

MACERICH CO  
 Form 424B2  
 August 20, 2014

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**Filed Pursuant to Rule 424(b)(2)**  
**Registration No. 333-198260**

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered(1)</b>	<b>Proposed Maximum Offering Price Per Unit</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Common Stock, \$0.01 par value per share	253,973	\$(2)	\$(2)	\$0(2)

- (1) Pursuant to Rule 416 under the Securities Act of 1933, as amended, or the Securities Act, this registration statement also covers such additional shares as may hereafter be offered or issued with respect to the shares registered hereby resulting from stock splits, stock dividends, recapitalizations or similar capital adjustments.
- (2) As discussed below, pursuant to Rule 415(a)(6) under the Securities Act, this prospectus supplement only includes unsold securities that have been previously registered. Accordingly, there is no registration fee due in connection with this prospectus supplement.

Pursuant to Rule 415(a)(6) under the Securities Act, the securities registered pursuant to this prospectus supplement include 253,973 unsold shares of common stock previously registered on our prospectus supplements dated November 26, 2008, June 19, 2009, September 18, 2009, December 18, 2009 and March 19, 2010 and an accompanying prospectus to our registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, on November 26, 2008 under File No. 333-155742, and on our prospectus supplement dated September 9, 2011 and an accompanying prospectus to our registration statement on Form S-3 that we filed with the SEC on September 9, 2011 under File No. 333-176762, which we collectively refer to as the "Prior Prospectuses." In connection with the registration of such unsold shares of common stock on the Prior Prospectuses, we paid a registration fee of \$461.41 which will continue to be applied to such unsold securities.

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**Prospectus Supplement  
(To Prospectus dated August 20, 2014)**

**253,973 Shares**

**Common Stock**

The 253,973 shares of our common stock, par value \$.01 per share ("Common Stock"), that we may issue pursuant to this prospectus supplement and the accompanying prospectus were previously included in prospectus supplements dated November 26, 2008, June 19, 2009, September 18, 2009, December 18, 2009 and March 19, 2010 and an accompanying prospectus to our registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the "SEC") on November 26, 2008 under File No. 333-155742 (the "Original Registration Statement"), and in a prospectus supplement dated September 9, 2011 and an accompanying prospectus to our registration statement on Form S-3 that we filed with the SEC on September 9, 2011 under File No. 333-176762 (the "Second Registration Statement"). The Original Registration Statement filed on November 26, 2008 terminated upon the effectiveness on September 9, 2011 of the Second Registration Statement. The Second Registration Statement terminated upon the effectiveness on August 20, 2014 of the registration statement on Form S-3 of which this prospectus supplement is a part.

This prospectus supplement relates to the issuance of up to an aggregate of 253,973 shares (the "Shares") of our Common Stock, that we may issue to holders of:

- (1) common units ("MACWH Units") of limited partnership interest in MACWH, LP, a Delaware limited partnership ("MACWH"), outstanding as of the date of this prospectus supplement, and those MACWH Units that may be issued in the future upon conversion of the Class A Convertible Preferred Units ("MACWH CPUs") of limited partnership interest in MACWH, upon tender of those MACWH Units for redemption. Walleye Retail Investments LLC, the general partner of MACWH, is a wholly owned indirect subsidiary of The Macerich Partnership, L.P., our operating partnership (the "Operating Partnership");
- (2) MACWH CPUs, upon tender of those MACWH CPUs for redemption; and
- (3) common units ("OP Units") of limited partnership interest in the Operating Partnership, issued upon conversion of series D preferred units of limited partnership interest in the Operating Partnership ("Series D Preferred Units"), upon tender of those OP Units for redemption.

The MACWH Units and MACWH CPUs were originally issued to various persons on April 25, 2005 in connection with our acquisition of Wilmorite Properties, Inc. and Wilmorite Holdings, L.P. The Shares, in part, represent Common Stock that we were required to register pursuant to a registration rights agreement with the holders of the MACWH Units and MACWH CPUs. The Shares also represent additional shares of Common Stock that may be issued as a result of adjustments made to the conversion ratio or factor of the MACWH Units, the MACWH CPUs and the Series D Preferred Units in connection with the dividend and distribution payable to our stockholders and OP Unit holders of record as of May 11, 2009, August 12, 2009, November 12, 2009 and February 16, 2010 (the "Record Dates"). The issuance, prior to any conversion ratio or factor adjustments, of Common Stock to holders of OP Units (issued upon conversion of Series D Preferred Units), was previously registered by us.

The registration of the Shares covered by this prospectus supplement does not necessarily mean that any of the holders of MACWH Units, MACWH CPUs, OP Units or Series D Preferred Units will exercise their conversion and/or redemption rights, as applicable, or that upon any such redemption we will elect, in our sole and absolute discretion, to redeem some or all of the MACWH Units, MACWH CPUs or OP Units by issuing some or all of the Shares instead of paying the applicable redemption price in cash.

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We will receive no cash proceeds from any issuance of the Shares covered by this prospectus supplement, but we will acquire additional MACWH Units, MACWH CPUs and OP Units in exchange for any such issuances. We will pay all registration expenses.

Our Common Stock trades on the New York Stock Exchange (the "NYSE") under the symbol "MAC." On August 19, 2014, the last reported sale price of our Common Stock on the NYSE was \$65.32 per share.

**Investing in our Common Stock involves risks. See "Risk Factors" beginning on page S-4.**

**Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus supplement is August 20, 2014.

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**PROSPECTUS**

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This document consists of two parts. The first part is this prospectus supplement, which relates to the possible issuance of the Shares upon redemption of MACWH Units, MACWH CPUs and OP Units and also supplements and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to any potential redemption of MACWH Units, MACWH CPUs and OP Units. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference herein that was filed with the SEC before the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement.

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information that is different from that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. The offering of the Shares may be restricted**

**by law in certain non-U.S. jurisdictions. This prospectus supplement is not an offer to sell nor does it seek an offer to buy any Shares in any jurisdiction where the offer or sale is not permitted.**

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**SUMMARY**

*This summary only highlights the more detailed information appearing elsewhere in this prospectus supplement or incorporated by reference in this prospectus supplement. It may not contain all of the information that is important to you. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement before deciding whether to invest in the Shares.*

*Unless otherwise stated, or the context otherwise requires, references in this prospectus supplement to the "Company," "Macerich," "we," "us" and "our" refer to The Macerich Company, those entities owned or controlled by The Macerich Company and predecessors of The Macerich Company.*

**OUR COMPANY**

We are involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers located throughout the United States. We are the sole general partner of, and own a majority of the ownership interests in, the Operating Partnership. As of June 30, 2014, the Operating Partnership owned or had an ownership interest in 52 regional shopping centers and nine community/power shopping centers totaling approximately 55 million square feet of gross leasable area.

We are a self-administered and self-managed real estate investment trust, or REIT, and conduct all of our operations through the Operating Partnership and our management companies.

We were organized as a Maryland corporation in September 1993. Our principal executive offices are located at 401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401. Our telephone number is (310) 394-6000.

**THE OFFERING**

Securities offered

This prospectus supplement relates to the issuance of up to 193,973 Shares, to holders of MACWH Units and MACWH CPUs, upon tender of those MACWH Units or MACWH CPUs for redemption. The MACWH Units and MACWH CPUs were originally issued to various persons on April 25, 2005 in connection with our acquisition of Wilmorite Properties, Inc. and Wilmorite Holdings, L.P. We were required to register these shares pursuant to a registration rights agreement with these holders of the MACWH Units and MACWH CPUs.

Additionally, this prospectus supplement relates to the issuance of up to 60,000 Shares that may be issued as a result of adjustments made to the conversion ratio or factor of the MACWH Units, the MACWH CPUs and the Series D Preferred Units as further explained below.

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On May 1, 2009, July 31, 2009, October 30, 2009 and February 4, 2010, we announced that our board of directors (the "Board of Directors") declared a dividend of \$0.60 per share of our Common Stock (the "Dividends") that was paid on June 22, 2009, September 21, 2009, December 21, 2009 and March 22, 2010, respectively, in a combination of cash and shares of our Common Stock, at the election of the stockholder, subject to a limitation that the aggregate amount of cash payable to holders of our Common Stock would not exceed 10% of the aggregate amount of the dividend, or \$0.06 per share.

We determined that, in connection with the Dividends, the Operating Partnership would make a comparable distribution of \$0.60 per OP Unit and per long term incentive plan unit of limited partnership in the Operating Partnership (the "Distributions") to unitholders of record as of the close of business on the Record Dates. The Distributions were made on June 22, 2009, September 21, 2009, December 21, 2009 and March 22, 2010. Each unitholder received 10% of the Distribution in cash and had the option to receive the remaining 90% of the Distribution in either (1) shares of our Common Stock or (2) OP Units (with one OP Unit being valued for this purpose the same as one share of Common Stock). The Operating Partnership issued approximately 341,787 OP Units in connection with the Distributions and we issued approximately 7,162,470 shares of our Common Stock in connection with the Dividends and Distributions.

In accordance with the 2005 Amended and Restated Agreement of Limited Partnership of MACWH (the "MACWH Agreement"), the conversion factor for MACWH Units and MACWH CPUs was adjusted in accordance with the MACWH Agreement, effective as of the Record Dates, to reflect the number of shares of our Common Stock issued in connection with the Dividends to our stockholders.

In accordance with the terms of the Amended and Restated Limited Partnership Agreement of the Operating Partnership, as amended (the "Operating Partnership Agreement"), the conversion ratio of the Series D Preferred Units was adjusted, effective as of the Record Dates, so that the holder of any Series D Preferred Unit thereafter surrendered for conversion is entitled to receive the number of OP Units that such holder would have owned after the payment of the Distribution had such Series D Preferred Units been converted into OP Units immediately prior to the Record Dates.

The issuance, prior to any conversion ratio or factor adjustments, of Common Stock to holders of OP Units (issued upon conversion of Series D Preferred Units), was previously registered by us.

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NYSE symbol for our Common Stock	"MAC"
Use of proceeds	We will receive no cash proceeds from any issuance of the Shares covered by this prospectus supplement, but we will acquire additional MACWH Units, MACWH CPUs and OP Units, in exchange for any such issuances. We will pay all registration expenses.
Risk factors	Before investing in the Shares, you should carefully read and consider the information set forth in "Risk Factors" beginning on page S-4 of this prospectus supplement and all other information appearing elsewhere and in the documents incorporated herein by reference.



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**RISK FACTORS**

*In addition to other information contained in this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below and in the documents incorporated by reference in this prospectus supplement before making an investment decision. These risks are not the only ones facing our Company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of the Shares could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in the documents incorporated herein by reference, including (i) Macerich's Annual Report on Form 10-K for the year ended December 31, 2013, (ii) Macerich's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014 and (iii) documents Macerich files with the SEC after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement. See "Where You Can Find More Information and Incorporation by Reference."*

**REDEMPTION OF MACWH UNITS, MACWH CPUS AND OP UNITS**

**Holders of MACWH Units and MACWH CPUS**

Prior to the Dividends, a holder of MACWH Units could require MACWH to redeem all or a portion of the holder's MACWH Units at a cash redemption price per MACWH Unit equal to the 10-day average trading price of a share of our Common Stock multiplied by a conversion factor (the "Conversion Factor") equal to one (1) (subject to equitable adjustment for customary charges in capitalization) plus an amount equal to certain unpaid distributions, if any. Following the Dividends, the Conversion Factor was adjusted to approximately 1.08011. As an alternative to paying the redemption price in cash, we may elect, in our sole discretion, to purchase MACWH Units offered for redemption by issuing a number of shares of our Common Stock equal to the number of MACWH Units offered for redemption multiplied by the Conversion Factor.

Prior to the Dividends, holders of MACWH CPUS could require MACWH to redeem all or a portion of such MACWH CPUS at a cash redemption price per MACWH CPU equal to the 10-day average trading price of an equal number of shares of our Common Stock (subject to equitable adjustment for customary changes in capitalization) multiplied by (i) the conversion rate of approximately 0.83333 between the MACWH CPUS and MACWH Units (the "Conversion Rate") and as then multiplied by (ii) the Conversion Factor and plus an amount equal to certain unpaid distributions, if any, attributable to the MACWH CPUS, and plus a pro-rated amount attributable to distributions on such MACWH CPUS for the most recent quarter end. The Dividends did not require an adjustment to the Conversion Rate. Following the Dividends, the Conversion Factor was adjusted to approximately 1.08011. As an alternative to paying the redemption price in cash, we may elect, in our sole discretion, to purchase MACWH CPUS offered for redemption by issuing a number of shares of our Common Stock equal to the number of MACWH CPUS offered for redemption multiplied by an approximate 0.90009 exchange rate (i.e., approximately 0.90009 share of our Common Stock for each MACWH CPU redeemed).

If we elect to purchase the MACWH Units or MACWH CPUS offered for redemption, we must notify the redeeming holder within a fixed time period that MACWH will not be obligated to satisfy the redemption right of the redeeming holder and, for tax purposes, we will treat the transaction between us and the redeeming holder as a sale by the redeeming holder. A holder may not exercise the redemption right for less than one thousand (1,000) MACWH Units or MACWH CPUS or, if such

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holder holds less than one thousand (1,000) MACWH Units or MACWH CPUs, all of the MACWH Units or MACWH CPUs held by such holder. The redeeming holder shall have no right, with respect to any MACWH Units or MACWH CPUs so redeemed, to receive any distributions paid on or after the specified redemption date (unless MACWH or, if applicable, Macerich shall have failed to redeem or purchase such MACWH Units or MACWH CPUs as of such time). See "Description of MACWH Units and MACWH CPUs Redemption and Conversion" for other special redemption rights and limitations.

***Redemption Procedures***

A holder may exercise the right to redeem MACWH Units or MACWH CPUs by providing to MACWH and us an appropriate notice, as described in the MACWH Agreement. A holder may also be required to furnish certain other certificates and forms. The MACWH Agreement establishes some limitations on the right to redeem MACWH Units and MACWH CPUs. See "Description of MACWH Units and MACWH CPUs Redemption and Conversion."

Once we receive a notice of redemption with respect to MACWH Units or MACWH CPUs, we will determine whether to redeem the tendered MACWH Units or MACWH CPUs for cash or for shares of Common Stock or whether MACWH will redeem the tendered MACWH Units or MACWH CPUs. Any shares of Common Stock that we issue will be validly issued, fully paid and nonassessable.

When a holder redeems MACWH Units or MACWH CPUs, the holder's right to receive distributions on the MACWH Units or MACWH CPUs so redeemed will cease for all periods thereafter. No redemption can occur if delivery of MACWH Units or MACWH CPUs on the specified date to the holder seeking redemption would be prohibited under the charter, the MACWH Agreement or applicable federal or state securities laws.

***Registration Rights***

We have filed this prospectus supplement dated August 20, 2014 under the registration statement, dated August 20, 2014 (the "Registration Statement"), pursuant to our obligations under a registration rights agreement entered into with various persons on April 25, 2005 in connection with our acquisition of Wilmorite Properties, Inc. and Wilmorite Holdings, L.P. Under the registration rights agreement, we are obligated to use our reasonable best efforts to keep the Registration Statement continuously effective until all holders have tendered for redemption their outstanding MACWH Units or MACWH CPUs. We have no obligation under the registration rights agreement to retain any underwriter to effect the sale of the shares covered thereby, and the Registration Statement is not available for use for an underwritten public offering of such shares.

We have the right under the registration rights agreement to defer the updating of the Registration Statement of which this prospectus supplement and accompanying prospectus is a part, or suspend sales under the Registration Statement for a period of not more than 105 days during any one-year period ending on December 31. To exercise this right, we must furnish to the related holders of MACWH Units or MACWH CPUs a certificate signed by one of our executive officers or any of our directors certifying that, in our good faith judgment, it would be detrimental to us or our stockholders to amend the Registration Statement at that time or to continue sales under the Registration Statement, and, therefore, we have elected to defer the amendment of the Registration Statement or suspend sales under the Registration Statement of which this prospectus supplement and accompanying prospectus is a part. We also have the right to require such holders not to make any public sale of our Common Stock during the 15-day period prior to, and during the 90-day period beginning on, the date of pricing of any registered offering of our securities.

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Pursuant to the registration rights agreement, we agreed to pay all expenses of effecting the registration of securities covered by this prospectus supplement (other than underwriting discounts, selling commissions and stock transfer taxes, if any).

**Holders of Series D Preferred Units**

Prior to the Distributions, holders of Series D Preferred Units had the right to convert all or a portion of their Series D Preferred Units into OP Units, on a one-to-one basis. Following the Distributions, the Series D Preferred Units have the right to convert all or a portion of their Series D Preferred Units into OP Units, at a conversion rate of 1.08013 OP Units per Series D Preferred Unit.

Subject to the limitations set forth in the Operating Partnership Agreement, holders of OP Units will have the right to redeem their OP Units in whole or in part for an equal number of shares of Common Stock, subject to adjustment in the event of certain dilutive or other capital events. A holder of OP Units may generally not exercise the redemption right for less than two thousand (2,000) OP Units or, if such holder holds less than two thousand (2,000) OP Units, all of the OP Units held by such holder. We have the right to pay holders of OP Units an amount of cash equal to the value of the Common Stock otherwise issuable to such holders upon tender of their OP Units, as determined in accordance with the Operating Partnership Agreement, instead of issuing Common Stock to such holders.

Subject to the limitations set forth in the Operating Partnership Agreement, holders of Series D Preferred Units also have the right to redeem their Series D Preferred Units in whole or in part for an equal number of shares of series D preferred stock in the Company ("Series D Preferred Stock"), subject to adjustment in the event of certain dilutive or other capital events. We have the right to pay holders of Series D Preferred Units \$36.55 plus accrued and unpaid dividends with respect to each Series D Preferred Unit tendered for redemption instead of issuing Series D Preferred Stock to the holders.

**OP Unit Redemption Procedures**

A holder of OP Units may exercise the right to redeem OP Units by providing to us an appropriate notice, as described in the Operating Partnership Agreement. A holder of OP Units may also be required to furnish certain other certificates and forms. The Operating Partnership Agreement establishes certain limitations on the right to redeem OP Units.

Once we receive a notice of redemption with respect to OP Units, we will determine whether to redeem the tendered OP Units for cash or shares of our Common Stock.

When a holder of OP Units redeems OP Units, the holder's right to receive distributions on the OP Units so redeemed will cease for all periods thereafter. No redemption can occur if delivery of OP Units on the specified date to the holder seeking redemption would be prohibited under our charter, the Operating Partnership Agreement or applicable federal or state securities laws.

***Registration Rights***

We have filed this prospectus supplement, in part, under the registration statement, dated August 20, 2014 and our registration statement, dated July 15, 2003 (collectively, the "Registration Statements"), pursuant to our obligations in conjunction with certain agreements entered into in connection with the acquisition of Westcor Realty Limited Partnership and its affiliated companies. Under these agreements, we are obligated to use our reasonable best efforts to keep the Registration Statements continuously effective until all holders have tendered for redemption their outstanding Series D Preferred Units and any OP Units issued upon conversion of Series D Preferred Units. We have no obligation under these agreements to retain any underwriter to effect the sale of the shares

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covered thereby, and the Registration Statements are not available for use for an underwritten public offering of such shares.

We have the right under these agreements to suspend sales under the Registration Statements for a period of not more than 105 days during any one-year period ending on December 31. To exercise this right, we must furnish to you a certificate signed by one of our executive officers or any of our directors certifying that, in our good faith judgment, it would be detrimental to us or our stockholders to amend the Registration Statements at that time (or to continue sales under a filed registration statement). We also have the right to require such holders not to make any public sale of our Common Stock during the 15-day period prior to, and during the 90-day period beginning on, the date of pricing of any registered offering of our securities.

Pursuant to these agreements, we agreed to pay all expenses of effecting the registration of securities covered by this prospectus supplement (other than underwriting discounts, selling commissions and stock transfer taxes, if any).

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**DESCRIPTION OF SERIES D PREFERRED UNITS AND OP UNITS**

The material terms of the Series D Preferred Units and OP Units, including a summary of certain provisions of the Operating Partnership Agreement, as in effect as of the date of this prospectus supplement, are set forth below. The following description does not purport to be complete and is subject to and qualified in its entirety by reference to applicable provisions of Delaware law and the Operating Partnership Agreement. For a comparison of the voting and other rights of holders of OP Units and our stockholders, see "Comparison of Ownership of OP Units and Our Shares."

**Series D Preferred Units**

***Rank***

The Series D Preferred Units rank, with respect to the payment of distributions and the distribution of amounts upon voluntary or involuntary liquidation, dissolution or winding-up of the Operating Partnership, as follows:

senior to all classes or series of OP Units and to all other units of limited partnership interest in the Operating Partnership (the "Units"), the terms of which provide that they will rank junior to the Series D Preferred Units;

on parity with each series of preferred Units issued by the Operating Partnership that does not expressly provide that it ranks junior or senior in right of payment to the Series D Preferred Units with respect to payment of distributions or amounts upon liquidation, dissolution or winding-up; and

junior to any class or series of Units issued by the Operating Partnership that ranks senior to the Series D Preferred Units in accordance with the Operating Partnership Agreement.

***Voting Rights***

The Operating Partnership may not, without the affirmative consent of the holders of at least a majority of the Series D Preferred Units outstanding at the time:

authorize, create, issue or increase the authorized or issued amount of, any class or series of partnership interests in the Operating Partnership ranking prior to the Series D Preferred Units with respect to the payment of distributions or the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding-up of the Operating Partnership or reclassify any OP Units into such partnership interests, or create, authorize or issue any obligation or security convertible or exchangeable into or evidencing the right to purchase any such partnership interests; or

amend, alter or repeal the provisions of the Operating Partnership Agreement, whether by merger or consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series D Preferred Units or the holders thereof.

Certain events are described in the Operating Partnership Agreement that are deemed not to materially and adversely affect any such right, preference, privilege or voting power or otherwise require the vote or consent of the holders of the Series D Preferred Units. Each Series D Preferred Unit will have one vote for the foregoing purposes and except as otherwise required by applicable law or in the Operating Partnership Agreement, the Series D Preferred Units will not have any voting rights or powers and the consent of the holders will not be required for the taking of any action.

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*Distributions*

With respect to each distribution period and subject to the rights of the holders of preferred Units ranking senior to or on parity with the Series D Preferred Units, the holders of Series D Preferred Units are entitled to receive, when, as and if declared, quarterly cumulative cash distributions in an amount per Series D Preferred Unit equal to the greater of:

\$0.6725, and

the amount of the regular quarterly cash distribution for such distribution period upon the number of OP Units (or portion thereof) into which such Series D Preferred Unit is then convertible.

No distribution on the Series D Preferred Units will be declared at any time if the terms of any agreement to which the Operating Partnership is a party, including any debt instrument, prohibits such declaration, payment or setting apart for payment or if any of these actions would constitute a breach or a default, or are restricted or prohibited by law. However, distributions on the Series D Preferred Units will accumulate whether or not any of these restrictions exist.

So long as any Series D Preferred Units are outstanding, (i) no distributions (other than in OP Units or other Units ranking junior to the Series D Preferred Units) will be declared or paid upon the OP Units or any other Units ranking junior to or on a parity with the Series D Preferred Units, and (ii) no OP Units or other Units ranking junior to or on a parity with the Series D Preferred Units will be redeemed, purchased or otherwise acquired for any consideration by the Operating Partnership (except as expressly permitted in the Operating Partnership Agreement), unless, in the case of either clause (i) or (ii), full cumulative distributions have been or contemporaneously are declared and paid or declared and set apart for such payment on the Series D Preferred Units for all distribution periods ending on or prior to the applicable distribution, redemption, purchase or acquisition date.

When distributions are not paid in full (or a sum sufficient for such full payment is not set apart for such payment) upon the Series D Preferred Units and any other Units ranking on a parity as to payment of distributions with the Series D Preferred Units, all distributions declared upon the Series D Preferred Units and any other Units ranking on a parity as to payment of distributions with the Series D Preferred Units will be declared pro rata so that the amount of distributions declared per Series D Preferred Unit and such other Units will in all cases bear to each other the same ratio that accrued distributions per Series D Preferred Unit and such other Units bear to each other (not including any accumulation in respect of unpaid distributions for prior distribution periods if such Units do not have cumulative distributions).

*Liquidation Preference*

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Operating Partnership, before any payment or distribution of the assets of the Operating Partnership will be made to the holders of OP Units or any other Units ranking junior to the Series D Preferred Units, the holders of the Series D Preferred Units will be entitled to receive, after payment of all debts and other liabilities of the Operating Partnership, according to their positive capital account balances, an amount equal to \$36.55, plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution. If, upon any such voluntary or involuntary liquidation, dissolution or winding up of the Operating Partnership, the assets of the Operating Partnership are insufficient to pay in full the preferential amount on the Series D Preferred Units and liquidating payments on any other Units ranking on parity, then such assets, or the proceeds thereof, will be distributed among the holders of Series D Preferred Units and any such other Units ratably.

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***Conversion***

Holders of Series D Preferred Units have the right to convert all or a portion of their Series D Preferred Units into OP Units, at a conversion rate of 1.08013 (as adjusted from a previous conversion rate of one-to-one), subject to certain further adjustments meant to address future dilutive or other capital events of the Operating Partnership, if any.

***Redemption***

Subject to the limitations set forth in the Operating Partnership Agreement, holders of Series D Preferred Units have the right to redeem their Series D Preferred Units in whole or in part initially for an equal number of shares of our Series D Preferred Stock, subject to adjustment in the event of certain dilutive or other capital events. We have the right to pay \$36.55 in cash plus accrued and unpaid dividends with respect to each Series D Preferred Unit tendered for redemption instead of issuing Series D Preferred Stock. Any shares of Series D Preferred Stock we issue will be subject to the ownership restrictions and limitations set forth in Article Eighth of our charter, which is incorporated by reference into the registration statement of which this prospectus is a part. See "Description of Our Capital Stock" in the accompanying prospectus.

***Transfer Restrictions***

The Operating Partnership Agreement provides that, without the consent of our Company as the general partner, limited partners may not transfer, assign, sell, encumber or otherwise dispose of their interest in the Operating Partnership, other than to affiliates who agree to assume the obligations of the transferor under the Operating Partnership Agreement.

Because the Series D Preferred Units were issued in a private placement, and have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), they may not be resold unless they are registered under the Securities Act and registered or qualified under any applicable state securities law, or unless an exemption from such registration or qualification is available.

**OP Units**

***Rank***

The OP Units rank junior to the preferred Units issued by the Operating Partnership. Our Company, as general partner, is authorized, in its sole discretion, to cause the Operating Partnership to issue additional OP Units or other limited partnership interests in the Operating Partnership for any partnership purpose at any time to the limited partners or to other persons on terms established by our Company within the boundaries set forth in the Operating Partnership Agreement. The Operating Partnership may also issue preferred Units, having such rights, preferences and other privileges, variations and designations as our Company may determine in its sole and absolute discretion, as provided in the Operating Partnership Agreement. The Operating Partnership Agreement requires our Company to invest, contribute or otherwise transfer the net proceeds of any sale of securities by our Company to the Operating Partnership in exchange for equivalent securities of the Operating Partnership.

***Voting***

As the general partner of the Operating Partnership, our Company has been granted by the limited partners the right to vote and give consents and approvals on behalf of any absolute majority of all OP Units and preferred Units held by the limited partners as a class with respect to any matters that may require the vote, consent or approval of the limited partners under the Operating Partnership Agreement, with the exception of (i) a merger or sale of substantially all of the Operating Partnership's

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assets, which would require the consent of 75% of the outstanding OP Units, or (ii) as otherwise provided by the terms of any preferred Units.

***Distributions***

The Operating Partnership Agreement provides that all or a portion of the net cash flow of the Operating Partnership will be distributed from time to time (but at least quarterly) as determined by our Company pro rata in accordance with the partner's percentage interest. Distributions to the OP Units rank junior to all preferred Units issued by the Operating Partnership.

***Liquidation Preference***

The OP Units rank, with respect to the payment of distributions and the distribution of amounts upon voluntary or involuntary liquidation, dissolution or winding-up of the Operating Partnership, junior to all classes of preferred Units issued by the Operating Partnership.

***Redemption***

Subject to the limitations set forth in the Operating Partnership Agreement, holders of the OP Units have the right to redeem their OP Units in whole or in part for initially an equal number of shares of our Common Stock, subject to adjustment in the event of certain dilutive or other capital events. We have the right to pay redeeming holders an amount of cash equal to the value of the Common Stock otherwise issuable to them upon tender of their OP Units, as determined in accordance with the Operating Partnership Agreement, instead of issuing our Common Stock. Any shares of our Common Stock we issue will be subject to the ownership restrictions and limitations set forth in Article Eight of our charter, which is incorporated by reference into the registration statement of which this prospectus supplement is a part. See "Description of Our Capital Stock" in the accompanying prospectus.

***Transfer Restrictions***

The Operating Partnership Agreement provides that, without the consent of our Company as the general partner, limited partners may not transfer, assign, sell, encumber or otherwise dispose of their interest in the Operating Partnership, other than to affiliates who agree to assume the obligations of the transferor under the Operating Partnership Agreement.

Because the issuance of any OP Units to tendering holders of Series D Preferred Units will not be registered under the Securities Act, the OP Units may not be resold unless they are registered under the Securities Act and registered or qualified under any applicable state securities law, or unless an exemption from such registration or qualification is available.



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**DESCRIPTION OF MACWH UNITS AND MACWH CPUS**

The material terms of the MACWH Units and MACWH CPUs, including a summary of certain provisions of the MACWH Agreement, as in effect as of the date of this prospectus supplement, are set forth below. The following description does not purport to be complete and is subject to and qualified in its entirety by reference to applicable provisions of Delaware law and the MACWH Agreement. For a comparison of the voting and other rights of holders of MACWH Units and MACWH CPUs and our stockholders, see "Comparison of Ownership of MACWH Units and MACWH CPUs and Our Shares."

**Rank**

As general partner, Walleye Retail Investments LLC ("Walleye") is authorized, in its sole discretion, to cause MACWH to issue additional MACWH Units, MACWH CPUs or other limited partnership interests in MACWH for any partnership purpose at any time to the limited partners or to other persons on terms established by the general partner within the boundaries set forth in the MACWH Agreement. MACWH may also issue preferred partnership units, having such rights, preferences and other privileges, variations and designations as the general partner may determine in its sole and absolute discretion, as provided in the MACWH Agreement.

**Distributions**

Subject to certain limitations, MACWH Units will receive a quarterly distribution that will track, in part, quarterly dividends made on our Common Stock on an as-converted basis. MACWH CPU holders will receive a quarterly distribution comprised of both a fixed component and a component that floats with the regular dividend paid on shares of our Common Stock. See "Comparison of Ownership of MACWH Units and MACWH CPUs and Our Shares Nature of Investment."

**Redemption and Conversion**

MACWH limited partners have certain rights under the MACWH Agreement to redeem and/or convert, in certain cases, their MACWH Units and MACWH CPUs.

***General Redemption Right for Units of MACWH***

Prior to the Dividends, a holder of MACWH Units could require MACWH to redeem all or a portion of the holder's MACWH Units at a cash redemption price per MACWH Unit equal to the 10-day average trading price of a share of our Common Stock multiplied by the Conversion Factor equal to one (1) (subject to equitable adjustment for customary charges in capitalization) plus an amount equal to certain unpaid distributions, if any. As a result of the Dividends, the Conversion Factor was adjusted to approximately 1.08011. As an alternative to paying the redemption price in cash, we may elect, in our sole discretion, to purchase MACWH Units offered for redemption by issuing a number of shares of our Common Stock equal to the number of MACWH Units offered for redemption multiplied by the Conversion Factor.

Prior to the Dividends, holders of MACWH CPUs could require MACWH to redeem all or a portion of such MACWH CPUs at a cash redemption price per MACWH CPU equal to the 10-day average trading price of an equal number of shares of our Common Stock (subject to equitable adjustment for customary changes in capitalization) multiplied by (i) the Conversion Rate and as then multiplied by (ii) the Conversion Factor and plus an amount equal to certain unpaid distributions, if any, attributable to the MACWH CPUs, and plus a pro-rated amount attributable to distributions on such MACWH CPUs for the most recent quarter end. The Dividends did not require an adjustment to the Conversion Rate. As a result of the Dividends, the Conversion Factor was adjusted to approximately 1.08011. As an alternative to paying the redemption price in cash, we may elect, in our

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sole discretion, to purchase MACWH CPUs offered for redemption by issuing a number of shares of our Common Stock equal to the number of MACWH CPUs offered for redemption multiplied by an approximate 0.90009 exchange rate (i.e., approximately 0.90009 share of our Common Stock for each MACWH CPU redeemed). See "Redemption of MACWH Units, MACWH CPUs and OP Units Holders of MACWH Units and MACWH CPUs."

***MACWH CPU Conversion Right***

The holders of MACWH CPUs have a conversion right pursuant to which limited partners may convert all or a portion of their MACWH CPUs into MACWH Units at any time. In the event of such conversion, the MACWH CPUs will be converted to MACWH Units by multiplying the number of MACWH CPUs to be converted by the Conversion Rate (as may be adjusted for certain dividends, subdivisions or combinations of MACWH Units).

**Transfer Restrictions**

A limited partner (other than us, Walleye, the Operating Partnership or any of our or its respective subsidiaries or affiliates) may not transfer (including any sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by operation of law or otherwise) all or any portion of its MACWH Units or MACWH CPUs (or any of its economic rights as a limited partner) without the prior written consent of Walleye, which consent may be given or withheld in Walleye's sole and absolute discretion. Additionally, Walleye may prohibit any transfer of partnership interests by a limited partner if such a transfer would require the filing of a registration statement under the Securities Act or would violate federal or state securities laws.

After giving Walleye five business days written notice and such information about the transferee as Walleye may reasonably request in order to determine, among other things, that the transfer is not a transaction that might jeopardize our REIT status, a limited partner may transfer its MACWH Units or MACWH CPUs to a person who is, at the time of the transfer, a limited partner, a person who is a member of such limited partner's family group, a person who or which is an affiliate of such limited partner, or any lenders to such limited partner through a pledge of such limited partner's partnership interest (provided, however, that no limited partner may pledge, encumber, hypothecate or mortgage any of its MACWH Units or MACWH CPUs without the prior consent of Walleye, such consent not to be unreasonably withheld or delayed). Notwithstanding a limited partner's ability to pledge its partnership interests, Walleye's consent is required to transfer any MACWH Units or MACWH CPUs to (a) a lender to MACWH or (b) any person who is related (within the meaning of Section 1.752-4(b) of the Internal Revenue Code of 1986, as amended (the "Code")) to any lender to Walleye whose loan constitutes a non-recourse liability. Such consent may be given or withheld by Walleye in its sole and absolute discretion.

In addition, a limited partner may not transfer its MACWH Units or MACWH CPUs to any person, including a redemption or exchange under the MACWH Agreement, if it would have certain adverse legal or regulatory effects on us, the Operating Partnership or MACWH.

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**CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion summarizes certain material U.S. federal income tax considerations that may be relevant to a U.S. Holder (as defined below) who receives our Common Stock upon redemption of his, her or its MACWH Units, MACWH CPUs or OP Units (collectively, the "Units" for purposes of this section). This summary is based upon the Code, the regulations promulgated by the U.S. Treasury Department, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. The summary is also based upon the assumption that our operation and the operation of the Operating Partnership and MACWH, and each of their subsidiaries and other lower-tier and affiliated entities, will in each case be in accordance with its applicable organizational documents. This summary is for general information only and does not purport to discuss all aspects of U.S. federal income taxation which may be important to a particular investor in light of its specific investment or tax circumstances, or if a particular investor is subject to special tax rules (for example, if a particular investor is a financial institution, broker-dealer, insurance company, tax-exempt organization, partnership, grantor trust or other pass-through entity (or person holding Units through a partnership, grantor trust or other pass-through entity) or, except to the extent discussed below, a Non-U.S. Holder (as defined below), or if an investor received his Units in connection with providing services to the Company, the Operating Partnership or MACWH, or the investor otherwise provides services to the Company, the Operating Partnership, MACWH or their subsidiaries, as applicable, as determined for U.S. federal income tax purposes). Except to the extent discussed below under " Non-U.S. Holders," this discussion only applies to unit holders that provide an affidavit to the Operating Partnership or MACWH, as applicable, at the time their Units are redeemed, accurately stating, under penalties of perjury, the holder's taxpayer identification number and that the holder is not a foreign person. No advance ruling has been or will be sought from the IRS, and no opinion of counsel will be received, regarding the U.S. federal, state, local or foreign tax consequences discussed herein. The U.S. federal income tax consequences to a holder of Units that exchanges its Units for shares of Common Stock depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law. No clear precedent or authority may be available on some questions. This summary supplements the discussion of "Material United States Federal Income Tax Considerations" in the accompanying Prospectus.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Units, the tax treatment of such partnership, or a partner in the partnership, generally will depend on the status of the partner and the activities of the partnership. Partnerships holding Units, and persons that are partners in partnerships holding Units, should consult their own tax advisors regarding the tax consequences of the transactions and matters described herein.

As used herein, a "U.S. Holder" is a beneficial owner of MACWH Units, MACWH CPUs or OP Units, as applicable, that is, for U.S. federal income tax purposes, (a) an individual citizen or resident of the United States, (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, a state therein or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust (i) if a U.S. court is able to exercise primary supervision over the trust's administration and one or more United States persons, as defined under Section 7701(a)(30) of the Code, have authority to control all the trust's substantial decisions or (ii) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person. A "Non-U.S. Holder" means a beneficial owner of Units (other than an entity treated as a partnership for U.S. federal income tax purposes) that, for U.S. federal income tax purposes, is a non-resident alien individual, foreign corporation, foreign estate or foreign trust.

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HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF REDEEMING THEIR UNITS, INCLUDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSIDERATIONS OF REDEEMING UNITS IN THEIR PARTICULAR CIRCUMSTANCES AND POTENTIAL CHANGES IN APPLICABLE LAWS AS WELL AS THE TAX CONSEQUENCES OF ACQUIRING, HOLDING AND DISPOSING OF OUR STOCK.

**Tax Consequences of Redemption of OP Units**

If the Operating Partnership were to redeem OP Units and if we were to satisfy that redemption with shares of our Common Stock, the partnership agreement for the Operating Partnership provides that we, the Operating Partnership, and the holder will treat the redemption as a sale of OP Units to us at the time the OP Units are redeemed. This sale will be fully taxable to the holder. See " Tax Treatment of Disposition of Units by Holders Generally" below.

If, instead, the Operating Partnership were to redeem all of a U.S. Holder's OP Units for cash, and such cash was not contributed by us to the Operating Partnership for that purpose, the tax consequences to the U.S. Holder would generally be as described under " Tax Treatment of Disposition of Units by Holders Generally" below. If, however, the Operating Partnership redeems less than all of a U.S. Holder's OP Units for cash (and such cash was not contributed by us to the Operating Partnership), such holder would recognize taxable gain only to the extent that the amount the U.S. Holder would be treated as receiving (including the cash plus the reduction, if any, of such holder's share of the Operating Partnership liabilities resulting from the redemption) exceeded the U.S. Holder's adjusted basis in all of its OP Units immediately before the redemption, and the U.S. Holder would not be permitted to recognize any loss in respect of the redemption.

**Tax Consequences of Redemption of MACWH Units and MACWH CPUs**

If a U.S. Holder of MACWH Units or MACWH CPUs receives our Common Stock in exchange for a unit in connection with a redemption, the holder generally should be treated as if the holder sold the unit in a fully taxable transaction for U.S. federal income tax purposes. In this regard, the MACWH Agreement provides that we, MACWH and the holder will treat the transaction between the holder and us as a sale of MACWH Units or MACWH CPUs, as the case may be, for U.S. federal income tax purposes. See " Tax Treatment of Disposition of Units by Holders Generally" below.

If, instead, MACWH were to redeem all of a U.S. Holder's MACWH Units or MACWH CPUs, as applicable, for cash, and such cash was not contributed by us to MACWH for that purpose, the tax consequences to the U.S. Holder would generally be as described under " Tax Treatment of Disposition of Units by Holders Generally" below. If, however, MACWH redeems less than all of a U.S. Holder's MACWH Units or MACWH CPUs, as applicable, for cash (and such cash was not contributed by us to MACWH), such holder would recognize taxable gain only to the extent that the amount the U.S. Holder would be treated as receiving (including cash plus the reduction, if any of such holder's share of MACWH's liabilities resulting from the redemption) exceeded the U.S. Holder's adjusted basis in all of its MACWH Units and/or MACWH CPUs, as applicable, immediately before the redemption, and the U.S. Holder would not be permitted to recognize any loss in respect of the redemption.

**Potential Application of Disguised Sale Regulations to a Holder's Original Contribution of Property for Units upon a Redemption**

If a U.S. Holder originally contributed property (including for this purpose a partnership interest) to the Operating Partnership or MACWH, as applicable, in exchange for MACWH Units, MACWH CPUs or OP Units, as applicable, a distribution of cash or shares of our Common Stock to the

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U.S. Holder (including upon a redemption) may result in a "disguised sale" of that contributed property. The Code and the Treasury Regulations under the Code generally provide that a holder's contribution of property to the Operating Partnership or MACWH, as applicable, and a simultaneous or subsequent transfer of money or other consideration from the Operating Partnership or MACWH, as applicable, to the holder, including the partnership's assumption of a liability or taking the property subject to a liability, may be treated as a sale, in whole or in part, of the property by the holder to the partnership. Further, the Treasury Regulations provide generally that, in the absence of an applicable exception, if the Operating Partnership or MACWH, as applicable, transfers money or other consideration (such as shares of our Common Stock) to a holder within two years after the holder contributed property to the partnership, the transactions will be presumed to be a sale of the contributed property unless the facts and circumstances clearly establish that the transfers do not constitute a sale. The Treasury Regulations also provide that if more than two years have passed between the time when a holder contributed property to the partnership and the time when the partnership transferred money or other consideration (such as shares of our Common Stock) to the holder, the transactions will be presumed not to be a sale unless the facts and circumstances clearly establish that the transfers constitute a sale.

Accordingly, if the Operating Partnership or MACWH, as applicable, distributes cash or shares of our Common Stock (including upon a redemption of a U.S. Holder's Units), the Internal Revenue Service (the "IRS") could contend that the distribution of cash or shares of our Common Stock should be treated as part of a disguised sale of the original contribution property because the U.S. Holder will receive cash or shares of our Common Stock, as applicable, after having contributed property to the Operating Partnership or MACWH, as applicable. If disguised sale treatment were to apply in whole or in part to the original contribution and subsequent distribution of cash or shares of our Common Stock, such holder would be treated for U.S. federal income tax purposes as if, on the date of the holder's contribution of property to the Operating Partnership or MACWH, as applicable, the Operating Partnership or MACWH transferred to the holder, in addition to any Units not treated as part of the disguised sale, an obligation to pay the holder the amount of the later distribution. In that case, the holder may be required to recognize gain on the disguised sale in such earlier year and/or may have a portion of the proceeds recharacterized as interest or be required to pay an interest charge on any tax due.

**Tax Treatment of Disposition of Units by Holders Generally**

If a U.S. Holder redeems Units in a manner that is treated as a taxable sale of the Units, the U.S. Holder's gain or loss from such taxable sale will generally be equal to the difference between:

the amount realized for tax purposes; and

the U.S. Holder's tax basis in the Units.

The "amount realized" will generally be the sum of:

the cash and fair market value of other property received, including any shares of our Common Stock; plus

the reduction of the portion of the Operating Partnership's or MACWH's liabilities, as applicable, allocable to the Units redeemed.

The amount of Operating Partnership or MACWH liabilities, as applicable, allocable to the Units sold will include the Operating Partnership's or MACWH's share, as applicable, of the liabilities of certain entities in which it owns an interest. See "Basis of Units" below for information about the tax basis of Units.

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A U.S. Holder will generally recognize gain to the extent that the amount realized exceeds the U.S. Holder's basis in the Units sold. The amount of gain recognized or the tax liability resulting from the gain could exceed the amount of cash and the value of any other property, including shares of our Common Stock, received upon the redemption of the Units. A U.S. Holder's adjusted tax basis in any shares of our Common Stock received in exchange for Units will be the fair market value of those shares on the date of the exchange. Similarly, a U.S. Holder's holding period in such shares will begin the day following the exchange. The use of any losses recognized upon an exchange is subject to a number of limitations set forth in the Code.

Except as described below, any gain recognized upon a redemption of Units will be treated as gain attributable to the sale or disposition of a capital asset. To the extent, however, that the amount realized upon the redemption of a Unit attributable to a U.S. Holder's share of "unrealized receivables" of the Operating Partnership or MACWH, as applicable, as defined in Section 751 of the Code, exceeds the basis attributable to those assets, this excess will be treated as ordinary income. Unrealized receivables include, to the extent not previously included in the Operating Partnership's or MACWH's income, as applicable, any rights to payment for services rendered or to be rendered. Unrealized receivables also include amounts that would be subject to recapture as ordinary income if the Operating Partnership or MACWH, as applicable, had sold its assets at their fair market value at the time of the redemption of a Unit, MACWH Unit or MACWH CPU, as applicable.

For non-corporate U.S. Holders, the current maximum rate of U.S. federal income tax on the net capital gain from the sale or exchange of a capital asset held for more than one year is 20%. The current maximum rate for net capital gains attributable to the sale of depreciable real property held for more than one year is 25% to the extent of the prior deductions for depreciation that are not otherwise recaptured as ordinary income under the depreciation recapture rules described above.

Certain U.S. Holders could be subject to the 3.8% Medicare surtax with respect to income derived from the Operating Partnership and/or MACWH (and gain from the sale or exchange of Units) that may be taken into account in determining the investor's net investment income and/or modified adjusted income for purposes of this surtax.

**Basis of Units**

In general, if a U.S. Holder received Units in exchange for contributing an interest in a partnership or for other property, the holder has an initial tax basis in the Units equal to the holder's basis in the contributed partnership interest or other property, as applicable. The U.S. Holder's basis in Units generally is increased by:

the holder's share of the Operating Partnership's or MACWH's, as applicable, taxable and tax-exempt income; and

increases in the holder's share of the liabilities of the Operating Partnership or MACWH, as applicable, including the Operating Partnership's or MACWH's share of the liabilities of some entities in which it owns an interest.

Generally, a U.S. Holder's basis in Units is decreased by:

the holder's share of Operating Partnership distributions, or MACWH distributions, as applicable;

decreases in the holder's share of liabilities of the Operating Partnership or MACWH, as applicable, including the Operating Partnership's or MACWH's share of the liabilities of some entities in which it owns an interest;

the holder's share of losses of the Operating Partnership or MACWH, as applicable; and

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the holder's share of nondeductible expenditures of the Operating Partnership or MACWH, as applicable, that are not chargeable to capital.

However, a U.S. Holder's basis in its Units will not decrease below zero.

**Tax Reporting and Withholding**

Information concerning a redemption may be required to be reported to the IRS. The Company, the Operating Partnership or MACWH will be required to withhold any applicable U.S. federal, state and local taxes from the redemption. If the amount required to be withheld with respect to a unitholder exceeds the cash portion of the redemption, the U.S. Holder may be required to pay such excess amount in cash to the Operating Partnership or MACWH, as applicable, or the Operating Partnership or MACWH may withhold such excess amount from future distributions.

**Non-U.S. Holders**

Gain recognized by a Non-U.S. Holder on a sale, exchange or redemption of a Unit will be subject to U.S. federal income tax under the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") at the same rates generally applicable to U.S. Holders. The Company, the Operating Partnership or MACWH will be required, under the FIRPTA provisions of the Code, to deduct and withhold 10% of the amount realized by Non-U.S. Holders on the disposition and Non-U.S. Holders will be required to file a U.S. federal income tax return to report any gain and pay any additional tax due. The amount withheld would be creditable against the Non-U.S. Holder's U.S. federal income tax liability and, if the amount withheld exceeds the actual tax liability, the Non-U.S. Holder could claim a refund from the IRS, provided that the required information or returns are timely furnished to the IRS, State and local taxes, withholding and tax return filing obligations may also apply.

**FATCA**

Pursuant to recently finalized Treasury regulations, the "Foreign Account Tax Compliance Act" or "FATCA" will m:3px double #000000;">

\$  
31,476

Earnings per share:

Basic net income per share  
\$  
0.53

\$  
0.50

Diluted net income per share  
\$  
0.53

\$  
0.49

Dividends per share  
\$  
0.16

\$  
0.15

Weighted average number of shares:

Basic  
62,801

63,497

Effect of dilutive securities  
281

426

Diluted  
63,082

63,923

See accompanying notes.

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SILGAN HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended March 31, 2015 and 2014

(Dollars in thousands)

(Unaudited)

	2015	2014	
Net income	\$33,304	\$31,476	
Other comprehensive income (loss), net of tax:			
Changes in net prior service credit and actuarial losses	774	(411	)
Change in fair value of derivatives	(182	) 815	
Foreign currency translation	(30,269	) (10,248	)
Other comprehensive loss	(29,677	) (9,844	)
Comprehensive income	\$3,627	\$21,632	

See accompanying notes.

SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three months ended March 31, 2015 and 2014  
(Dollars in thousands)  
(Unaudited)

	2015	2014
Cash flows provided by (used in) operating activities:		
Net income	\$33,304	\$31,476
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	36,676	38,411
Rationalization charges	725	1,588
Loss on early extinguishment of debt	—	1,474
Excess tax benefit from stock-based compensation	(762	) (947
Other changes that provided (used) cash:		
Trade accounts receivable, net	(84,675	) (68,411
Inventories	(144,952	) (133,398
Trade accounts payable	(3,522	) 31,388
Accrued liabilities	6,542	16,726
Other, net	12,188	(21,366
Net cash used in operating activities	(144,476	) (103,059
Cash flows provided by (used in) investing activities:		
Capital expenditures	(48,806	) (26,998
Proceeds from asset sales	24	163
Net cash used in investing activities	(48,782	) (26,835
Cash flows provided by (used in) financing activities:		
Borrowings under revolving loans	405,644	460,420
Repayments under revolving loans	(45,158	) (284,632
Proceeds from issuance of long-term debt	935	732,215
Repayments of long-term debt	(4,173	) (749,682
Debt issuance costs	—	(5,062
Changes in outstanding checks - principally vendors	(82,805	) (86,484
Dividends paid on common stock	(10,292	) (9,689
Excess tax benefit from stock-based compensation	762	947
Repurchase of common stock under stock plan	(2,538	) (5,267
Repurchase of common stock under share repurchase authorization	(162,630	) (113
Net cash provided by financing activities	99,745	52,653
Cash and cash equivalents:		
Net decrease	(93,513	) (77,241
Balance at beginning of year	222,591	160,463
Balance at end of period	\$129,078	\$83,222
Interest paid, net	\$13,409	\$13,782
Income taxes paid, net	2,419	3,868

See accompanying notes.

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SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF  
STOCKHOLDERS' EQUITY

For the three months ended March 31, 2015 and 2014

(Dollars and shares in thousands)

(Unaudited)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive		Treasury Stock	Total Stockholders' Equity
	Shares Outstanding	Par Value			Loss			
Balance at December 31, 2013	63,415	\$876	\$212,822	\$1,169,754	\$(38,119)	)	\$(631,490)	\$713,843
Net income	—	—	—	31,476	—	—	—	31,476
Other comprehensive loss	—	—	—	—	(9,844)	)	—	(9,844)
Dividends declared on common stock	—	—	—	(9,689)	)	—	—	(9,689)
Stock compensation expense	—	—	3,742	—	—	—	—	3,742
Net issuance of treasury stock for vested restricted stock units, including tax benefit of \$947	141	—	(644)	)	—	—	(3,676)	)
Repurchases of common stock	(2)	)	—	—	—	—	(113)	)
Balance at March 31, 2014	63,554	\$876	\$215,920	\$1,191,541	\$(47,963)	)	\$(635,279)	\$725,095
Balance at December 31, 2014	63,203	\$876	\$225,449	\$1,313,521	\$(165,624)	)	\$(664,266)	\$709,956
Net income	—	—	—	33,304	—	—	—	33,304
Other comprehensive loss	—	—	—	—	(29,677)	)	—	(29,677)
Dividends declared on common stock	—	—	—	(10,292)	)	—	—	(10,292)
Stock compensation expense	—	—	4,018	—	—	—	—	4,018
Net issuance of treasury stock for vested restricted stock units, including tax benefit of \$762	78	—	(4)	)	—	—	(1,772)	)
Repurchases of common stock	(2,766)	)	—	—	—	—	(162,630)	)
Balance at March 31, 2015	60,515	\$876	\$229,463	\$1,336,533	\$(195,301)	)	\$(828,668)	\$542,903

See accompanying notes.

SILGAN HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

Note 1. Significant Accounting Policies

**Basis of Presentation.** The accompanying unaudited condensed consolidated financial statements of Silgan Holdings Inc., or Silgan, have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. The results of operations for any interim period are not necessarily indicative of the results of operations for the full year.

The Condensed Consolidated Balance Sheet at December 31, 2014 has been derived from our audited consolidated financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

You should read the accompanying condensed consolidated financial statements in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014.

**Recently Issued Accounting Pronouncements.** In May 2014, the Financial Accounting Standards Board, or FASB, issued an accounting standards update, or ASU, that amends the guidance for revenue recognition. This amendment contains principles that will require an entity to recognize revenue to depict the transfer of goods and services to customers at an amount that an entity expects to be entitled to in exchange for those goods or services. This amendment permits the use of one of two retrospective transition methods. This amendment will be effective for us on January 1, 2017. Early adoption is not permitted. We have not yet selected a transition method and are currently evaluating the impact of this amendment on our consolidated financial statements.

In April 2015, the FASB issued an ASU which amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability. This amendment will be effective for us on January 1, 2016. Early adoption is permitted. Adoption of this amendment will not have a material effect on our financial position, results of operations or cash flows.

## SILGAN HOLDINGS INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

## Note 2. Rationalization Charges

We continually evaluate cost reduction opportunities across each of our businesses, including rationalizations of our existing facilities through plant closings and downsizings. We use a disciplined approach to identify opportunities that generate attractive cash returns. Rationalization charges by business segment for the three months ended March 31 were as follows:

	2015	2014
	(Dollars in thousands)	
Metal containers	\$—	\$—
Closures	336	626
Plastic containers	389	962
	\$725	\$1,588

Activity in reserves for our rationalization plans for the three months ended March 31 was as follows:

	Employee Severance and Benefits	Plant Exit Costs	Non-Cash Asset Write-Down	Total
	(Dollars in thousands)			
Balance at December 31, 2014	\$6,052	\$316	\$—	\$6,368
Charged to expense	416	166	143	725
Utilized and currency translation	(2,950	) (264	) (143	) (3,357
Balance at March 31, 2015	\$3,518	\$218	\$—	\$3,736

Rationalization reserves were included in the Condensed Consolidated Balance Sheets as accrued liabilities.

Remaining expenses and cash expenditures for our rationalization plans of \$2.6 million and \$6.8 million, respectively, are expected within the next twelve months.

## SILGAN HOLDINGS INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

## Note 3. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is reported in our Condensed Consolidated Statements of Stockholders' Equity. Amounts included in accumulated other comprehensive loss, net of tax, were as follows:

	Unrecognized Net Defined Benefit Plan Costs (Dollars in thousands)	Change in Fair Value of Derivatives	Foreign Currency Translation	Total
Balance at December 31, 2014	\$(89,252 )	\$(1,198 )	\$(75,174 )	\$(165,624 )
Other comprehensive loss before reclassifications	—	(636 )	(30,269 )	(30,905 )
Amounts reclassified from accumulated other comprehensive loss	774	454	—	1,228
Other comprehensive loss	774	(182 )	(30,269 )	(29,677 )
Balance at March 31, 2015	\$(88,478 )	\$(1,380 )	\$(105,443 )	\$(195,301 )

The amounts reclassified to earnings from the unrecognized net defined benefit plan costs component of accumulated other comprehensive loss for the three months ended March 31, 2015 were net losses of \$1.3 million, excluding an income tax benefit of \$0.5 million. These net losses consisted of \$1.8 million of amortization of net actuarial losses and \$0.5 million of amortization of net prior service credit. Amortization of net actuarial losses and net prior service credit is a component of net periodic benefit cost. See Note 7 for further information.

The amounts reclassified to earnings from the change in fair value of derivatives component of accumulated other comprehensive loss for the three months ended March 31, 2015 were net losses of \$0.7 million, excluding an income tax benefit of \$0.2 million. These net losses included \$0.4 million related to our interest rate swap agreements which were recorded in interest and other debt expense and \$0.3 million related to our natural gas swap agreements which were recorded in cost of goods sold in our Condensed Consolidated Statements of Income for the three months ended March 31, 2015. See Note 6 for further information.

Foreign currency gains related to our net investment hedges included in the foreign currency translation component of accumulated other comprehensive loss for the three months ended March 31, 2015 were \$29.9 million, excluding an income tax provision of \$11.2 million. See Note 6 which includes a discussion of derivative instruments and hedging activities.

## SILGAN HOLDINGS INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

## Note 4. Inventories

Inventories consisted of the following:

	March 31, 2015	March 31, 2014	Dec. 31, 2014
	(Dollars in thousands)		
Raw materials	\$ 192,292	\$ 185,848	\$ 184,714
Work-in-process	119,607	122,083	115,308
Finished goods	456,958	424,236	338,562
Other	14,342	13,136	13,541
	783,199	745,303	652,125
Adjustment to value inventory at cost on the LIFO method	(103,021 )	(96,580 )	(103,360 )
	\$ 680,178	\$ 648,723	\$ 548,765

## Note 5. Long-Term Debt

Long-term debt consisted of the following:

	March 31, 2015	March 31, 2014	Dec. 31, 2014
	(Dollars in thousands)		
Bank debt			
Bank revolving loans	\$ 359,500	\$ 182,358	\$—
U.S. term loans	365,000	365,000	365,000
Canadian term loans	52,515	62,734	60,235
Euro term loans	236,192	304,194	266,156
Other foreign bank revolving and term loans	97,600	145,523	107,572
Total bank debt	1,110,807	1,059,809	798,963
5½% Senior Notes	300,000	300,000	300,000
5% Senior Notes	500,000	500,000	500,000
Total debt	1,910,807	1,859,809	1,598,963
Less current portion	474,023	302,087	125,130
	\$ 1,436,784	\$ 1,557,722	\$ 1,473,833

At March 31, 2015, amounts expected to be repaid within one year consisted of \$389.6 million of bank revolving and term loans under our senior secured credit facility, or the Credit Agreement, and \$84.4 million of foreign bank revolving and term loans.





## SILGAN HOLDINGS INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

## Note 6. Financial Instruments

The financial instruments recorded in our Condensed Consolidated Balance Sheets include cash and cash equivalents, trade accounts receivable, trade accounts payable, debt obligations and swap agreements. Due to their short-term maturity, the carrying amounts of trade accounts receivable and trade accounts payable approximate their fair market values. The following table summarizes the carrying amounts and estimated fair values of our other financial instruments at March 31, 2015:

	Carrying Amount	Fair Value
	(Dollars in thousands)	
Assets:		
Cash and cash equivalents	\$ 129,078	\$ 129,078
Liabilities:		
Bank debt	\$ 1,110,807	\$ 1,110,807
5½% Senior Notes	300,000	315,750
5% Senior Notes	500,000	515,410
Interest rate swap agreements	1,503	1,503
Natural gas swap agreements	710	710

## Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). GAAP classifies the inputs used to measure fair value into a hierarchy consisting of three levels. Level 1 inputs represent unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs represent unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs represent unobservable inputs for the asset or liability. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

## Financial Instruments Measured at Fair Value

The financial assets and liabilities that were measured on a recurring basis at March 31, 2015 consisted of our cash and cash equivalents, interest rate swap agreements and natural gas swap agreements. We measured the fair value of cash and cash equivalents using Level 1 inputs. We measured the fair value of the swap agreements using the income approach. The fair value of the swap agreements reflects the estimated amounts that we would pay or receive based on the present value of the expected cash flows derived from market interest rates and prices. As such, these derivative instruments were classified within Level 2.

## Financial Instruments Not Measured at Fair Value

Our bank debt, 5½% Senior Notes due 2022, or the 5½% Notes, and 5% Senior Notes due 2020, or the 5% Notes, were recorded at historical amounts in our Condensed Consolidated Balance Sheets, as we have not elected to

measure them at fair value. We measured the fair value of our variable rate bank debt using the market approach based on Level 2 inputs. Fair values of the 5½% Notes and the 5% Notes were estimated based on quoted market prices, a Level 1 input.

#### Derivative Instruments and Hedging Activities

Our derivative financial instruments were recorded in the Condensed Consolidated Balance Sheets at their fair values. Changes in fair values of derivatives are recorded in each period in earnings or comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction.

SILGAN HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

We utilize certain derivative financial instruments to manage a portion of our interest rate and natural gas cost exposures. We limit our use of derivative financial instruments to interest rate and natural gas swap agreements. We do not engage in trading or other speculative uses of these financial instruments. For a financial instrument to qualify as a hedge, we must be exposed to interest rate or price risk, and the financial instrument must reduce the exposure and be designated as a hedge. Financial instruments qualifying for hedge accounting must maintain a high correlation between the hedging instrument and the item being hedged, both at inception and throughout the hedged period.

We utilize certain internal hedging strategies to minimize our foreign currency exchange rate risk. Net investment hedges that qualify for hedge accounting result in the recognition of foreign currency gains or losses, net of tax, in accumulated other comprehensive (loss) income. We generally do not utilize external derivative financial instruments to manage our foreign currency exchange rate risk.

Our interest rate and natural gas swap agreements are accounted for as cash flow hedges. During the first three months of 2015, our hedges were fully effective. The fair value of our outstanding swap agreements in effect at March 31, 2015 was included in accrued liabilities in our Condensed Consolidated Balance Sheet.

The amounts reclassified to earnings from the change in fair value of derivatives component of accumulated other comprehensive loss for the three months ended March 31, 2015 were losses, net of income taxes, of \$0.5 million. We estimate that we will reclassify losses of \$1.0 million, net of income taxes, from the change in fair value of derivatives component of accumulated other comprehensive loss to earnings during the next twelve months. The actual amount that will be reclassified to earnings will vary from this amount as a result of changes in market conditions.

#### Interest Rate Swap Agreements

We have entered into U.S. dollar interest rate swap agreements to manage a portion of our exposure to interest rate fluctuations. At March 31, 2015, the aggregate notional principal amount of our outstanding interest rate swap agreements was \$150.0 million. The difference between amounts to be paid or received on our interest rate swap agreements is recorded in interest and other debt expense in our Condensed Consolidated Statements of Income. For the three months ended March 31, 2015, net payments under our interest rate swap agreements were \$0.4 million. These agreements are with financial institutions which are expected to fully perform under the terms thereof.

#### Natural Gas Swap Agreements

We have entered into natural gas swap agreements with a major financial institution to manage a portion of our exposure to fluctuations in natural gas prices. At March 31, 2015, the aggregate notional principal amount of our natural gas swap agreements was 1,233,000 MMBtu of natural gas with fixed prices ranging from \$2.59 to \$3.19 per MMBtu, which hedges approximately 29 percent of our estimated twelve month exposure to fluctuations in natural gas prices. The difference between amounts to be paid or received on our natural gas swap agreements is recorded in cost of goods sold in our Condensed Consolidated Statements of Income. For the three months ended March 31, 2015, net payments under our natural gas swap agreements were \$0.3 million. These agreements are with a financial institution which is expected to fully perform under the terms thereof.

#### Foreign Currency Exchange Rate Risk

In an effort to minimize foreign currency exchange rate risk, we have financed acquisitions of foreign operations primarily with loans borrowed under our senior secured credit facilities denominated in Euros and Canadian dollars. In addition, where available, we have borrowed funds in local currency or implemented certain internal hedging strategies to minimize our foreign currency exchange rate risk related to foreign operations. We have designated substantially all of our Euro denominated borrowings under the Credit Agreement as net investment hedges. Foreign currency gains related to our net investment hedges included in accumulated other comprehensive loss for the three months ended March 31, 2015 were \$29.9 million.

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## SILGAN HOLDINGS INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

## Note 7. Retirement Benefits

The components of the net periodic pension benefit costs for the three months ended March 31 were as follows:

	2015	2014
	(Dollars in thousands)	
Service cost	\$4,050	\$3,455
Interest cost	7,149	7,430
Expected return on plan assets	(15,655	) (14,355
Amortization of prior service cost	246	285
Amortization of actuarial losses	1,833	217
Net periodic benefit credit	\$(2,377	) \$(2,968

The components of the net periodic other postretirement benefits costs for the three months ended March 31 were as follows:

	2015	2014
	(Dollars in thousands)	
Service cost	\$143	\$138
Interest cost	360	408
Amortization of prior service credit	(736	) (714
Amortization of actuarial gains	(64	) (85
Net periodic benefit credit	\$(297	) \$(253

## Note 8. Income Taxes

Silgan and its subsidiaries file U.S. Federal income tax returns, as well as income tax returns in various states and foreign jurisdictions. The Internal Revenue Service, or IRS, has commenced its review of the tax years 2012 through 2014, and we have been accepted into the Compliance Assurance Program for the 2014 and 2015 tax years which provides for the review by the IRS of tax matters relating to our tax return prior to filing. We do not expect a material change to our unrecognized tax benefits within the next twelve months.

SILGAN HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

Note 9. Treasury Stock

On February 9, 2015, we commenced a “modified Dutch auction” tender offer to purchase up to \$200.0 million of our common stock. Pursuant to the tender offer, which expired on March 10, 2015, we purchased 2,766,354 shares of our common stock from our stockholders on March 17, 2015 at a price of \$58.50 per share, for a total purchase price of \$161.8 million, exclusive of \$0.8 million of fees and expenses. As a result, at March 31, 2015, we had approximately \$113.6 million remaining under an authorization from our Board of Directors for the repurchase of our common stock from time to time through and including December 31, 2019.

During the first three months of 2015, we issued 121,766 treasury shares which had an average cost of \$6.30 per share for restricted stock units that vested during the period. In accordance with the Silgan Holdings Inc. 2004 Stock Incentive Plan, we repurchased 44,122 shares of our common stock at an average cost of \$57.53 to satisfy minimum employee withholding tax requirements resulting from the vesting of such restricted stock units.

We account for treasury shares using the first-in, first-out (FIFO) cost method. As of March 31, 2015, 27,041,597 shares of our common stock were held in treasury.

Note 10. Stock-Based Compensation

We currently have one stock-based compensation plan in effect, under which we have issued options and restricted stock units to our officers, other key employees and outside directors. During the first three months of 2015, 149,100 restricted stock units were granted to certain of our officers and other key employees. The fair value of these restricted stock units at the grant date was \$8.6 million, which is being amortized ratably over the respective vesting period from the grant date.

## SILGAN HOLDINGS INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Information at March 31, 2015 and 2014 and for the three months then ended is unaudited)

## Note 11. Business Segment Information

Reportable business segment information for the three months ended March 31 was as follows:

	Metal Containers (Dollars in thousands)	Closures	Plastic Containers	Corporate	Total
Three Months Ended March 31, 2015					
Net sales	\$458,898	\$198,080	\$159,623	\$—	\$816,601
Depreciation and amortization <sup>(1)</sup>	17,192	9,727	8,692	32	35,643
Rationalization charges	—	336	389	—	725
Segment income from operations <sup>(2)</sup>	40,667	21,575	9,211	(4,392)	67,061
Three Months Ended March 31, 2014					
Net sales	\$468,405	\$213,797	\$173,644	\$—	\$855,846
Depreciation and amortization <sup>(1)</sup>	17,379	10,804	9,135	32	37,350
Rationalization charges	—	626	962	—	1,588
Segment income from operations <sup>(2)</sup>	40,453	17,766	12,843	(3,052)	68,010

(1) Depreciation and amortization excludes amortization of debt issuance costs of \$1.0 million and \$1.1 million for the three months ended March 31, 2015 and 2014, respectively.

(2) Income from operations of the closures segment includes losses from operations in Venezuela of \$0.1 million and \$0.5 million for the three months ended March 31, 2015 and 2014, respectively.

Total segment income from operations is reconciled to income before income taxes as follows:

	2015	2014
	(Dollars in thousands)	
Total segment income from operations	\$67,061	\$68,010
Interest and other debt expense	16,443	20,160
Income before income taxes	\$50,618	\$47,850

Sales and income from operations of our metal container business and part of our closures business are dependent, in part, upon fruit and vegetable harvests. The size and quality of these harvests varies from year to year, depending in large part upon the weather conditions in applicable regions. Because of the seasonality of the harvests, we have historically experienced higher unit sales volume in the third quarter of our fiscal year and generated a disproportionate amount of our annual income from operations during that quarter.





Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements included in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Quarterly Report on Form 10-Q that are not historical facts are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and Securities Exchange Act of 1934, as amended. Such forward-looking statements are made based upon management’s expectations and beliefs concerning future events impacting us and therefore involve a number of uncertainties and risks, including, but not limited to, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in our other filings with the Securities and Exchange Commission. As a result, the actual results of our operations or our financial condition could differ materially from those expressed or implied in these forward-looking statements.

General

We are a leading manufacturer of rigid packaging for shelf-stable food and other consumer goods products. We currently produce steel and aluminum containers for human and pet food and general line products; metal, composite and plastic closures for food and beverage products; and custom designed plastic containers, tubes and closures for personal care, food, health care, pharmaceutical, household and industrial chemical, pet care, agricultural, automotive and marine chemical products. We are a leading manufacturer of metal containers in North America and Europe, a leading worldwide manufacturer of metal, composite and plastic closures for food and beverage products and a leading manufacturer of plastic containers in North America for a variety of markets, including the personal care, food, health care, household and industrial chemical markets.

Our objective is to increase shareholder value by efficiently deploying capital and management resources to grow our business, reduce operating costs and build sustainable competitive positions, or franchises, and to complete acquisitions that generate attractive cash returns. We have grown our net sales and income from operations over the years, largely through acquisitions but also through internal growth, and we continue to evaluate acquisition opportunities in the consumer goods packaging market. If acquisition opportunities are not identified over a longer period of time, we may use our cash flow to repay debt, repurchase shares of our common stock or increase dividends to our stockholders or for other permitted purposes.

## RESULTS OF OPERATIONS

The following table sets forth certain unaudited income statement data expressed as a percentage of net sales for the three months ended March 31:

	2015	2014		
Net sales				
Metal containers	56.2	% 54.7		%
Closures	24.3	25.0		
Plastic containers	19.5	20.3		
Consolidated	100.0	100.0		
Cost of goods sold	85.0	85.0		
Gross profit	15.0	15.0		
Selling, general and administrative expenses	6.7	6.8		
Rationalization charges	0.1	0.2		
Income from operations	8.2	8.0		
Interest and other debt expense	2.0	2.4		
Income before income taxes	6.2	5.6		
Provision for income taxes	2.1	1.9		
Net income	4.1	% 3.7		%

Summary unaudited results of operations for the three months ended March 31 are provided below.

	2015	2014		
Net sales				
Metal containers	\$458.9	\$468.4		
Closures	198.1	213.8		
Plastic containers	159.6	173.6		
Consolidated	\$816.6	\$855.8		
Income from operations				
Metal containers	\$40.7	\$40.5		
Closures <sup>(1)</sup>	21.6	17.8		
Plastic containers <sup>(2)</sup>	9.2	12.8		
Corporate	(4.4	) (3.1		)
Consolidated	\$67.1	\$68.0		

<sup>(1)</sup> Includes rationalization charges of \$0.3 million and \$0.6 million for the three months ended March 31, 2015 and 2014, respectively. Includes losses from operations in Venezuela of \$0.1 million and \$0.5 million for the three months ended March 31, 2015 and 2014, respectively.

<sup>(2)</sup> Includes rationalization charges of \$0.4 million and \$1.0 million for the three months ended March 31, 2015 and 2014, respectively.

Three Months Ended March 31, 2015 Compared with Three Months Ended March 31, 2014

**Overview.** Consolidated net sales were \$816.6 million in the first quarter of 2015, representing a 4.6 percent decrease as compared to the first quarter of 2014 primarily as a result of the impact of unfavorable foreign currency translation, lower volumes in the plastic container business, the cessation of the Venezuela operations in the closures business, the unfavorable financial impact from recent longer-term customer contracts in the plastic container business and the pass through of lower raw material costs in the plastic container and closures businesses, partially offset by volume increases in the metal container and closures businesses and the pass through of higher raw material and other manufacturing costs in the metal container business. Income from operations for the first quarter of 2015 of \$67.1 million decreased by \$0.9 million, or 1.3 percent, as compared to the same period in 2014 primarily due to higher manufacturing costs and a less favorable mix of products sold in the metal container business, lower volumes in the plastic container business, the unfavorable financial impact from recent longer-term customer contracts as well as delays in implementing certain mitigating cost reduction programs in the plastic container business and the impact of unfavorable foreign currency translation. These decreases were partially offset by higher unit volumes in the metal container and closures businesses, the favorable impact from the lagged pass through of lower resin costs in the plastic container and closures businesses, a larger inventory build in the metal container business in the first quarter of 2015 as compared to the same period in 2014, foreign currency transactional losses in the metal container business incurred in the first quarter of 2014 and lower rationalization charges. Rationalization charges were \$0.7 million for the first quarter of 2015 as compared to \$1.6 million for the same period in 2014. Results for the first quarter of 2014 also included a loss on early extinguishment of debt of \$1.5 million. Net income for the first quarter of 2015 was \$33.3 million as compared to \$31.5 million for the same period in 2014. Net income per diluted share for the first quarter of 2015 was \$0.53 as compared to \$0.49 for the same period in 2014.

**Net Sales.** The \$39.2 million decrease in consolidated net sales in the first quarter of 2015 as compared to the first quarter of 2014 was the result of lower net sales across all businesses.

Net sales for the metal container business decreased \$9.5 million, or 2.0 percent, in the first quarter of 2015 as compared to the same period in 2014. This decrease was primarily the result of the impact of unfavorable foreign currency translation of approximately \$12.7 million, partially offset by the pass through of higher raw material and other manufacturing costs and higher unit volumes of approximately 2 percent due principally to volumes associated with the recent acquisition of the operations of Van Can Company, or Van Can.

Net sales for the closures business decreased \$15.7 million, or 7.3 percent, in the first quarter of 2015 as compared to the same period in 2014. This decrease was primarily the result of the impact of unfavorable foreign currency translation of approximately \$17.2 million, the cessation of operations in Venezuela at the end of 2014 and the pass through of lower raw material costs, partially offset by an increase in unit volumes of approximately 2 percent.

Net sales for the plastic container business decreased \$14.0 million, or 8.1 percent, in the first quarter of 2015 as compared to the same period in 2014. This decrease was principally due to weaker demand in the markets served resulting in lower volumes of approximately 3 percent, the unfavorable financial impact from recent longer-term customer contracts, the impact of unfavorable foreign currency translation of approximately \$4.0 million and the pass through of lower raw material costs.

**Gross Profit.** Gross profit margin remained unchanged at 15.0 percent for the first quarter of 2015 as compared to the same period in 2014.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses as a percentage of consolidated net sales decreased 0.1 percentage points to 6.7 percent for the first quarter of 2015 as compared to 6.8

percent for the same period in 2014. Selling, general and administrative expenses decreased \$4.0 million to \$54.4 million for the first quarter of 2015 as compared to \$58.4 million for the same period in 2014 primarily due to the impact from changes in foreign currency rates.

**Income from Operations.** Income from operations for the first quarter of 2015 decreased by \$0.9 million, or 1.3 percent, as compared to the first quarter of 2014, while operating margin increased to 8.2 percent from 8.0 percent over the same periods.

Income from operations of the metal container business for the first quarter of 2015 increased \$0.2 million, or 0.5 percent, as compared to the same period in 2014, and operating margin increased to 8.9 percent from 8.6 percent over the same periods. The increase in income from operations was primarily due to a larger inventory build in the first quarter of 2015 as compared to the prior year period, foreign currency transactional losses incurred in the first quarter of the prior year period and higher unit volumes. These increases were partially offset by higher manufacturing costs due largely to logistical challenges from changes in customer demand patterns and the absorption of new volume associated with Van Can and a less favorable mix of products sold.

Income from operations of the closures business for the first quarter of 2015 increased \$3.8 million, or 21.3 percent, as compared to the same period in 2014, and operating margin increased to 10.9 percent from 8.3 percent over the same periods. The increase in income from operations was primarily due to higher unit volumes and the favorable impact from the lagged pass through of lower resin costs, partially offset by the impact of unfavorable foreign currency translation.

Income from operations of the plastic container business for the first quarter of 2015 decreased \$3.6 million, or 28.1 percent, as compared to the same period in 2014, and operating margin decreased to 5.8 percent from 7.4 percent over the same periods. The decrease in income from operations was primarily attributable to lower volumes, the unfavorable financial impact from recent longer-term customer contracts as well as delays in implementing certain mitigating cost reduction programs and the impact of unfavorable foreign currency translation, partially offset by the favorable impact from the lagged pass through of lower resin costs.

**Interest and Other Debt Expense.** Interest and other debt expense before loss on early extinguishment of debt for the first quarter of 2015 decreased \$2.2 million to \$16.5 million as compared to the same period in 2014, due to lower weighted average interest rates, lower average outstanding borrowings and the impact from favorable foreign currency translation. Loss on early extinguishment of debt of \$1.5 million in the first quarter of 2014 was a result of the refinancing of our previous senior secured credit facility in January 2014.

**Provision for Income Taxes.** The effective tax rate was 34.2 percent for each of the first quarters of 2015 and 2014.

## CAPITAL RESOURCES AND LIQUIDITY

Our principal sources of liquidity have been net cash from operating activities and borrowings under our debt instruments, including our senior secured credit facility. Our liquidity requirements arise from our obligations under the indebtedness incurred in connection with our acquisitions and the refinancing of that indebtedness, capital investment in new and existing equipment, the funding of our seasonal working capital needs and other general corporate uses.

For the three months ended March 31, 2015, we used net borrowings of revolving loans of \$360.5 million, cash and cash equivalents of \$93.5 million and proceeds from the issuance of long-term debt of \$0.9 million to fund repurchases of our common stock in the tender offer for \$162.6 million (which includes \$0.8 million of fees and expenses), cash used in operations of \$144.5 million, decreases in outstanding checks of \$82.8 million, net capital expenditures of \$48.8 million, dividends paid on our common stock of \$10.3 million, the repayment of \$4.2 million of long-term debt and net payments for stock-based compensation issuances of \$1.7 million.

For the three months ended March 31, 2014, we used proceeds from the issuance of long-term debt of \$732.2 million, net borrowings of revolving loans of \$175.9 million and cash and cash equivalents of \$77.2 million to fund the repayment of \$749.7 million of long-term debt, cash used in operations of \$103.1 million, decreases in outstanding checks of \$86.5 million, net capital expenditures of \$26.8 million, dividends paid on our common stock of \$9.7 million, debt issuance costs of \$5.1 million related to the Credit Agreement, net payments for stock-based compensation issuances of \$4.3 million and repurchases of our common stock of \$0.1 million.

At March 31, 2015, we had \$359.5 million of revolving loans outstanding under the Credit Agreement. After taking into account outstanding letters of credit, the available portion of revolving loans under the Credit Agreement at March 31, 2015 was \$603.4 million and Cdn \$15.0 million.

Because we sell metal containers and closures used in fruit and vegetable pack processing, we have seasonal sales. As is common in the industry, we must utilize working capital to build inventory and then carry accounts receivable for some customers beyond the end of the packing season. Due to our seasonal requirements, which generally peak sometime in the summer or early fall, we may incur short-term indebtedness to finance our working capital requirements. Our peak seasonal working capital requirements have historically averaged approximately \$350 million. We fund seasonal working capital requirements through revolving loans under the Credit Agreement, other foreign bank loans and cash on hand. We may use the available portion of revolving loans under the Credit Agreement, after taking into account our seasonal needs and outstanding letters of credit, for other general corporate purposes including acquisitions, dividends, stock repurchases and to refinance or repurchase other debt.

We believe that cash generated from operations and funds from borrowings available under the Credit Agreement and other foreign bank loans will be sufficient to meet our expected operating needs, planned capital expenditures, debt service, tax obligations, pension benefit plan contributions, share repurchases and common stock dividends for the foreseeable future. We continue to evaluate acquisition opportunities in the consumer goods packaging market and may incur additional indebtedness, including indebtedness under the Credit Agreement, to finance any such acquisition.

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We are in compliance with all financial and operating covenants contained in our financing agreements and believe that we will continue to be in compliance during 2015 with all of these covenants.

#### Rationalization Charges

We continually evaluate cost reduction opportunities across each of our businesses, including rationalizations of our existing facilities through plant closings and downsizings. We use a disciplined approach to identify opportunities that generate attractive cash returns. Under our rationalization plans, we made cash payments of \$3.2 million and \$2.6 million for the three months ended March 31, 2015 and 2014, respectively. Additional cash spending under our rationalization plans of approximately \$6.8 million is expected within the next twelve months.

You should also read Note 2 to our Condensed Consolidated Financial Statements for the three months ended March 31, 2015 included elsewhere in this Quarterly Report.

#### Recently Issued Accounting Pronouncements

In May 2014, the FASB issued an ASU that amends the guidance for revenue recognition. This amendment contains principles that will require an entity to recognize revenue to depict the transfer of goods and services to customers at an amount that an entity expects to be entitled to in exchange for those goods or services. This amendment permits the use of one of two retrospective transition methods. This amendment will be effective for us on January 1, 2017. Early adoption is not permitted. We have not yet selected a transition method and are currently evaluating the impact of this amendment on our consolidated financial statements.

In April 2015, the FASB issued an ASU which amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability. This amendment will be effective for us on January 1, 2016. Early adoption is permitted. Adoption of this amendment will not have a material effect on our financial position, results of operations or cash flows.



Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to our operations result primarily from changes in interest rates and, with respect to our international metal container and closures operations and our Canadian plastic container operations, from foreign currency exchange rates. In the normal course of business, we also have risk related to commodity price changes for items such as natural gas. We employ established policies and procedures to manage our exposure to these risks. Interest rate, foreign currency and commodity pricing transactions are used only to the extent considered necessary to meet our objectives. We do not utilize derivative financial instruments for trading or other speculative purposes.

Information regarding our interest rate risk, foreign currency exchange rate risk and commodity pricing risk has been disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Since such filing, there has not been a material change to our interest rate risk, foreign currency exchange rate risk or commodity pricing risk or to our policies and procedures to manage our exposure to these risks.

You should also read Notes 5 and 6 to our Condensed Consolidated Financial Statements for the three months ended March 31, 2015 included elsewhere in this Quarterly Report.

Item 4. CONTROLS AND PROCEDURES

As required by Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, as of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and that our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal controls over financial reporting during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, these internal controls.

## Part II. Other Information

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

## (c) Purchases of Equity Securities By the Issuer and Affiliated Purchasers

The following table provides information about shares of our common stock that we repurchased during the first quarter of 2015:

## ISSUER PURCHASES OF EQUITY SECURITIES

	(a) Total Number of Shares Purchased <sup>(1)</sup>	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) <sup>(2)</sup>
January 1-31, 2015	—	—	—	\$275.5
February 1-28, 2015	—	—	—	—
March 1-31, 2015	2,766,354	\$58.50	2,766,354	\$113.6
Total	2,766,354	\$58.50	2,766,354	\$113.6

(1) All of the shares included in the table were purchased on March 17, 2015 pursuant to our "modified Dutch auction" tender offer.

(2) On February 28, 2014, our Board of Directors authorized the repurchase by us of up to an aggregate of \$300.0 million of our common stock from time to time through and including December 31, 2019. Prior to the first quarter of 2015, we had repurchased approximately \$24.5 million of our common stock pursuant to such authorization.

Item 6. Exhibits

Exhibit Number	Description
12	Ratio of Earnings to Fixed Charges for the three months ended March 31, 2015 and 2014.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1	Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2	Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

SILGAN HOLDINGS INC.

Dated: May 8, 2015

/s/ Robert B. Lewis  
Robert B. Lewis  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

EXHIBIT INDEX

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