UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **December 6, 2018**

CROWN HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Pennsylvania	**0-50189**	**75-3099507**
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

770 Township Line Road
Yardley, Pennsylvania 19067-4232
(215) 698-5100
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company **o**

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. **o**

Item 8.01 Other Events.

This Current Report on Form 8-K ("Current Report") is being filed by Crown Holdings, Inc. (the "Company") to retrospectively recast certain financial information and related disclosures contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed on February 26, 2018 ("2017 Form 10-K"), as described below.

Adoption of New Accounting Guidance

Effective January 1, 2018, the Company adopted the following new accounting guidance that required retrospective adoption and applied the changes retrospectively to all periods presented.

- *Statement of Cash Flows* - Under new guidance, premiums paid for debt extinguishments are classified as cash outflows from financing activities. In addition, beneficial interests obtained in a securitization of financial assets are disclosed as a noncash activity and cash receipts from the beneficial interests are classified as cash inflows from investing activities.
- *Statement of Cash Flows* - Under new guidance, the statement of cash flows must explain the change in the total of cash, cash equivalents and restricted cash. In addition, restricted cash is included in a cash reconciliation of beginning-of-period and end-of-period total amounts shown on the statements of cash flow.
- *Pension and other postretirement benefit costs* - Under new guidance, only the service cost component of pension and other postretirement benefit costs is presented with other employee compensation costs within income from operations or capitalized in assets. The other components are reported separately outside of income from operations and are not eligible for capitalization.

Changes in Segment Reporting

Effective January 1, 2018, the Company made the following changes to its segment reporting to reflect refinements to its internal reporting.

- The North America Food Segment was moved to non-reportable segments.
- Definition of the segment performance measure, segment income, was revised to exclude intangible amortization charges.

Segment information for all periods presented has been retrospectively adjusted to conform to the 2018 presentation.

To reflect all of the changes noted above, the following Items of the 2017 Form 10-K are being adjusted retrospectively (which Items as adjusted are attached as an Exhibit hereto and incorporated by reference herein):

- Part I, Item 1. Business;
- Part II, Item 6. Selected Financial Data;
- Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; and

- Part II, Item 8. Financial Statements and Supplementary Data from Crown Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017.

The Current Report does not reflect events that may have occurred subsequent to the original filing date of the 2017 Form 10-K and does not modify or update in any way the disclosures made in the 2017 Form 10-K other than as required to retrospectively reflect changes from the adoption of new accounting guidance and changes to segment reporting, as described above. All other information in the 2017 Form 10-K remains unchanged. Without limitation of the foregoing, this filing does not purport to update the Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the 2017 Form 10-K for any information, uncertainties, transactions, risks, events or trends occurring, or becoming known to management subsequent to the date of filing of the 2017 Form 10-K and the subsequent Quarterly Report on Form 10-Q of the company for the quarterly period ended September 30, 2018, filed on October 29, 2018. For information on developments since the filing of the 2017 Form 10-K, please refer to the Company's subsequent filings with the Securities and Exchange Commission. The information contained in this Current Report on Form 8-K is not an amendment to, or a restatement of, the 2017 Form 10-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
23	Consent of Independent Registered Public Accounting Firm
99.1	Updated Part 1, Item 1. Business, Part II, Item 6. Selected Financial Data, Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Part II, Item 8. Financial Statements and Supplementary Data from Crown Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017.
101	The following recast financial information related to Crown Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Shareholders' Equity and (vi) Notes to the Consolidated Statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

CROWN HOLDINGS, INC.

By: /s/ David A. Beaver

David A. Beaver

Vice President and Corporate Controller

Dated: December 6, 2018

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (Nos.333-134005, 333-188568, 333-166764, 333-140992 and 333-140991) of Crown Holdings, Inc. of our report dated February 26, 2018, except with respect to our opinion on the consolidated financial statements insofar as it relates to the effects of the changes in accounting for pension and other postretirement benefit costs and certain cash receipts and payments discussed in Note A and the change in the Company's reportable segments discussed in Note V, as to which the date is December 6, 2018, relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania

December 6, 2018

EXPLANATORY NOTE

Crown Holdings, Inc. (the "Company") is filing this exhibit (the "Exhibit") to revise certain financial information and related disclosures included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2017 ("Annual Report"), which was filed with the Securities and Exchange Commission ("SEC") on February 26, 2018, as described below.

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- *Statement of Cash Flows* - Under new guidance, premiums paid for debt extinguishments are classified as cash outflows from financing activities. In addition, beneficial interests obtained in a securitization of financial assets are disclosed as a noncash activity and cash receipts from the beneficial interests are classified as cash inflows from investing activities.
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- Definition of the segment performance measure, segment income was revised to exclude intangible amortization charges.

Segment information for all periods presented has been retrospectively adjusted to conform to the 2018 presentation.

All other information in the 2017 Form 10-K remains unchanged. Unaffected items and unaffected portions of the Annual Report have not been repeated in, and are not amended by, this Exhibit. Without limitation of the foregoing, this filing does not purport to update the Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the 2017 Form 10-K for any information, uncertainties, transactions, risks, events or trends occurring, or becoming known to management subsequent to the date of filing of the 2017 Form 10-K and the subsequent Quarterly Report on Form 10-Q of the company for the quarterly period ended September 30, 2018, filed on October 29, 2018. For information on developments since the filing of the 2017 Form 10-K, please refer to the Company's subsequent filings with the Securities and Exchange Commission. The information contained in this Current Report on Form 8-K is not an amendment to, or a restatement of, the 2017 Form 10-K.

TABLE OF CONTENTS TO RECAST PORTIONS OF ANNUAL REPORT ON FORM 10-K

PART I

ITEM 1. BUSINESS

Crown Holdings, Inc. (the "Company" or the "Registrant") (where the context requires, the "Company" shall include reference to the Company and its consolidated subsidiary companies) is a Pennsylvania corporation.

The Company is a worldwide leader in the design, manufacture and sale of packaging products for consumer goods. The Company's primary products include steel and aluminum cans for food, beverage, household and other consumer products, glass bottles for beverage products and metal vacuum closures, steel crowns and caps. These products are manufactured in the Company's plants both within and outside the U.S. and are sold through the Company's sales organization to the soft drink, food, citrus, brewing, household products, personal care and various other industries. At December 31, 2017, the Company operated 143 plants along with sales and service facilities throughout 36 countries and had approximately 24,000 employees. Consolidated net sales for the Company in 2017 were $8.7 billion with 78% derived from operations outside the U.S.

DIVISIONS AND OPERATING SEGMENTS

The Company's business is organized geographically within three divisions: Americas, Europe and Asia Pacific. Within each Division, the Company is generally organized along product lines. The Company's reportable segment within the Americas Division is Americas Beverage. The Company's reportable segments within the European Division are European Beverage and European Food. The Company's Asia Pacific Division is a reportable segment which primarily consists of beverage can operations and also includes the Company's non-beverage can operations, primarily food cans and specialty packaging. The Company's non-reportable segments include its North American food can business, its European aerosol and promotional packaging business, its North American aerosol can business and its tooling and equipment operations in the U.S. and U.K.

Financial information concerning the Company's operating segments is set forth within "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report and under Note V to the consolidated financial statements.

AMERICAS DIVISION

The Americas Division includes operations in the U.S., Brazil, Canada, the Caribbean, Colombia and Mexico. These operations manufacture beverage, food and aerosol cans and ends, glass bottles, specialty packaging, metal vacuum closures, steel crowns and caps. At December 31, 2017, the division operated 50 plants in 7 countries and had approximately 7,000 employees. In 2017, the Americas Division had net sales of $3.8 billion.

Americas Beverage

The Americas Beverage segment manufactures aluminum beverage cans and ends, glass bottles, steel crowns and aluminum caps. Manufacturing facilities are located in the U.S., Brazil, Canada, Colombia and Mexico. Americas Beverage had net sales in 2017 of $2.9 billion and segment income (as defined under Note V to the consolidated financial statements) of $470 million.

EUROPEAN DIVISION

The European Division includes operations in Europe, the Middle East and Africa. These operations manufacture beverage, food and aerosol cans and ends, promotional packaging and metal vacuum closures and caps. At December 31, 2017, the division operated 61 plants in 22 countries and had approximately 12,000 employees. Net sales in 2017 were $3.6 billion.

European Beverage

The European Beverage segment manufactures steel and aluminum beverage cans and ends in Europe, the Middle East and North Africa. European Beverage had net sales in 2017 of $1.5 billion and segment income (as defined under Note V to the consolidated financial statements) of $235 million.

European Food

The European Food segment manufactures steel and aluminum food cans and ends, and metal vacuum closures, in Europe, Africa and the Middle East. European Food had net sales in 2017 of $1.9 billion and segment income (as defined under Note V to the consolidated financial statements) of $264 million.

ASIA PACIFIC DIVISION

The Asia Pacific Division is a reportable segment which primarily consists of beverage can operations in Cambodia, China, Indonesia, Malaysia, Singapore, Thailand and Vietnam and also includes the Company's non-beverage can operations, primarily food cans and specialty packaging in China, Singapore, Thailand and Vietnam. At December 31, 2017, the division operated 29 plants in 7 countries and had approximately 4,000 employees.

The Asia Pacific segment had net sales in 2017 of $1.2 billion and segment income (as defined under Note V to the consolidated financial statements) of $168 million.

PRODUCTS

Beverage Cans and Glass Bottles

The Company supplies beverage cans and ends and other packaging products to a variety of beverage and beer companies, including Anheuser-Busch InBev, Coca-Cola, Cott Beverages, Dr Pepper Snapple Group, Heineken, Molson Coors and Pepsi-Cola, among others. The Company's beverage can business is built around local, regional and global markets, which has served to develop the Company's understanding of global customer and consumer expectations. The Company's glass bottle business is based in Mexico and serves customers in the local market.

The beverage market is dynamic and highly competitive, with each packaging manufacturer working together with its customers to satisfy consumers' ever-changing needs. The Company competes by offering its customers broad market knowledge, resources at all levels of its worldwide organization and extensive research and development capabilities that have enabled the Company to provide its customers with innovative products. The Company meets its customers' beverage packaging needs with an array of two-piece beverage cans and ends and metal bottle caps. Innovations include the SuperEnd® and 360 End™ beverage can ends, and size variations, such as slim cans for low calorie products or larger sizes for high volume consumption. The Company expects to continue to add capacity in many of the growth markets around the world.

Beverage can and glass bottle manufacturing is capital intensive, requiring significant investment in tools and machinery. The Company seeks to effectively manage its invested capital and is continuing its efforts to reduce the metal content of its cans and reduce non-metal costs, including water and energy usage, while improving production processes.

Food Cans and Closures

The Company manufactures a variety of food cans and ends, including two-piece and three-piece cans in assorted shapes and sizes, and sells food cans to food marketers such as Abbot Laboratories, Bonduelle, Cecab, Morgan Foods, Nestlé, Princes Group and Simmons Foods, among others. The Company offers a wide variety of metal vacuum closures and sealing equipment solutions to leading marketers such as Abbot Laboratories, Danone, H. J. Heinz, Nestlé and Unilever, among others, from a network of metal vacuum closure plants around the world. The Company supplies total packaging solutions, including metal and composite closures, capping systems and services while working closely with customers, retailers and glass and plastic container manufacturers to develop innovative closure solutions and meet customer requirements.

Technologies used to produce food cans include three-piece welded, two-piece drawn and wall-ironed and two-piece drawn and redrawn. The Company also offers its LIFTOFF™ series of food ends, including its Easylift™ full aperture steel food can ends, and PeelSeam™ and PeelFit™ flexible aluminum foil laminated ends. The Company offers expertise in closure design and decoration, ranging from quality printing of the closure in up to nine colors, to inside-the-cap printing, which offers customers new promotional possibilities, to better product protection through Ideal Closures™, Orbit™ and Superplus™. The Company's commitment to innovation has led to developments in packaging materials, surface finishes, can shaping, lithography, filling, retorting, sealing and opening techniques and environmental performance. The Company manufactures easy open, vacuum and conventional ends for a variety of heat-processed and dry food products including fruits and vegetables, meat and seafood, soups, ready-made meals, infant formula, coffee and pet food.

Aerosol Cans

The Company’s customers for aerosol cans and ends include manufacturers of personal care, food, household and industrial products, including Friesland Campina, Procter & Gamble, SC Johnson and Unilever, among others. The aerosol can business is highly competitive. The Company competes by offering its customers a broad range of products including multiple sizes, multiple color schemes and shaped packaging.

Promotional and Specialty Packaging

The Company’s promotional and specialty packaging businesses are primarily located in Europe and Asia. The Company produces a wide range of promotional and specialty packaging containers with numerous lid and closure variations. The Company’s customers include Britvic and Nestlé among others.

SALES AND DISTRIBUTION

Global marketers qualify suppliers on the basis of their ability to provide global service, innovative designs and technologies in a cost-effective manner.

With its global reach, the Company markets and sells products to customers through its own sales and marketing staffs. In some instances, contracts with customers are centrally negotiated, but products are ordered through and distributed directly by the Company’s local facilities. The Company’s facilities are generally located in proximity to their respective major customers. The Company works closely with customers in order to develop new business and to extend the duration of its existing contracts.

Many customers provide the Company with quarterly or annual estimates of product requirements along with related quantities pursuant to which periodic commitments are given. Such estimates assist the Company in managing production and controlling use of working capital. The Company schedules its production to meet customer requirements. Because the production time for the Company’s products is short, any backlog of customer orders in relation to overall sales is not significant.

SEASONALITY

The food packaging business is somewhat seasonal with the first quarter tending to be the slowest period as the autumn packing period in the Northern Hemisphere has ended and new crops are not yet planted. The industry generally enters its busiest period in the third quarter when the majority of fruits and vegetables are harvested and immediately canned. Due to this seasonality, inventory levels increase in the first half of the year to meet peak demand in the second and third quarters. Weather represents a substantial uncertainty in the yield of food products and is a major factor in determining the demand for food cans in any given year. Generally, beverage products are consumed in greater amounts during the warmer months of the year in the Northern Hemisphere, and sales and earnings have generally been higher in the second and third quarters of the calendar year.

The Company’s other businesses primarily include aerosol, promotional and specialty packaging and canmaking equipment, which tend not to be as significantly affected by seasonal variations.

COMPETITION

Most of the Company’s products are sold in highly competitive markets, primarily based on price, quality, service and performance. The Company competes with other packaging manufacturers as well as with fillers, food processors and packers, some of whom manufacture containers for their own use and for sale to others. The Company’s competitors include, but are not limited to, Ardagh Group, Ball Corporation, BWAY Corporation, Can-Pack S.A., Metal Container Corporation and Silgan Holdings Inc.

CUSTOMERS

The Company’s largest customers consist of many of the leading manufacturers and marketers of packaged consumer products in the world. Consolidation trends among beverage and food marketers have led to a concentrated customer base. The Company’s top ten global customers represented in the aggregate approximately 33% of its 2017 net sales. In each of the years in the period 2015 through 2017, no one customer accounted for more than ten percent of the Company’s net sales. Each operating segment of the Company has major customers and the loss of one or more of these major customers could have a material adverse effect on an individual segment or the Company as a whole. Major customers include those listed above under the Products discussion. In addition to sales to Coca-Cola and Pepsi-Cola, the Company also supplies independent licensees of Coca-Cola and Pepsi-Cola.

RESEARCH AND DEVELOPMENT

The Company's principal Research, Development & Engineering (RD&E) Centers are located in Alsip, Illinois and Wantage, United Kingdom. The Company utilizes its centralized RD&E capabilities to advance and deliver technologies for the Company's worldwide packaging activities that (1) promote development of value-added metal packaging systems for its customers, (2) design cost-efficient manufacturing processes, systems and materials and material-efficient container designs that further the sustainability of metal packaging, (3) provide continuous quality and/or production efficiency improvements in its manufacturing facilities, (4) advance customer and supplier relationships, and (5) provide value-added engineering services and technical support. These capabilities facilitate (1) the identification of new and/or expanded market opportunities by working directly with customers to develop new packaging products or enhance existing packaging products through the application of new technologies that better differentiate customers' products in the retail environment (for example, the creation of new packaging shapes, novel decoration methods, or the addition of digital content through unique codes) and/or the incorporation of consumer-valued features (for example, improved openability and/or ease of use) and (2) the reduction of manufacturing costs by reducing the material content of the Company's products (while retaining necessary performance characteristics), reducing spoilage, and increasing operating efficiencies in manufacturing facilities.

The Company maintains a substantial portfolio of patents and other intellectual property (IP) in the field of metal packaging systems and seeks strategic partnerships to extend its IP in existing and emerging markets. As a result, the Company has licensed IP in geographic regions where the Company has a limited market presence today. Existing technologies such as SuperEnd® beverage ends, 360 End™ beverage ends, Easy-Flow™ beverage ends, Eole™ easy-open food ends and can shaping have been licensed in Australia, Japan, and Africa to provide customers with global access to Crown's brand building innovations.

The Company spent $39 million in both 2017 and 2015 and $41 million in 2016 in its centralized RD&E activities. Certain of these activities are expected to improve and expand the Company's product lines in the future. These expenditures include projects within the Company's RD&E facilities to improve manufacturing efficiencies, reduce unit costs, and develop new and improved value-added packaging systems. These expenditures do not include related product and process developments occurring within the Company's decentralized business units.

MATERIALS AND SUPPLIERS

The Company uses various raw materials, primarily aluminum and steel, in its manufacturing operations. In general, these raw materials are purchased in highly competitive, price-sensitive markets which have historically exhibited price and demand cyclicality. These and other materials used in the manufacturing process have historically been available in adequate supply from multiple sources.

The Company has agreements for what it considers adequate supplies of raw materials. However, sufficient quantities may not be available in the future due to, among other things, shortages due to excessive demand, weather or other factors, including disruptions in supply caused by raw material transportation or production delays. From time to time, some of the raw materials have been in short supply but, to date, these shortages have not had a significant impact on the Company’s operations.

In 2017, consumption of steel and aluminum represented 21% and 42% of consolidated cost of products sold, excluding depreciation and amortization. Due to the significance of these raw materials to the overall cost of products sold, raw material efficiency is a critical cost component of the products manufactured. Supplier consolidations, changes in ownership, government regulations, political unrest and increased demand for raw materials in the packaging and other industries, among other risk factors, could cause uncertainty as to the availability of and the level of prices at which the Company might be able to source such raw materials in the future. Moreover, the prices of aluminum and steel can be subject to significant volatility. The Company’s raw material supply contracts vary as to terms and duration, with steel contracts typically one year in duration with fixed prices or set repricing dates, and aluminum contracts typically multi-year in duration with fluctuating prices based on aluminum ingot costs. The Company generally attempts to mitigate its steel and aluminum price risk by matching its purchase obligations with its sales agreements; however, there can be no assurance that the Company will be able to fully mitigate that risk.

The Company, in agreement with customers in many cases, also uses commodity and foreign currency forwards in an attempt to manage its exposure to aluminum price volatility.

There can be no assurance that the Company will be able to fully recover from its customers the impact of aluminum and steel price increases or that the use of derivative instruments will effectively manage the Company’s exposure to price volatility. In addition, if the Company were unable to purchase steel and aluminum for a significant period of time, its operations would be disrupted, and if the Company were unable to fully recover the higher cost of steel and aluminum, its financial results may be adversely affected. The Company continues to monitor this situation and the effect on its operations. As a result of continuing global supply and demand pressures, other commodity-related costs affecting the Company's business may increase as well, including natural gas, electricity and freight-related costs. The Company will attempt to increase prices on its products accordingly in order to recover these costs.

In response to the volatility of raw material prices, ongoing productivity and cost reduction efforts in recent years have focused on improving raw material cost management.

The Company's manufacturing facilities are dependent, in varying degrees, upon the availability of water and processed energy, such as natural gas and electricity. Certain of these may become difficult or impossible to obtain on acceptable terms due to external factors which could increase the Company's costs or interrupt its business.

Aluminum and steel, by their very nature, can be recycled at high effectiveness and can be repeatedly reused to form new consumer packaging with minimal or no degradation in performance, quality or safety. By recycling these metals, large amounts of energy can be saved and significant water use and carbon dioxide emissions avoided.

SUSTAINABILITY AND ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

The Company's operations are subject to numerous laws and regulations governing the protection of the environment, disposal of waste, discharges into water, emissions into the atmosphere and the protection of employee health and safety. Future regulations may impose stricter environmental requirements on the packaging industry and may require additional capital investment. Anticipated future restrictions in some jurisdictions on the use of certain coatings may require the Company to employ additional control equipment or process modifications. The Company has a Corporate Sustainability Policy and a Corporate Environmental Protection Policy. Environmental awareness is a key component of sustainability. Environmental considerations are among the criteria by which the Company evaluates projects, products, processes and purchases. The Company is committed to continuous improvement in product design and manufacturing practices to provide the best outcome for the human and natural environment, both now and in the future. By reducing the per-unit amount of raw materials used in manufacturing its products, the Company can significantly reduce the amount of energy, water and other resources and associated emissions necessary to manufacture metal containers. The Company aims to continue that process of improvement in its manufacturing process to assure that consumers and the environment are best served through the use of metal packaging. The Company is also committed to providing a safe work environment for its employees through programs that emphasize safety awareness and the elimination of injuries and incidents. There can be no assurance that current or future environmental laws or liabilities will not have a material effect on the Company's financial condition, liquidity or results of operations. Discussion of the Company's environmental matters is contained within "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report under the caption "Environmental Matters," and under Note M to the consolidated financial statements.

WORKING CAPITAL

The Company generally uses cash during the first nine months of the year to finance seasonal working capital needs. The Company's working capital requirements are funded by cash flows from operations, revolving credit facilities and receivables securitization and factoring programs.

Further information relating to the Company's liquidity and capital resources is set forth within "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report under the caption "Liquidity" and under Note Q to the consolidated financial statements.

EMPLOYEES

At December 31, 2017, the Company had approximately 24,000 employees. Collective bargaining agreements with varying terms and expiration dates cover approximately 15,000 employees. The Company does not expect that renegotiation of the agreements expiring in 2018 will have a material adverse effect on its consolidated results of operations, financial position or cash flow.

AVAILABLE INFORMATION

The Company's internet website address is www.crowncork.com. Information on the Company's website is not incorporated by reference in this Annual Report on Form 10-K. The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed by the Company with the U.S. Securities and Exchange

Commission pursuant to sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are accessible free of charge through the Company's website as soon as reasonably practicable after the documents are filed with, or otherwise furnished to,

the U. S. Securities and Exchange Commission. The Company's SEC filings are also available for reading and copying at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site (http://www.sec.gov) containing reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

The Company's Code of Business Conduct and Ethics, its Corporate Governance Guidelines, and the charters of its Audit, Compensation and Nominating and Corporate Governance committees are available on the Company's website. These documents are also available in print to any shareholder who requests them. Amendments to and waivers of the Code of Business Conduct and Ethics requiring disclosure under applicable SEC rules will be disclosed on the Company's website.

PART II

ITEM 6. SELECTED FINANCIAL DATA

(in millions, except per share, ratios and other statistics)	2017	2016	2015 (a)	2014 (b)	2013
Summary of Operations					
Net sales	$ 8,698	$ 8,284	$ 8,762	$ 9,097	$ 8,656
Cost of products sold, excluding depreciation and amortization	7,006	6,623	7,140	7,529	7,168
Depreciation and amortization	247	247	237	190	134
Selling and administrative expense	367	366	382	390	417
Provision for asbestos	3	21	26	40	52
Restructuring and other	51	30	64	121	30
Loss from early extinguishments of debt	7	37	9	34	41
Other pension and postretirement	(53)	(24)	(14)	12	24
Interest expense, net of interest income	237	231	259	246	231
Foreign exchange	4	(16)	20	14	3
Income before income taxes and equity earnings	829	769	639	521	556
Provision for income taxes	401	186	178	43	141
Net income	428	583	461	478	415
Net income attributable to noncontrolling interests	(105)	(87)	(68)	(88)	(104)
Net income attributable to Crown Holdings	$ 323	$ 496	$ 393	$ 390	$ 311
Financial Position at December 31					
Working capital	$ (176)	$ (55)	$ 141	$ 695	$ 256
Total assets	10,663	9,599	10,050	9,673	8,025
Total cash and cash equivalents	424	559	717	965	689
Total debt	5,343	4,911	5,518	5,194	3,805
Total equity	923	668	385	337	236
Common Share Data (dollars per share)					
Earnings:					
Basic	$ 2.39	$ 3.58	$ 2.85	$ 2.84	$ 2.23
Diluted	2.38	3.56	2.82	2.82	2.21
Market price on December 31	56.25	52.57	50.70	50.90	44.57
Number of shares outstanding at year-end	134.3	139.8	139.4	139.0	138.2
Average shares outstanding					
Basic	135.3	138.5	137.9	137.2	139.5
Diluted	135.6	139.3	139.1	138.5	140.7
Other					
Capital expenditures	$ 498	$ 473	$ 354	$ 328	$ 275

On January 1, 2018, Crown adopted new accounting guidance which requires only the service cost component of pension and other postretirement benefit costs to be presented within income from operations. The other components are reported separately outside of income from operations. The amounts above reflect changes from the adoption of this new accounting guidance.

(a) Includes the results of the Empaque acquisition from February 18, 2015 through December 31, 2015.
(b) Includes the results of the Mivisa acquisition from April 23, 2014 through December 31, 2014.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(in millions, except per share, average settlement cost per asbestos claim, employee, shareholder and statistical data)

INTRODUCTION

The following discussion summarizes the significant factors affecting the results of operations and financial condition of Crown Holdings, Inc. (the "Company") as of and during the three-year period ended December 31, 2017. This discussion should be read in conjunction with the consolidated financial statements included in this Annual Report.

BUSINESS STRATEGY AND TRENDS

The Company's strategy is to grow its businesses in targeted international growth markets, while improving operations and results in more mature markets through disciplined pricing, cost control and careful capital allocation.

In December 2017, the Company announced that it has entered into an agreement to acquire Signode Industrial Group, a leading global provider of transit packaging systems and solutions, for cash consideration of $3.91 billion. With the acquisition, the Company will add a portfolio of premier transit and protective packaging franchises to its existing metal packaging businesses, thereby broadening and diversifying its customer base and significantly increasing cash flow.

The Company's global beverage can business continues to be a major strategic focus for organic growth. For several years, global industry demand for beverage cans has been growing and this is expected to continue in the coming years. While emerging markets such as Southeast Asia and Mexico have experienced higher growth rates due to rising per capita incomes and accompanying increases in beverage consumption, the more mature economies in Europe and North America have also seen market expansion. This is being propelled by the growth of beverages such as energy drinks, teas, juices, sparkling waters and craft beer and an increased preference for cans over certain other forms of beverage packaging. In addition, the Company's acquisition of Empaque in 2015 significantly increased its strategic position in beverage cans and its presence in the growing Mexican market.

Global food and aerosol can sales unit volumes have been stable to declining in recent years primarily due to lower consumer spending. The Company continues to benefit from the 2014 acquisition of Mivisa which provided the Company the leading position in Spain, a major European agricultural market.

While the opportunity for organic volume growth in the Company's mature markets is not comparable to that in targeted international growth markets, the Company continues to generate strong returns on invested capital and significant cash flow from these businesses. The Company monitors capacity across all of its businesses and, where necessary, may take action such as closing a plant or reducing headcount to better manage its costs. Any or all of these actions may result in additional restructuring charges in the future which may be material.

Aluminum and steel prices can be subject to significant volatility and there has not been a consistent and predictable trend in pricing. As part of the Company's efforts to manage cost, it attempts to pass-through increases in the cost of aluminum and steel to its customers. The Company's ability to pass-through aluminum premium costs to its customers varies by market. There can be no assurance that the Company will be able to recover from its customers the impact of any such increased costs.

Through 2020, the Company's primary capital allocation focus will be to reduce leverage, as was successfully accomplished following the Mivisa and Empaque acquisitions.

RESULTS OF OPERATIONS

The key measure used by the Company in assessing performance is segment income, a non-GAAP measure generally defined by the Company as income from operations adjusted to add back provisions for asbestos and restructuring and other, the impact of fair value adjustments related to the sale of inventory acquired in an acquisition and the timing impact of hedge ineffectiveness. Effective January 1, 2018, the Company made changes to its segment reporting to reflect refinements to its internal reporting. The North America Food Segment was classified as a non-reportable segments. Additionally, the Company revised its definition of segment income to also exclude intangibles amortization charges. Prior period segment income amounts have been recast to conform to current year presentation of intangible amortization charges and the new guidance related to the presentation of pension and other postretirement benefit costs discussed in Note A.

The foreign currency translation impacts referred to in the discussion below were primarily due to changes in the euro and pound sterling in the Company's European segments, the Brazilian real, Canadian dollar and Mexican peso in the Company's Americas segments and the Chinese renminbi and Thai baht in the Company's Asia Pacific segment. The Company calculates the impact of foreign currency translation by multiplying or dividing, as appropriate, current year U.S. dollar results by the current year average foreign exchange rates and then multiplying or dividing, as appropriate, those amounts by the applicable prior year average exchange rates.

NET SALES AND SEGMENT INCOME

	2017	2016	2015
Net sales	$ 8,698	$ 8,284	$ 8,762
Beverage cans and ends as a percentage of net sales	58%	58%	57%
Food cans and ends as a percentage of net sales	27%	27%	28%

Year ended December 31, 2017 compared to 2016

Net sales increased primarily due to the pass-through of higher raw material costs, higher global beverage and food can sales unit volumes and the impact of foreign currency translation. Net sales would have been $19 lower using exchange rates in effect during 2016.

Year ended December 31, 2016 compared to 2015

Net sales decreased primarily due to the impact of foreign currency translation and the pass-through of lower raw material costs. Net sales would have been $277 higher using exchange rates in effect during 2015.

Discussion and analysis of net sales and segment income by segment follows.

Americas Beverage

The Americas Beverage segment manufactures aluminum beverage cans and ends, steel crowns, glass bottles and aluminum closures and supplies a variety of customers from its operations in the U.S., Brazil, Canada, Colombia and Mexico. The U.S. and Canadian beverage can markets are mature markets which have experienced stable volumes in recent years. In Brazil, Mexico and Colombia, the Company's sales unit volumes have increased in recent years primarily due to market growth driven by increased per capita incomes and consumption, combined with an increased preference for cans over other forms of beverage packaging.

In December 2016, the Company began commercial production at a new beverage can plant in Monterrey, Mexico that is capable of producing multiple can sizes. Additionally, in the first half of 2017, the Company began commercial shipments from its new beverage can plant in Nichols, New York. In addition to enhancing the Company's presence in specialty beverage can sizes, the plant provides an attractive cost platform, including reduced freight, from which to serve customers in the northeastern region of the U.S. and eastern region of Canada. In June 2017, the company completed a capacity expansion project in Colombia. In January 2018, the Company commenced operations in a new glass bottle facility in Chihuahua, Mexico to serve the expanding beer market in the northern part of the country.

Net sales and segment income in the Americas Beverage segment were as follows:

	2017	2016	2015
Net sales	$ 2,928	$ 2,757	$ 2,771
Segment income	470	456	431

Year ended December 31, 2017 compared to 2016

Net sales increased primarily due to the pass-through of higher aluminum costs of $135 and a 3% increase in sales unit volumes.

Segment income increased primarily due to higher sales unit volumes and geographic mix, partially offset by $10 of incremental start-up costs associated with the Company's new facility in Nichols, New York.

The Company announced plans to close a U.S. beverage can facility in 2018 in an effort to reduce costs by eliminating excess capacity and consolidating manufacturing processes. The Company expects this action to result in annual cost savings of approximately $10 when completed in 2018 but there can be no assurances these pre-tax savings will be realized.

Year ended December 31, 2016 compared to 2015

Net sales decreased primarily due to the impact of foreign currency translation and the pass-through of lower material costs partially offset by a 6% increase in sales unit volumes, which includes the impact of Empaque for an additional six weeks. Net sales would have been $133 higher using exchange rates in effect during 2015.

Segment income increased primarily due to $41 from higher sales unit volumes, including the impact of an additional six weeks of Empaque, improved cost performance, and a benefit of $11 from lower aluminum premium costs in Brazil, partially offset by the impact of foreign currency translation and start-up costs at new facilities in Mexico and New York as described above. Segment income would have been $19 higher using exchange rates in effect during 2015.

European Beverage

The Company's European Beverage segment manufactures steel and aluminum beverage cans and ends and supplies a variety of customers from its operations throughout Europe, the Middle East and North Africa. In recent years, the European beverage can market has been growing.

In the fourth quarter of 2016, a second line at the Osmaniye, Turkey plant began commercial production in response to growing demand for multiple can sizes. In addition, the Company completed the conversion of its plant in Custines, France, from steel to aluminum with the start-up of the second line in April 2017. The Company has also announced plans to construct a new plant in the Valencia region of Spain which will facilitate the conversion from steel to aluminum beverage cans. Production is expected to commence during the fourth quarter of 2018.

Net sales and segment income in the European Beverage segment were as follows:

	2017	2016	2015
Net sales	$ 1,457	$ 1,420	$ 1,504
Segment income	235	240	223

Year ended December 31, 2017 compared to 2016

Net sales increased primarily due to 2% higher sales unit volumes, with higher volumes in Europe partially offset by lower volumes in the Middle East, and the pass-through of higher aluminum costs.

Segment income decreased primarily due to lower sales in the Middle East being partially offset by higher sales unit volumes in Europe.

Year ended December 31, 2016 compared to 2015

Net sales decreased primarily due to the impact of foreign currency translation and the pass-through of lower aluminum costs. Net sales would have been $52 higher using exchange rates in effect during 2015.

Segment income increased primarily due to lower aluminum premium costs partially offset by the impact of foreign currency translation. Segment income would have been $9 higher using exchange rates in effect during 2015.

European Food

The European Food segment manufactures steel and aluminum food cans and ends and metal vacuum closures, and supplies a variety of customers from its operations throughout Europe and Africa. The European food can market is a mature market which has experienced stable to slightly declining volumes in recent years.

Net sales and segment income in the European Food segment were as follows:

	2017	2016	2015
Net sales	$ 1,935	$ 1,855	$ 1,984
Segment income	264	260	263

Year ended December 31, 2017 compared to 2016

Net sales increased primarily due to the pass-through of higher tinplate costs and the impact of foreign currency translation partially offset by the negative impact of product mix. Net sales would have been $26 lower using exchange rates in effect during 2016.

Segment income was comparable to 2016 as benefits from foreign currency translation, prior year restructuring actions and improved cost performance offset the negative impact of product mix. Segment income would have been $5 lower using exchange rates in effect during 2016.

Year ended December 31, 2016 compared to 2015

Net sales decreased primarily due to product and geographic mix including a 1% decline in sales unit volumes, $43 from the pass-through of lower tinplate costs and the impact of foreign currency translation. Net sales would have been $32 higher using exchange rates in effect during 2015.

Segment income decreased due to a decline in sales unit volumes partially offset by improved cost performance, including the impact of recent restructuring and other actions.

Asia Pacific

The Company's Asia Pacific segment primarily consists of beverage can operations in Cambodia, China, Indonesia, Malaysia, Singapore, Thailand and Vietnam and also includes the Company's non-beverage can operations, primarily food cans and specialty packaging in China, Singapore, Thailand and Vietnam. In recent years, the beverage can market in Asia has been growing. The Company's third beverage can plant in Cambodia began commercial production in the second quarter of 2016. The Company's new beverage can facility in Jakarta, Indonesia, and a second line at its beverage can plant in Danang, Vietnam, began commercial production in June and October 2017. In addition, a new beverage can plant in Yangon, Myanmar is scheduled for start-up in the first half of 2018. The Company also announced the closure of its Shanghai and Beijing beverage can facilities in 2016 and 2017 in an effort to reduce costs by consolidating the manufacturing processes in China.

Net sales and segment income in the Asia Pacific segment were as follows:

	2017	2016	2015
Net sales	$ 1,177	$ 1,116	$ 1,202
Segment income	168	152	145

Year ended December 31, 2017 compared to 2016

Net sales increased primarily due to 11% higher sales unit volume in Southeast Asia partially offset by a sales unit volume decrease related to the closure of the Shanghai and Beijing beverage can facilities.

Segment income increased primarily due to increased sales unit volumes and cost reductions related to the closure of the Shanghai and Beijing beverage can facilities, partially offset by higher raw material costs.

Year ended December 31, 2016 compared to 2015

Net sales decreased primarily due to $79 from lower selling prices, including the pass-through of lower raw material costs, and from the impact of foreign currency translation, partially offset by a 2% increase in sales unit volumes. Net sales would have been $26 higher using exchange rates in effect during 2015.

Segment income increased primarily due to higher sales unit volumes in Southeast Asia.

Non-reportable Segments

The Company's non-reportable segments include its North American food can business, its European aerosol can and promotional packaging business, its North American aerosol can business and its tooling and equipment operations in the U.S. and U.K. In recent years, the Company's aerosol can and promotional packaging businesses have experienced slightly declining volumes. In 2015, the Company completed the sale of four of its European industrial specialty packaging plants.

Net sales and segment income in non-reportable segments were as follows:

	2017	2016	2015
Net sales	$ 1,201	$ 1,136	$ 1,301
Segment income	123	123	153

Year ended December 31, 2017 compared to 2016

Net sales increased primarily due to the pass-through of higher tinplate costs in the Company's North America food can business and global aerosol businesses and 5% higher sales unit volumes in the Company's North America food can business. Segment income was comparable.

The Company announced the closure of a promotional packaging facility in Europe in an effort to reduce cost. The Company expects this action to result in annual cost savings of approximately $5 when completed in 2018 but there can be no assurance that these pre-tax savings will be realized.

Year ended December 31, 2016 compared to 2015

Net sales decreased primarily due to $46 from lower equipment sales, $45 from the divestiture of certain operations within the Company's European aerosol and promotional packaging businesses in 2015, $53 from lower selling prices in the Company's food can, aerosol and promotional packaging businesses, including the pass-through of lower tinplate prices, and the impact of foreign currency translation. Net sales would have been $34 higher using exchange rates in effect during 2015.

Segment income decreased primarily due to lower sales unit volumes partially offset by improved cost performance in the Company's North America food can business, $7 from lower sales in the Company's North America aerosol can business and the impact of foreign currency translation. Segment income would have been $9 higher using exchange rates in effect during 2015.

Corporate and unallocated

	2017	2016	2015
Corporate and unallocated	$ (143)	$ (142)	$ (172)

Corporate and unallocated items increased primarily due to a benefit of $8 due to the timing impact of hedge ineffectiveness in 2016 that did not recur in 2017. The increase was partially offset by lower technology and other general corporate costs.

Corporate and unallocated items in 2016 included an $8 benefit related to the timing impact of hedge ineffectiveness as compared to a charge of $1 in 2015. Additionally, corporate and unallocated expenses decreased due to $7 of lower stock-based compensation expense and a 2015 charge of $6 related to fair value adjustments for the sale of inventory acquired in the acquisition of Empaque.

COST OF PRODUCTS SOLD (EXCLUDING DEPRECIATION AND AMORTIZATION)

Cost of products sold (excluding depreciation and amortization) increased from $6,623 in 2016 to $7,006 in 2017 primarily due to the impact of higher raw material costs.

Cost of products sold (excluding depreciation and amortization) decreased from $7,140 in 2015 to $6,623 in 2016 primarily due to the impact of foreign currency translation and lower raw material costs partially offset by the impact of the Empaque acquisition. Cost of products sold would have been $214 higher using exchange rates in effect during 2015.

Cost of products sold (excluding depreciation and amortization) as a percentage of net sales was 81% in 2017, 80% in 2016 and 82% in 2015.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $247 in both 2017 and 2016.

Depreciation and amortization increased from $237 in 2015 to $247 in 2016 primarily due to the impact of recent capacity expansion and depreciation and amortization of fixed assets and intangible assets recorded in connection with the Company's acquisition of Empaque in 2015, partially offset by favorable currency translation.

SELLING AND ADMINISTRATIVE EXPENSE

Selling and administrative expense was comparable in 2016 and 2017.

Selling and administrative expense decreased from $382 in 2015 to $366 in 2016 primarily due to $12 from the impact of foreign currency translation and $7 from lower stock-compensation expense, partially offset by higher general corporate costs.

PROVISION FOR ASBESTOS

Crown Cork & Seal Company, Inc. is one of many defendants in a substantial number of lawsuits filed throughout the U.S. by persons alleging bodily injury as a result of exposure to asbestos. During 2017, 2016 and 2015 the Company recorded charges of $3, $21 and $26 to increase its accrual for asbestos-related costs and made asbestos-related payments of $30 in each year. The Company currently expects 2018 payments to be approximately $30. See Note L to the consolidated financial statements for additional information regarding the provision for asbestos-related costs. Also see the Critical Accounting Policies section of this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of the Company’s policies with respect to asbestos liabilities.

INTEREST EXPENSE

For the year ended December 31, 2017 compared to 2016, interest expense increased from $243 to $252 primarily due to increased average borrowing rates.

For the year ended December 31, 2016 compared to 2015, interest expense decreased from $270 to $243 primarily due to lower average debt outstanding.

TAXES ON INCOME

The Company's effective income tax rates were as follows:

	2017	2016	2015
Income before income taxes	$ 829	$ 769	$ 639
Provision for income taxes	401	186	178
Effective income tax rate	48.4%	24.1%	27.9%

The higher effective tax rate in 2017 was primarily due to a net charge of $177 to recognize the provisional impact of the new U.S. federal tax reform legislation. The Tax Act imposed a limitation on the tax deduction for interest expense , net of interest income, to 30% of a U.S. corporation's adjusted taxable income. The Tax Act also changes certain provisions related to the taxation of non-U.S. subsidiary earnings. As a result, beginning in 2018, the Company will no longer record U.S. federal income tax on its share of foreign subsidiaries (except for certain categories of passive and intangible income), nor will the Company record a benefit for foreign tax credits related to that income. The Company does not believe these changes will have a material effect on its effective tax rate.

The low effective tax rate in 2016 was primarily due to a benefit of $31 from the release of the valuation allowance against the Company's net deferred tax assets in Canada.

For additional information regarding income taxes, see Note U to the consolidated financial statements and the Critical Accounting Policies section of this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of the Company’s policies with respect to valuation allowances.

NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS

Net income attributable to noncontrolling interests increased from $68 in 2015 to $87 in 2016 and $105 in 2017 primarily due to higher earnings in the Company's beverage can operations in Brazil.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES

Cash used by operating activities increased from $134 in 2016 to $251 in 2017 primarily due to higher pension contributions, including a voluntary contribution to the Company's U.K. defined benefit pension plan.

Receivables increased from $865 in 2016 to $1,041 in 2017 primarily due to increased sales unit volumes and the impact of foreign currency translation. Days sales outstanding for trade receivables increased from 32 in 2016 to 34 in 2017.

Inventories increased from $1,245 in 2016 to $1,385 in 2017 primarily due to the impact of foreign currency translation and higher raw material costs. Inventory turnover was 66 days at December 31, 2016 compared to 67 days at December 31, 2017.

The food can business is seasonal with the first quarter tending to be the slowest period as the autumn packaging period in the Northern Hemisphere has ended and new crops are not yet planted. The industry enters its busiest period in the third quarter when the majority of fruits and vegetables in the Northern Hemisphere are harvested. Due to this seasonality, inventory levels increase in the first half of the year to meet peak demand in the second and third quarters. The beverage can business is also seasonal with inventory levels generally increasing in the first half of the year to meet peak demand in the summer months in the Northern Hemisphere.

Accounts payable and accrued liabilities increased from $2,702 in 2016 to $3,124 in 2017 primarily due to higher raw material costs and the impact of foreign currency translation. Days outstanding for trade payables increased from 102 days at December 31, 2016 to 119 days at December 31, 2017 primarily due to higher raw material costs.

INVESTING ACTIVITIES

Cash provided by investing activities decreased from $633 in 2016 to $496 in 2017 primarily due to lower cash collections on beneficial interests in transferred receivables and an increase in capital expenditures. The Company currently expects capital expenditures in 2018 of approximately $425.

At December 31, 2017, the Company had $130 of capital commitments, primarily related to its Europe Beverage segment. The Company expects to fund these commitments primarily through cash generated from operations.

FINANCING ACTIVITIES

Financing activities used cash of $400 in 2017 primarily due to purchases of the Company's common stock.

Financing activities used cash of $638 in 2016 primarily due to repayments of debt.

LIQUIDITY

As of December 31, 2017, $347 of the Company's $424 in cash and cash equivalents was located outside the U.S. The Company is not currently aware of any legal restrictions under foreign law that materially impact its access to cash held outside the U.S. The Company funds its cash needs in the U.S. through a combination of cash flows from operations, dividends from certain foreign subsidiaries, borrowings under its revolving credit facility and the acceleration of cash receipts under its receivable securitization and factoring facilities. Of the cash and cash equivalents located outside the U.S., $175 was held by subsidiaries for which earnings are considered indefinitely reinvested. While based on current operating plans the Company does not foresee a need to repatriate these funds, the Company is still evaluating the impact of the Tax Act. If such earnings were repatriated the Company may be required to record incremental foreign taxes on the repatriated funds.

The Company funds its worldwide cash needs through a combination of cash flows from operations, borrowings under its revolving credit facilities and the acceleration of cash receipts under its receivables securitization and factoring facilities. As of December 31, 2017, the Company had available capacity of $1,236 under its revolving credit facilities. The Company could have borrowed this amount at December 31, 2017 and would still be in compliance with its leverage ratio covenants.

The ratio of total debt, less cash and cash equivalents, to total capitalization was 84.2% and 86.7% at December 31, 2017 and 2016. Total capitalization is defined by the Company as total debt plus total equity, less cash and cash equivalents.

The Company's debt agreements contain covenants that limit the ability of the Company and its subsidiaries to, among other things, incur additional debt, pay dividends or repurchase capital stock, make certain other restricted payments, create liens and engage in sale and leaseback transactions. These restrictions are subject to a number of exceptions, however, which allow the Company to incur additional debt, create liens or make otherwise restricted payments. The amount of restricted payments permitted to be made, including dividends and repurchases of the Company's common stock, may be limited to the cumulative excess of $200 plus 50% of adjusted net income plus proceeds from the exercise of employee stock options over the aggregate of restricted payments made since July 2004. Adjustments to net income may include, but are not limited to, items such as asset impairments, gains and losses from asset sales and early extinguishments of debt.

The Company’s revolving credit facility and term loans also contain a net leverage ratio covenant. The total net leverage ratio is calculated as total net debt divided by Adjusted EBITDA. Total net debt is defined in the credit agreement as total debt less cash and cash equivalents. Adjusted EBITDA is calculated as the sum of net income attributable to Crown Holdings, net income attributable to noncontrolling interests, income taxes, interest expense, depreciation and amortization, and certain non-cash charges. The Company’s total net leverage ratio of 3.55 to 1.0 at December 31, 2017 was in compliance with the covenant requiring a ratio no greater than 4.50 to 1.0. The ratio is calculated at the end of each quarter using debt and cash balances as of the end of the quarter and Adjusted EBITDA for the most recent twelve months. Failure to meet the financial covenant could result in the acceleration of any outstanding amounts due under the revolving credit facilities, term loan facilities and farm credit facility.

The Company’s current sources of liquidity include securitization facilities with program limits that expire as follows: $350 in December 2018 and $175 in December 2019. Additional sources of liquidity include borrowings that mature as follows: its $1,400 revolving credit facilities in April 2022; its €650 ($781 at December 31, 2017) 4.0% senior notes in July 2022; its $1,000 4.50% senior notes in January 2023; its €600 ($720 at December 31, 2017) 2.625% senior notes in September 2024; its €600 ($720 at December 31, 2017) 3.375% senior notes in May 2025; its $400 4.25% senior notes in September 2026; its $350 7.375% senior notes in December 2026; its $40 7.5% senior notes in December 2096; and its $130 of other indebtedness in various currencies at various dates through 2036. In addition, the Company's term loan and farm credit facilities mature as follows: $32 in December 2018, $47 in December 2019, $54 in both December 2020 and December 2021 and $878 in December 2022.

CONTRACTUAL OBLIGATIONS

Contractual obligations as of December 31, 2017 are summarized in the table below.

	Payments Due by Period						
	2018	2019	2020	2021	2022	2023 & after	Total
Long-term debt	$ 64	$ 72	$ 77	$ 63	$ 1,789	$ 3,255	$ 5,320
Interest on long-term debt	201	199	196	193	192	135	1,116
Operating leases	44	32	24	17	12	67	196
Projected pension contributions	18	24	26	18	23	—	109
Postretirement obligations	14	14	14	13	13	56	124
Purchase obligations	3,259	1,005	748	417	21	—	5,450
Total contractual cash obligations	$ 3,600	$ 1,346	$ 1,085	$ 721	$ 2,050	$ 3,513	$ 12,315

All amounts due in foreign currencies are translated at exchange rates as of December 31, 2017.

The Company expects to fund its obligations through a combination of cash flows from operations, borrowings under its revolving credit facilities and the acceleration of cash receipts under its receivables securitization and factoring programs.

Aggregate maturities of long-term debt, including capital lease obligations, for the five years subsequent to 2017 exclude unamortized discounts and debt issuance costs.

Interest on long-term debt is presented through 2023 only and represents the interest that will accrue by year based on debt outstanding and interest rates in effect as of December 31, 2017.

Projected pension contributions represent the Company's expected funding contributions for the next five years. Future changes to mortality tables or other factors used to determine pension contributions could have a significant impact on the Company's future contributions and its cash flow available for debt reduction, capital expenditures or other purposes.

Postretirement obligations represent expected payments to retirees for medical and life insurance coverage for the next ten years. Pension and postretirement obligation projections require the use of numerous estimates and assumptions such as discount rates, rates of return on plan assets, compensation increases, health care cost increases, mortality and employee turnover and have therefore been provided for only five years for pension and ten years for postretirement.

Purchase obligations include commitments for raw materials and utilities at December 31, 2017. These commitments specify significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable pricing provisions; and the approximate timing of transactions.

The table above excludes $29 of liabilities for unrecognized tax benefits because the Company is unable to estimate when these amounts may be paid, if at all. See Note U to the consolidated financial statements for additional information on the Company's unrecognized tax benefits.

In order to reduce leverage and future interest payments, the Company may from time to time repurchase outstanding notes and debentures with cash, exchange shares of its common stock for the Company's outstanding notes and debentures, or seek to refinance its existing credit facilities and other indebtedness. The Company will evaluate any such transactions in light of then existing market conditions and may determine not to pursue such transactions.

MARKET RISK

In the normal course of business the Company is subject to risk from adverse fluctuations in foreign exchange rates, interest rates and commodity prices. The Company manages these risks through a program that includes the use of derivative financial instruments, primarily swaps and forwards. Counterparties to these contracts are major financial institutions. These instruments are viewed as risk management tools, involve little complexity, and are not used for trading or speculative purposes. The extent to which the Company uses such instruments is dependent upon its access to them in the financial markets and its use of other methods, such as netting exposures for foreign exchange risk and establishing sales arrangements that permit the pass-through to customers of changes in commodity prices and foreign exchange rates, to effectively achieve its goal of risk reduction. The Company's objective in managing its exposure to market risk is to limit the impact on earnings and cash flow.

The Company manages foreign currency exposures at the operating unit level. Exposures that cannot be naturally offset within an operating unit may be hedged with derivative financial instruments where possible and cost effective in the Company's judgment. Foreign exchange contracts generally mature within twelve months.

The table below provides information in U.S. dollars as of December 31, 2017 about the Company's forward currency exchange contracts. The contracts primarily hedge anticipated transactions, unrecognized firm commitments and intercompany debt. The contracts with no amounts in the fair value column have a fair value of less than $1.

Buy/Sell	Contract amount	Contract fair value gain/(loss)	Average contractual exchange rate
U.S. dollars/Euro	$ 48	$ (1)	1.19
Sterling/Euro	291	3	0.90
Euro/Sterling	629	(1)	1.12
Euro/U.S. dollars	225	4	0.84
U.S. dollars/Sterling	9	—	1.34
Sterling/U.S. dollars	13	—	0.76
Singapore dollars/U.S. dollars	41	—	1.35
Polish Zloty/Euro	4	—	4.48
U.S. dollars/Turkish Lira	5	—	0.29
Turkish Lira/U.S. dollars	5	(1)	3.17
Euro/Singapore dollars	90	1	0.63
Euro/Polish Zloty	56	(1)	0.24
	$ 1,416	$ 4	

At December 31, 2017, the Company had additional contracts with an aggregate notional value of $83 to purchase or sell other currencies, primarily Asian currencies, including the Malaysian Ringgit, Thai Baht, Japanese Yen, and Hong Kong Dollar; European currencies, including the Hungarian Florint; the South African Rand; and the Canadian Dollar. The aggregate fair value of these contracts was a loss of less than $1.

The Company, from time to time, may manage its interest rate risk associated with fluctuations in variable interest rates through interest rate swaps. The use of interest rate swaps and other methods of mitigating interest rate risk may increase overall interest expense.

The table below presents principal cash flows and related interest rates by year of maturity for the Company's debt obligations as of December 31, 2017. Interest rates represent the rates in effect as of December 31, 2017.

	Year of Maturity					
Debt	2018	2019	2020	2021	2022	Thereafter
Fixed rate	$ 30	$ 22	$ 21	$ 7	$ 787	$ 3,247
Average interest rate	5.3%	5.6%	5.6%	5.8%	4.0%	4.2%
Variable rate	$ 34	$ 50	$ 56	56	1,002	8
Average interest rate	2.6%	2.6%	2.6%	2.6%	2.5%	1.7%

Total future payments at December 31, 2017 include $2,658 of U.S. dollar-denominated debt, $2,591 of euro-denominated debt and $141 of debt denominated in other currencies.

The Company uses various raw materials, such as steel and aluminum in its manufacturing operations, which expose it to risk from adverse fluctuations in commodity prices. In 2017, consumption of steel and aluminum represented 21% and 42% of the Company's consolidated cost of products sold, excluding depreciation and amortization. The Company primarily manages its risk to adverse commodity price fluctuations and surcharges through contracts that pass through raw material costs to customers. The Company may, however, be unable to increase its prices to offset increases in raw material costs without suffering reductions in unit volume, revenue and operating income, and any price increases may take effect after related cost increases, reducing operating income in the near term. As of December 31, 2017, the Company had forward commodity contracts to hedge aluminum price fluctuations with a notional value of $297 and a net gain of $34. The maturities of the commodity contracts closely correlate to the anticipated purchases of those commodities. In addition, the Company's manufacturing facilities are dependent, to varying degrees, upon the availability of water and processed energy, such as natural gas and electricity.

See Note R to the consolidated financial statements for further information on the Company's derivative financial instruments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has certain guarantees and indemnification agreements that could require the payment of cash upon the occurrence of certain events. The guarantees and agreements are further discussed under Note M to the consolidated financial statements. The Company also utilizes receivables securitization and factoring facilities and derivative financial instruments as further discussed under Note D and Note R to the consolidated financial statements.

ENVIRONMENTAL MATTERS

Compliance with the Company's Environmental Protection Policy is mandatory and the responsibility of each employee of the Company. The Company is committed to the protection of human health and the environment and is operating within the increasingly complex laws and regulations of national, state, and local environmental agencies or is taking action to achieve compliance with such laws and regulations. Environmental considerations are among the criteria by which the Company evaluates projects, products, processes and purchases.

The Company is dedicated to a long-term environmental protection program and has initiated and implemented many pollution prevention programs with an emphasis on source reduction. The Company continues to reduce the amount of metal used in the manufacture of steel and aluminum containers through "lightweighting" programs. The Company recycles nearly 100% of scrap aluminum, steel and copper used in its manufacturing processes. Many of the Company's programs for pollution prevention reduce operating costs and improve operating efficiencies.

The potential impact on the Company's operations of climate change and potential future climate change regulation in the jurisdictions in which the Company operates is highly uncertain. See the risk factor entitled "The Company is subject to costs and liabilities related to stringent environmental and health and safety standards" in Part I, Item 1A of this Annual Report.

See Note M to the consolidated financial statements for additional information on environmental matters including the Company's accrual for environmental remediation costs.

INFLATION

Certain of the Company's sales contracts contain non-metal pass-through provisions that include annual selling price adjustments based on a producer price index. In certain years the referenced index would be negative, requiring the Company to reduce its selling prices while its actual costs may have increased.

CRITICAL ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America which require that management make numerous estimates and assumptions. Actual results could differ from those estimates and assumptions, impacting the reported results of operations and financial position of the Company. The Company's significant accounting policies are more fully described under Note A to the consolidated financial statements. Certain accounting policies, however, are considered to be critical in that (i) they are most important to the depiction
of the Company's financial condition and results of operations and (ii) their application requires management's most subjective judgment in making estimates about the effect of matters that are inherently uncertain.

Asbestos Liabilities

The Company's potential liability for asbestos cases is highly uncertain due to the difficulty of forecasting many factors, including the level of future claims, the rate of receipt of claims, the jurisdiction in which claims are filed, the nature of future claims (including the seriousness of alleged disease, whether claimants allege first exposure to asbestos before or during 1964 and the alleged link to Crown Cork), the terms of settlements of other defendants with asbestos-related liabilities, bankruptcy filings of other defendants (which may result in additional claims and higher settlement demands for non-bankrupt defendants) and the effect
of state asbestos legislation (including the validity and applicability of the Pennsylvania legislation to non-Pennsylvania jurisdictions, where the substantial majority of the Company's asbestos cases are filed). See Note L to the consolidated financial statements for additional information regarding the provision for asbestos-related costs.
At the end of each quarter, the Company considers whether there have been any material developments that would cause it to update its asbestos accrual calculations. Absent any significant developments in the asbestos litigation environment in general or with respect to the Company specifically, the Company updates its accrual calculations in the fourth quarter of each year. The
Company estimates its liability without limitation to a specified time period and provides for the estimated amounts expected to be paid related to outstanding claims, projected future claims and legal costs.

Outstanding claims used in the accrual calculation are adjusted for factors such as claims filed in those states where the Company's liability is limited by statute, claims alleging first exposure to asbestos after 1964 which are assumed to have no value and claims which are unlikely to ever be paid and are assumed to have a reduced or nominal value based on the length of time outstanding. Projected future claims are calculated based on actual data for the most recent five years and are adjusted to account for the expectation that a percentage of these claims will never be paid. Outstanding and projected claims are multiplied by the average settlement cost of claims for the most recent five years. As claims are not submitted or settled evenly throughout the year, it is difficult to predict at any time during the year whether the number of claims or average settlement cost over the five year period ending December 31 of such year will increase compared to the prior five year period.

In 2017, the Company recorded a charge of $3 to increase its asbestos liability compared to charges of $21 in 2016 and $26 in 2015. The charge in 2017 was primarily to increase the Company's accrual due to an increase in projected claims. The charge in 2016 was primarily due to an increase in projected claims and higher average settlement costs per claim. The five year average settlement cost per claim increased from $13,000 in 2015 to $13,800 in 2016 and remained at $13,800 in 2017.

Crown Cork's experience continues to be settling a higher percentage of claims alleging serious disease (primarily mesothelioma) which are settled at higher dollar amounts. Accordingly, a higher percentage of claims projected into the future continue to relate to serious diseases and are therefore valued at higher dollar amounts. For example, in each of the years 2017, 2016 and 2015, of the projected claims related to claimants alleging first exposure to asbestos before or during 1964 and filed in states that have not enacted asbestos legislation, approximately 60% relate to claims alleging serious diseases such as mesothelioma.

If the trend of settling a higher percentage of claims alleging serious disease (primarily mesothelioma) at higher dollar amounts.
continues, average settlement costs per claim are likely to increase and, if not offset by a reduction in overall claims and settlements, the Company will record additional charges in the future. A 10% change in either the average cost per claim or the number of projected claims would increase or decrease the estimated liability at December 31, 2017 by $32. A 10% increase in these two factors at the same time would increase the estimated liability at December 31, 2017 by $66. A 10% decrease in these two factors at the same time would decrease the estimated liability at December 31, 2017 by $60.

Goodwill Impairment

The Company performs a goodwill impairment review in the fourth quarter of each year or when facts and circumstances indicate goodwill may be impaired. In accordance with the accounting guidance, the Company may first perform a qualitative assessment on none, some, or all of its reporting units to determine whether further quantitative impairment testing is necessary. Factors that the Company may consider in its qualitative assessment include, but are not limited to, general economic conditions, changes in the markets in which the Company operates, changes in input costs that may affect earnings and cash flows, trends over multiple
periods and the difference between the reporting unit's fair value and carrying amount as determined in the most recent fair value calculation.

The quantitative impairment test involves a number of assumptions and judgments, including the calculation of fair value for the Company's identified reporting units. The Company determines the estimated fair value for each reporting unit based on the average of the estimated fair values calculated using market values for comparable businesses and discounted cash flow projections. The Company uses an average of the two methods in estimating fair value because it believes they provide an equal probability of yielding an appropriate fair value for the reporting unit. The Company's estimates of future cash flows include assumptions concerning future operating performance and economic conditions and may differ from actual future cash flows. Under the first method of calculating estimated fair value, the Company obtains available information regarding multiples used in recent transactions, if any, involving transfers of controlling interests in the packaging industry. The Company also reviews publicly available trading multiples based on the enterprise value of companies in the packaging industry whose shares are publicly traded. The appropriate multiple is applied to the forecasted Adjusted EBITDA (a non-GAAP item defined by the Company as net customer sales, less cost of products sold excluding depreciation and amortization, less selling and administrative expenses) of the reporting unit to obtain an estimated fair value. Under the second method, fair value is calculated as the sum of the projected discounted cash flows of the reporting unit over the next five years and the terminal value at the end of those five years. The projected cash flows generally include moderate to no growth assumptions unless there has recently been a material change in the business or a
material change is forecasted. The discount rate used is based on the average weighted-average cost of capital of companies in the packaging industry, which information is available through various sources.

The terminal value at the end of five years is the product of forecasted Adjusted EBITDA at the end of the five year period and the trading multiple. The Company used an EBITDA multiple of 8.0 times and a discount rate of 7.25% based on the weighted average cost of capital of companies in the packaging industry.

The Company completed its annual review for 2017 and determined that no adjustments to the carrying value of goodwill were necessary. Although no goodwill impairment was recorded, there can be no assurances that future goodwill impairments will not occur. Based upon the Company's qualitative and quantitative assessment including consideration of the sensitivity of the assumptions made and methods used to determine fair value, industry trends and other relevant factors, the Company did not have any reporting unit whose fair value did not materially exceed its carrying value except for the North America Food reporting unit discussed below.

As of October 1, 2017, the estimated fair value of the North America Food reporting unit, using the methods and assumptions described above, was 63% higher than its carrying value, and the reporting unit had $117 of goodwill. The maximum potential effect of weighting the two valuation methods other than equally would have been to increase or decrease the estimated fair value by $18. Assuming all other factors remain the same, a $1 change in forecasted annual Adjusted EBITDA changes the excess of estimated fair value over carrying value by $8; a change of 0.5 in the assumed EBITDA multiple changes the excess of estimated fair value over carrying value by $22; and an increase in the discount rate from 7.25% to 8.25% changes the excess of estimated fair value over carrying value by $9. Under each of these scenarios, the reporting unit's fair value exceeded its carrying value. If Adjusted EBITDA decreased by 38% the fair value of the reporting unit would approximate carrying value.

This reporting unit operates in a low-growth environment with multiple competitors, which could result in lower selling prices. In addition, shifts in consumer demand could result in lower volumes. While the Company believes current Adjusted EBITDA projections are reasonable, the reporting unit's ability to maintain or grow Adjusted EBITDA could be negatively impacted by the above factors. To the extent future operating results were to decline causing the estimated fair value to fall below carrying value, it is possible that an impairment charge of up to $117 for North America Food could be recorded.

Long-lived Assets Impairment

The Company performs an impairment review of its long-lived assets, including definite-lived intangible assets and property, plant and equipment, when facts and circumstances indicate the carrying value may not be recoverable from its undiscounted cash flows. Any impairment loss is measured by comparing the carrying amount of the asset to its fair value. The Company's estimates of future cash flows involve assumptions concerning future operating performance, economic conditions and technological changes that may affect the future useful lives of the assets. These estimates may differ from actual cash flows or useful lives.

Tax Valuation Allowance

The Company records a valuation allowance to reduce its deferred tax assets when it is more likely than not that a portion of the tax assets will not be realized. The estimate of the amount that will not be realized requires the use of assumptions concerning the Company's future taxable income. These estimates are projected through the life of the related deferred tax assets based on assumptions that management believes are reasonable. The Company considers all sources of taxable income in estimating its
valuation allowances, including taxable income in any available carry back period; the reversal of taxable temporary differences; tax-planning strategies; and taxable income expected to be generated in the future other than from reversing temporary differences.
Should the Company change its estimate of the amount of deferred tax assets that it would be able to realize, an adjustment to the valuation allowance would result in an increase or decrease in tax expense in the period such a change in estimate was made.

The Company had a deferred tax asset of $56 related to French tax loss carryforwards which do not expire. After considering all sources of taxable income as of December 31, 2017, the Company estimates these losses can be utilized. As discussed in Note B to the consolidated financial statements, subsequent to year-end, the Company completed an offering of unsecured notes and amended its credit agreements to provide for additional term loan borrowings to be used in connection with the Signode acquisition. The Company is still evaluating the impact of the acquisition on its global structure but it is possible that additional interest expense in France could cause the Company to incur losses which may result in recording a valuation allowance in the future.

See Note U to the consolidated financial statements for additional information on the Company's valuation allowances.

Pension and Postretirement Benefits

Accounting for pensions and postretirement benefit plans requires the use of estimates and assumptions regarding numerous factors, including discount rates, rates of return on plan assets, compensation increases, health care cost increases, future rates of inflation, mortality and employee turnover. Actual results may differ from the Company's actuarial assumptions, which may have an impact on the amount of reported expense or liability for pensions or postretirement benefits. The Company recorded pension expense of $13 in 2017 and currently projects its 2018 pension expense to be $4, using foreign currency exchange rates in effect at December 31, 2017. In 2016, the company changed the method used to estimate the service and interest cost components of net periodic pension and postretirement benefits cost. The new method uses the spot yield curve approach to estimate the service and interest cost by applying the specific spot rates along the yield curve used to determine the benefit plan obligations to relevant projected cash outflows. Previously, the service and interest cost components were determined using a single weighted average discount rate. The change does not affect the measurement of the total benefit plan obligations. The spot yield curve approach provides a more precise measure of service and interest cost by improving the correlation between the projected benefit cash flows and the discrete spot yield curve rates. The company accounted for this change as a change in estimate prospectively beginning in 2016. The rate of return assumptions are reviewed at each measurement date based on the pension plans' investment policies, current asset allocations and an analysis of the historical returns of the capital markets.

The U.S. plan's assumed rate of return was 7.5 % in 2017 and is 7.25% in 2018. The U.K. plan's assumed rate of return was 4.25% in 2017 and is 4.25% in 2018. A 0.25% change in the expected rates of return would change 2018 pension expense by approximately $12.

Discount rates were selected using a method that matches projected payouts from the plans to an actuarially determined yield curve based on market observable AA bond yields in the respective plan jurisdictions and currencies. In certain jurisdictions, government securities were used along with corporate bonds to develop country-specific yield curves the extent that the underlying markets were not deemed sufficiently developed. A 0.25% change in the discount rates from those used at December 31, 2017 would change 2018 pension expense by approximately $4 and postretirement expense by less than $1. A 0.25% change in the discount rates from those used at December 31, 2017 would have changed the pension benefit obligation by approximately $175 and the postretirement benefit obligation approximately $4 as of December 31, 2017. See Note T to the consolidated financial statements for additional information on pension and postretirement benefit obligations and assumptions.

As of December 31, 2017, the Company had pre-tax unrecognized net losses in other comprehensive income of $2,057 related to its pension plans and $49 related to its other postretirement benefit plans. Unrecognized gains and losses arise each year primarily due to changes in discount rates, differences in actual plan asset returns compared to expected returns, and changes in actuarial assumptions such as mortality. For example, the unrecognized net loss in the Company's pension plans included a current year loss of $90 primarily due to lower discount rates at the end of 2017 compared to 2016, partially offset by a gain of $69 due to actual asset returns higher than expected returns. Unrecognized gains and losses are accumulated in other comprehensive income and the portion in each plan that exceeds 10% of the greater of that plan's assets or projected benefit obligation is amortized to income over future periods. The Company's pension expense for the year ended December 31, 2017 included charges of $95 for the amortization of unrecognized net losses, and the Company estimates charges of $93 in 2018. Amortizable losses are being recognized over either the average expected life of inactive employees or the remaining service life of active participants depending on the status of the individual plans. The weighted average amortization periods range between 8 - 19 years. An increase of 10% in the number of years used to amortize unrecognized losses in each plan would decrease estimated charges for 2018 by $9. A decrease of 10% in the number of years would increase the estimated 2018 charge by $11.

The unrecognized net losses in the Company's postretirement benefit plans are being recognized over the average remaining service life of active participants of 9 years. The Company's postretirement benefits expense for the year ended December 31, 2017 included a loss of $4 for the amortization of unrecognized net losses, and the Company estimates losses of $4 in 2018.

RECENT ACCOUNTING GUIDANCE

In May 2014, the FASB issued new guidance which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services which will either be at a point in time or over time. Certain products that the Company manufactures for customers have no alternative use and are expected to follow an over-time revenue recognition model. For example, beverage cans are generally printed for a specific customer and do not have an alternative use. Food cans may be printed depending upon customer preference which can vary by geographic market. Under current guidance, the Company generally recognizes revenue upon shipment or delivery. Under the new guidance, revenue for products that follow an over-time revenue recognition model will be recognized prior to shipment or delivery dependent upon contract-specific terms. The Company does not expect the new standard to have a material impact on its annual income from operations, however, the guidance could have an impact to income from operations in each quarter as the Company may now recognize revenue for certain products as it builds inventory levels in anticipation of seasonal demands.

In addition to accelerating the timing of revenue recognition, an unbilled receivable will be recognized with an offsetting decrease to inventory. The new guidance also requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company has completed its impact assessment and is in the process of implementing changes to processes, systems and controls to adopt the standard on a modified retrospective basis in the first quarter of 2018.

In February 2016, the FASB issued new guidance on lease accounting. Under the new guidance lease classification criteria and income statement recognition is similar to current guidance; however, all leases with a lease term longer than one year will be recorded on the balance sheet through a right-of-use asset and a corresponding lease liability. The guidance will be effective for the Company on January 1, 2019. The Company is currently evaluating the impact of adopting this guidance on its financial position and results of operations.

In August 2016, the FASB issued new guidance related to the classification of certain cash receipts and payments on the statement of cash flows. The Company adopted this guidance on January 1, 2018 and recast prior period amounts to conform to the current year presentation. Under the new guidance, premiums paid for debt extinguishments are classified as cash outflows from financing activities. In addition, beneficial interests obtained in a securitization of financial assets are disclosed as a noncash activity and cash receipts from the beneficial interests are classified as cash inflows from investing activities. Under previous guidance, the Company classified cash receipts from beneficial interests in securitized receivables and premiums paid for debt extinguishments as cash flows from operating activities.

In March 2017, the FASB issued new guidance on the presentation of pension and other postretirement benefit costs. Under the new guidance, only the service cost component of pension and other postretirement benefit costs is presented with other employee compensation costs within income from operations or capitalized in assets. The other components are reported separately outside of income from operations and are not eligible for capitalization. The Company adopted this guidance on January 1, 2018 and recast prior period amounts to conform to the current year presentation.

See Note A to the consolidated financial statements for information on recently adopted accounting guidance.

FORWARD LOOKING STATEMENTS

Statements in this Annual Report, including those in "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the discussions of the provision for asbestos under Note L and other contingencies under Note M to the consolidated financial statements included in this Annual Report and in discussions incorporated by reference into this Annual Report (including, but not limited to, those in "Compensation Discussion and Analysis" in the Company's Proxy Statement), which are not historical facts (including any statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto), are "forward-looking statements," within the meaning of the federal securities laws. In addition, the Company and its representatives may from time to time make other oral or written statements which are also "forward-looking statements." Forward-looking statements can be identified by words, such as "believes," "estimates," "anticipates," "expects" and other words of similar meaning in connection with a discussion of future operating or financial performance. These may include, among others, statements relating to (i) the Company's plans or objectives for future operations, products or financial performance, (ii) the Company's indebtedness and other contractual obligations, (iii) the impact of an economic downturn or growth in particular regions, (iv) anticipated uses of cash, (v) cost reduction efforts and expected savings, (vi) the Company's policies with respect to executive compensation and (vii) the expected outcome of contingencies, including with respect to asbestos-related litigation and pension and postretirement liabilities.

These forward-looking statements are made based upon management's expectations and beliefs concerning future events impacting the Company and, therefore, involve a number of risks and uncertainties. Management cautions that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Important factors that could cause the actual results of operations or financial condition of the Company to differ include, but are not necessarily limited to, the ability of the Company to expand successfully in international and emerging markets; whether the acquisition of Empaque will be accretive to the Company's earnings; whether sales and profits of Empaque will continue to grow;
whether the combination of the Company and Empaque will provide benefits to customers and shareholders; whether the operations of Empaque can be successfully integrated into the Company's operations; the ability of the Company to repay, refinance or restructure its short and long-term indebtedness on adequate terms and to comply with the terms of its agreements relating to debt; the impact of the recent European Sovereign debt crisis; the Company's ability to generate significant cash to meet its obligations and invest in its business and to maintain appropriate debt levels; restrictions on the Company's use of available cash under its debt agreements; changes or differences in U.S. or international economic or political conditions, such as inflation or fluctuations in interest or foreign exchange rates (and the effectiveness of any currency or interest rate hedges), tax rates and tax laws (including with respect to taxation of unrepatriated non-U.S. earnings or as a result of the depletion of net loss or foreign tax credit carryforwards); the impact of health care reform in the U.S.; the impact of foreign trade laws and practices; the collectability of receivables; war or acts of terrorism that may disrupt the Company's production or the supply or pricing of raw materials, including in the Company's Middle East operations, impact the financial condition of customers or adversely affect the Company's ability to refinance or restructure its remaining indebtedness; changes in the availability and pricing of raw materials (including aluminum can sheet, steel tinplate, energy, water, inks and coatings) and the Company's ability to pass raw material, energy and freight price increases and surcharges through to its customers or to otherwise manage these commodity pricing risks; the Company's ability to obtain and maintain adequate pricing for its products, including the impact on the Company's revenue, margins and market share and the ongoing impact of price increases; energy and natural resource costs; the cost and other effects of legal and administrative cases and proceedings, settlements and investigations; the outcome of asbestos-related litigation (including the number and size of future claims and the terms of settlements, and the impact of bankruptcy filings by other companies with asbestos-related liabilities, any of which could increase Crown Cork's asbestos-related costs over time, the adequacy of reserves established for asbestos-related liabilities, Crown Cork's ability to obtain resolution without payment of asbestos-related claims by persons alleging first exposure to asbestos after 1964, and the impact of state legislation dealing with asbestos liabilities and any litigation challenging that legislation and any future state or federal legislation dealing with asbestos liabilities); the Company's ability to realize deferred tax benefits; changes in the Company's critical or other accounting policies or the assumptions underlying those policies; labor relations and workforce and social costs, including the Company's pension and postretirement obligations and other employee or retiree costs; investment performance of the Company's pension plans; costs and difficulties related to the acquisition of a business and integration of acquired businesses; the impact of any potential dispositions, acquisitions or other strategic realignments, which may impact the Company's operations, financial profile, investments or levels of indebtedness; the Company's ability to realize efficient capacity utilization and inventory levels and to innovate new designs and technologies for
its products in a cost-effective manner; competitive pressures, including new product developments, industry overcapacity, or changes in competitors' pricing for products; the Company's ability to achieve high capacity utilization rates for its equipment; the Company's ability to maintain, develop and capitalize on competitive technologies for the design and manufacture of products and to withstand competitive and legal challenges to the proprietary nature of such technology; the Company's ability to protect its information technology systems from attacks or catastrophic failure; the strength of the Company's cyber-security; the Company's ability to generate sufficient production capacity; the Company's ability to improve and expand its existing product

and product lines; the impact of overcapacity on the end-markets the Company serves; loss of customers, including the loss of any significant customers; changes in consumer preferences for different packaging products; the financial condition of the Company's vendors and customers; weather conditions, including their effect on demand for beverages and on crop yields for fruits and vegetables stored in food containers; the impact of natural disasters, including in emerging markets; changes in governmental regulations or enforcement practices, including with respect to environmental, health and safety matters and restrictions as to foreign investment or operation; the impact of increased governmental regulation on the Company and its products, including the regulation or restriction of the use of bisphenol-A; the impact of the Company's recent initiatives to generate additional cash, including the reduction of working capital levels and capital spending; the ability of the Company to realize cost savings from its restructuring programs; the Company's ability to maintain adequate sources of capital and liquidity; costs and payments to certain of the Company's executive officers in connection with any termination of such executive officers or a change in control of the Company; the impact of existing and future legislation regarding refundable mandatory deposit laws in Europe for non-refillable beverage containers and the implementation of an effective return system; and changes in the Company's strategic areas of focus, which may impact the Company's operations, financial profile or levels of indebtedness.

Some of the factors noted above are discussed elsewhere in this Annual Report and prior Company filings with the Securities and Exchange Commission ("SEC"), including within Part I, Item 1A, "Risk Factors" in this Annual Report. In addition, other factors have been or may be discussed from time to time in the Company's SEC filings.

While the Company periodically reassesses material trends and uncertainties affecting the Company's results of operations and financial condition in connection with the preparation of "Management's Discussion and Analysis of Financial Condition and Results of Operations" and certain other sections contained in the Company's quarterly, annual or other reports filed with the SEC, the Company does not intend to review or revise any particular forward-looking statement in light of future events.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

Financial Statements

Financial Statement Schedule

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). The Company's system of internal control over financial reporting is designed 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.

Because of the inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework (2013)*. Based on its assessment, management has concluded that, as of December 31, 2017, the Company's internal control over financial reporting was effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Crown Holdings, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Crown Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principles

As discussed in Note A to the consolidated financial statements, the Company changed the manner in which it accounts for pension and other postretirement benefit costs and the manner in which it accounts for certain cash receipts and payments in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 26, 2018, except with respect to our opinion on the consolidated financial statements insofar as it relates to the effects of the changes in accounting for pension and other postretirement benefit costs and certain cash receipts and payments discussed in Note A and the change in the Company's reportable segments discussed in Note V, as to which the date is December 6, 2018.

We have served as the Company's auditor since 1928.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions except per share data)

For the Years Ended December 31	2017	2016	2015
Net sales	$ 8,698	$ 8,284	$ 8,762
Cost of products sold, excluding depreciation and amortization	7,006	6,623	7,140
Depreciation and amortization	247	247	237
Selling and administrative expense	367	366	382
Provision for asbestos	3	21	26
Restructuring and other	51	30	64
Income from operations	1,024	997	913
Loss from early extinguishments of debt	7	37	9
Other pension and postretirement	(53)	(24)	(14)
Interest expense	252	243	270
Interest income	(15)	(12)	(11)
Foreign exchange	4	(16)	20
Income before income taxes	829	769	639
Provision for income taxes	401	186	178
Net income	428	583	461
Net income attributable to noncontrolling interests	(105)	(87)	(68)
Net income attributable to Crown Holdings	$ 323	$ 496	$ 393
Earnings per common share attributable to Crown Holdings:			
Basic	$ 2.39	$ 3.58	$ 2.85
Diluted	$ 2.38	$ 3.56	$ 2.82

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

For the Years Ended December 31	2017	2016	2015
Net income	$ 428	$ 583	$ 461
Other comprehensive income / (loss), net of tax			
Foreign currency translation adjustments	201	(435)	(469)
Pension and other postretirement benefits	(59)	166	91
Derivatives qualifying as hedges	20	23	(15)
Total other comprehensive income / (loss)	162	(246)	(393)
Total comprehensive income	590	337	68
Net income attributable to noncontrolling interests	(105)	(87)	(68)
Translation adjustments attributable to noncontrolling interests	(3)	2	3
Derivatives qualifying as hedges attributable to noncontrolling interests	—	(2)	1
Comprehensive income attributable to Crown Holdings	$ 482	$ 250	$ 4

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

December 31	2017	2016
Assets		
Current assets		
Cash and cash equivalents	$ 424	$ 559
Receivables, net	1,041	865
Inventories	1,385	1,245
Prepaid expenses and other current assets	224	172
Total current assets	3,074	2,841
Goodwill and intangible assets	3,518	3,263
Property, plant and equipment, net	3,239	2,820
Other non-current assets	832	675
Total	$ 10,663	$ 9,599
Liabilities and equity		
Current liabilities		
Short-term debt	$ 62	$ 33
Current maturities of long-term debt	64	161
Accounts payable and accrued liabilities	3,124	2,702
Total current liabilities	3,250	2,896
Long-term debt, excluding current maturities	5,217	4,717
Postretirement and pension liabilities	588	620
Other non-current liabilities	685	698
Commitments and contingent liabilities (Note M)		
Equity		
Noncontrolling interests	322	302
Preferred stock, authorized: 30,000,000; none issued (Note O)		
Common stock, par value: $5.00; authorized: 500,000,000 shares; issued: 185,744,072 shares (Note O)	929	929
Additional paid-in capital	167	446
Accumulated earnings	3,004	2,621
Accumulated other comprehensive loss	(3,241)	(3,400)
Treasury stock at par value (2017 - 51,468,463 shares; 2016 - 45,903,844 shares)	(258)	(230)
Crown Holdings shareholders’ equity	601	366
Total equity	923	668
Total	$ 10,663	$ 9,599

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

For the Years Ended December 31	2017	2016	2015
Cash flows from operating activities			
Net income	$ 428	$ 583	$ 461
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	247	247	237
Restructuring and other	51	30	64
Pension expense	13	42	50
Pension contributions	(294)	(103)	(79)
Stock-based compensation	23	20	27
Deferred income taxes	247	16	25
Changes in assets and liabilities:			
Receivables	(1,143)	(1,057)	(831)
Inventories	(65)	(85)	60
Accounts payable and accrued liabilities	253	163	59
Other, net	(11)	10	18
Net cash (used for) provided by operating activities	(251)	(134)	91
Cash flows from investing activities			
Capital expenditures	(498)	(473)	(354)
Beneficial interest in transferred receivables	1,010	1,086	865
Acquisition of businesses, net of cash acquired	—	—	(1,207)
Proceeds from sale of businesses, net of cash sold	—	—	33
Proceeds from sale of property, plant and equipment	8	10	7
Net investment hedge settlements	—	—	(11)
Other	(24)	10	(10)
Net cash provided by (used for) investing activities	496	633	(677)
Cash flows from financing activities			
Proceeds from long-term debt	1,054	1,380	1,435
Payments of long-term debt	(1,137)	(1,914)	(900)
Net change in revolving credit facility and short-term debt	95	(32)	(7)
Premiums paid to retire debt	—	(22)	—
Debt issuance costs	(16)	(18)	(18)
Common stock issued	9	10	6
Common stock repurchased	(339)	(8)	(9)
Dividends paid to noncontrolling interests	(93)	(80)	(48)
Contribution from noncontrolling interests	—	4	5
Foreign exchange derivatives related to debt	27	42	(58)
Net cash (used for) provided by financing activities	(400)	(638)	406
Effect of exchange rate changes on cash. cash equivalents and restricted cash	14	(30)	(62)
Net change in cash, cash equivalents and restricted cash	(141)	(169)	(242)
Cash, cash equivalents and restricted cash at January 1	576	745	987
Cash, cash equivalents and restricted at December 31	$ 435	$ 576	$ 745

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions)

	Crown Holdings, Inc. Shareholders' Equity							
	Common Stock	Paid-in Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Crown Equity	Noncontrolling Interests	Total
Balance at January 1, 2015	$ 929	$ 407	$ 1,732	$ (2,765)	$ (234)	$ 69	$ 268	$ 337
Net income			393			393	68	461
Other comprehensive income / (loss)				(389)		(389)	(4)	(393)
Dividends paid to noncontrolling interests						—	(48)	(48)
Contribution from noncontrolling interests						—	4	4
Restricted stock awarded		(2)			2	—		—
Stock-based compensation		27				27		27
Common stock issued		5			1	6		6
Common stock repurchased		(8)			(1)	(9)		(9)
Purchase of noncontrolling interests		(3)				(3)	3	—
Balance at December 31, 2015	$ 929	$ 426	$ 2,125	$ (3,154)	$ (232)	$ 94	$ 291	$ 385
Net income			496			496	87	583
Other comprehensive income / (loss)				(246)		(246)		(246)
Dividends paid to noncontrolling interests						—	(80)	(80)
Contribution from noncontrolling interests						—	4	4
Restricted stock awarded		(1)			1	—		—
Stock-based compensation		20				20		20
Common stock issued		8			2	10		10
Common stock repurchased		(7)			(1)	(8)		(8)
Balance at December 31, 2016	$ 929	$ 446	$ 2,621	$ (3,400)	$ (230)	$ 366	$ 302	$ 668
Net income			323			323	105	428
Cumulative effect of change in accounting principle			60			60		60
Other comprehensive income / (loss)				159		159	3	162
Dividends paid to noncontrolling interests						—	(93)	(93)
Contribution from noncontrolling interests						—	5	5
Restricted stock awarded		(1)			1	—		—
Stock-based compensation		23				23		23
Common stock issued		7			2	9		9
Common stock repurchased		(308)			(31)	(339)		(339)
Balance at December 31, 2017	$ 929	$ 167	$ 3,004	$ (3,241)	$ (258)	$ 601	$ 322	$ 923

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in millions, except share, per share, employee and statistical data)

A. Summary of Significant Accounting Policies

Business and Principles of Consolidation. The consolidated financial statements include the accounts of Crown Holdings, Inc. (the “Company”) and its consolidated subsidiary companies (where the context requires, the “Company” shall include reference to the Company and its consolidated subsidiary companies).

The Company manufactures and sells metal and glass packaging containers, metal closures, and canmaking equipment. These products are manufactured in the Company’s plants both within and outside the U.S. and are sold through the Company’s sales organization to the soft drink, food, citrus, brewing, household products, personal care and various other industries. The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and reflect management’s estimates and assumptions. Actual results could differ from those estimates, impacting reported results of operations and financial position. All intercompany accounts and transactions are eliminated in consolidation. In deciding which entities should be reported on a consolidated basis, the Company first determines whether the entity is a variable interest entity (“VIE”). If an entity is a VIE, the Company determines whether it is the primary beneficiary and therefore, should consolidate the VIE. If an entity is not a VIE, the Company consolidates those entities in which it has control, including certain subsidiaries that are not majority-owned. Certain of the Company’s agreements with noncontrolling interests contain provisions in which the Company would surrender certain decision-making rights upon a change in control of the Company. Accordingly, consolidation of these operations may no longer be appropriate subsequent to a change in control of the Company, as defined in the agreements. Investments in companies in which the Company does not have control, but has the ability to exercise significant influence over operating and financial policies, are accounted for by the equity method. Other investments are carried at cost.

Foreign Currency Translation. For non-U.S. subsidiaries which operate in a local currency environment, assets and liabilities are translated into U.S. dollars at year-end exchange rates. Income, expense and cash flow items are translated at average exchange rates prevailing during the year. Translation adjustments for these subsidiaries are accumulated as a separate component of accumulated other comprehensive income in equity. For non-U.S. subsidiaries that use a U.S. dollar functional currency, local currency inventories and property, plant and equipment are translated into U.S. dollars at approximate rates prevailing when acquired; all other assets and liabilities are translated at year-end exchange rates. Inventories charged to cost of sales and depreciation are remeasured at historical rates; all other income and expense items are translated at average exchange rates prevailing during the year. Gains and losses which result from remeasurement are included in earnings.

Revenue Recognition. Revenue is recognized from product sales when the goods are shipped and the title and risk of loss pass to the customer. Provisions for discounts and rebates to customers, returns, and other adjustments are estimated and provided for in the period that the related sales are recorded. Taxes collected from customers and remitted to governmental authorities are excluded from net sales. Shipping and handling fees and costs from product sales are reported as cost of products sold.

Stock-Based Compensation. For awards with a service or market condition, compensation expense is recognized over the vesting period on a straight-line basis using the grant date fair value of the award and the estimated number of awards that are expected to vest. For awards with a performance condition, the Company reassess the probability of vesting at each reporting period and adjust compensation cost based on its probability assessment. The Company’s plans provide for stock awards which may include accelerated vesting upon retirement, disability, or death of eligible employees. The Company considers a stock-based award to be vested when the service period is no longer contingent on the employee providing future service. Accordingly, the related compensation cost is recognized immediately for awards granted to retirement-eligible individuals, or over the period from the grant date to the date that retirement eligibility is achieved if less than the stated vesting period.

Cash and Cash Equivalents. Cash equivalents represent investments with maturities of three months or less from the time of purchase and are carried at cost, which approximates fair value because of the short maturity of those instruments. Outstanding checks in excess of funds on deposit are included in accounts payable.

Accounts Receivable and Allowance for Doubtful Accounts. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the best estimate of the amount of probable credit losses in the existing accounts receivable. The allowance is determined based on a review of individual accounts for collectability, generally focusing on those accounts that are past due or experiencing financial difficulties. The current year expense to adjust the allowance for doubtful accounts is recorded within selling and administrative expense in the consolidated statements of operations.

Inventory Valuation. Inventories are stated at the lower of cost or market, with cost for U.S. inventories principally determined under the first-in, first-out (“FIFO”) method and for non-U.S. inventories under the FIFO or average cost method.

Property, Plant and Equipment. Property, plant and equipment (“PP&E”) is carried at cost less accumulated depreciation and includes expenditures for new facilities and equipment and those costs which substantially increase the useful lives or capacity of existing PP&E. Cost of constructed assets includes capitalized interest incurred during the construction and development period. Maintenance and repairs, including labor and material costs for planned major maintenance such as annual production line overhauls, are expensed as incurred. When PP&E is retired or otherwise disposed, the net carrying amount is eliminated with any gain or loss on disposition recognized in earnings at that time.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets described below (in years). The Company periodically reviews the estimated useful lives of its PP&E and, where appropriate, changes are made prospectively.

Land improvements	25
Buildings and Building Improvements	25 – 40
Machinery and Equipment	3 – 18

Goodwill and Intangible Assets. Goodwill is carried at cost and reviewed for impairment annually in the fourth quarter of each year or when facts and circumstances indicate goodwill may be impaired. Goodwill was allocated to the reporting units at the time of each acquisition based on the relative fair values of the reporting units. In assessing goodwill for impairment, the Company may first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that an impairment is more likely than not, it will perform the two-step quantitative impairment test using a combination of market values for comparable businesses and discounted cash flow projections compared to the reporting unit's carrying value including goodwill. If the carrying value of a reporting unit exceeds its fair value, any impairment loss is measured by comparing the carrying value of the reporting unit to its implied fair value.

Definite-lived intangible assets are carried at cost less accumulated amortization. Definite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. Definite-lived intangible assets are tested for impairment when facts and circumstances indicate the carrying value may not be recoverable from their undiscounted cash flows. If impaired, the assets are written down to fair value based on either discounted cash flows or appraised values.

Impairment or Disposal of Long-Lived Assets. In the event that facts and circumstances indicate that the carrying value of long-lived assets, primarily PP&E and certain identifiable intangible assets with finite lives, may be impaired, the Company performs a recoverability evaluation. If the evaluation indicates that the carrying value of an asset is not recoverable from its undiscounted cash flows, an impairment loss is measured by comparing the carrying value of the asset to its fair value, based on discounted cash flows. Long-lived assets classified as held for sale are presented in the balance sheet at the lower of their carrying value or fair value less cost to sell.

Taxes on Income. The provision for income taxes is determined using the asset and liability approach. Deferred taxes represent the future expected tax consequences of differences between the financial reporting and tax bases of assets and liabilities based upon enacted tax rates and laws. The Tax Act creates a new requirement that certain intangible income of foreign subsidiaries
must be included currently in the gross income of the U.S. shareholder. The Company has made an accounting policy election to treat taxes due on future U.S. inclusions in taxable income related to this intangible income as a current period expense when incurred.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Investment tax credits are accounted for using the deferral method. Income tax-related interest and penalties are reported as income tax expense.

Derivatives and Hedging. All outstanding derivative financial instruments are recognized in the balance sheet at their fair values. The impact on earnings from recognizing the fair values of these instruments depends on their intended use, their hedge designation and their effectiveness in offsetting changes in the fair values of the exposures they are hedging. Changes in the fair values of instruments designated to reduce or eliminate adverse fluctuations in the fair values of recognized assets and liabilities are reported currently in earnings along with changes in the fair values of the hedged items. Changes in the effective portions of the fair values of instruments used to reduce or eliminate adverse fluctuations in cash flows of anticipated or forecasted transactions are reported in equity as a component of accumulated other comprehensive income. Amounts in accumulated other comprehensive income are reclassified to earnings when the related hedged items impact earnings or the anticipated transactions are no longer probable. Changes in the fair values of derivative instruments that are not designated as hedges or do not qualify for hedge accounting treatment are reported currently in earnings. Amounts reported in earnings are classified consistent with the item being hedged.

The effectiveness of derivative instruments in reducing risks associated with the hedged exposures is assessed at inception and on an ongoing basis. Any amounts excluded from the assessment of hedge effectiveness, and any ineffective portion of designated hedges, are reported currently in earnings. Time value, a component of an instrument's fair value, is excluded in assessing effectiveness for fair value hedges, except hedges of firm commitments, and included for cash flow hedges.

Hedge accounting is discontinued prospectively when (i) the instrument is no longer effective in offsetting changes in fair value or cash flows of the underlying hedged item, (ii) the instrument expires, is sold, terminated or exercised, or (iii) designating the instrument as a hedge is no longer appropriate.

The Company formally documents all relationships between its hedging instruments and hedged items at inception, including its risk management objective and strategy for establishing various hedge relationships. Cash flows from hedging instruments are classified in the Consolidated Statements of Cash Flows consistent with the items being hedged.

Treasury Stock. Treasury stock is reported at par value. The excess of fair value over par value is first charged to paid-in capital, if any, and then to retained earnings.

Research and Development. Research, development and engineering costs of $39 in both 2017 and 2015 and $41 in 2016 were expensed as incurred and reported in selling and administrative expense in the Consolidated Statements of Operations. Substantially all engineering and development costs are related to developing new products or designing significant improvements to existing products or processes. Costs primarily include employee salaries and benefits and facility costs.

Reclassifications. Certain reclassifications of prior years' data have been made to conform to the current year presentation.

Recent Accounting and Reporting Pronouncements.

Recently Adopted Accounting Standards

In July 2015, the FASB issued new guidance related to the subsequent measurement of inventory. The new guidance requires an entity to subsequently measure inventory at the lower of cost or net realizable value, which is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The guidance became effective for the Company on January 1, 2017 and did not have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued new guidance on share-based payments. The standard eliminates the APIC pool concept and requires that excess tax benefits and deficiencies be recorded in the income statement when awards are settled. The pronouncement simplifies statement of cash flows classification, accounting for forfeitures, and minimum statutory tax withholding requirements. Upon adoption of the standard on January 1, 2017, the Company recorded $60 of deferred tax assets attributable to excess tax benefits that were not previously recognized, because they did not reduce taxes payable, as a cumulative-effect adjustment to retained earnings under the modified retrospective method. The Company also prospectively adopted the guidance requiring all excess tax benefits and deficiencies to be recognized as income tax expense or benefit as discrete items and the guidance requiring all excess tax benefits or deficiencies to be reported as operating activities in the statement of cash flows. The Company elected to continue its current process of estimating forfeitures. Adoption of these provisions did not have a material impact on the Company's results of operations or statement of cash flows.

In January 2017, the FASB issued guidance that clarifies the definition of a business by adding a framework to assist entities in evaluating whether transactions should be accounted for as acquisitions of assets or businesses. In order to be considered a business under the new guidance, the assets in the transaction need to include an input and a substantive process that together significantly contribute to the ability to create outputs. The Company early adopted this guidance as of January 1, 2017. Adoption did not have an impact on the Company's consolidated financial statements. However, it could have a material impact on the Company's consolidated financial statements if the Company enters into future business combinations.

In January 2017, the FASB issued guidance to simplify the accounting for goodwill impairment by removing step two of the impairment test, which requires a hypothetical purchase price allocation. The Company early adopted this guidance as of January 1, 2017. The amount of goodwill impaired will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

In May 2017, the FASB issued guidance to clarify when to account for a change to terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions or the classification of an award change as a result of a change in terms or conditions. Previously, judgment was required to determine if certain changes to an award were substantive and may have impacted whether or not modification accounting was applied. The Company early adopted this guidance during the second quarter of 2017. Adopting this standard did not have a material impact on the Company's consolidated financial statements.

In March 2017, the FASB issued new guidance on the presentation of pension and other postretirement benefit costs. Under the new guidance, only the service cost component of pension and other postretirement benefit costs is presented with other employee compensation costs within income from operations or capitalized in assets. The other components are reported separately outside of income from operations and are not eligible for capitalization. The Company adopted this guidance on January 1, 2018 and recast prior period amounts to conform to the current year presentation.

The Company reclassified the following net (benefits) charges on the Statement of Operations to conform to current year presentation:

	2017	2016	2015
Cost of products sold, excluding depreciation and amortization	$ 54	$ 40	$ 24
Selling and administrative expense	(4)	(2)	(8)
Restructuring and other	3	(14)	(2)
Other pension and postretirement	(53)	(24)	(14)

In August 2016, the FASB issued new guidance related to the classification of certain cash receipts and payments on the statement of cash flows. The Company adopted this guidance on January 1, 2018 and recast prior period amounts to conform to the current year presentation. Under the new guidance, premiums paid for debt extinguishments are classified as cash outflows from financing activities. For the year ended December 31, 2016, the Company reclassified $22 of premiums paid from net cash used for operating activities to net cash used for financing activities. In addition, beneficial interests obtained in a securitization of financial assets are disclosed as a noncash activity and cash receipts from the beneficial interests are classified as cash inflows from investing activities. Under previous guidance, the Company classified cash receipts from beneficial interests in securitized receivables and premiums paid for debt extinguishments as cash flows from operating activities. For the years ended December 31, 2017, 2016, and 2015, the Company reclassified $1,010, $1,086, and $865 from net cash (used for) provided by operating activities to net cash provided by investing activities. Additionally, for the years ended December 31, 2017, 2016 and 2015, beneficial interests obtained in securitized receivables were $1,047, $1,032, and $834.

In November 2016, new accounting guidance was issued that requires the statement of cash flows to explain the change in the total of cash, cash equivalents and restricted cash. In addition, restricted cash is included in a cash reconciliation of beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The Company adopted this guidance on January 1, 2018 and recast prior period amounts to conform to the current year presentation.

Cash, cash equivalents and restricted cash included in the Company's Consolidated Balance Sheets were as follows:

	2017	2016	2015	2014
Cash and cash equivalents	$ 424	$ 559	$ 717	$ 965
Restricted cash included in prepaid expenses and other current assets	2	8	14	13
Restricted cash included in other non-current assets	9	9	14	9
Total cash, cash equivalents and restricted cash	$ 435	$ 576	$ 745	$ 987

Amounts included in restricted cash primarily represent amounts required to be set aside by certain of the Company's receivables securitization agreements.

Recently Issued Accounting Standards

In May 2014, the FASB issued new guidance which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services which will either be at a point in time or over time. Certain products that the Company manufactures for customers have no alternative use and are expected to follow an over-time revenue recognition model. For example, beverage cans are generally printed for a specific customer and do not have an alternative use. Food cans may be printed depending upon customer preference which can vary by geographic market. Under current guidance, the Company generally recognizes revenue upon shipment or delivery. Under the new guidance, revenue for products that follow an over-time revenue recognition model will be recognized prior to shipment or delivery dependent upon contract-specific terms. The Company does not expect the new standard to have a material impact on its annual income from operations, however, the guidance could have an impact to income from operations in each quarter as the Company may now recognize revenue for certain products as it builds inventory levels in anticipation of seasonal demands.

In addition to accelerating the timing of revenue recognition, an unbilled receivable will be recognized with an offsetting decrease to inventory. The new guidance also requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company has completed its impact assessment and is in the process of implementing changes to processes, systems and controls to adopt the standard on a modified retrospective basis in the first quarter of 2018.

In February 2016, the FASB issued new guidance on lease accounting. Under the new guidance, lease classification criteria and income statement recognition are similar to current guidance; however, all leases with a term longer than one year will be recorded on the balance sheet through a right-of-use asset and a corresponding lease liability. The guidance will be effective for the Company on January 1, 2019. The Company is currently evaluating the impact of adopting this guidance, which may have a material impact on its financial position.

In October 2016, the FASB issued new guidance related to intra-entity transfers of assets other than inventory. Under current guidance, income tax expense associated with intra-entity profits in an intercompany sale or transfer of assets is deferred until the assets leave the consolidated group. Similarly, the entity is prohibited from recognizing deferred tax assets for any increases in tax bases due to the intercompany sale or transfer. The new guidance requires the recognition of income tax expense and deferred tax benefits on increases on tax bases when an intercompany sale or transfer of other assets occurs. Income tax effects of intercompany inventory transactions will continue to be deferred until the assets leave the consolidated group. The guidance will be effective for the Company on January 1, 2018. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements, which is not expected to have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued new guidance on hedge accounting. The new guidance will allow contractually-specified price components of a commodity purchase or sale to be eligible for hedge accounting. Additionally, the new standard permits qualitative effectiveness assessments for certain hedges after the initial hedge qualification analysis. Finally, the standard amends various presentation and disclosure requirements. The guidance is effective as of January 1, 2019, however, early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

B. Acquisition of Signode

On December 19, 2017, the Company entered into an agreement to acquire Signode Industrial Group Holdings (Bermuda) Ltd. (“Signode”), a leading global provider of transit packaging systems and solutions, from The Carlyle Group and certain other sellers for $3.91 billion in cash, subject to adjustment. The acquisition will be undertaken by a subsidiary of Crown European Holdings S.A. The closing is subject to customary closing conditions including the receipt of regulatory approval from antitrust regulators in certain jurisdictions.

On December 28, 2017, the Company amended its revolving credit agreements to provide additional capacity under the revolving credit facility, amend restrictive covenants regarding indebtedness and liens to permit incurrence of debt that may be used to fund the acquisition of Signode and extend the timetable for compliance with total leverage ratios.

On January 26, 2018, the Company completed offerings of €335 of 2.250% senior unsecured notes due 2023, €500 of 2.875% senior unsecured notes due 2026 and $875 of 4.750% senior unsecured notes due 2026 (collectively, the “Notes”). The Euro denominated notes were issued by Crown European Holdings S.A, and the U.S. dollar notes were issued by Crown Americas LLC and Crown Americas Capital Corp. VI, each subsidiaries of the Company. The Notes are subject to a special mandatory redemption in the event that the Signode acquisition does not close by August 15, 2018.

In addition, on January 29, 2018, the Company amended its revolving credit agreements to, among other changes, provide for the commitment to fund additional Term A loans and Term B loans to be used, among other things, in connection with the Signode acquisition. The maturity date for the Term B loans will be the seventh anniversary of the closing date of the acquisition. The interest rates on the Term B loans are based on LIBOR or EURIBOR plus a margin of 1.00% up to 2.375%.

C. Accumulated Other Comprehensive Loss Attributable to Crown Holdings

The following table provides information about the changes in each component of accumulated other comprehensive income for the years ended December 31, 2017 and 2016.

	Defined benefit plans	Foreign currency translation	Gains and losses on cash flow hedges	Total
Balance at January 1, 2016	$ (1,690)	$ (1,446)	$ (18)	$ (3,154)
Other comprehensive income / (loss) before reclassifications	118	(433)	18	(297)
Amounts reclassified from accumulated other comprehensive income	48	—	3	51
Other comprehensive income / (loss)	166	(433)	21	(246)
Balance at December 31, 2016	(1,524)	(1,879)	3	(3,400)
Other comprehensive income / (loss) before reclassifications	(92)	198	41	147
Amounts reclassified from accumulated other comprehensive income	33	—	(21)	12
Other comprehensive income / (loss)	(59)	198	20	159
Balance at December 31, 2017	$ (1,583)	$ (1,681)	$ 23	$ (3,241)

The following table provides information about the amounts reclassified from accumulated other comprehensive income in 2017 and 2016.

Details about Accumulated Other Comprehensive Income Components	Amount reclassified from Accumulated Other Comprehensive Income 2017	2016	Affected line item in the Statement of Operations
(Gains) / losses on cash flow hedges			
Commodities	$ (31)	$ 8	Cost of products sold
	(31)	8	Total before tax
	8	(2)	Provision for income taxes
	(23)	6	Net of tax
Foreign exchange	8	10	Net sales
	(6)	(14)	Cost of products sold
	2	(4)	Total before tax
	—	1	Provision for income taxes
	2	(3)	Net of tax
Total (gains) / losses on cash flow hedges	$ (21)	$ 3	
Amortization of defined benefit plan items			
Actuarial losses	$ 99	$ 119	(a)
Prior service credit	(54)	(52)	(a)
	45	67	Total before tax
	(12)	(19)	Provision for income taxes
Total amortization of defined benefit plan items	$ 33	$ 48	Net of tax
Total reclassifications	$ 12	$ 51	Net of tax

(a) These accumulated other comprehensive income components are included in the computation of net period pension and postretirement cost. See Note T for further details.

D. Receivables

	2017	2016
Accounts receivable	$ 894	$ 769
Less: allowance for doubtful accounts	(71)	(76)
Net trade receivables	823	693
Miscellaneous receivables	218	172
	$ 1,041	$ 865

The Company uses receivables securitization and factoring facilities in the normal course of business as part of managing its cash flows. The Company accounts for transfers under its securitization facilities as sales because the Company sells full title and ownership in the underlying receivables and has met the criteria for control of the receivables to be considered transferred.

The Company accounts for its factoring arrangements as either sales or secured borrowing based on whether it has transferred control over the factored receivables. The Company's continuing involvement in factored receivables accounted for as sales is limited to servicing the receivables. The Company receives adequate compensation for servicing the receivables and no servicing asset or liability is recorded.

At December 31, amounts securitized or factored were as follows:

	2017	2016
Accounted for as secured borrowings	$ 12	$ 9
Accounted for as sales	964	816

Certain of the Company's securitization facilities include a deferred purchase price component. As consideration for the sale of its receivables, the Company receives a cash payment and a new asset, the deferred purchase price receivable from the purchaser, which will be paid to the Company as payments on the receivables are collected from the account debtors. As the criteria for sale accounting have been met, the Company derecognizes the entire amount of receivables sold from its balance sheet and recognizes an asset at fair value for the deferred purchase price receivable as well as the cash received. As the deferred purchase price is not a trade receivable, it is reported in prepaid expenses and other current assets in the Company's balance sheet. As receipt of the deferred purchase price coincides with collections of the underlying receivables, the collection period is short in duration. As of December 31, 2017 and 2016, the amount of deferred purchase price included in prepaid expenses and other current assets was $106 and $83.

The Company recorded expenses related to securitization and factoring facilities of $15 in 2017, $13 in 2016, and $12 in 2015 as interest expense.

E. Inventories

	2017	2016
Raw materials and supplies	$ 737	$ 658
Work in process	139	116
Finished goods	509	471
	$ 1,385	$ 1,245

F. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill by reportable segment for the years ended December 31, 2017 and 2016 were as follows:

	Americas Beverage	European Beverage	European Food	Non-reportable segments	Total
Balance at January 1, 2016	$ 944	$ 572	$ 1,241	$ 246	$ 3,003
Foreign currency translation	(88)	(61)	(56)	(12)	(217)
Transfers and other adjustments	(36)	—	5	36	5
Balance at December 31, 2016	820	511	1,190	270	2,791
Foreign currency translation	24	53	165	13	255
Balance at December 31, 2017	$ 844	$ 564	$ 1,355	$ 283	$ 3,046

The carrying amount of goodwill at December 31, 2017 and 2016 was net of the following accumulated impairments:

	Americas Beverage	European Beverage	European Food	Non-reportable segments	Total
Accumulated impairments	$ 29	$ 73	$ 724	$ 150	$ 976

Gross carrying amounts and accumulated amortization of finite-lived intangible assets by major class at December 31 were as follows:

	2017			2016		
	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Customer relationships	$ 461	$ (108)	$ 353	$ 422	$ (71)	$ 351
Long term supply contacts	143	(27)	116	137	(18)	119
	$ 604	$ (135)	$ 469	$ 559	$ (89)	$ 470

The table above excludes other intangible assets with net balances of $3 and $2 at December 31, 2017 and 2016.

Amortization expense for the years ended December 31, 2017, 2016, and 2015 was $39, $41 and $40.

Annual amortization expense for each of the five years subsequent to 2017 is estimated to be $41.

G. Property, Plant and Equipment

	2017	2016
Buildings and improvements	$ 1,214	$ 1,001
Machinery and equipment	5,131	4,628
Land and improvements	204	168
Construction in progress	369	406
	6,918	6,203
Less: accumulated depreciation and amortization	(3,679)	(3,383)
	$ 3,239	$ 2,820

H. Other Non-Current Assets

	2017	2016
Deferred taxes	$ 399	$ 593
Pension assets	313	14
Debt issuance costs	13	6
Investments	9	4
Other	98	58
	$ 832	$ 675

I. Accounts Payable and Accrued Liabilities

	2017	2016
Trade accounts payable	$ 2,367	$ 1,951
Salaries, wages and other employee benefits, including pension and postretirement	162	162
Accrued taxes, other than on income	120	107
Accrued interest	54	54
Fair value of derivatives	23	36
Income taxes payable	23	34
Asbestos liabilities	30	30
Restructuring	17	19
Other	328	309
	$ 3,124	$ 2,702

J. Other Non-Current Liabilities

	2017	2016
Asbestos liabilities	$ 285	$ 312
Deferred taxes	202	203
Postemployment benefits	24	29
Income taxes payable	22	20
Environmental	12	12
Other	140	122
	$ 685	$ 698

Income taxes payable includes unrecognized tax benefits as discussed in Note U.

K. Lease Commitments

The Company leases manufacturing, warehouse and office facilities and certain equipment. Certain of the leases contain renewal or purchase options, but the leases do not contain significant contingent rental payments, escalation clauses, rent holidays, rent concessions or leasehold improvement incentives. Under long-term operating leases, minimum annual rentals are $44 in 2018, $32 in 2019, $24 in 2020, $17 in 2021, $12 in 2022 and $67 thereafter. Such rental commitments have been reduced by minimum sublease rentals of $1 due under non-cancelable subleases. Rental expense (net of sublease rental income) was $50 in 2017 and $53 in both 2016 and 2015.

L. Asbestos-Related Liabilities

Crown Cork & Seal Company, Inc. ("Crown Cork") is one of many defendants in a substantial number of lawsuits filed throughout the United States by persons alleging bodily injury as a result of exposure to asbestos. These claims arose from the insulation operations of a U.S. company, the majority of whose stock Crown Cork purchased in 1963. Approximately ninety days after the stock purchase, this U.S. company sold its insulation assets and was later merged into Crown Cork.

Prior to 1998, amounts paid to asbestos claimants were covered by a fund made available to Crown Cork under a 1985 settlement with carriers insuring Crown Cork through 1976, when Crown Cork became self-insured. The fund was depleted in 1998 and the Company has no remaining coverage for asbestos-related costs.

The states of Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Michigan, Mississippi, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, West Virginia, Wisconsin and Wyoming enacted legislation that limits asbestos-related liabilities under state law of companies such as Crown Cork that allegedly incurred these liabilities because they are successors by corporate merger to companies that had been involved with asbestos. The legislation, which applies to future and, with the exception of Arkansas, Georgia, South Carolina, South Dakota, West Virginia and Wyoming, pending claims at the time of enactment, caps asbestos-related liabilities at the fair market value of the predecessor's total gross assets adjusted for inflation. Crown Cork has paid significantly more for asbestos-related claims than the total value of its predecessor's assets adjusted for inflation. Crown Cork has integrated the legislation into its claims defense strategy. The Company cautions, however, that the legislation may be challenged and there can be no assurance regarding the ultimate effect of the legislation on Crown Cork.

In June 2003, the State of Texas enacted legislation that limits the asbestos-related liabilities in Texas courts of companies such as Crown Cork that allegedly incurred these liabilities because they are successors by corporate merger to companies that had been involved with asbestos. The Texas legislation, which applies to future claims and pending claims, caps asbestos-related liabilities at the total gross value of the predecessor's assets adjusted for inflation. Crown Cork has paid significantly more for asbestos-related claims than the total adjusted value of its predecessor's assets.

In October 2010, the Texas Supreme Court reversed a lower court decision, Barbara Robinson v. Crown Cork & Seal Company, Inc., No. 14-04-00658-CV, Fourteenth Court of Appeals, Texas, which had upheld the dismissal of an asbestos-related case against Crown Cork. The Texas Supreme Court held that the Texas legislation was unconstitutional under the Texas Constitution when applied to asbestos-related claims pending against Crown Cork when the legislation was enacted in June of 2003. The Company believes that the decision of the Texas Supreme Court is limited to retroactive application of the Texas legislation to asbestos-related cases that were pending against Crown Cork in Texas on June 11, 2003 and therefore, in its accrual, continues to assign no value to claims filed after June 11, 2003. In December 2001, the Commonwealth of Pennsylvania enacted legislation that limits the asbestos-related liabilities of Pennsylvania corporations that are successors by corporate merger to companies involved with asbestos. The legislation limits the successor's liability for asbestos to the acquired company's asset value adjusted for inflation. Crown Cork has paid significantly more for asbestos-related claims than the acquired company's adjusted asset value. In November 2004, the legislation was amended to address a Pennsylvania Supreme Court decision (Ieropoli v. AC&S Corporation, et. al., No. 117 EM 2002) which held that the statute violated the Pennsylvania Constitution due to retroactive application. The Company cautions that the limitations of the statute, as amended, are subject to litigation and may not be upheld.

The Company further cautions that an adverse ruling in any litigation relating to the constitutionality or applicability to Crown Cork of one or more statutes that limits the asbestos-related liability of alleged defendants like Crown Cork could have a material impact on the Company.

The Company's approximate claims activity for the years ended 2017, 2016 and 2015 were as follows:

	2017	2016	2015
Beginning claims	55,500	54,500	54,000
New claims	2,500	2,500	2,500
Settlements or dismissals	(2,500)	(1,500)	(2,000)
Ending claims	55,500	55,500	54,500

The Company's cash payments during the years ended 2017, 2016, and 2015 were as follows:

	2017	2016	2015
Asbestos-related payments	$ 30	$ 30	$ 30
Settled claims payments (included in asbestos-related payments above)	24	23	22

In the fourth quarter of each year, the Company performs an analysis of outstanding claims and categorizes by year of exposure and state filed. As of December 31, 2017 and December 31, 2016, the Company's outstanding claims were:

	2017	2016
Claimants alleging first exposure after 1964	16,500	16,000
Claimants alleging first exposure before or during 1964 filed in:		
Texas	13,000	13,000
Pennsylvania	1,500	2,000
Other states that have enacted asbestos legislation	6,000	6,000
Other states	18,500	18,500
Total claims outstanding	55,500	55,500

The outstanding claims in each period exclude approximately 19,000 inactive claims. Due to the passage of time, the Company considers it unlikely that the plaintiffs in these cases will pursue further action against the Company. The exclusion of these inactive claims had no effect on the calculation of the Company's accrual as the claims were filed in states, as described above, where the Company's liability is limited by statute.

With respect to claimants alleging first exposure to asbestos before or during 1964, the Company does not include in its accrual any amounts for settlements in states where the Company's liability is limited by statute except for certain pending claims in Texas as described earlier.

With respect to post-1964 claims, regardless of the existence of asbestos legislation, the Company does not include in its accrual any amounts for settlement of these claims because of increased difficulty of establishing identification of relevant insulation products as the cause of injury. Given its settlement experience with post-1964 claims, the Company does not believe that an adverse ruling in the Texas or Pennsylvania asbestos litigation cases, or in any other state that has enacted asbestos legislation, would have a material impact on the Company with respect to such claims.

As of December 31, the percentage of outstanding claims related to claimants alleging serious diseases (primarily mesothelioma and other malignancies) were as follows:

	2017	2016	2015
Total claims	22%	22%	22%
Pre-1964 claims in states without asbestos legislation	41%	41%	41%

Crown Cork has entered into arrangements with plaintiffs' counsel in certain jurisdictions with respect to claims which are not yet filed, or asserted, against it. However, Crown Cork expects claims under these arrangements to be filed or asserted against Crown Cork in the future. The projected value of these claims is included in the Company's estimated liability as of December 31, 2017.

Approximately 81% of the claims outstanding at the end of 2017 were filed by plaintiffs who do not claim a specific amount of damages or claim a minimum amount as established by court rules relating to jurisdiction; approximately 15% were filed by plaintiffs who claim damages of less than $5; approximately 3% were filed by plaintiffs who claim damages from $5 to less than $100 (35% of whom claim damages less than $25) and 6 were filed by plaintiffs who claim damages in excess of $100.

As of December 31, 2017, the Company's accrual for pending and future asbestos-related claims and related legal costs was $315, including $272 for unasserted claims. The Company determines its accrual without limitation to a specified time period. It is reasonably possible that the actual loss could be in excess of the Company's accrual. However, the Company is unable to estimate the reasonably possible loss in excess of its accrual due to uncertainty in the following assumptions that underlie the Company's accrual and the possibility of losses in excess of such accrual: the amount of damages sought by the claimant, the Company and claimant's willingness to negotiate a settlement, the terms of settlements of other defendants with asbestos-related liabilities, the bankruptcy filings of other defendants (which may result in additional claims and higher settlements for non-bankrupt defendants), the nature of pending and future claims (including the seriousness of alleged disease, whether claimants allege first exposure to asbestos before or during 1964 and the claimant's ability to demonstrate the alleged link to Crown Cork), the volatility of the litigation environment, the defense strategies available to the Company, the level of future claims, the rate of receipt of claims, the jurisdiction in which claims are filed, and the effect of state asbestos legislation (including the validity and applicability of the Pennsylvania legislation to non-Pennsylvania jurisdictions, where the substantial majority of the Company's asbestos cases are filed).

M. Commitments and Contingent Liabilities

The Company, along with others in most cases, has been identified by the EPA or a comparable state environmental agency as a Potentially Responsible Party ("PRP") at a number of sites and has recorded aggregate accruals of $7 for its share of estimated future remediation costs at these sites. The Company has been identified as having either directly or indirectly disposed of commercial or industrial waste at the sites subject to the accrual, and where appropriate and supported by available information, generally has agreed to be responsible for a percentage of future remediation costs based on an estimated volume of materials disposed in proportion to the total materials disposed at each site. The Company has not had monetary sanctions imposed nor has the Company been notified of any potential monetary sanctions at any of the sites.

The Company has also recorded aggregate accruals of $9 for remediation activities at various worldwide locations that are owned by the Company and for which the Company is not a member of a PRP group. Although the Company believes its accruals are adequate to cover its portion of future remediation costs, there can be no assurance that the ultimate payments will not exceed the amount of the Company's accruals and will not have a material effect on its results of operations, financial position and cash flow. Any possible loss or range of potential loss that may be incurred in excess of the recorded accruals cannot be estimated.

In March 2015, the Bundeskartellamt, or German Federal Cartel Office ("FCO"), conducted unannounced inspections of the premises of several metal packaging manufacturers, including a German subsidiary of the Company. The local court order authorizing the inspection cited FCO suspicions of anti-competitive agreements in the market for the supply of metal packaging products. The FCO's investigation is ongoing. To date, the FCO has not officially charged the Company or any of its subsidiaries with any violations of competition law. The Company conducted an internal investigation into the matter and has discovered instances of inappropriate conduct by certain employees of German subsidiaries of the Company. The Company is cooperating with the FCO and submitted a leniency application which disclosed the findings of its internal investigation to date and which may lead to the reduction of penalties that the FCO may impose. If the FCO finds that the Company or any of its subsidiaries violated competition law, the FCO has wide discretion to levy fines. At this stage of the investigation the Company believes that a loss is probable. However, the Company is unable to predict the ultimate outcome of the FCO's investigation and is unable to estimate the loss or possible range of any additional losses that could be incurred, which could be material to the Company’s operating results and cash flows for the periods in which they are resolved or become reasonably estimable.

The Company and its subsidiaries are also subject to various other lawsuits and claims with respect to labor, environmental, securities, vendor and other matters arising out of the Company’s normal course of business. While the impact on future financial results is not subject to reasonable estimation because considerable uncertainty exists, management believes that the ultimate liabilities resulting from such lawsuits and claims will not materially affect the Company’s consolidated earnings, financial position or cash flow. The Company has various commitments to purchase materials, supplies and utilities as part of the ordinary conduct of business.

The Company’s basic raw materials for its products are steel and aluminum, both of which are purchased from multiple sources. The Company is subject to fluctuations in the cost of these raw materials and has periodically adjusted its selling prices to reflect these movements. There can be no assurance, however, that the Company will be able to fully recover any increases or fluctuations in raw material costs from its customers. The Company also has commitments for standby letters of credit and for purchases of capital assets.

At December 31, 2017, the Company was party to certain indemnification agreements covering environmental remediation, lease payments and other potential costs associated with properties sold or businesses divested. The Company accrues for costs related to these items when it is probable that a liability has been incurred and the amount can be reasonably estimated.

N. Restructuring and Other

The Company recorded restructuring and other charges as follows:

	2017	2016	2015
Asset impairments and sales	$ 12	$ 14	$ 22
Restructuring	18	12	23
Other costs	19	4	4
Transaction costs	2	—	15
	$ 51	$ 30	$ 64

In 2017, asset impairments and sales included a charges of $19 for the write down of carrying value of fixed assets related to the closure of beverage can plants in China and the U.S., a promotional packaging facility in Europe and a food can facility in Peru. Asset impairments and sales also includes a benefit of $5 due to the expiration of an environmental indemnification related to the sale of certain operations in the Company's European Promotional Packaging business during 2015. Additionally, the Company recorded restructuring charges of $18 for termination benefits related to the plant closures listed above.

In 2017, the Company also recorded a charge of $19 due to the settlement of a litigation matter related to Mivisa that arose prior to its acquisition by the Company in 2014.

Transaction costs in 2017 relate to the acquisition of Signode as described in Note B.

In 2016, the Company recorded an impairment charge of $9 to write down the carrying value of fixed assets and $3 for termination benefits related to the announced closure of a beverage can plant in the Company's Asia Pacific segment. The Company announced plans to close the plant in an effort to reduce cost by consolidating manufacturing processes in China.

In 2015, asset impairments and sales and restructuring primarily related to the closure of two North America food can plants in the Company's Non-reportable segment and two plants in its European Food segment. Transaction costs related to the acquisition of Empaque.

Restructuring charges by segment were as follows:

	2017	2016	2015
Americas Beverage	$ 3	$ 1	$ —
European Food	4	4	19
Asia Pacific	3	3	—
Non-reportable segments	8	4	2
Corporate	—	—	2
	$ 18	$ 12	$ 23

Restructuring charges by type were as follows:

	2017	2016	2015
Termination benefits	$ 15	$ 9	$ 20
Other exit costs	3	3	3
	$ 18	$ 12	$ 23

At December 31, 2017, the Company had a restructuring accrual of $17, primarily related to the closure of the beverage can plant in the U.S. and the promotional packaging facility in Europe discussed above, and prior actions to reduce manufacturing capacity and headcount in its European businesses. The Company expects to pay this liability over the next twelve months. The Company continues to review its supply and demand profile and long-term plans in its businesses, and it is possible that the Company may record additional restructuring charges in the future.

O. Capital Stock

A summary of common share activity for the years ended December 31 follows (in shares):

	2017	2016	2015
Common shares outstanding at January 1	139,840,228	139,441,298	139,000,471
Shares repurchased	(6,157,010)	(162,563)	(165,138)
Shares issued upon exercise of employee stock options	299,050	348,640	207,890
Restricted stock issued to employees, net of forfeitures	269,025	187,209	375,575
Shares issued to non-employee directors	24,316	25,644	22,500
Common shares outstanding at December 31	134,275,609	139,840,228	139,441,298

In December 2016, the Company's Board of Directors authorized the repurchase of an aggregate amount of $1 billion of Company common stock through the end of 2019. Share repurchases under the Company's program may be made in the open market or through privately negotiated transactions, and at times and in such amounts as management deems appropriate. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements and other market conditions. As of December 31, 2017, $669 million of the Company’s outstanding common stock may be repurchased under the program.

The Company is not obligated to acquire any shares of its common stock and the share repurchase program may be suspended or terminated at any time at the Company's discretion. Share repurchases are subject to the terms of the Company's debt agreements, market conditions and other factors. The repurchased shares, if any, are expected to be used for the Company's stock-based benefit plans, as required, and to offset dilution resulting from the issuance of shares thereunder.

The Board of Directors has the authority to issue, at any time or from time to time, up to 30 million shares of preferred stock and has authority to fix the designations, number and voting rights, preferences, privileges, limitations, restrictions, conversion rights and other special or relative rights, if any, of any class or series of any class of preferred stock that may be desired, provided the shares of any such class or series of preferred stock shall not be entitled to more than one vote per share when voting as a class with holders of the Company's common stock.

The Company's ability to pay dividends and repurchase its common stock is limited by certain restrictions in its debt agreements. These restrictions are subject to a number of exceptions, however, allowing the Company to make otherwise restricted payments. The amount of restricted payments permitted to be made, including dividends and repurchases of the Company's common stock, may be limited to the cumulative excess of $200 plus 50% of adjusted net income plus proceeds from the exercise of employee stock options over the aggregate of restricted payments made since July 2004. Adjustments to net income may include, but are not limited to, items such as asset impairments, gains and losses from asset sales and early extinguishments of debt.

P. Stock-Based Compensation

The Company's shareholder-approved stock-based incentive compensation plans provide for the granting of awards in the form of stock options, deferred stock, restricted stock or stock appreciation rights ("SARs"). The awards may be subject to the achievement of certain performance goals as determined by the Compensation Committee designated by the Company's Board of Directors. There have been no awards of SARs. At December 31, 2017, there were 4.4 million authorized shares available for future awards.

<u>Stock Options</u>

At December 31, 2017 and 2016 there were 70,000 and 369,050 options outstanding with weighted average exercise prices of $38.00 and $26.74. There were no stock options granted in 2017, 2016 or 2015. The aggregate intrinsic values of options exercised during the years ended December 31, 2017, 2016 and 2015 were $7, $8 and $5. As of December 31, 2017, all outstanding options have vested and all expense has been recognized.

<u>Restricted and Deferred Stock</u>

Annually, the Company awards shares of restricted stock to certain senior executives in the form of time-vested restricted stock and performance-based shares. The time-vested restricted stock vests ratably over three years.

For awards subject to a market condition, the metric is the Company's Total Shareholder Return ("TSR"), which includes share price appreciation and dividends paid, during the three-year term of the award measured against the TSR of a peer group of companies. For awards subject to a performance condition, the metric is the Company's average return on invested capital, over the three-year term.

The performance-based shares cliff vest at the end of three years. The number of performance-based shares that will ultimately vest is based on the level of performance achieved, ranging between 0% and 200% of the shares originally awarded and will be settled in shares of common stock. Participants who terminate employment because of retirement, disability or death receive accelerated vesting of their time-vested awards to the date of termination. However, restrictions will lapse on performance-based awards, if at all, on the original vesting date.

The Company also issues shares of time-vesting restricted stock to U.S. employees and deferred stock to non-U.S. employees which vest ratably over three to five years.

A summary of restricted and deferred stock activity follows:

	Number of shares
Non-vested shares outstanding at January 1, 2017	1,321,292
Awarded:	
Time-vesting	144,141
Performance-based	149,843
Released:	
Time-vesting	(351,403)
Performance-based	(115,732)
Forfeitures:	
Time-vesting	(35,550)
Performance-based	(58,749)
Non-vested shares outstanding at December 31, 2017	1,053,842

The average grant-date fair value of restricted stock awarded in 2017, 2016 and 2015 follows:

	2017	2016	2015
Time-vested	$ 55.55	$ 51.04	$ 53.65
Performance-based	51.90	51.18	49.50

The fair values of the performance-based awards that include a market condition were calculated using a Monte Carlo valuation model and the following weighted average assumptions:

	2017	2016	2015
Risk-free interest rate	1.4%	1.2%	1.1%
Expected term (years)	3	3	3
Expected stock price volatility	21.1%	19.8%	17.4%

At December 31, 2017, unrecognized compensation cost related to outstanding restricted and deferred stock was $27. The weighted average period over which the expense is expected to be recognized is 1.5 years. The aggregate market value of the shares released on the vesting dates was $26 in 2017.

The Company maintains a Stock-Based Compensation Plan for Non-Employee Directors. Under the plan a portion of the non-employee directors' quarterly compensation is provided in the form of restricted stock. During 2017, $1 of stock-based compensation was recognized under this plan.

Q. Debt

	2017		2016	
	Principal outstanding	Carrying amount	Principal outstanding	Carrying amount
Short-term debt	62	62	33	33
Long-term debt				
Senior secured borrowings:				
Revolving credit facilities	122	122	—	—
Term loan facilities				
U.S. dollar at LIBOR plus 1.50% due 2022	741	735	654	649
Euro at EURIBOR plus 1.50% due 2022[1]	324	324	61	61
Farm credit facility at LIBOR plus 2.00% due 2019	—	—	351	347
Senior notes and debentures:				
€650 at 4.0% due 2022	781	774	684	676
U. S. dollar at 4.50% due 2023	1,000	992	1,000	991
€600 at 2.625% due 2024	720	713	631	623
€600 at 3.375% due 2025	720	711	631	622
U.S. dollar at 4.25% due 2026	400	393	400	393
U.S. dollar at 7.375% due 2026	350	347	350	347
U.S. dollar at 7.50% due 2096	40	40	45	45
Other indebtedness in various currencies				
Fixed rate with rates in 2017 from 3.94% to 7.5% due through 2036	96	96	122	122
Variable rate with average rates in 2017 of 2.81% due through 2019	5	5	2	2
Capital lease obligations	29	29	—	—
Total long-term debt	5,328	5,281	4,931	4,878
Less: current maturities	(64)	(64)	(162)	(161)
Total long-term debt, less current maturities	$ 5,264	$ 5,217	$ 4,769	$ 4,717

(1) €270 and €58 at December 31, 2017 and 2016.

The estimated fair value of the Company’s long-term borrowings, using a market approach incorporating level 2 inputs such as quoted market prices for the same or similar issues, was $5,562 at December 31, 2017 and $5,043 at December 31, 2016.

The revolving credit facilities include provisions for letters of credit up to $210 that reduce the amount of borrowing capacity otherwise available. At December 31, 2017, the Company’s available borrowing capacity under the credit facilities was $1,236, equal to the facilities’ aggregate capacity of $1,400 less $122 of borrowings outstanding and $42 of outstanding letters of credit. The interest rate on the facilities can vary from LIBOR or EURIBOR plus a margin of 1.25% up to 1.75% based on the Company's total net leverage ratio. The revolving credit facilities and term loans contain a total net leverage ratio financial covenant.

The weighted average interest rates were as follows:

	2017	2016	2015
Short-term debt	1.4%	2.7%	3.0%
Revolving credit facilities	3.3%	3.8%	4.4%

Aggregate maturities of long-term debt including capital lease obligations and excluding unamortized discounts and debt issuance costs, for the five years subsequent to 2017 are $64, $71, $77, $63 and $1,789. Cash payments for interest during 2017, 2016 and 2015 were $225, $217 and $249.

2017 Activity

In April 2017, the Company amended its credit agreement to provide for a $1,400 revolving credit facility, a $750 Term A Facility and a €275 Term Euro Facility, which matures in 2022. In connection with the amendment, the Company recorded a loss from early extinguishment of debt of $7 for the write-off of deferred financing fees.

2016 Activity

In February 2016, the Company amended its credit agreement to provide for an additional $300 of term loan borrowings, the proceeds of which, along with borrowings under the revolving credit facilities and cash on hand were used to redeem the Company's $700 principal amount of 6.25% senior notes due 2021. In connection with the redemption, the Company recorded a loss from early extinguishment of debt of $27 for premiums paid and the write-off of deferred financing fees.

In September 2016, the Company issued €600 ($720 at December 31, 2017) principal amount of 2.625% senior unsecured notes due 2024. The notes were issued at par by Crown European Holdings S.A., a subsidiary of the Company, and are unconditionally guaranteed by the Company and certain of its subsidiaries. The Company used the proceeds to repay a portion of the Euro term loan facility. In connection with the repayment, the Company recorded a loss from early extinguishment of debt of $7 for the write-off of deferred financing fees.

In September 2016, the Company also issued $400 principal amount of 4.25% senior unsecured notes due 2026. The notes were issued at par by Crown Americas LLC, a subsidiary of the Company, and are unconditionally guaranteed by the Company and certain of its subsidiaries. The Company used the proceeds to repay a portion of the U.S dollar term loan facility. In connection with the repayment, the Company recorded a loss from early extinguishment of debt of $3 for the write-off of deferred financing fees.

R. Derivative and Other Financial Instruments

Fair Value Measurements

Under U.S. GAAP a framework exists for measuring fair value, providing a three-tier hierarchy of pricing inputs used to report assets and liabilities that are adjusted to fair value. Level 1 includes inputs such as quoted prices which are available in active markets for identical assets or liabilities as of the report date. Level 2 includes inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 3 includes unobservable pricing inputs that are not corroborated by market data or other objective sources. The Company has no items valued using Level 3 inputs other than certain pension plan assets.

The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. The Company’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities measured at fair value and their placement within the fair value hierarchy.

The Company applies a market approach to value its commodity price hedge contracts. Prices from observable markets are used to develop the fair value of these financial instruments and they are reported under Level 2. The Company uses an income approach to value its foreign exchange forward contracts. These contracts are valued using a discounted cash flow model that calculates the present value of future cash flows under the terms of the contracts using market information as of the reporting date, such as foreign exchange spot and forward rates, and are reported under Level 2 of the fair value hierarchy.

Fair value disclosures for financial assets and liabilities that were accounted for at fair value on a recurring basis are provided later in this note. In addition, see Note Q for fair value disclosures related to debt.

Derivative Financial Instruments

In the normal course of business the Company is subject to risk from adverse fluctuations in currency exchange rates, interest rates and commodity prices. The Company manages these risks through a program that includes the use of derivative financial instruments, primarily swaps and forwards. Counterparties to these contracts are major financial institutions. The Company is exposed to credit loss in the event of nonperformance by these counterparties. The Company does not use derivative instruments for trading or speculative purposes.

The Company's objective in managing exposure to market risk is to limit the impact on earnings and cash flow. The extent to which the Company uses such instruments is dependent upon its access to these contracts in the financial markets and its success using other methods, such as netting exposures in the same currencies to mitigate foreign exchange risk and using sales agreements that permit the pass-through of commodity price and foreign exchange rate risk to customers.

For derivative financial instruments accounted for in hedging relationships, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the manner in which effectiveness will be assessed. The Company formally assesses, both at inception and at least quarterly thereafter, whether the hedging relationships are effective in offsetting changes in fair value or cash flows of the related underlying exposures. When a hedge no longer qualifies for hedge accounting, the change in fair value from the date of the last effectiveness test is recognized in earnings. Any gain or loss which has accumulated in other comprehensive income at the date of the last effectiveness test is reclassified into earnings at the same time of the underlying exposure.

Cash Flow Hedges

The Company designates certain derivative financial instruments as cash flow hedges. No components of the hedging instruments are excluded from the assessment of hedge effectiveness. Changes in fair value of outstanding derivatives accounted for as cash flow hedges, except any ineffective portion, are recorded in other comprehensive income until earnings are impacted by the hedged transaction. Classification of the gain or loss in the Consolidated Statements of Operations upon release from comprehensive income is the same as that of the underlying exposure. Contracts outstanding at December 31, 2017 mature between one and thirty-four months.

When the Company discontinues hedge accounting because it is no longer probable that an anticipated transaction will occur in the originally specified period, changes to fair value accumulated in other comprehensive income are recognized immediately in earnings.

The Company uses commodity forwards to hedge anticipated purchases of various commodities, including aluminum, fuel oil and natural gas and these exposures are hedged by a central treasury unit.

The Company also designates certain foreign exchange contracts as cash flow hedges of anticipated foreign currency denominated sales or purchases. The Company manages these risks at the operating unit level.

The following table sets forth financial information about the impact on Accumulated Other Comprehensive Income ("AOCI") and earnings from changes in fair value related to derivative instruments.

Derivatives in cash flow hedges	Amount of gain/(loss) recognized in AOCI (effective portion) 2017	Amount of gain/(loss) recognized in AOCI (effective portion) 2016	Amount of gain/(loss) reclassified from AOCI into earnings 2017	Amount of gain/(loss) reclassified from AOCI into earnings 2016	
Foreign exchange	$ 2	$ (2)	$ (2)	$ 3	(1)
Commodities	39	20	23	(6)	(2)
Total	$ 41	$ 18	$ 21	$ (3)	

(1) In 2017, a loss of $8 ($6, net of tax) was recognized in net sales and a gain of $6 ($4, net of tax) was recognized in cost of products sold. In 2016, a loss of $10 ($8, net of tax) was recognized in net sale and a gain of $14 ($11, net of tax) was recognized in cost of products sold.

(2) In 2017, a gain of $31, including a loss of $2 ($1 net of tax) related to hedge ineffectiveness caused primarily by volatility in the metal premium component of aluminum prices, was recognized in cost of products sold and a tax charge of $8 was recognized in income tax expense. In 2016, a loss of $8, including a gain of $1 ($1 net of tax) related to hedge ineffectiveness caused primarily by volatility in the metal premium component of aluminum prices, was recognized in cost of products sold and a tax benefit of $2 was recognized in income tax expense.

For the twelve-month period ending December 31, 2018, a net gain of $24 ($20, net of tax) is expected to be reclassified to earnings. No amounts were reclassified during the twelve months ended December 31, 2017 and 2016 in connection with anticipated transactions that were no longer considered probable.

Fair Value Hedges and Contracts Not Designated as Hedges

The Company designates certain derivative financial instruments as fair value hedges of recognized foreign-denominated assets and liabilities, generally trade accounts receivable and payable and unrecognized firm commitments. The notional values and maturity dates of the derivative instruments coincide with those of the hedged items. Changes in fair value of the derivative financial instruments, excluding time value, are offset by changes in fair value of the related hedged items.

Certain derivative financial instruments, including foreign exchange contracts related to intercompany debt, were not designated or did not qualify for hedge accounting; however, they are effective economic hedges as the changes in their fair value, except for time value, are offset by changes from re-measurement of the related hedged items. The Company's primary use of these derivative instruments is to offset the earnings impact that fluctuations in foreign exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. Changes in fair value of these derivative instruments are immediately recognized in earnings as foreign exchange adjustments.

The impact on earnings from foreign exchange contracts designated as fair value hedges was a loss of less than $1 for the twelve months ended December 31, 2017 and a loss of $8 for the twelve months ended December 31, 2016. The impact on earnings from foreign exchange contracts not designated as hedges was a gain of $41 for the twelve months ended December 31, 2017 and a gain of $11 for the same period in 2016. These adjustments were reported within translation and foreign exchange in the Consolidated Statements of Operations and were offset by changes in the fair values of the related hedged item.

During the twelve months ended December 31, 2017 and 2016, certain commodity hedges did not meet the criteria for hedge accounting and therefore the change in their fair value during the quarter was recognized in earnings. For the twelve months ended December 31, 2017 and 2016, the Company recognized a gain of $2 ($1, net of tax) and a loss of $7 ($5, net of tax) related to these ineffective hedges.

Net Investment Hedges

During the twelve months ended December 31, 2017 and 2016, the Company recorded a loss of $153 ($134, net of tax) and a gain of $35 ($23, net of tax) in accumulated other comprehensive income for certain debt instruments that are designated as hedges of the Company's net investment in a euro-based subsidiary.

Fair Values of Derivative Financial Instruments and Valuation Hierarchy

The following table sets forth the fair value hierarchy for the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis.

Derivative assets	Balance Sheet classification	Fair Value hierarchy	December 31, 2017	December 31, 2016
Derivatives designated as hedges:				
Foreign exchange	Other current assets	2	$ 12	$ 24
Commodities	Other current assets	2	25	13
Commodities	Other non-current assets	2	4	3
Derivatives not designated as hedges:				
Commodities	Other current assets	2	22	5
	Total		$ 63	$ 45
Derivative liabilities				
Derivatives designated as hedges:				
Foreign exchange	Accounts payable and accrued liabilities	2	$ 8	$ 28
Commodities	Accounts payable and accrued liabilities	2	—	3
Foreign exchange	Other non-current liabilities	2	—	1
Derivatives not designated as hedges:				
Foreign exchange	Accounts payable and accrued liabilities	2	—	5
Commodities	Accounts payable and accrued liabilities	2	15	—
	Total		$ 23	$ 37

Offsetting of Derivative Assets and Liabilities

Certain derivative financial instruments are subject to agreements with counterparties similar to master netting arrangements and are eligible for offset. The Company has made an accounting policy election not to offset the fair values of these instruments within the statement of financial position. In the table below, the aggregate fair values of the Company's derivative assets and liabilities are presented on both a gross and net basis, where appropriate.

	Gross amounts recognized in the Balance Sheet	Gross amounts not offset in the Balance Sheet	Net amount
Balance at December 31, 2017			
Derivative assets	$ 63	$ 17	$ 46
Derivative liabilities	23	17	6
Balance at December 31, 2016			
Derivative assets	$ 45	$ 6	$ 39
Derivative liabilities	37	6	31

Notional Values of Outstanding Derivative Instruments

The aggregate U.S. dollar-equivalent notional values of outstanding derivative instruments in the Consolidated Balance Sheets were:

	December 31, 2017	December 31, 2016
Derivatives in cash flow hedges:		
Foreign exchange	$ 864	$ 644
Commodities	276	180
Derivatives in fair value hedges:		
Foreign exchange	60	73
Derivatives not designated as hedges:		
Foreign exchange	575	618
Commodities	40	72

S. Earnings Per Share

The following table summarizes basic and diluted earnings per share (EPS). Basic EPS excludes all potentially dilutive securities and is computed by dividing net income attributable to Crown Holdings by the weighted average number of common shares outstanding during the period. Diluted EPS includes the effect of stock options and restricted stock as calculated under the treasury stock method.

	2017	2016	2015
Net income attributable to Crown Holdings	$ 323	$ 496	$ 393
Weighted average shares outstanding (in millions):			
Basic	135.29	138.53	137.94
Add: dilutive stock options and restricted stock	0.32	0.78	1.20
Diluted	135.61	139.31	139.14
Basic EPS	$ 2.39	$ 3.58	$ 2.85
Diluted EPS	$ 2.38	$ 3.56	$ 2.82
Contingently issuable shares excluded from the computation of diluted earnings per share because the effect would have been anti-dilutive	—	0.5	0.1

For purposes of calculating assumed proceeds under the treasury stock method when determining the diluted weighted average shares outstanding, in 2016 and 2015 the Company excluded the impact of windfall tax benefits unless the deduction reduced cash taxes payable.

T. Pension and Other Postretirement Benefits

In 2016, the Company changed the method used to estimate the service and interest cost components of net periodic pension and postretirement benefits cost. The new method uses the spot yield curve approach to estimate the service and interest cost by applying the specific spot rates along the yield curve used to determine the benefit plan obligations to relevant projected cash outflows. Previously, the service and interest cost components were determined using a single weighted-average discount rate. The change does not affect the measurement of the total benefit plan obligation. The spot yield curve approach provides a more precise measure of service and interest cost by improving the correlation between the projected benefit cash flows and the discrete spot yield curve rates. The company accounted for this change as a change in estimate prospectively beginning in 2016.

Pensions. The Company sponsors various pension plans covering certain U.S. and non-U.S. employees, and participates in certain multi-employer pension plans. The benefits under the Company plans are based primarily on years of service and either the employees' remuneration near retirement or a fixed dollar multiple.

A measurement date of December 31 was used for all plans presented below.

The components of pension expense were as follows:

U.S. Plans	2017	2016	2015
Service cost	$ 14	$ 14	$ 14
Interest cost	50	50	63
Expected return on plan assets	(83)	(91)	(100)
Settlements	—	14	2
Amortization of actuarial loss	52	50	50
Amortization of prior service cost	1	1	—
Net periodic cost	$ 34	$ 38	$ 29

Non-U.S. Plans	2017	2016	2015
Service cost	$ 22	$ 21	$ 24
Interest cost	75	101	127
Expected return on plan assets	(146)	(157)	(172)
Curtailments	(3)	—	—
Amortization of actuarial loss	42	50	55
Amortization of prior service credit	(11)	(12)	(13)
Net periodic benefit / (cost)	$ (21)	$ 3	$ 21

Additional pension expense of $5 was recognized in each of 2017, 2016 and 2015 for multi-employer plans.

The projected benefit obligations, accumulated benefit obligations, plan assets and funded status of the Company's U.S. and non-U.S. plans were as follows:

	U.S. Plans		Non-U.S. Plans	
	2017	2016	2017	2016
Projected Benefit Obligations				
Benefit obligations at January 1	$ 1,482	$ 1,501	$ 3,283	$ 3,493
Service cost	14	14	22	21
Interest cost	50	50	75	101
Plan participants’ contributions	—	—	3	3
Amendments	4	3	—	—
Settlements	—	(39)	(7)	—
Actuarial loss	51	54	39	382
Benefits paid	(102)	(101)	(214)	(172)
Foreign currency translation	—	—	306	(545)
Benefit obligations at December 31	$ 1,499	$ 1,482	$ 3,507	$ 3,283
Plan Assets				
Fair value of plan assets at January 1	$ 1,156	$ 1,190	$ 3,152	$ 3,169
Actual return on plan assets	162	65	134	611
Employer contributions	4	41	290	62
Plan participants’ contributions	—	—	3	3
Settlements	—	(39)	(7)	—
Benefits paid	(102)	(101)	(214)	(172)
Foreign currency translation	—	—	307	(521)
Fair value of plan assets at December 31	$ 1,220	$ 1,156	$ 3,665	$ 3,152
Funded Status	$ (279)	$ (326)	$ 158	$ (131)
Accumulated benefit obligations at December 31	$ 1,445	$ 1,446	$ 3,418	$ 3,191

Information for pension plans with accumulated benefit obligations in excess of plan assets was as follows:

U.S. Plans	2017	2016
Projected benefit obligations	$ 1,499	$ 1,482
Accumulated benefit obligations	1,445	1,446
Fair value of plan assets	1,220	1,156

Non-U.S. Plans	2017	2016
Projected benefit obligations	$ 247	$ 224
Accumulated benefit obligations	223	200
Fair value of plan assets	94	85

The Company's investment strategy in its U.S. plan is designed to generate returns that are consistent with providing benefits to plan participants within the risk tolerance of the plan. Asset allocation is the primary determinant of return levels and investment risk exposure. The assets of the plan are broadly diversified in terms of securities and security types in order to limit the potential of large losses from any one security.

The strategic ranges for asset allocation in the U.S. plan are as follows:

U.S. equities	38%	to	48%
International equities	12%	to	18%
Fixed income	15%	to	25%
Balanced funds	12%	to	18%
Real estate	5%	to	10%

The Company's investment strategy in its U.K. plan, the largest non-U.S. plan, is designed to achieve a funding level of 100% within the next 9 years by targeting an expected return of 2.0% annually in excess of the expected growth in the liabilities. The Company seeks to achieve this return with a risk level commensurate with a 5% chance of the funding level falling between 4% and 7% in any one year. The strategic ranges for asset allocation in the U.K. plan are as follows:

Investment grade credit	30%	to	90%
Equities	0%	to	30%
Hedge funds	0%	to	10%
Real estate	0%	to	5%
Private equity	0%	to	15%
Alternative credit	0%	to	20%
Other	0%	to	15%

Pension assets are classified into three levels. Level 1 asset values are derived from quoted prices which are available in active markets as of the report date. Level 2 asset values are derived from other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the report date. Level 3 asset values are derived from unobservable pricing inputs that are not corroborated by market data or other objective sources.

Level 1 Investments

Equity securities are valued at the latest quoted prices taken from the primary exchange on which the security trades. Mutual funds are valued at the net asset value (NAV) of shares held at year-end.

Level 2 Investments

Fixed income securities, including government issued debt, corporate debt, asset-backed and structured debt securities are valued using the latest bid prices or valuations based on a matrix system (which considers such factors as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and other reference data including market research publications. Derivatives, which consist mainly of interest rate swaps, are valued using a discounted cash flow pricing model based on observable market data.

Level 3 Investments

Hedge funds and private equity funds are valued at the NAV at year-end. The values assigned to private equity funds are based upon assessments of each underlying investment, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, and performance multiples among other factors. Real estate investments are based on third party appraisals.

Investments Measured Using NAV per Share Practical Expedient

The investment funds' portfolio invested in the following: Global Equity, that invests in equity securities of various market sectors including industrial materials, consumer discretionary goods and services, financial infrastructure, technology, and health care; Emerging Markets that invest in equity markets within financial services, consumer goods and services, energy, and technology; and Fixed Income.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and their placement within the fair value hierarchy.

The levels assigned to the defined benefit plan assets as of December 31, 2017 and 2016 are summarized in the tables below:

	2017		
	U.S. plan assets	Non-U.S. plan assets	Total
Level 1			
Cash and cash equivalents	$ 13	$ 304	$ 317
Global large cap equity	—	34	34
U.S. large cap equity	82	32	114
Global mid/small cap equity	—	10	10
U.S. mid/small cap equity	247	32	279
Mutual funds – global equity	175	—	175
Mutual funds – U.S. equity	225	—	225
Mutual funds – fixed income	93	—	93
	835	412	1,247
Level 2			
Government issued debt securities	50	556	606
Corporate debt securities	76	4	80
Asset backed securities	9	—	9
Structured debt	—	904	904
Insurance contracts	—	18	18
Derivatives	—	136	136
Investment funds – fixed income	3	482	485
Investment funds – global equity	—	132	132
	138	2,232	2,370
Level 3			
Investment funds – real estate	94	64	158
Hedge funds	—	189	189
Private equity	15	132	147
Real estate – direct	18	6	24
	127	391	518
Total assets in fair value hierarchy	1,100	3,035	4,135
Investments measured at NAV Practical Expedient (a)			
Investment funds – fixed income	76	123	199
Investment funds – global equity	19	183	202
Investment funds – emerging markets	24	—	24
Hedge funds	—	251	251
Investment funds – real estate	—	68	68
	119	625	744
Total investments at fair value	$ 1,219	$ 3,660	$ 4,879

	2016		
	U.S. plan assets	Non-U.S. plan assets	Total
Level 1			
Cash and cash equivalents	$ 15	$ 83	$ 98
Global large cap equity	—	14	14
U.S. large cap equity	60	6	66
Global mid/small cap equity	—	5	5
U.S. mid/small cap equity	238	24	262
Mutual funds – global equity	149	2	151
Mutual funds – U.S. equity	214	—	214
Mutual funds – fixed income	92	—	92
	768	134	902
Level 2			
Government issued debt securities	49	514	563
Corporate debt securities	75	61	136
Asset backed securities	11	2	13
Structured debt	—	695	695
Insurance contracts	—	16	16
Derivatives	—	98	98
Investment funds – fixed income	2	496	498
Investment funds – global equity	—	82	82
	137	1,964	2,101
Level 3			
Investment funds – real estate	85	47	132
Hedge funds	—	207	207
Private equity	22	193	215
Real estate – direct	17	5	22
	124	452	576
Total assets in fair value hierarchy	1,029	2,550	3,579
Investments measured at NAV Practical Expedient (a)			
Investment funds – fixed income	77	110	187
Investment funds – global equity	26	243	269
Investment funds – emerging markets	23	—	23
Hedge funds	—	186	186
Investment funds – real estate	—	57	57
	126	596	722
Total investments at fair value	$ 1,155	$ 3,146	$ 4,301

(a) In accordance with ASU No. 2015-07, certain investments that are measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy.

Accrued income excluded from the tables above was as follows:

	2017	2016
U.S. plan assets	$ 1	$ 1
Non-U.S. plan assets	5	6

Plan assets include $189 and $177 of the Company’s common stock at December 31, 2017 and 2016.

The following tables reconcile the beginning and ending balances of plan assets measured using significant unobservable inputs (Level 3).

	Hedge funds	Private equity	Real estate	Total
Balance at January 1, 2016	$ 225	$ 281	$ 136	$ 642
Foreign currency translation	(37)	(42)	(4)	(83)
Asset returns – assets held at reporting date	24	2	10	36
Asset returns – assets sold during the period	1	36	—	37
Purchases, sales and settlements, net	(6)	(62)	12	(56)
Balance at December 31, 2016	207	215	154	576
Foreign currency translation	20	19	5	44
Asset returns – assets held at reporting date	(38)	(57)	7	(88)
Asset returns – assets sold during the period	32	53	—	85
Purchases, sales and settlements, net	(32)	(83)	16	(99)
Balance at December 31, 2017	$ 189	$ 147	$ 182	$ 518

The following table presents additional information about the pension plan assets valued using net asset value as a practical expedient:

	Fair Value	Redemption Frequency	Redemption Notice Period
Balance at December 31, 2017			
Investment funds – fixed income	$ 199	Daily	1 day
Investment funds – global equity	202	Monthly	1 - 30 days
Investment funds – emerging markets	24	Daily	30 days
Hedge funds	251	Monthly	3 - 45 days
Investment funds – real estate	68	Weekly	2 days
Balance at December 31, 2016			
Investment funds – fixed income	$ 187	Daily	1 - 15 days
Investment funds – global equity	269	Monthly	1 - 30 days
Investment funds – emerging markets	23	Daily	30 days
Hedge funds	186	Monthly	5 - 45 days
Investment funds – real estate	57	Weekly	2 days

The pension plan assets valued using net asset value as a practical expedient do not have any unfunded commitments.

Pension assets and liabilities included in the Consolidated Balance Sheets were:

	2017	2016
Non-current assets	$ 313	$ 14
Current liabilities	6	8
Non-current liabilities	434	469

The Company’s current liability at December 31, 2017, represents the expected required payments to be made for unfunded plans over the next twelve months. Total estimated 2017 employer contributions are $18 for the Company’s pension plans.

Changes in the net loss and prior service credit for the Company's pension plans were:

	2017		2016		2015	
	Net loss	Prior service	Net loss	Prior service	Net loss	Prior service
Balance at January 1	$ 2,032	$ (32)	$ 2,320	$ (54)	$ 2,423	$ (71)
Reclassification to net periodic benefit cost	(95)	14	(114)	11	(105)	13
Current year loss/(gain)	21	—	13	—	95	—
Amendments	—	4	—	3	—	—
Foreign currency translation	99	(2)	(187)	8	(93)	4
Balance at December 31	$ 2,057	$ (16)	$ 2,032	$ (32)	$ 2,320	$ (54)

The estimated portions of the net losses and net prior service that are expected to be recognized as components of net periodic benefit cost / (credit) in 2018 are $93 and $(10).

Expected future benefit payments as of December 31, 2017 are:

	U.S. plans	Non-U.S. plans
2018	$ 102	$ 161
2019	107	164
2020	107	167
2021	98	166
2022	100	168
2023 - 2027	491	846

The weighted average actuarial assumptions used to calculate the benefit obligations at December 31 were:

U.S. Plans	2017	2016	2015
Discount rate	3.7%	4.2%	4.4%
Compensation increase	4.7%	4.6%	4.6%

Non-U.S. Plans	2017	2016	2015
Discount rate	2.5%	2.7%	3.7%
Compensation increase	3.2%	3.3%	2.9%

The weighted average actuarial assumptions used to calculate pension expense for each year were:

U.S. Plans	2017	2016	2015
Discount rate - service cost	4.7%	4.9%	4.0%
Discount rate - interest cost	3.4%	3.5%	4.0%
Compensation increase	4.6%	4.6%	4.6%
Long-term rate of return	7.5%	8.0%	8.0%

Non-U.S. Plans	2017	2016	2015
Discount rate - service cost	2.8%	3.9%	3.4%
Discount rate - interest cost	2.3%	3.2%	3.4%
Compensation increase	3.3%	2.9%	2.7%
Long-term rate of return	4.5%	5.4%	5.2%

The expected long-term rates of return are determined at each measurement date based on a review of the actual plan assets, the target allocation, and the historical returns of the capital markets.

The U.S. plan's 2017 assumed asset rate of return was based on a calculation using underlying assumed rates of return of 9.2% for equity securities and alternative investments, 4.2% for debt securities and 5.0% for real estate. The rate of return used for equity securities and alternative investments was based on the total return of the S&P 500 for the 25 year period ended December 31, 2016. The Company believes that the equity securities included in the S&P 500 are representative of the equity securities and alternative investments held by its U.S. plan, and that this period provides a sufficient time horizon as a basis for estimating future returns. The rate of return used for debt securities is consistent with the U.S. plan discount rate and the return on AA corporate bonds with duration equal to the plan's liabilities. The underlying debt securities in the plan are primarily invested in various corporate and government agency securities and are benchmarked against returns on AA corporate bonds.

The U.K. plan's 2017 assumed asset rate of return was based on a calculation using underlying assumed rates of return of 8.5% for equity securities and alternative investments, 2.5% for debt securities and 5.0% for real estate. The assumed rate of return for equity securities and alternative investments represents the weighted average 25 year return of equity securities in the related markets. The Company believes that the equity securities included in the related market indexes are representative of the equity securities and alternative investments held by its U.K. plan, and that this period provides a sufficient time horizon as a basis for estimating future returns.

Other Postretirement Benefit Plans. The Company sponsors unfunded plans to provide health care and life insurance benefits to certain pensioners and survivors. Generally, the medical plans pay a stated percentage of medical expenses reduced by deductibles and other coverages. Life insurance benefits are generally provided by insurance contracts. The Company reserves the right, subject to existing agreements, to change, modify or discontinue the plans. A measurement date of December 31 was used for the plans presented below.

The components of net postretirement benefits cost were as follows:

Other Postretirement Benefits	2017	2016	2015
Service cost	$ —	$ —	$ 1
Interest cost	6	6	7
Amortization of prior service credit	(40)	(41)	(37)
Amortization of actuarial loss	4	5	4
Net periodic benefit credit	$ (30)	$ (30)	$ (25)

Changes in the benefit obligations were:

	2017	2016
Benefit obligations at January 1	$ 167	$ 171
Service cost	—	—
Interest cost	6	6
Actuarial loss	4	7
Benefits paid	(13)	(15)
Foreign currency translation	4	(2)
Benefit obligations at December 31	$ 168	$ 167

Changes in the net loss and prior service credit for the Company's postretirement benefit plans were:

	2017		2016		2015	
	Net loss	Prior service	Net loss	Prior service	Net loss	Prior service
Balance at January 1	$ 49	$ (182)	$ 47	$ (225)	$ 69	$ (211)
Reclassification to net periodic benefit cost	(4)	40	(5)	41	(4)	37
Current year loss	4	—	7	—	(18)	—
Amendments	—	—	—	—	—	(51)
Foreign currency translation	—	—	—	2	—	—
Balance at December 31	$ 49	$ (142)	$ 49	$ (182)	$ 47	$ (225)

The estimated portions of the net losses and prior service credits that are expected to be recognized as components of net periodic benefit cost/(credit) in 2017 are $4 and $(37).

Expected future benefit payments are as follows:

	Benefit Payments
2018	$ 14
2019	14
2020	14
2021	13
2022	13
2023 - 2027	56

The assumed health care cost trend rates at December 31, 2017 were as follows:

Health care cost trend rate assumed for 2018	4.6%
Rate that the cost trend rate gradually declines to	3.8%
Year that the rate reaches the rate it is assumed to remain	2035

A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One percentage point	
	Increase	Decrease
Effect on total service and interest cost	$ 1	$ 1
Effect on postretirement benefit obligation	$ 7	$ 6

Weighted average discount rates used to calculate the benefit obligations at the end of each year and the cost for each year are presented below.

	2017	2016	2015
Benefit obligations	3.8%	4.0%	3.9%
Service cost	5.0%	4.9%	4.0%
Interest cost	3.5%	3.6%	4.0%

Employee Savings Plan. The Company sponsors a Savings Investment Plan which covers substantially all U.S. salaried employees who are at least 21 years of age. The Company matches up to 50% of 3% of a participant's compensation and the total Company contributions were $2 in each of the last three years.

Employee Stock Purchase Plan. The Company sponsors an Employee Stock Purchase Plan which covers all U.S. employees with one or more years of service who are non-officers and non-highly compensated as defined by the Internal Revenue Code. Eligible participants contribute 85% of the quarter-ending market price towards the purchase of each common share. The Company's contribution is equivalent to 15% of the quarter-ending market price. Total shares purchased under the plan in 2017 and 2016 were 25,511 and 26,299 and the Company's contributions were less than $1 in both years.

U. Income Taxes

The components of income before income taxes were as follows:

	2017	2016	2015
U.S.	$ 10	$ (3)	$ 18
Foreign	819	772	621
	$ 829	$ 769	$ 639

The provision for income taxes consisted of the following:

	2017	2016	2015
Current tax:			
U.S. federal	$ —	$ (1)	$ 6
State and foreign	154	171	147
	$ 154	$ 170	$ 153
Deferred tax:			
U.S. federal	$ 217	$ 19	$ 12
State and foreign	30	(3)	13
	247	16	25
Total	$ 401	$ 186	$ 178

The provision for income taxes differs from the amount of income tax determined by applying the U.S. statutory federal income tax rate to pre-tax income as a result of the following items:

	2017	2016	2015
U.S. statutory rate at 35%	$ 290	$ 269	$ 224
Tax on foreign income	(81)	(88)	(74)
Valuation allowance	9	(14)	21
Tax contingencies	6	11	13
Tax law changes	174	3	4
Other items, net	3	5	(10)
Income tax provision	$ 401	$ 186	$ 178

The Company benefits from certain incentives in Brazil which allow it to pay reduced income taxes. The incentives expire at various dates beginning in 2019. These incentives increased net income attributable to the Company by $14, $13 and $8 in 2017, 2016 and 2015.

The Company paid taxes of $154, $158 and $137 in 2017, 2016 and 2015.

The Tax Act resulted in significant changes from previous tax law, including reduction of the U.S. corporate tax rate from 35% to 21% and a one-time tax imposed on the unremitted earnings of other non-U.S. subsidiaries (the "transition tax"). The adjustments to deferred tax assets and liabilities, and the charge for the transition tax are provisional amounts based on reasonable estimates from the information available as of December 31, 2017. The amounts are subject to change as the Company obtains information necessary to complete the calculations. The Company will continue to review the technical interpretations of the Tax Act and other applicable laws, monitor legislative changes, and review U.S. state guidance as it is issued. The Company expects to complete the analysis of the provisional items during the fourth quarter of 2018.

As a result of the tax rate reduction, the Company has provisionally reflected a reduction in net deferred tax assets of $103 and a corresponding deferred income tax charge of $106 recorded in the consolidated statement of operations and an income tax benefit of $3 recorded in other comprehensive income. Federal income tax expense for periods beginning in 2018 will be based on the new rate. Additionally, the Company has recorded a provisional obligation of $82 for the transition tax and expects to be able to use foreign tax credit carryforwards to satisfy this obligation. Accordingly, the Company provisionally reversed $11 of deferred tax liabilities related to cumulative undistributed foreign earnings and recorded a charge of $25 for the usage of related foreign tax credits.

As of December 31, 2017 the Company has not provided deferred taxes on approximately $1,300 of earnings in certain non-U.S. subsidiaries because such earnings are indefinitely reinvested in its international operations. Upon distribution of such earnings in the form of dividends or otherwise, the Company may be subject to incremental foreign tax. It is not practicable to estimate the amount of foreign tax that might be payable. The Company continues to believe that these earnings are indefinitely reinvested; however, as the Company continues to evaluate the impacts of the Tax Act, the Company may change this assertion in a future period.

The components of deferred taxes at December 31 are:

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Tax loss and credit carryforwards	$ 503	$ —	$ 480	$ —
Postretirement and postemployment benefits	43	—	63	—
Pensions	185	105	220	62
Property, plant and equipment	18	151	17	150
Intangible assets	—	128	—	128
Deemed repatriation tax	—	57	—	—
Asbestos	74	—	128	—
Accruals and other	87	44	125	78
Valuation allowances	(228)	—	(225)	—
Total	$ 682	$ 485	$ 808	$ 418

Tax loss and credit carryforwards expire as follows:

Year	Amount
2018	$ 15
2019	17
2020	30
2021	37
2022	166
Thereafter	151
Unlimited	87

Tax loss and credit carryforwards expiring in 2022 includes $152 of U.S. federal foreign tax credits and tax loss and credit carryforwards expiring after 2022 includes $128 of U.S. state tax loss carryforwards. The unlimited category includes $56 of French tax loss carryforwards.

Realization of any portion of the Company's deferred tax assets is dependent upon the availability of taxable income in the relevant jurisdictions. The Company considers all sources of taxable income, including (i) taxable income in any available carry back period, (ii) the reversal of taxable temporary differences, (iii) tax-planning strategies, and (iv) taxable income expected to be generated in the future other than from reversing temporary differences. The Company also considers whether there have been cumulative losses in recent years. The Company records a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company's valuation allowances at December 31, 2017 include $207 related to the portion of U.S. state tax loss carryforwards that the Company does not believe are more likely than not to be utilized prior to their expiration. The Company's ability to utilize state tax loss carryforwards is impacted by several factors including taxable income, expiration dates, limitations imposed by certain states on the amount of loss carryforwards that can be used in a given year to offset taxable income and whether the state permits the Company to file a combined return. The Company has not yet been able to make a reasonable estimate of the impact of the Tax Act's transition tax on state taxable income and any related impact on this valuation allowance.

In 2016, the Company recorded a net benefit of $31 to release the valuation allowance against its net deferred tax assets in Canada. The Company's operations in Canada recently returned to profitability in part due to benefits from recent restructuring actions and improved cost performance. Based on current projections, the Company believes it is more likely than not that it will realize the deferred tax assets. The Company's loss carryforwards in Canada expire at various dates beginning in 2026. If future changes impact the Company's profitability in Canada, it is possible that the Company may record an additional valuation allowance in the future.

Management's estimates of the appropriate valuation allowance in any jurisdictions involve a number of assumptions and judgments, including the amount and timing of future taxable income. Should future results differ from management's estimates, it is possible there could be future adjustments to the valuation allowances that would result in an increase or decrease in tax expense in the period such changes in estimates are made.

A reconciliation of unrecognized tax benefits follows:

	2017	2016	2015
Balance at January 1	$ 27	$ 28	$ 26
Additions for prior year tax positions	6	13	13
Reductions to prior period tax positions	(2)	—	—
Lapse of statute of limitations	—	(2)	—
Settlements	(4)	(12)	(9)
Foreign currency translation	2	—	(2)
Balance at December 31	$ 29	$ 27	$ 28

The Company’s unrecognized tax benefits include potential liabilities related to transfer pricing, foreign withholding taxes, and non-deductibility of expenses and exclude $1 of interest and penalties as of December 31, 2017.

In 2016, the Spanish tax authorities concluded audits of Mivisa's Spanish tax operations for the years 2009 to 2014. In connection with the audits, the Company recognized a charge of $8 to settle certain tax contingencies. In 2015, the increase for prior year positions related to an unfavorable tax court ruling in Spain.

The total interest and penalties recorded in income tax expense was less than $1 in 2017 and 2016 and $3 in 2015. As of December 31, 2017, unrecognized tax benefits of $29, if recognized, would affect the Company's effective tax rate.

The Company’s unrecognized tax benefits are not expected to increase over the next twelve months and are expected to decrease as open tax years lapse or claims are settled. The Company is unable to estimate a range of reasonably possible changes in its unrecognized tax benefits in the next twelve months as it is unable to predict when, or if, the tax authorities will commence their audits, the time needed for the audits, and the audit findings that will require settlement with the applicable tax authorities, if any.

The tax years that remained subject to examination by major tax jurisdictions as of December 31, 2017 were, 2006 and subsequent years for the U.K.; 2009 and subsequent years for Spain; 2010 and subsequent years for Germany; 2012 and subsequent years for Mexico; 2013 and subsequent years for Italy and Brazil; 2014 and subsequent years for Canada; and 2015 and subsequent years for France and the U.S.. In addition, tax authorities in certain jurisdictions, including France and the U.S., may examine earlier years when tax carryforwards that were generated in those years are subsequently utilized.

V. Segment Information

The Company’s business is organized geographically within three divisions, Americas, Europe and Asia Pacific. Within the Americas and European divisions, the Company has determined that it has the following reportable segments organized along a combination of product lines and geographic areas: Americas Beverage within the Americas, and European Beverage and European Food within Europe. The Company's Asia Pacific division is a reportable segment.

Non-reportable segments include the Company’s aerosol can businesses in North America and Europe, the Company's food can business in North America, the Company’s promotional packaging business in Europe and the Company’s tooling and equipment operations in the U.S. and United Kingdom.

The Company evaluates performance and allocates resources based on segment income. Segment income, which is not a defined term under GAAP, is defined by the Company as income from operations adjusted to add back provisions for asbestos and restructuring and other, the impact of fair value adjustments related to the sale of inventory acquired in an acquisition and the timing impact of hedge ineffectiveness. Segment income should not be considered in isolation or as a substitute for net income data prepared in accordance with GAAP and may not be comparable to calculations of similarly titled measures by other companies.

Effective January 1, 2018, the Company made changes to our segment reporting to reflect refinements to its internal reporting. The North America Food Segment was classified as a non-reportable segments. Additionally, the Company revised its definition of segment income to also exclude intangibles amortization charges. Prior period segment income amounts have been recast to conform to current year presentation of intangible amortization charges and the new guidance related to the presentation of pension and other postretirement benefit costs discussed in Note A.

The tables below present information about operating segments for the three years ended December 31, 2017, 2016 and 2015:

2017	External sales	Inter-segment sales	Segment assets	Depreciation and amortization	Capital expenditures	Segment income
Americas Beverage	$ 2,928	$ 34	$ 3,253	$ 95	$ 167	$ 470
European Beverage	1,457	2	1,631	35	109	235
European Food	1,935	70	2,964	52	45	264
Asia Pacific	1,177	—	1,355	42	123	168
Total reportable segments	7,497	106	9,203	224	444	$ 1,137
Non-reportable segments	1,201	116	1,039	19	27	
Corporate and unallocated items	—	—	421	4	27	
Total	$ 8,698	$ 222	$ 10,663	$ 247	$ 498	

2016	External sales	Inter-segment sales	Segment assets	Depreciation and amortization	Capital expenditures	Segment income
Americas Beverage	$ 2,757	$ 50	$ 2,886	$ 92	$ 220	$ 456
European Beverage	1,420	3	1,381	32	94	240
European Food	1,855	59	2,557	53	42	260
Asia Pacific	1,116	—	1,161	40	80	152
Total reportable segments	7,148	112	7,985	217	436	$ 1,108
Non-reportable segments	1,136	153	1,034	18	23	
Corporate and unallocated items	—	—	580	12	14	
Total	$ 8,284	$ 265	$ 9,599	$ 247	$ 473	

2015	External sales	Inter-segment sales	Segment assets	Depreciation and amortization	Capital expenditures	Segment income
Americas Beverage	$ 2,771	$ 71	$ 2,977	$ 93	$ 119	$ 431
European Beverage	1,504	1	1,461	27	97	223
European Food	1,984	93	2,723	53	35	263
Asia Pacific	1,202	2	1,133	40	68	145
Total reportable segments	7,461	167	8,294	213	319	$ 1,062
Non-reportable segments	1,301	100	984	18	29	
Corporate and unallocated items	—	—	772	6	6	
Total	$ 8,762	$ 267	$ 10,050	$ 237	$ 354	

Intersegment sales primarily include sales of ends and components used to manufacture cans, such as printed and coated metal, as well as parts and equipment used in the manufacturing process.

Corporate and unallocated items include corporate and division administrative costs, technology costs, and the timing impact of hedge ineffectiveness.

A reconciliation of segment income of reportable segments to income before income taxes for the three years ended December 31, 2017, 2016 and 2015 follows:

	2017	2016	2015
Segment income of reportable segments	$ 1,137	$ 1,108	$ 1,062
Segment income of non-reportable segments	123	123	153
Corporate and unallocated items	(143)	(142)	(172)
Provision for asbestos	(3)	(21)	(26)
Restructuring and other	(51)	(30)	(64)
Amortization of intangibles	(39)	(41)	(40)
Loss from early extinguishments of debt	(7)	(37)	(9)
Other pension and postretirement	53	24	14
Interest expense	(252)	(243)	(270)
Interest income	15	12	11
Foreign exchange	(4)	16	(20)
Income before income taxes	$ 829	$ 769	$ 639

For the three years ended December 31, 2017, 2016 and 2015, intercompany profit of $8, $13 and $2 was eliminated within segment income of non-reportable segments.

For the three years ended December 31, 2017, 2016 and 2015, no one customer accounted for more than 10% of the Company's consolidated net sales.

Sales by major product were:

	2017	2016	2015
Metal beverage cans and ends	$ 5,085	$ 4,834	$ 4,957
Metal food cans and ends	2,331	2,213	2,410
Other metal packaging	887	877	977
Other products	395	360	418
Consolidated net sales	$ 8,698	$ 8,284	$ 8,762

The following table provides sales and long-lived asset information for the major countries in which the Company operates. Long-lived assets includes property, plant and equipment attributed to the specific countries listed below.

	Net Sales			Long-Lived Assets	
	2017	2016	2015	2017	2016
United States	$ 1,931	$ 1,918	$ 2,013	$ 516	$ 497
Mexico	699	688	693	388	304
Spain	649	645	669	323	203
United Kingdom	600	559	712	150	136
Brazil	652	523	482	335	358
Other	4,167	3,951	4,193	1,527	1,322
Consolidated total	$ 8,698	$ 8,284	$ 8,762	$ 3,239	$ 2,820

W. Condensed Combining Financial Information

Crown Cork & Seal Company, Inc. (Issuer), a wholly owned subsidiary, has $350 principal amount of 7.375% senior notes due 2026 and $40 principal amount of 7.5% senior notes due 2096 outstanding that are fully and unconditionally guaranteed by Crown Holdings, Inc. (Parent). No other subsidiary guarantees the debt. The following condensed combining financial statements:

- statements of comprehensive income and cash flows for the years ended December 31, 2017, 2016, 2015, and
- balance sheets as of December 31, 2017 and December 31, 2016

are presented on the following pages to comply with the Company's requirements under Rule 3-10 of Regulation S-X.

CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Net sales			8,698		$ 8,698
Cost of products sold, excluding depreciation and amortization			7,006		7,006
Depreciation and amortization			247		247
Selling and administrative expense		2	365		367
Provision for asbestos		3			3
Restructuring and other		(1)	52		51
Income from operations	—	(4)	1,028	—	1,024
Loss from early extinguishments of debt			7		7
Other pension and postretirement		7	(60)		(53)
Net interest expense		91	146		237
Foreign exchange			4		4
Income/(loss) before income taxes	—	(102)	931	—	829
Provision for / (benefit from) income taxes		194	207		401
Equity earnings in affiliates	323	531		(854)	—
Net income	323	235	724	(854)	428
Net income attributable to noncontrolling interests			(105)		(105)
Net income attributable to Crown Holdings	$ 323	$ 235	$ 619	$ (854)	$ 323
Total comprehensive income	482	275	886	(1,053)	590
Comprehensive income attributable to noncontrolling interests			(108)		(108)
Comprehensive income attributable to Crown Holdings	$ 482	$ 275	$ 778	$ (1,053)	$ 482

CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Net sales			8,284		$ 8,284
Cost of products sold, excluding depreciation and amortization			6,623		6,623
Depreciation and amortization			247		247
Selling and administrative expense		1	365		366
Provision for asbestos		21			21
Restructuring and other		(1)	31		30
Income from operations	—	(21)	1,018	—	997
Loss from early extinguishments of debt			37		37
Other pension and postretirement		20	(44)		(24)
Net interest expense		106	125		231
Foreign exchange			(16)		(16)
Income/(loss) before income taxes	—	(147)	916	—	769
Provision for / (benefit from) income taxes		(12)	198		186
Equity earnings in affiliates	496	529		(1,025)	—
Net income	496	394	718	(1,025)	583
Net income attributable to noncontrolling interests			(87)		(87)
Net income attributable to Crown Holdings	$ 496	$ 394	$ 631	$ (1,025)	$ 496
Total comprehensive income	250	348	472	(733)	337
Comprehensive income attributable to noncontrolling interests			(87)		(87)
Comprehensive income attributable to Crown Holdings	$ 250	$ 348	$ 385	$ (733)	$ 250

CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Net sales			8,762		$ 8,762
Cost of products sold, excluding depreciation and amortization			7,140		7,140
Depreciation and amortization			237		237
Selling and administrative expense		2	380		382
Provision for asbestos		26			26
Restructuring and other		(1)	65		64
Income from operations	—	(27)	940	—	913
Loss from early extinguishments of debt			9		9
Other pension and postretirement		8	(22)		(14)
Net interest expense		100	159		259
Foreign exchange			20		20
Income/(loss) before income taxes	—	(135)	774	—	639
Provision for / (benefit from) income taxes		(35)	213		178
Equity earnings in affiliates	393	385		(778)	—
Net income	393	285	561	(778)	461
Net income attributable to noncontrolling interests			(68)		(68)
Net income attributable to Crown Holdings	$ 393	$ 285	$ 493	$ (778)	$ 393
Total comprehensive income	4	3	168	(107)	68
Comprehensive income attributable to noncontrolling interests			(64)		(64)
Comprehensive income attributable to Crown Holdings	$ 4	$ 3	$ 104	$ (107)	$ 4

CONDENSED COMBINING BALANCE SHEET

As of December 31, 2017
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Assets					
Current assets					
Cash and cash equivalents			424		$ 424
Receivables, net		9	1,032		1,041
Inventories			1,385		1,385
Prepaid expenses and other current assets			224		224
Total current assets	—	9	3,065	—	3,074
Intercompany debt receivables			3,604	(3,604)	—
Investments	3,120	3,448		(6,568)	—
Goodwill and intangible assets			3,518		3,518
Property, plant and equipment, net			3,239		3,239
Other non-current assets		283	549		832
Total	$ 3,120	$ 3,740	$ 13,975	$ (10,172)	$ 10,663
Liabilities and equity					
Current liabilities					
Short-term debt			62		$ 62
Current maturities of long-term debt			64		64
Accounts payable and accrued liabilities	22	41	3,061		3,124
Total current liabilities	22	41	3,187	—	3,250
Long-term debt, excluding current maturities		387	4,830		5,217
Long-term intercompany debt	2,497	1,107		(3,604)	—
Postretirement and pension liabilities			588		588
Other non-current liabilities		336	349		685
Commitments and contingent liabilities					
Noncontrolling interests			322		322
Crown Holdings shareholders' equity	601	1,869	4,699	(6,568)	601
Total equity	601	1,869	5,021	(6,568)	923
Total	$ 3,120	$ 3,740	$ 13,975	$ (10,172)	$ 10,663

CONDENSED COMBINING BALANCE SHEET

As of December 31, 2016
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Assets					
Current assets					
Cash and cash equivalents			559		$ 559
Receivables, net			865		865
Inventories			1,245		1,245
Prepaid expenses and other current assets	1		171		172
Total current assets	1	—	2,840	—	2,841
Intercompany debt receivables			3,447	(3,447)	—
Investments	2,857	2,915		(5,772)	—
Goodwill and intangible assets			3,263		3,263
Property, plant and equipment, net			2,820		2,820
Other non-current assets		447	228		675
Total	$ 2,858	$ 3,362	$ 12,598	$ (9,219)	$ 9,599
Liabilities and equity					
Current liabilities					
Short-term debt			33		$ 33
Current maturities of long-term debt			161		161
Accounts payable and accrued liabilities	23	40	2,639		2,702
Total current liabilities	23	40	2,833	—	2,896
Long-term debt, excluding current maturities		392	4,325		4,717
Long-term intercompany debt	2,469	978		(3,447)	—
Postretirement and pension liabilities			620		620
Other non-current liabilities		358	340		698
Commitments and contingent liabilities					
Noncontrolling interests			302		302
Crown Holdings shareholders’ equity	366	1,594	4,178	(5,772)	366
Total equity	366	1,594	4,480	(5,772)	668
Total	$ 2,858	$ 3,362	$ 12,598	$ (9,219)	$ 9,599

CONDENSED COMBINING STATEMENT OF CASH FLOWS

For the year ended December 31, 2017
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Net cash provided by/(used for) operating activities	7	(58)	(162)	(38)	$ (251)
Cash flows from investing activities					
Capital expenditures			(498)		(498)
Beneficial interest in transferred receivables			1,010		1,010
Proceeds from sale of property, plant and equipment			8		8
Intercompany investing activities	235			(235)	—
Other			(24)		(24)
Net cash provided by/(used for) investing activities	235	—	496	(235)	496
Cash flows from financing activities					
Proceeds from long-term debt			1,054		1,054
Payments of long-term debt		(5)	(1,132)		(1,137)
Net change in revolving credit facility and short-term debt			95		95
Net change in long-term intercompany balances	88	63	(151)		—
Debt issuance costs			(16)		(16)
Common stock issued	9				9
Common stock repurchased	(339)				(339)
Dividends paid			(273)	273	—
Dividend paid to noncontrolling interests			(93)		(93)
Foreign exchange derivatives related to debt			27		27
Net cash provided by/(used for) financing activities	(242)	58	(489)	273	(400)
Effect of exchange rate changes on cash, cash equivalents and restricted cash			14		14
Net change in cash, cash equivalents and restricted cash	—	—	(141)	—	(141)
Cash, cash equivalents and restricted cash at January 1			576		576
Cash, cash equivalents and restricted cash at December 31	$ —	$ —	$ 435	$ —	$ 435

CONDENSED COMBINING STATEMENT OF CASH FLOWS

For the year ended December 31, 2016
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Net cash provided by/(used for) operating activities	63	(92)	(3)	(102)	$ (134)
Cash flows from investing activities					
Capital expenditures			(473)		(473)
Beneficial interest in transferred receivables			1,086		1,086
Proceeds from sale of property, plant and equipment		(1)	11		10
Intercompany investing activities	235			(235)	—
Other			10		10
Net cash provided by/(used for) investing activities	235	(1)	634	(235)	633
Cash flows from financing activities					
Proceeds from long-term debt			1,380		1,380
Payments of long-term debt			(1,914)		(1,914)
Net change in revolving credit facility and short-term debt			(32)		(32)
Net change in long-term intercompany balances	(300)	93	207		—
Premiums paid to retire debt			(22)		(22)
Debt issuance costs			(18)		(18)
Common stock issued	10				10
Common stock repurchased	(8)				(8)
Dividends paid			(337)	337	—
Dividend paid to noncontrolling interests			(80)		(80)
Contribution from noncontrolling interests			4		4
Foreign exchange derivatives related to debt			42		42
Net cash provided by/(used for) financing activities	(298)	93	(770)	337	(638)
Effect of exchange rate changes on cash, cash equivalents and restricted cash			(30)		(30)
Net change in cash, cash equivalents and restricted cash	—	—	(169)	—	(169)
Cash, cash equivalents and restricted cash at January 1			745		745
Cash, cash equivalents and restricted cash at December 31	$ —	$ —	$ 576	$ —	$ 576

CONDENSED COMBINING STATEMENT OF CASH FLOWS

For the year ended December 31, 2015
(in millions)

	Parent	Issuer	Non-Guarantors	Eliminations	Total Company
Net cash provided by/(used for) operating activities	33	(65)	123		$ 91
Cash flows from investing activities					
Capital expenditures			(354)		(354)
Beneficial interest in transferred receivables			865		865
Acquisition of businesses, net of cash acquired			(1,207)		(1,207)
Proceeds from sale of business, net of cash sold			33		33
Proceeds from sale of property, plant and equipment			7		7
Intercompany investing activities	(738)	21	738	(21)	—
Net investment hedge settlements			(11)		(11)
Other			(10)		(10)
Net cash provided by/(used for) investing activities	(738)	21	61	(21)	(677)
Cash flows from financing activities					
Proceeds from long-term debt			1,435		1,435
Payments of long-term debt		(17)	(883)		(900)
Net change in revolving credit facility and short-term debt			(7)		(7)
Net change in long-term intercompany balances	708	61	(769)		—
Debt issuance costs			(18)		(18)
Common stock issued	6				6
Common stock repurchased	(9)				(9)
Dividends paid			(21)	21	—
Dividend paid to noncontrolling interests			(48)		(48)
Contribution from noncontrolling interests			5		5
Foreign exchange derivatives related to debt			(58)		(58)
Net cash provided by/(used for) financing activities	705	44	(364)	21	406
Effect of exchange rate changes on cash, cash equivalents and restricted cash			(62)		(62)
Net change in cash, cash equivalents and restricted cash	—	—	(242)	—	(242)
Cash, cash equivalents and restricted cash at January 1			987		987
Cash, cash equivalents and restricted cash at December 31	$ —	$ —	$ 745	$ —	$ 745

Crown Americas, LLC, Crown Americas Capital Corp. II, Crown Americas Capital Corp. III and Crown Americas Capital Corp. V (collectively, the Issuers), wholly owned subsidiaries of the Company, have outstanding $1,000 principal amount of 4.5% senior notes due 2023 and $400 principal amount of 4.25% senior notes due 2026 which are fully and unconditionally guaranteed by Crown Holdings, Inc. (Parent) and substantially all subsidiaries in the United States. The guarantors are wholly owned by the Company and the guarantees are made on a joint and several basis. The following condensed combining financial statements:

- statements of comprehensive income and cash flows for the years ended December 31, 2017, 2016, 2015, and
- balance sheets as of December 31, 2017 and December 31, 2016

are presented on the following pages to comply with the Company's requirements under Rule 3-10 of Regulation S-X.

CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Net sales			1,931	6,767		$ 8,698
Cost of products sold, excluding depreciation and amortization			1,605	5,401		7,006
Depreciation and amortization			40	207		247
Selling and administrative expense		10	134	223		367
Provision for asbestos			3			3
Restructuring and other		2	11	38		51
Income from operations		(12)	138	898		1,024
Loss from early extinguishments of debt		6		1		7
Other pension and postretirement			(13)	(40)		(53)
Net interest expense		65	95	77		237
Technology royalty			(42)	42		—
Foreign exchange		90	(2)	6	(90)	4
Income/(loss) before income taxes		(173)	100	812	90	829
Provision for / (benefit from) income taxes		(66)	271	164	32	401
Equity earnings in affiliates	323	194	406		(923)	—
Net income	323	87	235	648	(865)	428
Net income attributable to noncontrolling interests				(105)		(105)
Net income attributable to Crown Holdings	$ 323	$ 87	$ 235	$ 543	$ (865)	$ 323
Total comprehensive income	482	115	275	854	(1,136)	$ 590
Comprehensive income attributable to noncontrolling interests				(108)		(108)
Comprehensive income attributable to Crown Holdings	$ 482	$ 115	$ 275	$ 746	$ (1,136)	$ 482

CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Net sales			1,918	6,366		$ 8,284
Cost of products sold, excluding depreciation and amortization			1,571	5,052		6,623
Depreciation and amortization			33	214		247
Selling and administrative expense		10	135	221		366
Provision for asbestos			21			21
Restructuring and other		(5)	11	24		30
Income from operations		(5)	147	855		997
Loss from early extinguishments of debt		32		5		37
Other pension and postretirement			(7)	(17)		(24)
Net interest expense		66	86	79		231
Technology royalty			(38)	38		—
Foreign exchange		(21)	1	(17)	21	(16)
Income/(loss) before income taxes		(82)	105	767	(21)	769
Provision for / (benefit from) income taxes		(31)	81	143	(7)	186
Equity earnings in affiliates	496	207	370		(1,073)	—
Net income	496	156	394	624	(1,087)	583
Net income attributable to noncontrolling interests				(87)		(87)
Net income attributable to Crown Holdings	$ 496	$ 156	$ 394	$ 537	$ (1,087)	$ 496
Total comprehensive income	250	119	348	394	(774)	$ 337
Comprehensive income attributable to noncontrolling interests				(87)		(87)
Comprehensive income attributable to Crown Holdings	$ 250	$ 119	$ 348	$ 307	$ (774)	$ 250

CONDENSED COMBINING STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Net sales			2,013	6,749		$ 8,762
Cost of products sold, excluding depreciation and amortization			1,632	5,508		7,140
Depreciation and amortization			32	205		237
Selling and administrative expense		9	145	228		382
Provision for asbestos			26			26
Restructuring and other			7	57		64
Income from operations		(9)	171	751		913
Loss from early extinguishments of debt		9				9
Other pension and postretirement			(13)	(1)		(14)
Net interest expense		91	90	78		259
Technology royalty			(42)	42		—
Foreign exchange		(8)	3	17	8	20
Income/(loss) before income taxes		(101)	133	615	(8)	639
Provision for / (benefit from) income taxes		(38)	79	140	(3)	178
Equity earnings in affiliates	393	183	231		(807)	—
Net income	393	120	285	475	(812)	461
Net income attributable to noncontrolling interests				(68)		(68)
Net income attributable to Crown Holdings	$ 393	$ 120	$ 285	$ 407	$ (812)	$ 393
Total comprehensive income	4	146	64	46	(192)	$ 68
Comprehensive income attributable to noncontrolling interests				(64)		(64)
Comprehensive income attributable to Crown Holdings	$ 4	$ 146	$ 64	$ (18)	$ (192)	$ 4

CONDENSED COMBINING BALANCE SHEET

As of December 31, 2017
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Assets						
Current assets						
Cash and cash equivalents		36	3	385		$ 424
Receivables, net			29	1,012		1,041
Intercompany receivables			32	13	(45)	—
Inventories			347	1,038		1,385
Prepaid expenses and other current assets		2	17	205		224
Total current assets	—	38	428	2,653	(45)	3,074
Intercompany debt receivables		2,523	3,325	732	(6,580)	—
Investments	3,120	2,479	1,032		(6,631)	—
Goodwill and intangible assets			466	3,052		3,518
Property, plant and equipment, net		1	515	2,723		3,239
Other non-current assets		11	311	510		832
Total	$ 3,120	$ 5,052	$ 6,077	$ 9,670	$ (13,256)	$ 10,663
Liabilities and equity						
Current liabilities						
Short-term debt				62		$ 62
Current maturities of long-term debt		23	3	38		64
Accounts payable and accrued liabilities	22	31	619	2,452		3,124
Intercompany payables			13	32	(45)	—
Total current liabilities	22	54	635	2,584	(45)	3,250
Long-term debt, excluding current maturities		2,094	408	2,715		5,217
Long-term intercompany debt	2,497	1,411	2,454	218	(6,580)	—
Postretirement and pension liabilities			373	215		588
Other non-current liabilities			338	347		685
Commitments and contingent liabilities						
Noncontrolling interests				322		322
Crown Holdings shareholders' equity	601	1,493	1,869	3,269	(6,631)	601
Total equity	601	1,493	1,869	3,591	(6,631)	923
Total	$ 3,120	$ 5,052	$ 6,077	$ 9,670	$ (13,256)	$ 10,663

CONDENSED COMBINING BALANCE SHEET

As of December 31, 2016
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Assets						
Current assets						
Cash and cash equivalents		83		476		$ 559
Receivables, net		3	20	842		865
Intercompany receivables			33	6	(39)	—
Inventories			313	932		1,245
Prepaid expenses and other current assets	1	2	13	156		172
Total current assets	1	88	379	2,412	(39)	2,841
Intercompany debt receivables		2,703	3,234	690	(6,627)	—
Investments	2,857	2,319	954		(6,130)	—
Goodwill and intangible assets			469	2,794		3,263
Property, plant and equipment, net		1	496	2,323		2,820
Other non-current assets		3	464	208		675
Total	$ 2,858	$ 5,114	$ 5,996	$ 8,427	$ (12,796)	$ 9,599
Liabilities and equity						
Current liabilities						
Short-term debt				33		$ 33
Current maturities of long-term debt		118		43		161
Accounts payable and accrued liabilities	23	32	577	2,070		2,702
Intercompany payables			6	33	(39)	—
Total current liabilities	23	150	583	2,179	(39)	2,896
Long-term debt, excluding current maturities		2,258	392	2,067		4,717
Long-term intercompany debt	2,469	1,328	2,624	206	(6,627)	—
Postretirement and pension liabilities			422	198		620
Other non-current liabilities			381	317		698
Commitments and contingent liabilities						
Noncontrolling interests				302		302
Crown Holdings shareholders' equity	366	1,378	1,594	3,158	(6,130)	366
Total equity	366	1,378	1,594	3,460	(6,130)	668
Total	$ 2,858	$ 5,114	$ 5,996	$ 8,427	$ (12,796)	$ 9,599

CONDENSED COMBINING STATEMENT OF CASH FLOWS

For the year ended December 31, 2017
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Net provided by/(used for) operating activities	7	(30)	83	(211)	(100)	$ (251)
Cash flows from investing activities						
Capital expenditures			(102)	(396)		(498)
Beneficial interest in transferred receivables				1,010		1,010
Proceeds from sale of property, plant and equipment			1	7		8
Intercompany investing activities	235		300		(535)	—
Other			(20)	(4)		(24)
Net cash provided by/(used for) investing activities	235	—	179	617	(535)	496
Cash flows from financing activities						
Proceeds from long-term debt		750	9	295		1,054
Payments of long-term debt		(1,015)	(7)	(115)		(1,137)
Net change in revolving credit facility and short-term debt				95		95
Net change in long-term intercompany balances	88	263	(261)	(90)		—
Debt issuance costs		(15)		(1)		(16)
Common stock issued	9					9
Common stock repurchased	(339)					(339)
Dividends paid				(635)	635	—
Dividends paid to noncontrolling interests				(93)		(93)
Foreign exchange derivatives related to debt				27		27
Net cash provided by/(used for) financing activities	(242)	(17)	(259)	(517)	635	(400)
Effect of exchange rate changes on cash, cash equivalents and restricted cash				14		14
Net change in cash, cash equivalents and restricted cash	—	(47)	3	(97)	—	(141)
Cash, cash equivalents and restricted cash at January 1		83		493		576
Cash, cash equivalents and restricted cash at December 31	$ —	$ 36	$ 3	$ 396	$ —	$ 435

CONDENSED COMBINING STATEMENT OF CASH FLOWS

For the year ended December 31, 2016
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Net provided by/(used for) operating activities	63	23	143	(211)	(152)	$ (134)
Cash flows from investing activities						
Capital expenditures			(127)	(346)		(473)
Beneficial interest in transferred receivables				1,086		1,086
Proceeds from sale of property, plant and equipment			4	6		10
Intercompany investing activities	235		150		(385)	—
Other			10	—		10
Net cash provided by/(used for) investing activities	235	—	37	746	(385)	633
Cash flows from financing activities						
Proceeds from long-term debt		700		680		1,380
Payments of long-term debt		(1,181)		(733)		(1,914)
Net change in revolving credit facility and short-term debt				(32)		(32)
Net change in long-term intercompany balances	(300)	468	(180)	12		—
Premiums paid to retire debt		(22)				(22)
Debt issuance costs		(9)		(9)		(18)
Common stock issued	10					10
Common stock repurchased	(8)					(8)
Dividends paid				(537)	537	—
Dividends paid to noncontrolling interests				(80)		(80)
Contribution from noncontrolling interests				4		4
Foreign exchange derivatives related to debt				42		42
Net cash provided by/(used for) financing activities	(298)	(44)	(180)	(653)	537	(638)
Effect of exchange rate changes on cash, cash equivalents and restricted cash				(30)		(30)
Net change in cash, cash equivalents and restricted cash	—	(21)	—	(148)	—	(169)
Cash, cash equivalents and restricted cash at January 1		104		641		745
Cash, cash equivalents and restricted cash at December 31	$ —	$ 83	$ —	$ 493	$ —	$ 576

CONDENSED COMBINING STATEMENT OF CASH FLOWS

For the year ended December 31, 2015
(in millions)

	Parent	Issuer	Guarantors	Non-Guarantors	Eliminations	Total Company
Net provided by/(used for) operating activities	33	(34)	6	86		$ 91
Cash flows from investing activities						
Capital expenditures			(80)	(274)		(354)
Beneficial interest in transferred receivables				865		865
Acquisition of businesses, net of cash acquired				(1,207)		(1,207)
Proceeds from sale of businesses, net of cash sold				33		33
Proceeds from sale of property, plant and equipment			2	5		7
Intercompany investing activities	(738)	15	71	738	(86)	—
Net investment hedge settlements		(11)				(11)
Other			(10)	—		(10)
Net cash provided by/(used for) investing activities	(738)	4	(17)	160	(86)	(677)
Cash flows from financing activities						
Proceeds from long-term debt		750		685		1,435
Payments of long-term debt		(722)		(178)		(900)
Net change in revolving credit facility and short-term debt				(7)		(7)
Net change in long-term intercompany balances	708	(12)	11	(707)		—
Debt issuance costs		(10)		(8)		(18)
Common stock issued	6					6
Common stock repurchased	(9)					(9)
Dividends paid				(86)	86	—
Dividends paid to noncontrolling interests				(48)		(48)
Contribution from noncontrolling interests				5		5
Foreign exchange derivatives related to debt				(58)		(58)
Net cash provided by/(used for) financing activities	705	6	11	(402)	86	406
Effect of exchange rate changes on cash, cash equivalents and restricted cash				(62)		(62)
Net change in cash, cash equivalents and restricted cash	—	(24)	—	(218)	—	(242)
Cash, cash equivalents and restricted cash at January 1		128		859		987
Cash, cash equivalents and restricted cash at December 31	$ —	$ 104	$ —	$ 641	$ —	$ 745

Quarterly Data (unaudited)

(in millions)	2017				2016			
	First (1)	Second (2)	Third (3)	Fourth (4)	First (5)	Second (6)	Third (7)	Fourth (8)
Net sales	$ 1,901	$ 2,161	$ 2,468	$ 2,168	$ 1,893	$ 2,142	$ 2,326	$ 1,923
Gross profit *	311	368	433	333	301	373	415	325
Net income (loss) attributable to Crown Holdings	107	128	177	(89)	79	169	183	65
Earnings per average common share:								
Basic	$ 0.77	$ 0.95	$ 1.32	$ (0.67)	$ 0.57	$ 1.22	$ 1.32	$ 0.47
Diluted	0.77	0.94	1.32	(0.67)	0.57	1.21	1.31	0.47
Average common shares outstanding:								
Basic	138.5	135.3	134.0	133.4	138.1	138.5	138.7	138.8
Diluted	139.0	135.7	134.4	133.8	139.0	139.3	139.5	139.5
Common stock price range: **								
High	$ 54.73	$ 59.66	$ 61.17	$ 60.91	$ 50.48	$ 55.44	$ 57.46	$ 57.49
Low	52.48	52.52	56.96	55.84	43.30	48.28	49.14	51.57
Close	52.95	59.66	59.72	56.25	49.59	50.67	57.09	52.57

* The Company defines gross profit as net sales less cost of products sold and depreciation and amortization.
** Source: New York Stock Exchange - Composite Transactions

Notes:

(1) Includes pre-tax benefits of $4 for restructuring and other and $5 for hedge ineffectiveness.

(2) Includes pre-tax charges of $18 for restructuring and other, $7 for loss from early extinguishment of debt and $8 for hedge ineffectiveness.

(3) Includes a pre-tax charge of $16 for restructuring and other and a pre-tax benefit of $1 for hedge ineffectiveness.

(4) Includes pre-tax charges of $3 for asbestos claims and $21 for restructuring and other, a pre-tax benefit of $2 for hedge ineffectiveness and an income tax charge of $177 to recognize the provisional impact of US tax reform.

(5) Includes a pre-tax benefit of $1 for restructuring and other and a pre-tax charge of $27 for loss from early extinguishment of debt.

(6) Includes pre-tax benefits of $3 for restructuring and other and $4 for hedge ineffectiveness.

(7) Includes pre-tax charges of $11 restructuring and other and $10 for loss from early extinguishment of debt, a pre-tax benefit of $2 for hedge ineffectiveness and an income tax benefit of $31 for a valuation allowance release partially offset by an income tax charge of $13 for tax contingencies and the impact of a corporate restructuring.

(8) Includes pre-tax charges of $21 for asbestos claims and $23 for restructuring and other, a pre-tax benefit of $2 for hedge ineffectiveness and an income tax charge of $2 for a tax law change.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(In millions)

COLUMN A	COLUMN B	COLUMN C Additions		COLUMN D	COLUMN E
Description	Balance at beginning of period	Charged to costs and expense	Charged to other accounts	Deductions – write-offs	Balance at end of period
For the year ended December 31, 2017					
Allowances deducted from assets to which they apply:					
Trade accounts receivable	$ 76	$ —	$ 6	$ (11)	$ 71
Deferred tax assets	225	9	—	(6)	228
For the year ended December 31, 2016					
Allowances deducted from assets to which they apply:					
Trade accounts receivable	83	9	(1)	(15)	76
Deferred tax assets	241	(14)	2	(4)	225
For the year ended December 31, 2015					
Allowances deducted from assets to which they apply:					
Trade accounts receivable	88	4	(9)	—	83
Deferred tax assets	245	21	(9)	(16)	241

Amounts charged to other accounts primarily relates to foreign currency translation.