2 to the LOCAL COUNTRY AGREEMENT**

**Form of Invoice**

[Attached]

**Third Amendment  
to  
Master Services Agreement**

The Master Services Agreement dated as of November 29, 2007, consisting of the terms and conditions set forth therein and the attached schedules, all as previously amended, (the "Agreement") by and between Graphic Packaging International, Inc. ("GPI") and Perot Systems Corporation is hereby amended effective as of November 1, 2016 ("Third Amendment Effective Date") by this Third Amendment ("Third Amendment"). The Parties to this Third Amendment are GPI and Dell Marketing L.P. ("Dell") (as assignee of Perot Systems Corporation). Capitalized terms used without definition in this Third Amendment have the meanings provided in the Agreement.

In consideration of the terms and conditions of this Third Amendment and the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

**1. Schedules and Attachments.**

The following Schedules to the Agreement, including the Attachments to the following Schedules, are amended and restated, effective as of the Third Amendment Effective Date and, as so amended and restated, are attached to and a part of this Third Amendment.

- Schedule 1.1(a) Service Recipients
- Schedule 2.1.1 Service Towers
- Schedule 2.10 Service Level Agreement
- Schedule 4.1 Charges
- Schedule 8.2 Financial Responsibilities Matrix
- Schedule 9.2(a)(i)(B) GPI Competitors
- Schedule 9.3(b) Consented Subcontractors
- Schedule 10.2 Service Locations
- Schedule 15.1 Termination Fees

**2. Effect of Amendment.**

In the event of any conflict or inconsistency between the terms and conditions of this Third Amendment and those of the Agreement, the terms and conditions of this Third Amendment shall control to the extent of such conflict or inconsistency. All other terms and conditions in the Agreement not amended by this Third Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Third Amendment as of the date(s) set forth below.

**GRAPHIC PACKAGING INTERNATIONAL, INC.**

**DELL MARKETING L.P.**

By:  
Name:  
Title:  
Date:

By:  
Name:  
Title:  
Date:

**Fourth Amendment  
to  
Master Services Agreement**

The Master Services Agreement dated as of November 29, 2007, consisting of the terms and conditions set forth therein and the attached schedules, all as previously amended, (the “Agreement”) by and between Graphic Packaging International, Inc. (“GPI”) and Perot Systems Corporation is hereby amended effective as of March 1, 2017 (“Fourth Amendment Effective Date”) by this Fourth Amendment (“Fourth Amendment”). The Parties to this Fourth Amendment are GPI and NTT DATA Services, LLC, as successor-in-interest to Dell Marketing L.P., as assignee of Perot Systems Corporation. Capitalized terms used without definition in this Fourth Amendment have the meanings provided in the Agreement.

In consideration of the terms and conditions of this Fourth Amendment and the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

**1. Schedules and Attachments.**

The following Schedules to the Agreement, including the Attachments to the following Schedules, are amended and restated, effective as of the Fourth Amendment Effective Date and, as so amended and restated, are attached to and a part of this Fourth Amendment.

Schedule 2.1.1 Service Towers  
Schedule 2.2(a) Statement of Work  
Attachment B Tier 1 Applications  
Attachment C Supported Databases  
Schedule 2.5 Critical Milestones and Milestone Credits  
Schedule 2.10 Service Level Agreement  
Attachment A Service Levels  
Attachment B Critical Applications  
Attachment C VIP Users  
Attachment D Service Level Agreement  
Schedule 4.1 Charges  
Attachments ABDE Charges  
Attachment C ARC RRC Calculations  
Schedule 8.2 Financial Responsibilities Matrix  
Schedule 9.2(a)(i)(A) Key Personnel and Critical Personnel  
Schedule 9.3(b) Consented Perot Systems Subcontractors  
Schedule 15.1 Termination Fees

**2. Term.**

Section 1.2 (Term) of the Agreement is deleted in its entirety and replaced with the following:

*“The term of this Agreement (the “Term”) will begin on the Fourth Amendment Effective Date and, unless terminated earlier pursuant to Article XV (Termination) or extended pursuant to Section 1.3 (Extension), will continue until 11:59 p.m. Atlanta, Georgia time on February 28, 2024 (the “Term Expiration Date”).”*

**2. Payment Terms.**

a. Section 4.2(a) (Monthly Invoice) is deleted in its entirety and replaced with the following:

*“(a) Monthly Invoice. Not before the fifteenth (15th) calendar day of each calendar month (the “Base Month”), Dell will provide GPI with an invoice (the “Monthly Invoice”) setting forth the following: (i) the Monthly Service Charges for the Designated Services to be provided by Dell during that Base Month; and (ii) Adjustments to the Charges relating to Designated Services performed during the month prior to the Base Month (e.g., if the Base Month is April, the Adjustments will be made to Charges for Designated Services performed in March). Together with each Monthly Invoice, Dell will deliver to GPI such reports as are necessary for GPI to understand, evaluate and independently calculate the Adjustments reflected in the Monthly Invoice and to track its internal use of the Designated Services for charge-back purposes. Subject to Section 4.3 (Disputed Invoices), GPI will pay all amounts on the Monthly Invoice within seventy five (75) days after receipt, by means of a wire transfer or other electronic means reasonably acceptable to Dell. Interest will accrue on unpaid undisputed invoiced Charges, and on unpaid disputed invoiced Charges that are in excess of the Disputed Charges Limitation, at the rate of one percent (1%) per month, commencing on the first day after such Charges were due. “*

b. Section 4.3(e) is deleted in its entirety and replaced with the following:

*“(e) If it is finally determined, pursuant to the Dispute Resolution Procedures, that GPI owes Dell any withheld disputed amounts, then GPI will pay Dell such amounts, plus interest thereon accruing from the date such amounts were actually due (i.e., seventy five (75) days following the date such amounts were invoiced) at the rate of one percent (1%) per month;”*

**3. Request SLA’s**

The Request SLA’s set forth in Schedule 2.10 Attachment A shall be effective ninety (90) days after the Fourth Amendment Effective Date.

**4. References to Perot Systems Corporation or Dell**

All references in the Agreement to Perot Systems Corporation or Dell Marketing L.P. shall be deemed references to NTT DATA Services, LLC.

**5. Effect of Amendment.**

In the event of any conflict or inconsistency between the terms and conditions of this Fourth Amendment and those of the Agreement, the terms and conditions of this Fourth Amendment shall control to the extent of such conflict or inconsistency. All other terms and conditions in the Agreement not amended by this Fourth Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Fourth Amendment as of the Fourth Amendment Effective Date.

**GRAPHIC PACKAGING INTERNATIONAL, INC.**

**NTT DATA SERVICES, LLC**

By:

By:

Name:

Name:

Title:

Title:

Date:

Date:

**CERTIFICATION**

I, Michael P. Doss certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Graphic Packaging Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael P. Doss

---

Michael P. Doss,  
President and Chief Executive Officer  
(Principal Executive Officer)  
April 26, 2017

**CERTIFICATION**

I, Stephen R. Scherger certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Graphic Packaging Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEPHEN R. SCHERGER

---

Stephen R. Scherger Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

April 26, 2017

**CERTIFICATION**  
**Pursuant to 18 United States Code Section 1350,**  
**As adopted pursuant to Section 906 of the**  
**Sarbanes-Oxley Act of 2002**

The undersigned hereby certifies that, to my knowledge, the Quarterly Report on Form 10-Q for the period ended March 31, 2017 of Graphic Packaging Holding Company (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael P. Doss

---

Name: Michael P. Doss,  
Title: President and Chief Executive Officer

April 26, 2017

**CERTIFICATION**  
**Pursuant to 18 United States Code Section 1350,**  
**As adopted pursuant to Section 906 of the**  
**Sarbanes-Oxley Act of 2002**

The undersigned hereby certifies that, to my knowledge, the Quarterly Report on Form 10-Q for the period ended March 31, 2017 of Graphic Packaging Holding Company (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEPHEN R. SCHERGER

---

Name: Stephen R. Scherger  
Title: Senior Vice President and Chief Financial Officer  
April 26, 2017