UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended

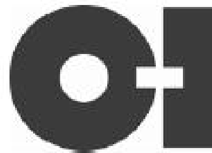
September 30, 2021

or

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

For the transition period from to

Commission file number 1-9576



O-I GLASS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**22-2781933**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
One Michael Owens Way, Perrysburg, Ohio	**43551**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(567) 336-5000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $.01 par value	OI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒ The number of shares of common stock, par value $.01, of O-I Glass, Inc. outstanding as of September 30, 2021 was 156,827,223.

Item 1. Financial Statements.

The Condensed Consolidated Financial Statements of O-I Glass, Inc. (the “Company”) presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. All adjustments are of a normal recurring nature. Because the following unaudited condensed consolidated financial statements have been prepared in accordance with Article 10 of Regulation S-X, they do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

The term “Company,” as used herein and unless otherwise stated or indicated by context, refers to Owens-Illinois, Inc. (“O-I”) prior to the Corporate Modernization (as defined in Note 10) and to O-I Glass, Inc. (“O-I Glass”) after the Corporate Modernization.

O-I GLASS, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
(Dollars in millions, except per share amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net sales	$ 1,609	$ 1,616	$ 4,770	$ 4,595
Cost of goods sold	(1,307)	(1,339)	(3,916)	(3,887)
Gross profit	302	277	854	708
Selling and administrative expense	(108)	(95)	(325)	(308)
Research, development and engineering expense	(19)	(16)	(57)	(45)
Interest expense, net	(50)	(61)	(153)	(212)
Equity earnings	23	21	64	49
Other income (expense), net	(21)	250	(123)	147
Earnings from continuing operations before income taxes	127	376	260	339
Provision for income taxes	(43)	(41)	(144)	(50)
Earnings from continuing operations	84	335	116	289
Gain from discontinued operations	7		7	
Net earnings	91	335	123	289
Net earnings attributable to non-controlling interests	(6)	(7)	(17)	(11)
Net earnings attributable to the Company	$ 85	$ 328	$ 106	$ 278
Amounts attributable to the Company:				
Earnings from continuing operations	$ 78	$ 328	$ 99	$ 278
Gain from discontinued operations	7		7	
Net earnings	$ 85	$ 328	$ 106	$ 278
Basic earnings per share:				
Earnings from continuing operations attributable to the Company	$ 0.49	$ 2.09	$ 0.62	$ 1.77
Gain from discontinued operations	0.05		0.05	
Net earnings	$ 0.54	$ 2.09	$ 0.67	$ 1.77
Weighted average shares outstanding (thousands)	156,825	157,073	157,430	156,650
Diluted earnings per share:				
Earnings from continuing operations attributable to the Company	$ 0.48	$ 2.06	$ 0.61	$ 1.76
Gain from discontinued operations	0.05		0.05	
Net earnings	$ 0.53	$ 2.06	$ 0.66	$ 1.76
Weighted average diluted shares outstanding (thousands)	160,511	159,299	160,473	158,438

See accompanying notes.

O-I GLASS, INC.
CONDENSED CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Net earnings	$ 91	$ 335	$ 123	$ 289
Other comprehensive income (loss):				
Foreign currency translation adjustments	(110)	(148)	(81)	(666)
Pension and other postretirement benefit adjustments, net of tax	78	42	115	92
Change in fair value of derivative instruments, net of tax	13	(11)	26	(18)
Other comprehensive income (loss)	(19)	(117)	60	(592)
Total comprehensive income (loss)	72	218	183	(303)
Comprehensive income attributable to non-controlling interests	(5)	(7)	(3)	(1)
Comprehensive income (loss) attributable to the Company	$ 67	$ 211	$ 180	$ (304)

See accompanying notes.

O-I GLASS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(Unaudited)

	September 30, 2021	December 31, 2020	September 30, 2020
Assets			
Current assets:			
Cash and cash equivalents	$ 628	$ 563	$ 606
Trade receivables, net of allowance of $31 million, $33 million, and $33 million at September 30, 2021, December 31, 2020 and September 30, 2020	793	623	724
Inventories	808	841	782
Prepaid expenses and other current assets	213	270	272
Total current assets	2,442	2,297	2,384
Property, plant and equipment, net	2,785	2,907	2,675
Goodwill	1,879	1,951	1,847
Intangibles, net	294	325	311
Other assets	1,366	1,402	1,407
Total assets	$ 8,766	$ 8,882	$ 8,624
Liabilities and Share owners’ equity			
Current liabilities:			
Accounts payable	$ 1,062	$ 1,126	$ 910
Short-term loans and long-term debt due within one year	79	197	212
Other liabilities	597	575	575
Total current liabilities	1,738	1,898	1,697
Long-term debt	4,853	4,945	5,163
Paddock support agreement liability	625	471	471
Other long-term liabilities	980	1,167	1,028
Share owners' equity	570	401	265
Total liabilities and share owners’ equity	$ 8,766	$ 8,882	$ 8,624

See accompanying notes.

O-I GLASS, INC.
CONDENSED CONSOLIDATED CASH FLOWS
(Dollars in millions)
(Unaudited)

	Nine months ended September 30,	
	2021	**2020**
Cash flows from operating activities:		
Net earnings	$ 123	$ 289
Gain from discontinued operations	(7)	
Non-cash charges		
Depreciation and amortization	349	363
Pension expense	24	30
Charge related to Paddock support agreement liability	154	
Brazil indirect tax credit	(69)	
Restructuring, asset impairment and related charges	20	72
Pension settlement charges	5	8
Gain on sale of ANZ business		(280)
Cash payments		
Pension contributions	(33)	(32)
Cash paid for restructuring activities	(14)	(32)
Change in components of working capital	(139)	(402)
Other, net (a)	36	112
Cash provided by continuing operating activities	449	128
Cash provided by discontinued operating activities	7	
Cash provided by operating activities	456	128
Cash flows from investing activities:		
Cash payments for property, plant and equipment	(268)	(246)
Cash proceeds on disposal of other businesses and misc. assets	8	2
Cash proceeds on sale of ANZ businesses, net of transaction costs	58	441
Deconsolidation of Paddock		(47)
Other		1
Cash provided by (utilized in) investing activities	(202)	151
Cash flows from financing activities:		
Changes in borrowings, net	(119)	(300)
Payment of finance fees		(50)
Shares repurchased	(30)	
Dividends paid		(8)
Net cash payments for hedging activity	(10)	(8)
Sale leaseback proceeds in conjunction with ANZ sale		155
Distributions to non-controlling interests	(10)	(5)
Other, net	(2)	(3)
Cash utilized in financing activities	(171)	(219)
Effect of exchange rate fluctuations on cash	(18)	(5)
Change in cash	65	55
Cash at beginning of period	563	551
Cash at end of period	$ 628	$ 606

(a) Other, net includes other non-cash charges plus other changes in non-current assets and liabilities.

See accompanying notes.

1. Segment Information

Historically, the Company had three reportable segments and three operating segments based on its geographic locations: the Americas, Europe and Asia Pacific. These three segments are aligned with the Company's internal approach to managing, reporting, and evaluating performance of its global glass operations. On July 31, 2020, the Company completed the sale of its Australia and New Zealand ("ANZ") businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019), to Visy Industries Holdings Pty Ltd. ("Visy"). After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. For the three and nine months ended September 30, 2020, the results of the Asia Pacific segment reflect only the results of its ANZ businesses. For all historical periods discussed in this report, the sales and operating results of the other businesses that historically comprised the Asia Pacific segment, and that have been retained by the Company, have been reclassified to Other sales and Retained corporate costs and other, respectively. For asset reporting purposes, only the assets related to the ANZ businesses have been reported in the Asia Pacific segment, while the other businesses that historically comprised this segment and that have been retained by the Company have been reclassified to the Other assets line for all periods presented.

Certain assets and activities not directly related to one of the regions or to glass manufacturing are reported with Retained corporate costs and other. These include licensing, equipment manufacturing, global engineering, certain equity investments and the remaining businesses in the Asia Pacific region that do not meet the criteria of an individually reportable segment after the sale of the ANZ businesses. Retained corporate costs and other also includes certain headquarters administrative and facilities costs and certain incentive compensation and other benefit plan costs that are global in nature and are not allocable to the reportable segments.

The Company's measure of profit for its reportable segments is segment operating profit, which consists of consolidated earnings (loss) before interest income, interest expense, and benefit (provision) for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations, as well as certain retained corporate costs. The Company's management uses segment operating profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources. Segment operating profit for reportable segments includes an allocation of some corporate expenses based on both a percentage of sales and direct billings based on the costs of specific services provided. Segment operating profit is not a recognized term under U.S. GAAP and, therefore, does not purport to be an alternative to earnings (loss) before income taxes. Further, the Company's measure of segment operating profit may not be comparable to similarly titled measures of other companies.

Financial information for the three and nine months ended September 30, 2021 and 2020 regarding the Company's reportable segments is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net sales:				
Americas	$ 925	$ 887	$ 2,652	$ 2,442
Europe	655	644	2,039	1,775
Asia Pacific		52		281
Reportable segment totals	1,580	1,583	4,691	4,498
Other	29	33	79	97
Net sales	$ 1,609	$ 1,616	$ 4,770	$ 4,595

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Segment operating profit:				
Americas	$ 133	$ 113	$ 357	$ 268
Europe	110	88	293	191
Asia Pacific		3		19
Reportable segment totals	243	204	650	478
Items excluded from segment operating profit:				
Retained corporate costs and other	(49)	(35)	(126)	(98)
Gain on sale of ANZ businesses		280		280
Brazil indirect tax credit			69	
Restructuring, asset impairment and other charges	(12)	(9)	(21)	(80)
Charge related to Paddock support agreement liability			(154)	
Charge for deconsolidation of Paddock				(14)
Pension settlement charges	(5)		(5)	(8)
Strategic transaction costs		(3)		(7)
Interest expense, net	(50)	(61)	(153)	(212)
Earnings from continuing operations before income taxes	$ 127	$ 376	$ 260	$ 339

Financial information regarding the Company's total assets is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Total assets:			
Americas	$ 4,925	$ 4,927	$ 4,663
Europe	3,457	3,507	3,307
Reportable segment totals	8,382	8,434	7,970
Other	384	448	654
Consolidated totals	$ 8,766	$ 8,882	$ 8,624

2. Revenue

Revenue is recognized at the point in time when obligations under the terms of the Company's contracts and related purchase orders with its customers are satisfied. This occurs with the transfer of control of glass containers, which primarily takes place when products are shipped from the Company's manufacturing or warehousing facilities to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, which includes estimated provisions for rebates, discounts, returns and allowances. Sales, value-added, and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. The Company's payment terms are based on customary business practices and can vary by customer type. The term between invoicing and when payment is due is not significant. Also, the Company elected to account for shipping and handling costs as a fulfillment cost at the time of shipment.

For the three- and nine-month periods ended September 30, 2021 and September 30, 2020, the Company had no material bad debt expense, and there were no material contract assets, contract liabilities or deferred contract costs recorded on the Condensed Consolidated Balance Sheet.

Consistent with the disclosures in Note 1 related to the ANZ sale, Asia Pacific revenue for the three- and nine-month periods ended September 30, 2020, reflect only the revenue of the ANZ businesses. The other businesses that comprised the Asia Pacific segment and that have been retained by the Company have been reclassified to the Other sales line.

The following tables for the three months ended September 30, 2021 and 2020 disaggregate the Company's revenue by customer end use:

	Three months ended September 30, 2021			
	Americas	Europe	Asia Pacific	Total
Alcoholic beverages (beer, wine, spirits)	$ 561	$ 467	$ —	$ 1,028
Food and other	215	124		339
Non-alcoholic beverages	149	64		213
Reportable segment totals	$ 925	$ 655	$ —	$ 1,580
Other				29
Net sales				$ 1,609

	Three months ended September 30, 2020			
	Americas	Europe	Asia Pacific	Total
Alcoholic beverages (beer, wine, spirits)	$ 537	$ 452	$ 40	$ 1,029
Food and other	222	138	6	366
Non-alcoholic beverages	128	54	6	188
Reportable segment totals	$ 887	$ 644	$ 52	$ 1,583
Other				33
Net sales				$ 1,616

The following tables for the nine months ended September 30, 2021 and 2020 disaggregate the Company's revenue by customer end use:

	Nine months ended September 30, 2021			
	Americas	Europe	Asia Pacific	Total
Alcoholic beverages (beer, wine, spirits)	$ 1,610	$ 1,507	$ —	$ 3,117
Food and other	627	366		993
Non-alcoholic beverages	415	166		581
Reportable segment totals	$ 2,652	$ 2,039	$ —	$ 4,691
Other				79
Net sales				$ 4,770

	Nine months ended September 30, 2020			
	Americas	Europe	Asia Pacific	Total
Alcoholic beverages (beer, wine, spirits)	$ 1,471	$ 1,258	$ 217	$ 2,946
Food and other	609	360	38	1,007
Non-alcoholic beverages	362	157	26	545
Reportable segment totals	$ 2,442	$ 1,775	$ 281	$ 4,498
Other				97
Net sales				$ 4,595

3. Credit Losses

The Company is exposed to credit losses primarily through its sales of glass containers to customers. The Company's trade receivables from customers are due within one year or less. The Company assesses each customer's ability to pay for the glass containers it sells to them by conducting a credit review. The credit review considers the expected billing exposure and timing for payment and the customer's established credit rating or the Company's assessment of the customer's creditworthiness, based on an analysis of their financial statements when a credit rating is not available. The Company also considers contract terms and conditions, country and political risk, and business strategy in its evaluation. A credit limit is established for each customer based on the outcome of this review. The Company may require collateralized asset support or a prepayment to mitigate credit risk. The Company monitors its ongoing credit exposure through the active review of customer balances against contract terms and due dates, including timely account reconciliation, dispute resolution and payment confirmation. The Company may employ collection agencies and legal counsel to pursue the recovery of defaulted receivables.

At September 30, 2021 and September 30, 2020, the Company reported $793 million and $724 million of accounts receivable, respectively, net of allowances of $31 million and $33 million, respectively. Changes in the allowance were not material for each of the three and nine months ended September 30, 2021 and September 30, 2020.

4. Inventories

Major classes of inventory at September 30, 2021, December 31, 2020 and September 30, 2020 are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	$ 651	$ 675	$ 625
Raw materials	120	129	121
Operating supplies	37	37	36
	$ 808	$ 841	$ 782

5. Derivative Instruments

The Company has certain derivative assets and liabilities, which consist of foreign exchange option and forward contracts, interest rate swaps and cross-currency swaps. The valuation of these instruments is determined primarily using the income approach, including discounted cash flow analysis on the expected cash flows of each derivative. Foreign exchange rates and interest rates are the significant inputs into the valuation models. The Company also evaluates counterparty risk in determining fair values. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. These inputs are observable in active markets over the terms of the instruments the Company holds, and, accordingly, the Company classifies its derivative assets and liabilities as Level 2 in the hierarchy.

Cash Flow Hedges of Foreign Exchange Risk

The Company has variable-interest rate borrowings denominated in currencies other than the functional currency of the borrowing subsidiaries. As a result, the Company is exposed to fluctuations in the currency of the borrowing against the subsidiaries' functional currency. The Company uses derivatives to manage these exposures and designates these derivatives as cash flow hedges of foreign exchange risk.

An unrecognized gain of $9 million at September 30, 2021, an unrecognized gain of $9 million at December 31, 2020 and an unrecognized gain of $9 million at September 30, 2020, related to these cross-currency swaps, were included in Accumulated OCI, and will be reclassified into earnings within the next 12 months.

Interest Rate Swaps Designated as Fair Value Hedges

The Company enters into interest rate swaps in order to maintain a capital structure containing targeted amounts of fixed and floating-rate debt and manage interest rate risk. The Company's fixed-to-variable interest rate swaps are accounted for as fair value hedges. The relevant terms of the swap agreements match the corresponding terms of the notes, and therefore there is no hedge ineffectiveness. The Company recorded the net of the fair market values of the swaps as a long-term liability and short-term asset, along with a corresponding net decrease in the carrying value of the hedged debt.

Cash Flow Hedges of Interest Rate Risk

The Company enters into interest rate swaps in order to maintain a capital structure containing targeted amounts of fixed and floating-rate debt and manage interest rate risk. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments. These interest rate swap agreements were used to hedge the variable cash flows associated with variable-rate debt.

An unrecognized loss of $0 at September 30, 2021, an unrecognized loss of less than $1 million at December 31, 2020 and an unrecognized loss of less than $1 million at September 30, 2020 related to these interest rate swaps were included in Accumulated OCI and will be reclassified into earnings within the next 12 months.

Net Investment Hedges

The Company is exposed to fluctuations in foreign exchange rates on investments it holds in non-U.S. subsidiaries and uses cross-currency swaps to partially hedge this exposure.

Foreign Exchange Derivative Contracts Not Designated as Hedging Instruments

The Company uses short-term forward exchange or option agreements to purchase foreign currencies at set rates in the future. These agreements are used to limit exposure to fluctuations in foreign currency exchange rates for significant planned purchases of fixed assets or commodities that are denominated in currencies other than the subsidiaries' functional currency. The Company also uses foreign exchange agreements to offset the foreign currency risk for receivables and payables, including intercompany receivables, payables, and loans, not denominated in, or indexed to, their functional currencies.

Balance Sheet Classification

The following table shows the amount and classification (as noted above) of the Company’s derivatives at September 30, 2021, December 31, 2020 and September 30, 2020:

	Fair Value of Hedge Assets			Fair Value of Hedge Liabilities		
	September 30, 2021	December 31, 2020	September 30, 2020	September 30, 2021	December 31, 2020	September 30, 2020
Derivatives designated as hedging instruments:						
Interest rate swaps - fair value hedges (a)	$ 9	$ 17	$ 16	$ 1	$ —	$ —
Cash flow hedges of foreign exchange risk (b)	9	6	9	54	115	67
Net investment hedges (c)	2	1	2	28	52	27
Total derivatives accounted for as hedges	$ 20	$ 24	$ 27	$ 83	$ 167	$ 94
Derivatives not designated as hedges:						
Foreign exchange derivative contracts (d)	1	1	3	4	3	6
Total derivatives	$ 21	$ 25	$ 30	$ 87	$ 170	$ 100
Current	$ 15	$ 13	$ 16	$ 4	$ 15	$ 13
Noncurrent	6	12	14	83	155	87
Total derivatives	$ 21	$ 25	$ 30	$ 87	$ 170	$ 100

(a) The notional amounts of the interest rate swaps designated as fair value hedges were €725 million at September 30, 2021, December 31, 2020 and September 30, 2020. The maximum maturity dates were in 2024 for all three periods.
(b) The notional amounts of the cash flow hedges of foreign exchange risk were $878 million at September 30, 2021, $978 million at December 31, 2020 and $1.1 billion at September 30, 2020. The maximum maturity dates were in 2023 for all three periods.
(c) The notional amounts of the net investment hedges were €311 million at September 30, 2021, €311 million at December 31, 2020 and €311 million at September 30, 2020. The maximum maturity dates were in 2027 for September 30, 2021 and December 31, 2020 and in 2020 for September 30, 2020.
(d) The notional amounts of the foreign exchange derivative contracts were $291 million, $247 million and $247 million at September 30, 2021, December 31, 2020 and September 30, 2020, respectively. The maximum maturity dates were in 2021 for all three periods.

Derivatives designated as hedging instruments:	Gain (Loss) Recognized in OCI (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) (1)	
	Three months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
Cash Flow Hedges				
Cash flow hedges of foreign exchange risk (a)	$ 24	$ (61)	$ 24	$ (80)
Cash flow hedges of interest rate risk (b)				
Net Investment Hedges				
Net Investment Hedges (b)	13	(26)	1	1
	$ 37	$ (87)	$ 25	$ (79)

Derivatives designated as hedging instruments:	Gain (Loss) Recognized in OCI (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) (1)	
	Nine months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cash Flow Hedges				
Cash flow hedges of foreign exchange risk (a)	$ 56	$ (51)	$ 57	$ (71)
Cash flow hedges of interest rate risk (b)				(1)
Net Investment Hedges				
Net Investment Hedges (b)	27	(29)	2	4
	$ 83	$ (80)	$ 59	$ (68)

Derivatives not designated as hedges:	Amount of Gain (Loss) Recognized in Other income (expense), net		Amount of Gain (Loss) Recognized in Other income (expense), net	
	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Foreign exchange derivative contracts	$ 2	$ 3	$ 9	$ 13

(1) Gains and losses reclassified from accumulated OCI and recognized in income are recorded to (a) other income (expense), net or (b) interest expense, net.

6. Restructuring Accruals

Selected information related to the restructuring accruals for the three months ended September 30, 2021 and 2020 is as follows:

	Employee Costs	Asset Impairment	Other Exit Costs	Total Restructuring
Balance at July 1, 2021	$ 32	$ —	$ 12	$ 44
Charges		1	11	12
Write-down of assets to net realizable value		(1)		(1)
Net cash paid, principally severance and related benefits	(4)		(1)	(5)
Other, including foreign exchange translation				—
Balance at September 30, 2021	$ 28	$ —	$ 22	$ 50

	Employee Costs	Asset Impairment	Other Exit Costs	Total Restructuring
Balance at July 1, 2020	$ 30	$ —	$ 17	$ 47
Charges	2	3		5
Write-down of assets to net realizable value		(3)		(3)
Net cash paid, principally severance and related benefits	(10)			(10)
Other, including foreign exchange translation			(4)	(4)
Balance at September 30, 2020	$ 22	$ —	$ 13	$ 35

Selected information related to the restructuring accruals for the nine months ended September 30, 2021 and 2020 is as follows:

	Employee Costs	Asset Impairment	Other Exit Costs	Total Restructuring
Balance at January 1, 2021	$ 38	$ —	$ 7	$ 45
Charges	2	1	17	20
Write-down of assets to net realizable value		(1)		(1)
Net cash paid, principally severance and related benefits	(11)		(3)	(14)
Other, including foreign exchange translation	(1)		1	—
Balance at September 30, 2021	$ 28	$ —	$ 22	$ 50

	Employee Costs	Asset Impairment	Other Exit Costs	Total Restructuring
Balance at January 1, 2020	$ 32	$	$ 13	$ 45
Charges	23	43	6	72
Write-down of assets to net realizable value		(43)		(43)
Net cash paid, principally severance and related benefits	(31)		(1)	(32)
Other, including foreign exchange translation	(2)		(5)	(7)
Balance at September 30, 2020	$ 22	$ —	$ 13	$ 35

When a decision is made to take restructuring actions, the Company manages and accounts for them programmatically apart from the on-going operations of the business. Information related to major programs is presented separately, while minor initiatives are presented on a combined basis. As of September 30, 2021 and 2020, no major restructuring programs were in effect.

For the three and nine months ended September 30, 2021, the Company implemented several discrete restructuring initiatives and recorded restructuring and other charges of $12 million and $20 million, respectively. These charges consisted of employee costs, such as severance and benefit-related costs and other exit costs (including related consulting costs attributed to restructuring of managed services activities) at a number of the Company's businesses in the Americas and Europe. These restructuring charges were discrete actions and are expected to approximate the total cumulative costs for those actions as no material additional costs are expected to be incurred. For the three and nine months ended September 30, 2021, these charges were recorded to Other income (expense), net on the Condensed Consolidated Results of Operations. The Company expects that the majority of the remaining cash expenditures related to the accrued employee and other exit costs will be paid out over the next several years.

For the three and nine months ended September 30, 2020, the Company implemented several discrete restructuring initiatives and recorded restructuring, asset impairment and other charges of $5 million and $72 million, respectively. These charges consisted of employee costs, such as severance and benefit-related costs, write-down of assets and other exit costs, primarily related to a plant closure in the Americas and to a reduction-in-force program as part of its selling, general and administrative expense reduction initiative to help simplify the organization and improve decision making and execution. These restructuring charges were discrete actions and are expected to approximate the total cumulative costs for those actions as no material additional costs are expected to be incurred. For the three and nine months ended September 30, 2020, these charges were recorded to Other income (expense), net on the Condensed Consolidated Results of Operations. The Company expects that the majority of the remaining cash expenditures related to the accrued employee and other exit costs will be paid out over the next several years.

The Company's decisions to curtail selected production capacity have resulted in write-downs of certain long-lived assets to the extent their carrying value exceeded fair value or fair value less cost to sell. The Company classified the assumptions used to determine the fair value of the impaired assets in the period that the measurement was taken as Level 3 (third-party appraisal) in the fair value hierarchy as set forth in the general accounting principles for fair value measurements. For the asset impairments recorded through September 30, 2021, the remaining carrying value of the impaired assets was approximately $1 million.

7. Pension Benefit Plans

The components of the net periodic pension cost for the three months ended September 30, 2021 and 2020 are as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Service cost	$ 3	$ 3	$ 3	$ 3
Interest cost	10	12	5	6
Expected asset return	(21)	(19)	(11)	(12)
Amortization of actuarial loss	16	14	3	3
Net periodic pension cost	$ 8	$ 10	$ —	$ —

The components of the net periodic pension cost for the nine months ended September 30, 2021 and 2020 are as follows:

	U.S.		Non-U.S.	
	2021	2020	2021	2020
Service cost	$ 9	$ 9	$ 9	$ 10
Interest cost	30	37	15	19
Expected asset return	(63)	(60)	(34)	(36)
Amortization of actuarial loss	48	42	10	9
Net periodic pension cost	$ 24	$ 28	$ —	$ 2

The components of pension expense, other than the service cost component, are included in Other income (expense), net on the Condensed Consolidated Results of Operations.

The Company settled a portion of its pension obligations, which resulted in a reduction of its pension liability of approximately $46 million and pension settlement charges of $5 million in both the three and nine months ended September 30, 2021. For the three and nine months ended September 30, 2020, the Company recorded pension settlement charges totaling $0 and $8 million, respectively.

During the third quarter of 2020, the Company remeasured a portion of its post-retirement benefit obligations in the U.S. due to plan changes, which resulted in a reduction in post-retirement benefit obligations of approximately $32 million.

8. Income Taxes

The Company calculates its interim tax provision using the estimated annual effective tax rate (“EAETR”) methodology in accordance with ASC 740-270. The EAETR is applied to the year-to-date ordinary income, exclusive of discrete items. The tax effects of discrete items are then included to arrive at the total reported interim tax provision. The determination of the EAETR is based upon a number of estimates, including the estimated annual pretax ordinary income or loss in each tax jurisdiction in which the Company operates. The tax effects of discrete items are recognized in the tax provision in the quarter they occur, in accordance with GAAP. Depending on various factors, such as the item’s significance in relation to total income and the rate of tax applicable in the jurisdiction to which it relates, discrete items in any quarter can materially impact the reported effective tax rate. The Company’s annual effective tax rate may be affected by the mix of earnings in the U.S. and foreign jurisdictions, and factors such as changes in tax laws, tax rates or regulations, changes in business, changing interpretation of existing tax laws or regulations, the finalization of tax audits and reviews, as well as other factors. As such, there can be significant volatility in interim tax provisions. The annual effective tax rate differs from the statutory U.S. Federal tax rate of 21% primarily because of varying non-U.S. tax rates and the impact of the U.S. valuation allowance.

The Company is currently under examination in various tax jurisdictions, including Brazil, Canada, Colombia, France, Indonesia, Italy, Mexico and Peru. The years under examination range from 2004 through 2018. The Company has received tax assessments in excess of established reserves. The Company is contesting these tax assessments, and will continue to do so, including pursuing all available remedies, such as appeals and litigation, if necessary. The Company believes that adequate provisions for all income tax uncertainties have been made. However, if tax assessments are settled against the Company at amounts in excess of established reserves, it could have a material impact on the Company’s consolidated results of operations, financial position or cash flows.

9. Debt

The following table summarizes the long-term debt of the Company:

	September 30, 2021	December 31, 2020	September 30, 2020
Secured Credit Agreement:			
Revolving Credit Facility:			
Revolving Loans	$ —	$ —	$ 195
Term Loans:			
Term Loan A	1,068	1,067	1,157
Other secured debt		99	109
Senior Notes:			
4.00%, due 2023	308	307	307
5.875%, due 2023	694	692	691
3.125%, due 2024 (€725 million)	854	914	873
6.375%, due 2025	297	296	296
5.375%, due 2025	298	298	298
2.875%, due 2025 (€500 million)	574	607	579
6.625%, due 2027	693	692	691
Finance leases	99	108	94
Other	5	7	6
Total long-term debt	4,890	5,087	5,296
Less amounts due within one year	37	142	133
Long-term debt	$ 4,853	$ 4,945	$ 5,163

The Company presents debt issuance costs in the condensed consolidated balance sheet as a deduction of the carrying amount of the related debt liability.

On June 25, 2019, certain of the Company's subsidiaries entered into a Senior Secured Credit Facility Agreement (as amended by that certain Amendment No. 1 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 13, 2019, and as further amended by that certain Amendment No. 2 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 19, 2019, the "Agreement"), which amended and restated the previous credit agreement (the "Previous Agreement"). The proceeds from the Agreement were used to repay all outstanding amounts under the Previous Agreement.

The Agreement provides for up to $3.0 billion of borrowings pursuant to term loans and revolving credit facilities. The term loans mature, and the revolving credit facilities terminate, in June 2024. At September 30, 2021, the Agreement includes a $300 million revolving credit facility, a $1.2 billion multicurrency revolving credit facility, and a $1.5 billion term loan A facility ($1,068 million outstanding balance at September 30, 2021, net of debt issuance costs). At September 30, 2021, the Company had unused credit of $1,489 million available under the Agreement. The weighted average interest rate on borrowings outstanding under the Agreement at September 30, 2021 was 1.58%.

The Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain indebtedness and liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Agreement also contains one financial maintenance covenant, a Total Leverage Ratio (the "Leverage Ratio"), that requires the Company not to exceed a ratio of 5.0x calculated by dividing consolidated total debt, less cash and cash equivalents, by Consolidated EBITDA, with such Leverage Ratio decreasing to (a) 4.75x for the quarter ending September 30, 2021 and (b) 4.50x for the quarter ending December 31, 2021 and thereafter, as defined and described in the Agreement. The maximum Leverage Ratio is subject to an increase of 0.5x for (i) any fiscal quarter during which certain qualifying acquisitions (as specified in the Agreement) are consummated and (ii) the following three fiscal

quarters, provided that the Leverage Ratio shall not exceed 5.0x. The Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Leverage Ratio to exceed the specified maximum.

Failure to comply with these covenants and other customary restrictions could result in an event of default under the Agreement. In such an event, the Company could not request borrowings under the revolving facilities, and all amounts outstanding under the Agreement, together with accrued interest, could then be declared immediately due and payable. Upon the occurrence and for the duration of a payment event of default, an additional default interest rate equal to 2.0% per annum will apply to all overdue obligations under the Agreement. If an event of default occurs under the Agreement and the lenders cause all of the outstanding debt obligations under the Agreement to become due and payable, this would result in a default under the indentures governing the Company’s outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of September 30, 2021, the Company was in compliance with all covenants and restrictions in the Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow funds under the Agreement will not be adversely affected by the covenants and restrictions.

The Leverage Ratio also determines pricing under the Agreement. The interest rate on borrowings under the Agreement is, at the Company’s option, the Base Rate or the Eurocurrency Rate, as defined in the Agreement, plus an applicable margin. The applicable margin is linked to the Leverage Ratio. The margins range from 1.00% to 1.50% for Eurocurrency Loans and from 0.00% to 0.50% for Base Rate Loans. In addition, a commitment fee is payable on the unused revolving credit facility commitments ranging from 0.20% to 0.30% per annum linked to the Leverage Ratio.

Obligations under the Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company’s domestic subsidiaries and certain foreign subsidiaries. Such obligations are also secured by a pledge of intercompany debt and equity investments in certain of the Company’s domestic subsidiaries and, in the case of foreign obligations, of stock of certain foreign subsidiaries. All obligations under the Agreement are guaranteed by certain domestic subsidiaries of the Company, and certain foreign obligations under the Agreement are guaranteed by certain foreign subsidiaries of the Company.

In May 2020, the Company issued $700 million aggregate principal amount of senior notes. The senior notes bear interest at a rate of 6.625% per annum and mature on May 13, 2027. The senior notes were issued via a private placement and are guaranteed by certain of the Company’s domestic subsidiaries. The net proceeds, after deducting debt issuance costs, totaled approximately $690 million and were used to redeem the remaining $130 million aggregate principal amount of the Company’s outstanding 4.875% senior notes due 2021, approximately $419 million aggregate principal amount of the Company’s outstanding 5.00% senior notes due 2022 and approximately $105 million of other secured borrowings. The Company recorded approximately $38 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to these redemptions.

In August 2020, the Company redeemed the remaining $81 million aggregate principal amount of the Company’s outstanding 5.00% senior notes due 2022. The Company recorded approximately $6 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to this redemption.

In order to maintain a capital structure containing appropriate amounts of fixed and floating-rate debt, the Company has entered into a series of interest rate swap agreements. These interest rate swap agreements were accounted for as either fair value hedges or cash flow hedges (see Note 5 for more information).

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

The carrying amounts reported for certain long-term debt obligations subject to frequently redetermined interest rates approximate fair value. Fair values for the Company’s significant fixed rate debt obligations are based on

published market quotations, and are classified as Level 1 in the fair value hierarchy. Fair values at September 30, 2021 of the Company’s significant fixed rate debt obligations are as follows:

	Principal Amount	Indicated Market Price Per $	Fair Value
Senior Notes:			
5.875%, due 2023	$ 700	$ 106.00	$ 742
4.00%, due 2023	310	102.57	318
3.125%, due 2024 (€725 million)	841	103.53	871
6.375%, due 2025	300	110.86	333
5.375%, due 2025	300	107.11	321
2.875%, due 2025 (€500 million)	580	101.56	589
6.625%, due 2027	700	107.40	752

10. Contingencies

Asbestos

From 1948 to 1958, one of the Company's former business units commercially produced and sold approximately $40 million of a high-temperature, calcium-silicate based pipe and block insulation material containing asbestos. The Company sold its insulation business unit in April 1958. The Company historically received claims from individuals alleging bodily injury and death as a result of exposure to asbestos from this product (“Asbestos Claims”). Some Asbestos Claims were brought as personal injury lawsuits that typically allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and, in some cases, punitive damages.

Predominantly, however, Asbestos Claims were historically presented to the Company under administrative claims-handling agreements, which the Company had in place with many plaintiffs’ counsel throughout the country (“Administrative Claims”). Administrative Claims required evaluation and negotiation regarding whether particular claimants qualify under the criteria established by the related claims-handling agreements. The criteria for Administrative Claims included verification of a compensable illness and a reasonable probability of exposure to a product manufactured by the Company's former business unit during its manufacturing period ending in 1958. Plaintiffs’ counsel presented, and the Company negotiated, Administrative Claims under these various agreements in differing quantities, at different times, and under a variety of conditions.

On December 26 and 27, 2019, the Company implemented the Corporate Modernization, whereby O-I Glass became the new parent entity with Owens-Illinois Group, Inc. (“O-I Group”) and Paddock Enterprises LLC (“Paddock”) as direct, wholly owned subsidiaries, with Paddock as the successor-by-merger to O-I. The Company’s legacy asbestos-related liabilities remained within Paddock, with the Company’s glass-making operations remaining under O-I Group. As part of the Corporate Modernization transactions, O-I Glass entered into a support agreement with Paddock that requires O-I Glass to provide funding to Paddock for all permitted uses, subject to the terms of the support agreement. The key objectives of the Paddock support agreement are to ensure that Paddock has the ability to fund the costs and expenses of managing the Chapter 11 process, and ultimately settle Asbestos Claims through the establishment of a trust as described below and fund certain other liabilities.

On January 6, 2020 (the “Petition Date”), Paddock voluntarily filed for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) to equitably and finally resolve all of its current and future asbestos-related claims. O-I Glass and O-I Group were not included in the Chapter 11 filing. As a result of the initiation of the Chapter 11 proceeding, Paddock continues to operate in the ordinary course and with court protection from Asbestos Claims by operation of the automatic stay in Paddock’s Chapter 11 filing, which stays ongoing litigation and submission of claims against Paddock outside the Bankruptcy Court as of the Petition Date and defers the payment of Paddock’s outstanding obligations on account of settled or otherwise determined lawsuits and claims. The bankruptcy process is expected to provide a centralized forum to resolve presently pending and anticipated future lawsuits and claims associated with asbestos. Paddock’s ultimate goal in its Chapter 11 case is to confirm a plan of reorganization under section 524(g) of the Bankruptcy Code and utilize this specialized provision to

establish a trust that will address all current and future asbestos-related claims and that, in exchange for funding of the trust by the Company and/or its subsidiaries, will provide permanent injunctive relief, protecting the Company, each of its current and former affiliates and certain other related parties (the “Company Protected Parties”) from any Asbestos Claims based on products manufactured, sold, used, and/or distributed by Owens-Illinois, Inc.

Following the Petition Date, the activities of Paddock became subject to review and oversight by the bankruptcy court. As a result, the Company no longer has exclusive control over Paddock’s activities during the Chapter 11 proceedings. Therefore, Paddock was deconsolidated as of the Petition Date, and its assets and liabilities, which primarily included $47 million of cash, the legacy asbestos-related liabilities, as well as certain other assets and liabilities as of the Petition Date, were derecognized from the Company’s consolidated financial statements on a prospective basis. Simultaneously, the Company recognized a liability related to the Paddock support agreement, as described above, of $471 million as required under applicable accounting standards. The deconsolidation and Paddock support agreement resulted in a loss of approximately $14 million, which was reflected as a charge in the Company’s first quarter 2020 operating results. Additionally, the deconsolidation resulted in an investing outflow of $47 million in the Company’s first quarter 2020 consolidated cash flows.

On February 23, 2021, Paddock and O-I Glass commenced a court-approved mediation process regarding the terms of a potential consensual plan of reorganization pursuant to section 524(g) of the Bankruptcy Code with the Official Committee of Asbestos Personal Injury Claimants (the “ACC” or “Asbestos Claimants’ Committee”) appointed in the Paddock Chapter 11 case as the representative of current Paddock asbestos claimants, and the Legal Representative of Future Asbestos Claimants (the “FCR” or “Future Claimants’ Representative”) appointed in the Paddock Chapter 11 case as the representative of future Paddock asbestos claimants. On April 26, 2021, the Company announced that Paddock, the ACC and the FCR reached an agreement in principle, supported by O-I Glass, by accepting a proposal from the mediators setting forth total consideration to fund a trust created under section 524(g) of the Bankruptcy Code upon the effective date of a consensual plan of reorganization for Paddock.

This agreement in principle, which is subject to definitive documentation and satisfaction of certain conditions, will resolve the potential liability of Paddock and the Company Protected Parties for pending and future personal injury claims related to exposure to asbestos-containing products that were allegedly manufactured, distributed, used and/or sold by Owens-Illinois, Inc. Under the Chapter 11 plan that will implement the agreement in principle, an asbestos settlement trust (the “Paddock Trust”) created pursuant to the provisions of section 524(g) of the U.S. Bankruptcy Code will be established and, on the effective date of the Chapter 11 plan, will be funded with $610 million in total consideration (“Settlement Consideration”). In exchange for the Settlement Consideration, each of the Company Protected Parties is expected to receive the benefit of a release from Paddock, and Paddock and the Company Protected Parties will receive the benefit of an injunction under Section 524(g) of the Bankruptcy Code channeling Asbestos Claims to the Paddock Trust and permanently enjoining the assertion of Asbestos Claims against Paddock and the Company Protected Parties.

The agreement in principle is subject to, among other things, the negotiation and filing of a Chapter 11 plan of reorganization for Paddock incorporating the terms of such agreement (the “Plan”), acceptance of the Plan by at least 75% of Paddock’s current asbestos claimants voting on such Plan, and confirmation of the Plan by the Bankruptcy Court and approval of the injunction in favor of Paddock and the Company Protected Parties by the United States District Court for the District of Delaware (“District Court”). On the effective date of the Plan, the Settlement Consideration will be provided and Asbestos Claims against Paddock and the Company Protected Parties will be permanently enjoined.

In connection with the agreement in principle, the Company has recorded a charge of $154 million related to its potential liability under the Paddock support agreement as a recognizable subsequent event in the Company’s condensed consolidated results of operations for the quarter ended March 31, 2021, primarily related to an increase to Paddock’s asbestos reserve estimate in consideration for the channeling injunction to be included in the Plan protecting Company Protected Parties from Asbestos Claims, as well as certain other adjustments to Paddock’s assets and liabilities, including estimated professional fees and expenses to be incurred in confirming and implementing the Plan. This charge was recorded to Other income (expense), net on the Condensed Consolidated Results of Operations.

Several risks and uncertainties remain related to Paddock's Chapter 11 case that could have a material adverse effect on the Company's business, consolidated financial condition, results of operations and cash flows, including the total costs of the Chapter 11 proceeding, and the length of time necessary to confirm a Plan, and the possibility that Paddock will be unsuccessful in confirming such Plan or that such Plan does not ultimately become effective. The Paddock support agreement liability of $625 million recorded on the Company's September 30, 2021 Condensed Consolidated Balance Sheet as required under applicable accounting standards is the Company's best estimate based on the facts and circumstances that exist at the Form 10-Q filing date. These risk factors are discussed further in Part II, Item 1A–"Risk Factors."

Prior to the Petition Date, the Company knew of approximately 850 asbestos lawsuits pending. This figure does not include an estimate of potential Administrative Claims that could have been presented under a claims-handling agreement due to the uncertainties around presentation timing, quantities, or qualification rates. The Company historically considered Administrative Claims to be filed and disposed of when they were accepted for payment.

The lack of uniform rules in lawsuit pleading practice, technical pleading requirements in some jurisdictions, local rules, and other factors caused considerable variation in the specific amounts of monetary damages asserted in lawsuits brought prior to the Petition Date. In the Company's experience, the monetary relief alleged in a lawsuit bore little relationship to an Asbestos Claim's merits or its disposition value. Rather, several variables, including, but not limited to, the type and severity of the asbestos disease, medical history, and exposure to other disease-causing agents; the product identification evidence against the Company and other co-defendants; the defenses available to the Company and other co-defendants; the specific jurisdiction in which the claim was made; the applicable law; and the law firm representing the claimant, affected the value.

The Company was also a defendant in other Asbestos Claims involving maritime workers, medical monitoring, co-defendants' third-party actions, and property damage allegations. Based upon its experience, the Company assessed that these categories of Asbestos Claims would not involve any material liability. Therefore, they were not included in the description of pending or disposed matters.

From receipt of its first Asbestos Claim to the Petition Date, the Company in the aggregate disposed of approximately 401,200 Asbestos Claims at an average indemnity payment of approximately $10,200 per claim. The Company's asbestos indemnity payments varied on a per-claim basis. Asbestos-related cash payments for 2019 were $151 million and the Company's cash payments per claim disposed (inclusive of legal costs) were approximately $129,000 for the year ended December 31, 2019.

Prior to the Petition Date, the Company's objective was historically to achieve, where possible, resolution of Asbestos Claims pursuant to claims-handling agreements. Failure of claimants to meet certain medical and product exposure criteria in claims-handling agreements generally reduced the number of claims that would otherwise have been received by the Company in the tort system. In addition, changes in jurisdictional dynamics, legislative acts, asbestos docket management and procedures, the substantive law, the co-defendant pool, and other external factors affected lawsuit volume, claim volume, qualification rates, claim values, and related matters. Collectively, these variables generally had the effect of increasing the Company's per-claim average indemnity payment over time.

Beginning with the initial liability of $975 million established in 1993, the Company has accrued a total of approximately $5.0 billion through just prior to the Petition Date, before insurance recoveries, for its asbestos-related liability. The Company's estimates of its liability were significantly affected by, among other factors, the volatility of asbestos-related litigation in the United States, the significant number of co-defendants that filed for bankruptcy, changes in mortality rates, the inherent uncertainty of future disease incidence and claiming patterns against the Company, the significant expansion of the types of defendants sued in this litigation, and changes in the extent to which such defendants participated in the resolution of cases in which the Company was also a defendant.

Prior to the Petition Date, the Company continually monitored trends that could affect its ultimate liability and analyzed the developments and variables likely to affect the resolution of Asbestos Claims. The material components of the Company's total accrued liability were determined by the Company in connection with its annual comprehensive legal review and consisted of the following estimates, to the extent it was probable that such liabilities had been incurred

and could be reasonably estimated: (i) the liability for Asbestos Claims already asserted against the Company; (ii) the liability for Asbestos Claims not yet asserted against the Company; and (iii) the legal defense costs estimated to be incurred in connection with the Asbestos Claims already asserted and those Asbestos Claims the Company believed would be asserted.

Through December 31, 2019, the Company historically conducted an annual comprehensive legal review of its asbestos-related liabilities and costs in connection with finalizing and reporting its annual consolidated results of operations, unless significant changes in trends or new developments warranted an earlier review. As part of its annual comprehensive legal review, the Company provided historical Asbestos Claims data to a third party with expertise in determining the impact of disease incidence and mortality on future filing trends to develop information to assist the Company in estimating the total number of future Asbestos Claims likely to be asserted against the Company. The Company used this estimate, along with an estimation of disposition costs and related legal costs, as inputs to develop its best estimate of its total probable liability. If the results of the annual comprehensive legal review indicated that the existing amount of the accrued liability was lower (higher) than its reasonably estimable asbestos-related costs, then the Company recorded an appropriate charge (credit) to the Company's results of operations to increase (decrease) the accrued liability.

The significant assumptions underlying the material components of the Company's accrual historically were:

a) settlements would continue to be limited almost exclusively to claimants who were exposed to the Company's asbestos containing insulation prior to its exit from that business in 1958;

b) Asbestos Claims would continue to be resolved primarily under the Company's administrative claims-handling agreements or on terms comparable to those set forth in those agreements;

c) the incidence of serious asbestos-related disease cases and claiming patterns against the Company for such cases would not change materially, including claiming pattern changes driven by changes in the law, procedure, or expansion of judicial resources in jurisdictions where the Company settled Asbestos Claims;

d) the Company would be substantially able to defend itself successfully at trial and on appeal;

e) the number and timing of additional co-defendant bankruptcies would not change significantly the assets available to participate in the resolution of cases in which the Company is a defendant; and

f) co-defendants with substantial resources and assets would continue to participate significantly in the resolution of future Asbestos Claims.

For the year ended December 31, 2019, the Company concluded that an accrual in the amount of $486 million was required under applicable accounting standards. This amount was not discounted for the time value of money. The Company's comprehensive legal review resulted in a charge of $35 million for the year ended December 31, 2019. As previously disclosed, the Company anticipated that adjustments to its asbestos-related accruals were possible given the inherent uncertainties involved in asbestos litigation. In the fourth quarter of 2019, this charge was primarily due to an increase in the estimated average disposition cost per claim (including related legal costs), driven primarily by a changing litigation environment more favorable to plaintiffs, and a decrease in the estimated number of claims likely to be asserted against the Company in the future that was less than the decrease expected by the Company.

Other Matters

In February 2021, severe weather conditions swept across the southern United States, curtailing access to natural gas and electricity for several of the Company's facilities. While the situation was most acute in Texas, access to natural gas in Mexico was also significantly impacted as Texas supplies natural gas to the country. The Company was notified by energy providers in both the United States and Mexico that it may be assessed surcharges for usage or excess usage of electricity and natural gas during that period. Although most of these surcharges had not yet been formally assessed as of the first quarter of 2021, the Company believed that these costs were probable and reasonably estimable and therefore

had accrued approximately $20 million as of March 31, 2021, which was based on the best information available at that time.

Subsequent to March 31, 2021, the Company has paid or agreed to pay approximately $3 million of the energy surcharges to certain providers. The Company was notified by certain providers that approximately $6 million of the potential surcharges would not be assessed and therefore the related accruals were reversed to earnings. At September 30, 2021, the Company had approximately $11 million accrued for this matter.

In the second quarter of 2021, the Company recorded a $69 million gain based on a favorable court ruling in Brazil, which will allow the Company to recover indirect taxes paid in previous years. This gain was recorded to Other income (expense), net on the Condensed Consolidated Results of Operations, as well as $28 million of income tax expense that was recognized as a discrete item in the second quarter of 2021.

Other litigation is pending against the Company, in some cases involving ordinary and routine claims incidental to the business of the Company and in others presenting allegations that are non-routine and involve compensatory, punitive or treble damage claims as well as other types of relief. The Company records a liability for such matters when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. Recorded amounts are reviewed and adjusted to reflect changes in the factors upon which the estimates are based, including additional information, negotiations, settlements and other events.

11. Share Owners' Equity

The activity in share owners' equity for the three months ended September 30, 2021 and 2020 is as follows:

	Share Owners' Equity of the Company						
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Share Owners' Equity
Balance on July 1, 2021	$ 2	$ 3,113	(709)	$ 173	$ (2,180)	$ 103	$ 502
Reissuance of common stock (0.2 million shares)		(1)	4				3
Shares repurchased (0.6 million shares)		(10)					(10)
Stock compensation (0.0 million shares)		3					3
Net earnings				85		6	91
Other comprehensive income (loss)					(18)	(1)	(19)
Balance on September 30, 2021	$ 2	$ 3,105	$ (705)	$ 258	$ (2,198)	$ 108	$ 570

	Share Owners' Equity of the Company						
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings (Loss)	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Share Owners' Equity
Balance on July 1, 2020	$ 2	$ 3,128	$ (724)	$ (147)	$ (2,308)	$ 91	$ 42
Reissuance of common stock (0.2 million shares)		(3)	5				2
Stock compensation (0.1 million shares)		3					3
Net earnings				328		7	335
Other comprehensive income (loss)					(117)		(117)
Balance on September 30, 2020	$ 2	$ 3,128	$ (719)	$ 181	$ (2,425)	$ 98	$ 265

The activity in share owners' equity for the nine months ended September 30, 2021 and 2020 is as follows:

	Share Owners' Equity of the Company						
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Share Owners' Equity
Balance on January 1, 2021	$ 2	$ 3,129	$ (714)	$ 152	$ (2,272)	$ 104	$ 401
Issuance of common stock (0.05 million shares)		1					1
Reissuance of common stock (0.3 million shares)		(4)	11				7
Shares repurchased (1.0 million shares)		(30)					(30)
Stock compensation (0.6 million shares)		11					11
Net earnings				106		17	123
Other comprehensive income (loss)					74	(14)	60
Other		(2)	(2)			1	(3)
Balance on September 30, 2021	$ 2	$ 3,105	$ (705)	$ 258	$ (2,198)	$ 108	$ 570

	Share Owners' Equity of the Company						
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings (Loss)	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Share Owners' Equity
Balance on January 1, 2020	$ 2	$ 3,130	$ (733)	$ (89)	$ (1,843)	$ 97	$ 564
Reissuance of common stock (0.7 million shares)		(10)	17				7
Stock compensation (0.9 million shares)		8					8
Net earnings				278		11	289
Other comprehensive income (loss)					(582)	(10)	(592)
Dividends declared				(8)			(8)
Other			(3)				(3)
Balance on September 30, 2020	$ 2	$ 3,128	$ (719)	$ 181	$ (2,425)	$ 98	$ 265

During the three months ended September 30, 2021, the Company purchased 619,666 shares of its common stock for approximately $10 million. The stock purchases were pursuant to a $150 million anti-dilutive share repurchase program authorized by the Company's Board of Directors that is intended to offset stock-based compensation provided

to the Company's directors, officers, and employees. Approximately $120 million remained available for purchases under this program as of September 30, 2021.

The Company has 250,000,000 shares of common stock authorized with a par value of $.01 per share. Shares outstanding are as follows:

	Shares Outstanding (in thousands)		
	September 30, 2021	December 31, 2020	September 30, 2020
Shares of common stock issued (including treasury shares)	188,426	189,305	189,302
Treasury shares	31,599	31,911	32,136

12. Accumulated Other Comprehensive Loss

The activity in accumulated other comprehensive loss for the three months ended September 30, 2021 and 2020 is as follows:

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on July 1, 2021	$ (1,187)	$ (47)	$ (946)	$ (2,180)
Change before reclassifications	(109)	37	47	(25)
Amounts reclassified from accumulated other comprehensive loss		(25)(a)	24 (b)	(1)
Translation effect			7	7
Tax effect		1		1
Other comprehensive income (loss) attributable to the Company	(109)	13	78	(18)
Balance on September 30, 2021	$ (1,296)	$ (34)	$ (868)	$ (2,198)

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on July 1, 2020	$ (1,321)	$ (21)	$ (966)	$ (2,308)
Change before reclassifications	1	(88)	30	(57)
Amounts reclassified from accumulated other comprehensive income (loss)		78 (a)	17 (b)	95
Amounts reclassified from accumulated other comprehensive income (loss) related to ANZ sale	(149)	1	4	(144)
Translation effect		(1)	(9)	(10)
Tax effect		(1)		(1)
Other comprehensive income (loss) attributable to the Company	(148)	(11)	42	(117)
Balance on September 30, 2020	$ (1,469)	$ (32)	$ (924)	$ (2,425)

(a) Amount is recorded to Other income (expense), net and interest expense, net on the Condensed Consolidated Results of Operations (see Note 5 for additional information).

(b) Amount is included in the computation of net periodic pension cost (see Note 7 for additional information) and net post-retirement benefit cost.

The activity in accumulated other comprehensive loss for the nine months ended September 30, 2021 and 2020 is as follows:

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on January 1, 2021	$ (1,229)	$ (60)	$ (983)	$ (2,272)
Change before reclassifications	(67)	83	45	61
Amounts reclassified from accumulated other comprehensive income (loss)		(59)(a)	63 (b)	4
Translation effect		1	7	8
Tax effect		1		1
Other comprehensive income (loss) attributable to the Company	(67)	26	115	74
Balance on September 30, 2021	$ (1,296)	$ (34)	$ (868)	$ (2,198)

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on January 1, 2020	$ (813)	$ (14)	$ (1,016)	$ (1,843)
Change before reclassifications	(507)	(81)	27	(561)
Amounts reclassified from accumulated other comprehensive income (loss)		67 (a)	59 (b)	126
Amounts reclassified from accumulated other comprehensive income (loss) related to ANZ sale	(149)	1	4	(144)
Translation effect		(3)	4	1
Tax effect		(2)	(2)	(4)
Other comprehensive income (loss) attributable to the Company	(656)	(18)	92	(582)
Balance on September 30, 2020	$ (1,469)	$ (32)	$ (924)	$ (2,425)

(a) Amount is recorded to Other income (expense), net and interest expense, net on the Condensed Consolidated Results of Operations (see Note 5 for additional information).

(b) Amount is included in the computation of net periodic pension cost (see Note 7 for additional information) and net post-retirement benefit cost.

13. Other Income (Expense), Net

Other income (expense), net for the three and nine months ended September 30, 2021 and 2020 included the following:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Gain on sale of ANZ businesses	$ —	$ 280	$ —	$ 280
Restructuring, asset impairment and other charges	(12)	(9)	(21)	(80)
Brazil indirect tax credit			69	
Pension settlement charges	(5)		(5)	(8)
Charge related to Paddock support agreement liability (see Note 10)			(154)	
Intangible amortization expense	(9)	(8)	(26)	(23)
Strategic transaction costs		(3)		(7)
Foreign currency exchange loss	(1)	(1)	(3)	(3)
Royalty income	6	2	17	8
Charge for deconsolidation of Paddock (see Note 10)				(14)
Other		(11)		(6)
Other income (expense), net	$ (21)	$ 250	$ (123)	$ 147

14. Earnings Per Share

The following tables set forth the computation of basic and diluted earnings per share:

	Three months ended September 30,	
	2021	2020
Numerator:		
Net earnings attributable to the Company	$ 85	$ 328
Denominator (in thousands):		
Denominator for basic earnings per share-weighted average shares outstanding	156,825	157,073
Effect of dilutive securities:		
Stock options and other	3,686	2,226
Denominator for diluted earnings per share-adjusted weighted average shares outstanding	160,511	159,299
Basic earnings per share:		
Earnings from continuing operations attributable to the Company	$ 0.49	$ 2.09
Gain from discontinued operations	0.05	
Net earnings	$ 0.54	$ 2.09
Diluted earnings per share:		
Earnings from continuing operations attributable to the Company	$ 0.48	$ 2.06
Gain from discontinued operations	0.05	
Net earnings	$ 0.53	$ 2.06

The diluted earnings per share computation for the three months ended September 30, 2021 and 2020 excludes 958,014 and 1,564,207 weighted average shares of common stock, respectively, due to their antidilutive effect, which includes options to purchase, unvested restricted stock units and performance vested restricted share units. Options to purchase shares were excluded because the exercise prices of the options were greater than the average market price of the common shares.

	Nine months ended September 30,	
	2021	2020
Numerator:		
Net earnings attributable to the Company	$ 106	$ 278
Denominator (in thousands):		
Denominator for basic earnings per share-weighted average shares outstanding	157,430	156,650
Effect of dilutive securities:		
Stock options and other	3,043	1,788
Denominator for diluted earnings per share-adjusted weighted average shares outstanding	160,473	158,438
Basic earnings per share:		
Earnings from continuing operations attributable to the Company	$ 0.62	$ 1.77
Gain from discontinued operations	0.05	
Net earnings	$ 0.67	$ 1.77
Diluted earnings per share:		
Earnings from continuing operations attributable to the Company	$ 0.61	$ 1.76
Gain from discontinued operations	0.05	
Net earnings	$ 0.66	$ 1.76

The diluted earnings per share computation for the nine months ended September 30, 2021 and 2020 excludes 1,206,870 and 2,616,538 weighted average shares of common stock, respectively, due to their antidilutive effect, which includes options to purchase, unvested restricted stock units and performance vested restricted share units. Options to purchase shares were excluded because the exercise prices of the options were greater than the average market price of the common shares.

15. Supplemental Cash Flow Information

Income taxes paid in cash were as follows:

	Nine months ended September 30,	
	2021	2020
U.S.	$ 6	$ 1
Non-U.S.	58	53
Total income taxes paid in cash	$ 64	$ 54

Interest paid, including note repurchase premiums, in cash for the nine months ended September 30, 2021 and 2020 was $144 million and $196 million, respectively. Cash interest for the nine months ended September 30, 2020 included $41 million for note repurchase premiums.

The Company uses various factoring programs to sell certain receivables to financial institutions as part of managing its cash flows. At September 30, 2021, December 31, 2020 and September 30, 2020, the amount of receivables sold by the Company was $416 million, $436 million and $426 million, respectively. These amounts included $189 million, $176 million and $188 million at September 30, 2021, December 31, 2020, and September 30, 2020, respectively, for trade receivable amounts factored under supply chain financing programs linked to commercial arrangements with key customers. For the nine months ended September 30, 2021 and 2020, the Company's use of its factoring programs resulted in decreases to cash from operating activities of $20 million and $113 million, respectively.

16. New Accounting Pronouncement

Effects of Reference Rate Reform on Financial Reporting - In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which allows for elective contract modification guidance for contracts or other transactions that reference LIBOR or a

reference rate that is expected to be discontinued as a result of reference rate reform. To date, no significant contracts that reference LIBOR have been modified by the Company. The Company adopted ASU No. 2020-04 effective July 1, 2020. The adoption of this ASU had no impact on the Company's condensed consolidated balance sheets, results of operations or cash flows.

17. COVID-19 Impacts

On March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic and recommended containment and mitigation measures. The Company is actively monitoring the impact of the COVID-19 pandemic, which negatively impacted its business in 2020 and, to a lesser extent, the first nine months of 2021 and may negatively impact its business and results of operations in the future.

The preparation of Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates particularly as it relates to estimates reliant on forecasts and other assumptions reasonably available to the Company and the uncertain future impacts of the COVID-19 pandemic and related economic disruptions. The extent to which the COVID-19 pandemic and related economic disruptions impact the Company's business and financial results will depend on future developments including, but not limited to, the continued spread, duration and severity of the COVID-19 pandemic; the occurrence, spread, duration and severity of any subsequent wave or waves of outbreaks after the initial outbreak has subsided; the actions taken by the U.S. and foreign governments to contain the COVID-19 pandemic, address its impact or respond to the reduction in global and local economic activity; the occurrence, duration and severity of a global, regional or national recession, depression or other sustained adverse market event; the impact of the developments described above on its customers and suppliers; and how quickly and to what extent normal economic and operating conditions can resume. The accounting matters assessed included, but were not limited to:

- allowance for doubtful accounts and credit losses;
- carrying value of inventory; and
- the carrying value of goodwill and other long-lived assets.

There was not a material impact to the above estimates in the Company's Condensed Consolidated Financial Statements for the three- and nine-month periods ended September 30, 2021 or September 30, 2020. The Company's future assessment of the magnitude and duration of the COVID-19 pandemic, as well as other factors, could result in material changes to the estimates and material impacts to the Company's Condensed Consolidated Financial Statements in future reporting periods.

18. Divestitures

On July 31, 2020, the Company completed the sale of its ANZ businesses to Visy, an unaffiliated company. Gross proceeds approximated AUD $947 million (including a related sale-leaseback agreement which approximated AUD $214 million), or approximately USD $677 million. Approximately 95% of those proceeds were received at the time of closing, and the remaining balance of approximately $58 million was received in the first quarter of 2021. In 2020, the Company recognized a net gain (including costs directly attributable to the sale of ANZ and subject to post-closing adjustments) on the divestiture of approximately $275 million, which was reported on the Other income (expense), net line in the Consolidated Results of Operations. In addition, at closing, certain subsidiaries of the Company entered into certain ancillary agreements with Visy and the ANZ businesses in respect of the provision of certain transitional and technical services to the ANZ businesses.

In January 2021, the Company completed the sale of its plant in Argentina. Gross proceeds are approximately $10 million, and the gain on the sale was not material.

19. Subsequent Event

On October 25, 2021, the Company announced that it had entered into a binding commitment to sell its Le Parfait brand and business to a subsidiary of Berlin Packaging L.L.C., a global packaging supplier. Le Parfait is a French jar brand sold in more than 20 countries. The proposed sale is expected to generate gross proceeds of approximately €72 million, which will be redeployed to help fund expansion initiatives, such as the Company's MAGMA innovation. O-I expects to close around year end 2021, subject to the works council consultation and other customary closing conditions. The proposed transaction between O-I and Berlin Packaging L.L.C. also includes a long-term supply arrangement to manufacture Le Parfait jars from O-I plants in France and Spain.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company's measure of profit for its reportable segments is segment operating profit, which consists of consolidated earnings (loss) before interest income, interest expense, and provision (benefit) for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations as well as certain retained corporate costs. The segment data presented below is prepared in accordance with general accounting principles for segment reporting. The lines titled "reportable segment totals" in both net sales and segment operating profit, however, are non-GAAP measures when presented outside of the financial statement footnotes. Management has included reportable segment totals below to facilitate the discussion and analysis of financial condition and results of operations and believes this information allows the Board of Directors, management, investors and analysts to better understand the Company's financial performance. The Company's management uses segment operating profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources. Segment operating profit is not, however, intended as an alternative measure of operating results as determined in accordance with U.S. GAAP and is not necessarily comparable to similarly titled measures used by other companies.

In March 2020, the World Health Organization categorized COVID-19 as a pandemic, and it continues to impact the United States and other countries across the world. To limit the spread of COVID-19, governments have taken various actions, including the issuance of stay-at-home orders and social distancing guidelines. As a result, many businesses have adjusted, reduced or suspended operating activities, either due to requirements under government orders or as a result of a reduction in demand for many products from direct or ultimate customers. Fortunately, the manufacture of glass containers has been largely viewed as essential to the important food and beverage value chain in the countries in which the Company operates. However, the Company is still impacted by broader supply chain issues and, in some cases, certain end use categories that it serves are not deemed essential. While the Company's plants continued to operate as essential businesses, some plants suspended operations or cut back on shifts for a portion of 2020 due to government actions to address COVID-19. Additional suspensions and cutbacks may occur as the impacts from COVID-19 and related responses continue to develop.

The following discussion describes the Company's consolidated results of operations for the three and nine months ended September 30, 2021. The COVID-19 pandemic impacted the Company's shipment and production levels in 2020 and, to a lesser extent, the first nine months of 2021. The Company is actively monitoring the continued impact of the pandemic, which could negatively impact its business, results of operations, cash flows and financial position beyond the third quarter of 2021.

On July 31, 2020, the Company completed the sale of its Australia and New Zealand ("ANZ") businesses, which comprised the majority of the Asia Pacific region (approximately 85% of net sales for the full year 2019), to Visy Industries Holdings Pty Ltd. After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. For the 2020 results presented below, the results for the Asia Pacific reportable segment reflect only the results of the ANZ businesses. The sales and operating results of the other businesses that historically comprised the Asia Pacific segment, and that have been retained by the Company, have been reclassified to Other sales and Retained corporate costs and other, respectively.

Financial information for the three and nine months ended September 30, 2021 and 2020 regarding the Company's reportable segments is as follows (dollars in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Net Sales:				
Americas	$ 925	$ 887	$ 2,652	$ 2,442
Europe	655	644	2,039	1,775
Asia Pacific		52		281
Reportable segment totals	1,580	1,583	4,691	4,498
Other	29	33	79	97
Net Sales	$ 1,609	$ 1,616	$ 4,770	$ 4,595

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Segment operating profit:				
Americas	$ 133	$ 113	$ 357	$ 268
Europe	110	88	293	191
Asia Pacific		3		19
Reportable segment totals	243	204	650	478
Items excluded from segment operating profit:				
Retained corporate costs and other	(49)	(35)	(126)	(98)
Gain on Sale of ANZ businesses		280		280
Brazil indirect tax credit			69	
Restructuring, asset impairment and other charges	(12)	(9)	(21)	(80)
Charge related to Paddock support agreement liability			(154)	
Charge for deconsolidation of Paddock				(14)
Pension settlement charges	(5)		(5)	(8)
Strategic transaction costs		(3)		(7)
Interest expense, net	(50)	(61)	(153)	(212)
Earnings from continuing operations before income taxes	127	376	260	339
Provision for income taxes	(43)	(41)	(144)	(50)
Earnings from continuing operations	84	335	116	289
Gain from discontinued operations	7		7	
Net earnings	91	335	123	289
Net earnings attributable to non-controlling interests	(6)	(7)	(17)	(11)
Net earnings attributable to the Company	$ 85	$ 328	$ 106	$ 278
Net earnings from continuing operations attributable to the Company	$ 78	$ 328	$ 99	$ 278

Note: All amounts excluded from reportable segment totals are discussed in the following applicable sections.

Executive Overview — Quarters ended September 30, 2021 and 2020

Net sales for the third quarter of 2021 were $7 million lower, or less than 1%, than the third quarter of the prior year, primarily due to the sale of the Company's ANZ businesses on July 31, 2020 and the sale of the Company's plant in Argentina in January 2021. Excluding these divestitures, shipments were slightly lower than the prior year quarter. Net sales in the third quarter of 2021 were positively impacted by the favorable effects of changes in foreign currency exchange rates and higher prices.

Earnings from continuing operations before income taxes were $249 million lower in the third quarter of 2021 compared to the prior year quarter. This decrease was primarily due to a $280 million gain on the sale of the ANZ businesses in the third quarter of 2020 that did not reoccur in the third quarter of 2021, partially offset by higher segment operating profit and lower net interest expense in the third quarter of 2021 than the prior year quarter. Segment operating profit for reportable segments for the third quarter of 2021 was $39 million higher than the third quarter of the prior year. The increase was largely due to higher production levels, as well as strong operating performance and the benefit of margin expansion initiatives.

Net interest expense for the third quarter of 2021 decreased by $11 million compared to the third quarter of 2020, primarily due to lower refinancing fees and charges and lower debt levels in 2021. Net interest expense in the third quarter of 2020 included $6 million for note repurchase premiums, third-party fees and the write-off of deferred finance fees that related to debt that was repaid prior to its maturity.

For the third quarter of 2021, the Company recorded earnings from continuing operations attributable to the Company of $78 million, or $0.48 per share (diluted), compared to $328 million, or $2.06 per share (diluted) in the third quarter of 2020. As discussed below, earnings in both periods included items that management considers not representative of ongoing operations. These items decreased earnings from continuing operations attributable to the Company by $16 million, or $0.10 per share (diluted), in the third quarter of 2021 and increased earnings from

continuing operations attributable to the Company by $263 million, or $1.65 per share (diluted), in the third quarter of 2020.

Results of Operations — Third Quarter of 2021 Compared with Third Quarter of 2020

Net Sales

The Company's net sales in the third quarter of 2021 were $1,609 million compared with $1,616 million for the third quarter of 2020, a decrease of $7 million, or less than 1%. Total glass container shipments, in tons, were down approximately 4% in the third quarter of 2021 compared to the prior year quarter, primarily due to the July 2020 sale of the Company's ANZ businesses and the January 2021 sale of the Company's plant in Argentina, which together reduced net sales by approximately $59 million compared to the prior year quarter. Excluding the divested businesses, glass container shipments decreased approximately 1%, and this impacted net sales by approximately $16 million in the third quarter of 2021 compared to the same period in 2020. Favorable foreign currency exchange rates increased net sales by $15 million in the third quarter of 2021 compared to the prior year quarter, driven by the Mexican peso and the Brazilian real strengthening against the U.S. dollar. Higher selling prices increased net sales by $57 million in the quarter. Other net sales were approximately $4 million lower in the third quarter of 2021 than the same period in the prior year driven by lower machine parts sales to third parties.

The change in net sales of reportable segments can be summarized as follows (dollars in millions):

Reportable segment net sales - 2020		$ 1,583
Price	$ 57	
Sales volume and mix	(16)	
Effects of changing foreign currency rates	15	
Divestitures	(59)	
Total effect on reportable segment net sales		(3)
Reportable segment net sales - 2021		$ 1,580

Americas: Net sales in the Americas in the third quarter of 2021 were $925 million compared to $887 million for the third quarter of 2020, an increase of $38 million, or approximately 4%. Total glass container shipments in the region were down approximately 4% in the third quarter of 2021 compared to the prior year quarter, driven by choppy demand patterns and mix management from lower margin categories given tight inventory conditions and ongoing supply chain challenges, as well as due to the divestiture of a plant in Argentina in January 2021. The divestiture in Argentina reduced net sales by approximately $7 million in the third quarter of 2021 compared to the same period in 2020. Excluding the divestiture, glass container shipments were down approximately 3% in the third quarter of 2021 compared to the same period in 2020, which decreased net sales by approximately $24 million. The favorable effects of foreign currency exchange rate changes increased net sales by $16 million in the third quarter of 2021 compared to the same period in 2020 as the Mexican peso and the Brazilian real strengthened compared to the U.S. dollar. Higher selling prices in the region increased net sales by $53 million in the third quarter of 2021 compared to the same period in 2020.

Europe: Net sales in Europe in the third quarter of 2021 were $655 million compared to $644 million for the third quarter of 2020, an increase of $11 million, or approximately 2%. Glass container shipments in the third quarter of 2021 were up approximately 2% compared to the third quarter of 2020, resulting in $8 million of higher net sales, primarily driven by higher shipments to alcoholic beverage (primarily wine) and non-alcoholic beverage customers as the impacts from COVID-19 have significantly improved. Unfavorable foreign currency exchange rates decreased the region's net sales by approximately $1 million in the third quarter of 2021 as the Euro slightly weakened in relation to the U.S. dollar. Higher selling prices in Europe increased net sales by $4 million in the third quarter of 2021.

Asia Pacific: Net sales in Asia Pacific in the third quarter of 2021 were $0 compared to $52 million for the third quarter of 2020, a decrease of $52 million, due to the sale of the ANZ businesses in the third quarter of 2020.

Earnings from Continuing Operations before Income Taxes and Segment Operating Profit

Earnings from continuing operations before income taxes were $127 million in the third quarter of 2021 compared to $376 million in the third quarter of 2020, a decrease of $249 million or 66%. This decrease was largely due to the $280 million gain on the sale of the ANZ businesses in the third quarter of 2020 that did not reoccur in the third quarter of 2021, partially offset by higher segment operating profit and lower net interest expense than the prior year quarter

Segment operating profit of the reportable segments includes an allocation of some corporate expenses based on a percentage of sales and direct billings based on the costs of specific services provided. Unallocated corporate expenses and certain other expenses not directly related to the reportable segments' operations are included in Retained corporate costs and other. For further information, see Segment Information included in Note 1 to the Condensed Consolidated Financial Statements.

Segment operating profit of reportable segments in the third quarter of 2021 was $243 million, compared to $204 million for the third quarter of 2020, an increase of $39 million, or approximately 19%. This increase was largely due to lower operating costs driven by higher production levels, strong operating performance and the benefit of margin expansion initiatives.

The change in segment operating profit of reportable segments can be summarized as follows (dollars in millions):

Reportable segment operating profit - 2020		$ 204
Net price (net of cost inflation)	$ —	
Sales volume and mix	(3)	
Operating costs	45	
Effects of changing foreign currency rates	(1)	
Divestitures	(2)	
Total net effect on reportable segment operating profit		39
Reportable segment operating profit - 2021		$ 243

Americas: Segment operating profit in the Americas in the third quarter of 2021 was $133 million compared to $113 million in the third quarter of 2020, an increase of $20 million, or 18%. The impact of lower shipments discussed above, excluding the impact of the divestiture of the plant in Argentina, decreased segment operating profit by $6 million. Higher net selling prices (net of cost inflation) resulted in a net $15 million increase to segment operating profit in the current year quarter.

Operating costs in the Americas in the third quarter of 2021 were $10 million lower than the same period in the prior year, which improved segment operating profit. Operating costs benefited from higher production levels than the prior year quarter as the impacts from COVID-19 have significantly improved, as well as benefits from the Company's margin expansion cost initiatives. The divestiture of the plant in Argentina improved segment operating profit by approximately $1 million in the third quarter.

Europe: Segment operating profit in Europe in the third quarter of 2021 was $110 million compared to $88 million in the third quarter of 2020, an increase of $22 million, or 25%. The impact of higher shipments discussed above increased segment operating profit by $3 million. Operating costs in the third quarter of 2021 were approximately $35 million favorable to the same period in the prior year reflecting higher production levels as the impacts from COVID-19 have significantly improved, as well as benefits from the Company's margin expansion cost initiatives. Lower net selling prices (net of cost inflation) decreased segment operating profit by $15 million in the current quarter compared to the prior year quarter. The unfavorable effects of foreign currency exchange rate changes decreased segment operating profit by $1 million in the third quarter of 2021 compared to the prior year quarter.

Asia Pacific: Segment operating profit in Asia Pacific in the third quarter of 2021 was $0 compared to $3 million in the third quarter of 2020, a decrease of $3 million, due to the sale of the ANZ businesses in the third quarter of 2020.

Interest Expense, Net

Net interest expense for the third quarter of 2021 was $50 million compared to $61 million for the third quarter of 2020. This decrease was primarily due to lower refinancing fees and charges and lower debt levels in 2021. Net interest expense in the third quarter of 2020 included $6 million for note repurchase premiums, third-party fees and the write-off of deferred finance fees that related to debt that was repaid prior to its maturity.

Provision for Income Taxes

The Company's effective tax rate from operations for the three months ended September 30, 2021 was 33.9% compared to 10.9% for the three months ended September 30, 2020. The effective tax rate for the third quarter of 2021 was higher than the third quarter of 2020 primarily due to the nonoccurrence of the gain on the sale of ANZ, which was recorded as non-taxable in the third quarter of 2020, as well as to a change in geographic mix of earnings.

Earnings from Continuing Operations Attributable to the Company

For the third quarter of 2021, the Company recorded earnings from continuing operations attributable to the Company of $78 million, or $0.48 per share (diluted), compared to $328 million, or $2.06 per share (diluted), in the third quarter of 2020. Earnings in 2021 and 2020 included items that management considered not representative of ongoing operations as set forth in the following table (dollars in millions):

	Net Earnings Increase (Decrease)	
Description	**2021**	**2020**
Gain on Sale of ANZ businesses	$	$ 280
Restructuring, asset impairment and other charges	(12)	(9)
Pension settlement charges	(5)	
Strategic transaction costs		(3)
Charges for note repurchase premiums and write-off of finance fees		(6)
Net benefit for income tax on items above	1	1
Total	$ (16)	$ 263

Executive Overview — Nine months ended September 30, 2021 and 2020

Net sales for the first nine months of 2021 were $175 million, or approximately 4%, higher than the same period in the prior year primarily due to stronger shipments than the prior year period, which was more significantly impacted by COVID-19, partially offset by the sale of the Company's ANZ businesses in 2020, the sale of the Company's plant in Argentina in January 2021 and the impact of severe weather in the southern United States in February 2021. Net sales were also positively impacted by the favorable effects of changes in foreign currency exchange rates and higher prices.

Earnings from continuing operations before income taxes were $79 million lower in the first nine months of 2021 compared to the same period in the prior year. This decrease was primarily due to the $280 million gain on the sale of the ANZ businesses in 2020 that did not reoccur in 2021 and a higher Paddock-related charge in the current year period, partially offset by higher segment operating profit, a gain recorded on a Brazilian indirect tax credit in the second quarter of 2021, lower restructuring charges and lower interest expense than the prior year period. Segment operating profit for reportable segments for the first nine months of 2021 was $172 million higher than the same period in the prior year, primarily due to higher sales and production levels, as well as strong operating performance and the benefit of margin expansion initiatives.

On April 26, 2021, the Company announced that its subsidiary, Paddock, had reached an agreement in principle to accept the terms of a mediator's proposal regarding a consensual plan of reorganization in Paddock's Chapter 11

bankruptcy case. The agreement in principle provides for total consideration of $610 million to fund a trust established under section 524(g) of the Bankruptcy Code on the effective date of a plan of reorganization, which is subject to definitive documentation and satisfaction of certain conditions. The Company recorded a charge of $154 million related to its potential liability under the Paddock support agreement during the first fiscal quarter of 2021 primarily related to an increase to Paddock's asbestos reserve estimate in consideration for the channeling injunction to be included in the Plan protecting O-I Glass and its affiliates from Asbestos Claims.

Net interest expense for the first nine months of 2021 decreased $59 million compared to the same period in 2020, primarily due to lower refinancing fees and charges and lower debt levels in 2021.

For the first nine months of 2021, the Company recorded earnings from continuing operations attributable to the Company of $99 million, or $0.61 per share (diluted), compared to $278 million, or $1.76 per share (diluted), in the first nine months of 2020. As discussed below, earnings in both periods included items that management considers not representative of ongoing operations. These items decreased earnings attributable to the Company by $138 million, or $0.86 per share (diluted), in the first nine months of 2021 and increased earnings attributable to the Company by $147 million, or $0.94 per share (diluted), in the first nine months of 2020.

Results of Operations — First nine months of 2021 compared with first nine months of 2020

Net Sales

The Company's net sales in the first nine months of 2021 were $4,770 million compared with $4,595 million for the first nine months of 2020, an increase of $175 million, or approximately 4%. Total glass container shipments, in tons, were down approximately 1% in the first nine months of 2021 compared to the same period in the prior year, primarily due to the sale of the Company's ANZ businesses on July 31, 2020 and the sale of the Company's plant in Argentina in January 2021, which together decreased sales by approximately $297 million in the current period. Excluding the divested businesses, glass container shipments increased approximately 5%, or approximately $249 million, in the first nine months of 2021 compared to the same period in 2020 which were more significantly impacted by COVID-19. Favorable foreign currency exchange rates increased net sales by $129 million in the first nine months of 2021 compared to the prior year period, driven by the strengthening of the Euro, Mexican peso and the Colombian peso compared to the U.S. dollar. Higher selling prices increased net sales by $112 million in the first nine months of 2021. Other sales were approximately $18 million lower in the first nine months of 2021 than the same period in the prior year driven by lower machine parts sales to third parties.

The change in net sales of reportable segments can be summarized as follows (dollars in millions):

Reportable segment net sales - 2020		$ 4,498
Price	$ 112	
Sales volume and mix	249	
Effects of changing foreign currency rates	129	
Divestitures	(297)	
Total effect on reportable segment net sales		193
Reportable segment net sales - 2021		$ 4,691

Americas: Net sales in the Americas in the first nine months of 2021 were $2,652 million compared to $2,442 million for the first nine months of 2020, an increase of $210 million, or approximately 9%. Total glass container shipments in the region were up approximately 2.5% in the first nine months of 2021 compared to the prior year period, primarily due to stronger shipments compared to the same period in the prior year, which was more significantly impacted from COVID-19. The impact of severe weather that affected the southern United States in February 2021 and the divestiture of a plant in Argentina in January 2021 negatively impacted sales in the first nine months of 2021. Excluding the divestiture, glass container shipments were up approximately 3.5% in the first nine months of 2021. Higher shipments excluding the divestiture increased net sales by approximately $93 million in the first nine months of 2021, partially offset by the divestiture in Argentina which reduced net sales by approximately $16 million. The favorable effects of foreign currency exchange rate changes increased net sales by $31 million in the first nine months of 2021 compared to 2020 as the Mexican peso and the Colombian peso strengthened in relation to the U.S. dollar. Higher selling prices in the region increased net sales by $102 million in the first nine months of 2021.

Europe: Net sales in Europe in the first nine months of 2021 were $2,039 million compared to $1,775 million for the first nine months of 2020, an increase of $264 million, or approximately 15%. Glass container shipments in the first nine months of 2021 were up approximately 8% compared to the first nine months of 2020, which was more significantly impacted from COVID-19, and this resulted in approximately $156 million of higher net sales. Favorable foreign currency exchange rates increased the region's net sales by approximately $98 million in the first nine months of 2021 as the Euro strengthened in relation to the U.S. dollar. Higher selling prices in Europe increased net sales by $10 million in the first nine months of 2021.

Asia Pacific: Net sales in Asia Pacific in the first nine months of 2021 were $0 compared to $281 million for the first nine months of 2020, a decrease of $281 million, due to the sale of the ANZ businesses in the third quarter of 2020.

Earnings from Continuing Operations before Income Taxes and Segment Operating Profit

Earnings from continuing operations before income taxes were $260 million in the first nine months of 2021 compared to $339 million in the first nine months of 2020, a decrease of $79 million, or approximately 23%. This decrease was primarily due to the $280 million gain on the sale of the ANZ businesses in 2020 that did not reoccur in 2021 and a higher Paddock-related charge in the current year period, partially offset by higher segment operating profit, a gain recorded on a Brazilian indirect tax credit in the second quarter of 2021, lower restructuring charges and lower interest expense than the prior year period.

Segment operating profit of the reportable segments includes an allocation of some corporate expenses based on a percentage of sales and direct billings based on the costs of specific services provided. Unallocated corporate expenses and certain other expenses not directly related to the reportable segments' operations are included in Retained corporate costs and other. For further information, see Segment Information included in Note 1 to the Condensed Consolidated Financial Statements.

Segment operating profit of reportable segments in the first nine months of 2021 was $650 million, compared to $478 million for the first nine months of 2020, an increase of $172 million, or approximately 36%. This increase was primarily due to higher sales and lower operating costs driven by higher production levels, strong operating performance and the benefit of margin expansion initiatives.

The change in segment operating profit of reportable segments can be summarized as follows (dollars in millions):

Reportable segment operating profit - 2020		$ 478
Net price (net of cost inflation)	$ (26)	
Sales volume and mix	61	
Operating costs	142	
Effects of changing foreign currency rates	11	
Divestitures	(16)	
Total net effect on reportable segment operating profit		172
Reportable segment operating profit - 2021		$ 650

Americas: Segment operating profit in the Americas in the first nine months of 2021 was $357 million compared to $268 million in the same period of 2020, an increase of $89 million, or 33%. The impact of higher sales excluding the divestiture, as discussed above, increased segment operating profit by $24 million. Cost inflation exceeded selling prices resulting in a net $4 million decrease to segment operating profit in the current year period.

Operating costs in the first nine months of 2021 were $64 million lower than the same period in the prior year, which improved segment operating profit. Included within these operating costs were benefits from the region's margin expansion initiatives and higher production volumes, which more than offset the significant impact of severe weather that swept across the southern United States in February of 2021 and resulted in production downtime, unplanned repairs and higher outbound freight costs. The effects of foreign currency exchange rates increased segment operating profit by $2 million in the current year period.

Included in the above discussion of the factors impacting the region's results, the Company estimates that segment operating profit in the first nine months in the Americas was negatively impacted by approximately $46 million from the severe weather that occurred in February of 2021, which includes surcharges for usage or excess usage of electricity and natural gas during the period of severe weather (see Note 10 to the Condensed Consolidated Financial Statements), as well as the estimated impacts of higher energy costs, lost production downtime, lost sales, and the cost of incremental repairs. The divestiture of the plant in Argentina improved segment operating profit by approximately $3 million in the first nine months of 2021. Also, the region's closure of a plant in the second quarter of 2020 did not have a material impact on its profitability in 2021, and significant savings are not expected in future quarters, but the closure is expected to avoid anticipated losses from this plant in the future. The outcome of this plant closure is in-line with management's expectations.

Europe: Segment operating profit in Europe in the first nine months of 2021 was $293 million compared to $191 million in the same period of 2020, an increase of $102 million, or 53%. The impact of higher shipments discussed above increased segment operating profit by $37 million. The effects of foreign currency exchange rates increased segment operating profit by $9 million in the current year period. Higher production volumes, benefits from margin expansion initiatives and cost control measures reduced the region's operating costs and increased segment operating profit by approximately $78 million in the first nine months of 2021 compared to the same period in the prior year. Lower net selling prices (net of cost inflation) decreased segment operating profit by $22 million in the current period compared to the prior year period.

Asia Pacific: Segment operating profit in Asia Pacific in the first nine month of 2021 was $0 compared to $19 million in the first nine months of 2020, a decrease of $19 million, due to the sale of the ANZ businesses in the third quarter of 2020.

Interest Expense, Net

Net interest expense for the first nine months of 2021 was $153 million compared to $212 million for the same period of 2020. This decrease was primarily due to lower refinancing fees and charges and lower debt levels in 2021. Net interest expense in the first nine months of 2020 included $44 million for note repurchase premiums, third-party fees and the write-off of deferred finance fees that related to debt that was repaid prior to its maturity.

Provision for Income Taxes

The Company's effective tax rate from operations for the nine months ended September 30, 2021 was 55.4% compared to 14.7% for the nine months ended September 30, 2020. The effective tax rate for the first nine months of 2021 differed from the first nine months of 2020 due to the charge related to the Paddock support agreement liability recorded without a tax benefit in the first quarter of 2021, the nonoccurrence of the gain on the sale of ANZ, which was recorded as non-taxable in the third quarter of 2020, as well as to a change in geographic mix of earnings.

Earnings from Continuing Operations Attributable to the Company

For the first nine months of 2021, the Company recorded earnings from continuing operations attributable to the Company of $99 million, or $0.61 per share (diluted), compared to $278 million, or $1.76 per share (diluted), in the first nine months of 2020. Earnings in the first nine months of 2021 and 2020 included items that management considered not representative of ongoing operations as set forth in the following table (dollars in millions):

Description	Net Earnings Increase (Decrease)			
	2021		2020	
Gain on Sale of ANZ businesses	$		$	280
Restructuring, asset impairment and other charges		(21)		(80)
Charge related to Paddock support agreement liability		(154)		
Charge for deconsolidation of Paddock				(14)
Pension settlement charges		(5)		(8)
Brazil indirect tax credit		69		
Strategic transaction costs				(7)
Charges for note repurchase premiums and write-off of finance fees				(44)
Net (provision) benefit for income tax on items above		(27)		20
Total	$	(138)	$	147

Forward Looking Operational and Financial Impacts from the COVID-19 Pandemic

- The Company expects full year 2021 sales shipment growth to be at least 4% (in tons) compared to 2020 (excluding the impact of divestitures), representing a partial volume recovery to 2019 levels. Likewise, the Company expects continued benefits from its initiatives to expand margins.

- The Company will continue to focus on long-term value creation, including advancing the MAGMA deployment. Also, the Company will continue to advance the Paddock Chapter 11 process to document and finalize the terms of a plan of reorganization pursuant to section 524(g) of the Bankruptcy Code, consistent with the agreement in principle announced on April 26, 2021, which is expected to achieve a final, certain and equitable resolution of its legacy asbestos-related claims liabilities.

- Cash provided by continuing operating activities is expected to approximate $660 million in 2021. This outlook assumes the continued suspension of all asbestos-related claims payments, pending confirmation and effectiveness of a plan of reorganization for Paddock. In addition, capital expenditures in 2021 are expected to approximate $400 million.

- The Company will continue to actively monitor the impact of the COVID-19 pandemic. The extent to which the Company's operations will be impacted by the pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact, among other things.

Items Excluded from Reportable Segment Totals

Retained Corporate Costs and Other

After the sale of the ANZ businesses, the remaining businesses in the Asia Pacific region do not meet the criteria of an individually reportable segment. Starting on August 1, 2020 and for the historical periods, the operating results of the other businesses that were historically included in the Asia Pacific segment and that have been retained by the Company have been reclassified to Retained corporate costs and other. The results of these entities were not significant for the nine-month periods ended September 30, 2021 or September 30, 2020.

Retained corporate costs and other for the third quarter of 2021 were $49 million compared to $35 million in the third quarter of 2020 and were $126 million for the first nine months of 2021 compared to $98 million for the first nine months of 2020. These costs were higher in the 2021 periods primarily due to additional research and development

expenses related to MAGMA, higher marketing expenses for the Company's glass advocacy campaign and higher management incentive expenses.

Gain on Sale of the ANZ Businesses

On July 31, 2020, the Company completed the sale of its ANZ businesses, which comprised the majority of its businesses in the Asia Pacific region (approximately 85% of net sales in that region for the full year 2019), to Visy. As a result, the Company recorded a net gain (including costs directly attributable to the sale of ANZ) of approximately $280 million in the third quarter of 2020. This gain was recorded to Other income (expense), net on the Condensed Consolidated Results of Operations.

Gain on Brazil Indirect Tax Credit

In the second quarter of 2021, the Company recorded a $69 million gain based on a favorable court ruling in Brazil that will allow the Company to recover indirect taxes paid in previous years. This gain was recorded to Other income (expense), net on the Condensed Consolidated Results of Operations.

Restructuring, Asset Impairment and Other Charges

For the three and nine months ended September 30, 2021, the Company implemented several discrete restructuring initiatives and recorded restructuring and other charges of $12 million and $21 million, respectively. These charges consisted of employee costs, such as severance and benefit-related costs and other exit costs (including related consulting costs attributed to restructuring of managed services activities) at a number of the Company's businesses in the Americas and Europe. The Company expects that the majority of the remaining cash expenditures related to the accrued employee and other exit costs will be paid out over the next several years.

For the three and nine months ended September 30, 2020, the Company recorded charges totaling $9 million and $80 million, respectively, for restructuring, asset impairment and other charges. These charges reflect employee costs, such as severance, benefit-related costs, asset impairment and other exit costs primarily related to a reduction-in-force program for certain salaried employees and a plant closure in the Americas. The Company expects that the majority of the remaining cash expenditures related to the accrued employee and other exit costs will be paid out over the next several years.

Charge for Paddock Support Agreement Liability

On April 26, 2021, the Company announced that its subsidiary, Paddock, had reached an agreement in principle to accept the terms of a mediator's proposal regarding a consensual plan of reorganization in Paddock's Chapter 11 bankruptcy case. The agreement in principle provides for total consideration of $610 million to fund a trust under section 524(g) of the Bankruptcy Code on the effective date of a plan of reorganization, which is subject to definitive documentation and satisfaction of certain conditions. The Company has recorded a charge of $154 million related to its potential liability under the Paddock support agreement during the first fiscal quarter of 2021, primarily related to an increase to Paddock's asbestos reserve estimate in consideration for the channeling injunction to be included in the Plan protecting O-I Glass and its affiliates from Asbestos Claims.

See Note 10 to the Condensed Consolidated Financial Statements for further information.

Charge for Deconsolidation of Paddock

Following its Chapter 11 filing in January 2020, the activities of Paddock are now subject to review and oversight by the bankruptcy court. As a result, the Company no longer has exclusive control over Paddock's activities during the bankruptcy proceedings. Therefore, Paddock was deconsolidated as of the Petition Date, and its assets and liabilities, which primarily included $47 million of cash, the legacy asbestos-related liabilities, as well as certain other assets and liabilities, were derecognized from the Company's consolidated financial statements. Simultaneously, the Company recognized a liability related to the support agreement of $471 million, based on the accrual required under applicable accounting standards. Taken together, these transactions resulted in a loss of approximately $14 million, which was recorded as a charge in the first quarter of 2020.

See Note 10 to the Condensed Consolidated Financial Statements for further information.

Pension Settlement Charges

For both the three and nine months ended September 30, 2021, the Company settled a portion of its pension obligations and recorded approximately $5 million of pension settlement charges. For the three and nine months ended September 30, 2020, the Company recorded charges totaling $0 and $8 million, respectively, of pension settlement charges.

Strategic Transaction Costs

For the three and nine months ended September 30, 2020, the Company recorded charges totaling $3 million and $7 million, respectively, for strategic transaction costs, which relate to activities that are aimed at exploring options to maximize investor value, focused on aligning the Company's business with demand trends, improving the Company's operating efficiency, cost structure and working capital management.

Discontinued Operations

On December 6, 2018, an ad hoc committee for the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") rejected the request by the Bolivarian Republic of Venezuela ("Venezuela") to annul the award issued by an ICSID tribunal in favor of OI European Group B.V. ("OIEG") related to the 2010 expropriation of OIEG's majority interest in two plants in Venezuela (the "Award"). The annulment proceeding with respect to the Award is now concluded.

On July 31, 2017, OIEG sold its right, title and interest in amounts due under the Award to an Ireland-domiciled investment fund. Under the terms of the sale, OIEG received a payment, in cash, at closing equal to $115 million (the "Cash Payment"). OIEG may also receive additional payments in the future ("Deferred Amounts") calculated based on the total compensation that is received from Venezuela as a result of collection efforts or as settlement of the Award with Venezuela. OIEG's right to receive any Deferred Amounts is subject to the limitations described below.

OIEG's interest in any amounts received in the future from Venezuela in respect of the Award is limited to a percentage of such recovery after taking into account reimbursement of the Cash Payment to the purchaser and reimbursement of legal fees and expenses incurred by the Company and the purchaser. OIEG's percentage of such recovery will also be reduced over time. Because the Award has yet to be satisfied and the ability to successfully enforce the Award in countries that are party to the ICSID Convention is subject to significant challenges, the Company is unable to reasonably predict the amount of recoveries from the Award, if any, to which the Company may be entitled in the future. Any future amounts that the Company may receive from the Award are highly speculative and the timing of any such future payments, if any, is highly uncertain. As such, there can be no assurance that the Company will receive any future payments under the Award beyond the Cash Payment.

A separate arbitration involving two other subsidiaries of the Company -- Fabrica de Vidrios Los Andes, C.A. ("Favianca"), and Owens-Illinois de Venezuela, C.A. ("OIDV") -- was initiated in 2012 to obtain compensation primarily for third-party minority shareholders' lost interests in the two expropriated plants. However, on November 13, 2017, ICSID issued an award that dismissed this arbitration on jurisdiction grounds. In March 2018, OIDV and Favianca submitted to ICSID an application to annul the November 13, 2017 award; on November 22, 2019, OIDV and Favianca's request to annul the award was rejected by an ICSID ad hoc committee. The two subsidiaries are evaluating potential next steps.

Capital Resources and Liquidity

On June 25, 2019, certain of the Company's subsidiaries entered into a Senior Secured Credit Facility Agreement (as amended by that certain Amendment No. 1 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 13, 2019, and as further amended by that certain Amendment No. 2 to the Third Amended and Restated Credit Agreement and Syndicated Facility Agreement dated as of December 19, 2019, the

“Agreement”), which amended and restated the previous credit agreement (the “Previous Agreement”). The proceeds from the Agreement were used to repay all outstanding amounts under the Previous Agreement.

The Agreement provides for up to $3.0 billion of borrowings pursuant to term loans and revolving credit facilities. The term loans mature, and the revolving credit facilities terminate, in June 2024. At September 30, 2021, the Agreement includes a $300 million revolving credit facility, a $1.2 billion multicurrency revolving credit facility, and a $1.5 billion term loan A facility ($1,068 million outstanding balance at September 30, 2021, net of debt issuance costs). At September 30, 2021, the Company had unused credit of $1,489 million available under the Agreement. The weighted average interest rate on borrowings outstanding under the Agreement at September 30, 2021 was 1.58%.

The Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain indebtedness and liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Agreement also contains one financial maintenance covenant, a Total Leverage Ratio (the “Leverage Ratio”), that requires the Company not to exceed a ratio of 5.0x calculated by dividing consolidated total debt, less cash and cash equivalents, by Consolidated EBITDA, with such Leverage Ratio decreasing to (a) 4.75x for the quarter ending September 30, 2021 and (b) 4.50x for the quarter ending December 31, 2021 and thereafter, as defined and described in the Agreement. The maximum Leverage Ratio is subject to an increase of 0.5x for (i) any fiscal quarter during which certain qualifying acquisitions (as specified in the Agreement) are consummated and (ii) the following three fiscal quarters, provided that the Leverage Ratio shall not exceed 5.0x. The Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Leverage Ratio to exceed the specified maximum.

Failure to comply with these covenants and other customary restrictions could result in an event of default under the Agreement. In such an event, the Company could not request borrowings under the revolving facilities, and all amounts outstanding under the Agreement, together with accrued interest, could then be declared immediately due and payable. Upon the occurrence and for the duration of a payment event of default, an additional default interest rate equal to 2.0% per annum will apply to all overdue obligations under the Agreement. If an event of default occurs under the Agreement and the lenders cause all of the outstanding debt obligations under the Agreement to become due and payable, this would result in a default under the indentures governing the Company’s outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of September 30, 2021, the Company was in compliance with all covenants and restrictions in the Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow funds under the Agreement will not be adversely affected by the covenants and restrictions.

The Leverage Ratio also determines pricing under the Agreement. The interest rate on borrowings under the Agreement is, at the Company’s option, the Base Rate or the Eurocurrency Rate, as defined in the Agreement, plus an applicable margin. The applicable margin is linked to the Leverage Ratio. The margins range from 1.00% to 1.50% for Eurocurrency Loans and from 0.00% to 0.50% for Base Rate Loans. In addition, a commitment fee is payable on the unused revolving credit facility commitments ranging from 0.20% to 0.30% per annum linked to the Leverage Ratio.

Obligations under the Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company’s domestic subsidiaries and certain foreign subsidiaries. Such obligations are also secured by a pledge of intercompany debt and equity investments in certain of the Company’s domestic subsidiaries and, in the case of foreign obligations, of stock of certain foreign subsidiaries. All obligations under the Agreement are guaranteed by certain domestic subsidiaries of the Company, and certain foreign obligations under the Agreement are guaranteed by certain foreign subsidiaries of the Company.

In May 2020, the Company issued $700 million aggregate principal amount of senior notes. The senior notes bear interest at a rate of 6.625% per annum and mature on May 13, 2027. The senior notes were issued via a private placement and are guaranteed by certain of the Company’s domestic subsidiaries. The net proceeds, after deducting debt

issuance costs, totaled approximately $690 million and were used to redeem the remaining $130 million aggregate principal amount of the Company’s outstanding 4.875% senior notes due 2021, approximately $419 million aggregate principal amount of the Company’s outstanding 5.00% senior notes due 2022 and approximately $105 million of other secured borrowings. The Company recorded approximately $38 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to these redemptions.

In August 2020, the Company redeemed the remaining $81 million aggregate principal amount of the Company’s outstanding 5.00% senior notes due 2022. The Company recorded approximately $6 million of additional interest charges for note repurchase premiums and write-off of unamortized finance fees related to this redemption.

In order to maintain a capital structure containing appropriate amounts of fixed and floating-rate debt, the Company has entered into a series of interest rate swap agreements. These interest rate swap agreements were accounted for as either fair value hedges or cash flow hedges (see Note 5 for more information).

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

Cash Flows

Operating activities: Cash provided by continuing operating activities was $449 million for the nine months ended September 30, 2021, compared to $128 million provided by continuing operating activities for the nine months ended September 30, 2020. The increase in cash provided by operating activities in the first nine months of 2021 was primarily due to a lower use of cash from working capital and higher non-cash charges, which more than offset lower net earnings than in the same period in 2020. For the nine months ended September 30, 2021, the Company has paid approximately $14 million toward restructuring activities compared to $32 million in the same period in the prior year. In the first nine months of both 2021 and 2020, all asbestos-related payments were stayed as a result of Paddock’s Chapter 11 filing in early January 2020. See Note 10 to the Condensed Consolidated Financial Statements for additional information on Paddock.

For the nine months ended September 30, 2021, the Company has contributed approximately $33 million to its defined benefit pension plans, compared with $32 million in the same period in the prior year. The Company expects to contribute between $100 million and $175 million to its pension plans from the fourth quarter of 2021 through 2024.

Working capital was a use of cash of $139 million in the first nine months of 2021, compared to a use of cash of $402 million in the same period in 2020. The use of cash from working capital was lower in the first nine months of 2021, primarily due to lower accounts receivable and higher accounts payable. For the nine months ended September 30, 2021 and 2020, the Company’s use of its accounts receivable factoring programs resulted in a decrease of $20 million and $113 million, respectively, to cash from operating activities. Excluding the impact of accounts receivable factoring, the Company’s days sales outstanding as of September 30, 2021 were comparable to September 30, 2020.

Investing activities: Cash utilized in investing activities was $202 million for the nine months ended September 30, 2021, compared to $151 million of cash provided from investing activities for the nine months ended September 30, 2020. Capital spending for property, plant and equipment was $268 million during the first nine months of 2021, compared to $246 million in the same period in 2020. The Company estimates that its full year 2021 capital expenditures should be approximately $400 million. To accommodate expected future sales growth, the Company intends to increase its capital expenditures for property, plant and equipment to a total of approximately $1.95 billion during the three-year period beginning January 1, 2022 and ending December 31, 2024. This spending includes maintenance-related capital expenditures as well as approximately $680 million in capital expenditures to increase capacity in supply-constrained geographies and categories, including using the Company’s MAGMA technology. Based on the Company’s current investment plan, capital expenditures are expected to ramp up in 2022 to approximately $650 to $700 million, peak in 2023 and start to moderate in 2024.

On July 31, 2020, the Company completed the sale of its ANZ businesses to Visy. Cash proceeds, net of costs directly attributable to the sale of ANZ, of approximately $441 million were received in the third quarter of 2020, and

the remaining balance of $58 million was received by the Company in the first quarter of 2021. In addition and as discussed below, the Company received proceeds for a sale leaseback transaction executed in conjunction with the ANZ sale. Also, for the nine months ended September 30, 2021, the Company has received approximately $8 million from the sale of miscellaneous assets and other businesses, which included the sale of its plant in Argentina in the first quarter of 2021. The Company intends to complete approximately $575 million of additional divestitures of non-core assets and several sale leaseback transactions during the remainder of 2021 through 2024. The Company plans to use these proceeds to fund its increased capital expenditures and to reduce debt.

Following Paddock's Chapter 11 filing in January 2020, the activities of Paddock are now subject to review and oversight by the bankruptcy court. As a result, the Company no longer has exclusive control over Paddock's activities during the bankruptcy proceedings. Therefore, Paddock was deconsolidated, and its assets and liabilities were derecognized from the Company's financial statements, which resulted in an investing outflow of $47 million in the Company's first quarter of 2020 Condensed Consolidated Cash Flows. See Note 10 to the Condensed Consolidated Financial Statements for more information.

Financing activities: Cash utilized in financing activities was $171 million for the nine months ended September 30, 2021, compared to $219 million of cash utilized in financing activities for the nine months ended September 30, 2020. The decrease in cash utilized in financing activities was primarily due to lower net borrowings in the first nine months of 2021. The Company normally increases borrowings in the first nine months of the year to service working capital needs. In 2021, borrowings for working capital were not as significant as in 2020, which resulted in a net reduction of borrowings compared to the prior year. The Company paid $50 million for finance fees related to financing activities in the first nine months of 2020, whereas no fees were paid in the same period in 2021. Also, the Company paid approximately $10 million and $8 million related to hedging activity in the first nine months of 2021 and 2020, respectively.

In addition, the Company received approximately $155 million in proceeds for a sale leaseback transaction in the third quarter of 2020 that was executed in conjunction with the ANZ sale.

In February 2021, the Company's Board of Directors authorized a $150 million anti-dilutive share repurchase program for the Company's common stock that the Company intends to use to offset stock-based compensation provided to the Company's directors, officers, and employees. This authorization supersedes and replaces any prior repurchase authorizations. Through the nine months ended September 30, 2021, the Company repurchased $30 million of shares of the Company's common stock under this program. No share repurchases were made during the nine months ended September 30, 2020. The Company paid $8 million in dividends in the first nine months of 2020 and did not pay any dividends in the first nine months of 2021. In response to the COVID-19 pandemic, the Company suspended its dividend after the first quarter of 2020 and has no plans to reinstate it at this time.

The Company anticipates that cash flows from its operations and from utilization of credit available under the Agreement will be sufficient to fund its operating and seasonal working capital needs, debt service and other obligations on a short-term (12 months) and long-term basis. However, as the Company cannot predict the duration or scope of the COVID-19 pandemic and its impact on its customers and suppliers. The negative financial impact to the Company's results cannot be reasonably estimated but could be material. The Company is actively managing its business to maintain cash flow and it has significant liquidity. The Company believes that these factors will allow it to meet its anticipated funding requirements. The Company anticipates that cash flows in 2021 will continue to benefit from the operation of the automatic stay in Paddock's Chapter 11 filing, which stays ongoing litigation and submission of claims outside the Bankruptcy Court and defers payment in connection with asbestos-related liabilities until a plan of reorganization is confirmed and becomes effective.

Critical Accounting Estimates

The Company's analysis and discussion of its financial condition and results of operations are based upon its consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The Company evaluates these estimates and assumptions on an ongoing basis. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances at the time the financial statements are issued. The results of these estimates may

form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results, under conditions and circumstances different from those assumed, may differ from estimates.

The impact of, and any associated risks related to, estimates and assumptions are discussed within Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to the Condensed Consolidated Financial Statements, if applicable, where estimates and assumptions affect the Company's reported and expected financial results.

There have been no other material changes in critical accounting estimates at September 30, 2021 from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Forward-Looking Statements

This document contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the Securities Act of 1933. Forward-looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward-looking statements.

It is possible that the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to, the following: (1) the risk that the proposed plan of reorganization may not be approved by the bankruptcy court or that other conditions necessary to implement the agreement in principle may not be satisfied, (2) the actions and decisions of participants in the bankruptcy proceeding, and the actions and decisions of third parties, including regulators, that may have an interest in the bankruptcy proceedings, (3) the terms and conditions of any reorganization plan that may ultimately be approved by the bankruptcy court, (4) delays in the confirmation or consummation of a plan of reorganization due to factors beyond the Company's and Paddock's control, (5) risks with respect to the receipt of the consents necessary to effect the reorganization, (6) risks inherent in, and potentially adverse developments related to, the bankruptcy proceeding, that could adversely affect the company and the company's liquidity or results of operations, (7) the impact of the COVID-19 pandemic and the various governmental, industry and consumer actions related thereto, (8) the Company's ability to obtain the benefits it anticipates from the Corporate Modernization, (9) the Company's ability to manage its cost structure, including its success in implementing restructuring or other plans aimed at improving the Company's operating efficiency and working capital management, achieving cost savings, and remaining well-positioned to address Paddock's legacy liabilities, (10) the Company's ability to acquire or divest businesses, acquire and expand plants, integrate operations of acquired businesses and achieve expected benefits from acquisitions, divestitures or expansions, (11) the Company's ability to achieve its strategic plan, (12) the Company's ability to improve its glass melting technology, known as the MAGMA program, (13) foreign currency fluctuations relative to the U.S. dollar, (14) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt on favorable terms, (15) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to Brexit, economic and social conditions, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, changes in tax rates and laws, natural disasters and weather, (16) the Company's ability to generate sufficient future cash flows to ensure the Company's goodwill is not impaired, (17) consumer preferences for alternative forms of packaging, (18) cost and availability of raw materials, labor, energy and transportation, (19) consolidation among competitors and customers, (20) unanticipated expenditures with respect to data privacy, environmental, safety and health laws, (21) unanticipated operational disruptions, including higher capital spending, (22) the Company's ability to further develop its sales, marketing and product development capabilities, (23) the failure of the Company's joint venture partners to meet their obligations or commit additional capital to the joint venture, (24) the ability of the Company and the third parties on which it relies for information technology system support to prevent and detect security breaches related to cybersecurity and data privacy, (25) changes in U.S. trade policies, and the other risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 and any subsequently filed Annual Report on Form 10-K, Quarterly Reports on Form 10-Q or the Company's other filings with the Securities and Exchange Commission.

It is not possible to foresee or identify all such factors. Any forward-looking statements in this document are based

on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward-looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward-looking statements contained in this document.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk at September 30, 2021 from those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company’s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those maintained with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2021.

As required by Rule 13a-15(d) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of any change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting. There have been no changes in the Company’s internal control over financial reporting during the fiscal quarter ended September 30, 2021 that have materially affected, or are reasonably likely to material affect, the Company’s internal control over financial reporting. Although the Company has modified its workplace practices globally due to the COVID-19 pandemic, resulting in most of its administrative employees working remotely, this has not materially affected its internal control over financial reporting. The Company is continually monitoring and assessing the COVID-19 situation on its internal controls to minimize the impact on their design and operating effectiveness.

Item 1. Legal Proceedings.

SEC regulations require the Company to disclose certain information about environmental proceedings if the Company reasonably believes that such proceedings may result in monetary sanctions above a stated threshold. The Company uses a threshold of $1 million for purposes of determining whether disclosure of any such proceedings is required. On June 3, 2021, Owens-Brockway Glass Container Inc. (“OBGC”), a wholly owned subsidiary of the Company, received a Notice of Civil Penalty Assessment and Order (the “Notice”) from the Oregon Department of Environmental Quality (“ODEQ”) alleging that, with respect to operations at OBGC’s Portland, Oregon facility, OBGC has exceeded certain permitted air emission limits since April 22, 2020, exceeded permitted air opacity limits between April 23, 2020 and March 16, 2021, and failed to timely notify ODEQ of air emission exceedances that occurred on March 16, 2020 and April 23, 2020. The Notice assessed a penalty to OBGC of approximately $1.0 million and required that OBGC undertake corrective actions to address the alleged violations. OBGC appealed the Notice. On October 22, 2021, OBGC and ODEQ resolved the alleged violations and OBGC’s appeal. Under the terms of a mutual agreement and final order, OBGC agreed to pay an immaterial penalty, which was less than the assessed penalty of $1.0 million, and take certain corrective actions at the plant.

Except as discussed above, no such environmental proceedings were pending or contemplated as of September 30, 2021. For further information on legal proceedings, see Note 10 to the Condensed Consolidated Financial Statements, "Contingencies," that is included in Part I of this Quarterly Report and incorporated herein by reference.

Item 1A. Risk Factors.

Other than below, there have been no material changes in risk factors at September 30, 2021 from those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

The resolution of asbestos claims pursuant to Paddock’s previously announced agreement-in-principle is subject to a number of risks and uncertainties that may prevent or delay implementation of the resolution of these claims on the terms set forth in such agreement-in-principle.

On April 26, 2021, the Company announced that its subsidiary, Paddock Enterprises LLC (“Paddock”) reached an agreement in principle to accept the terms of a mediator’s proposal regarding a consensual plan of reorganization under the Bankruptcy Code. The agreement in principle provides for total consideration of $610 million to fund a trust on the effective date of a plan of reorganization, subject to definitive documentation and satisfaction of certain conditions. The agreement in principle was reached with both the Future Claimants’ Representative and the Asbestos Claimants’ Committee, who agreed to support a plan of reorganization for Paddock that incorporates the settlement (the “Plan”). The Plan will require the approval by at least 75% of asbestos claimants voting on the Plan and be subject to approval by the Bankruptcy Court and the District Court. If approved and consummated, the Plan would permanently resolve all current and future asbestos claims against Paddock, and would protect all of O-I Glass and its subsidiaries from those claims, under Section 524(g) of the U.S. Bankruptcy Code.

The confirmation and consummation of the Plan, and accordingly the final resolution of asbestos claims against Paddock in accordance with the Plan, are subject to a number of risks and uncertainties, which could have the effect of delaying or preventing the confirmation and consummation of the Plan, increasing the Company’s costs in connection with effecting the settlement and the consummation of the Plan or reducing the benefit related to the consummation of the Plan. In light of these risks and uncertainties, the Company cannot provide assurance that the Plan, as contemplated by the agreement in principle, will be consummated on the time schedule that the Company anticipates or at all, or if consummated that the Company will recognize all benefits from the consummation of the Plan that the Company anticipates. These risks and uncertainties include:

- the risk that the parties to the settlement are unable to agree upon the final plan documents, including the Plan,

to effectuate the settlement;

- the risk that the Plan is not approved by a favorable vote of 75% of the holders of asbestos claims voting on the Plan;
- the risk that the Plan is not approved by the Bankruptcy Court or the District Court and that orders so approving the Plan and issuing the protective injunctions do not become final; and
- risks and uncertainties if any interested parties object to the Plan or appeal any order issued by the Bankruptcy Court or District Court approving the Plan, which objections and appeals, even if favorably resolved, may delay the consummation of the Plan and increase the Company's costs in connection with the agreement-in-principle and related proceedings.

Information Technology-Failure or disruption of the Company's information technology, or those of third parties, could have a material adverse effect on its business and the results of operations.

The Company employs information technology ("IT") systems and networks to support the business and relies on them to operate its plants, to communicate with its employees, customers and suppliers, to store sensitive business information and intellectual property, and to report financial and operating results. As with any IT system, the Company's IT system, or any third-party system on which the Company relies, could fail on its own accord or may be vulnerable to a variety of interruptions due to events, including, but not limited to, natural disasters, terrorist attacks, power outages, fire, sabotage, equipment failures, cybersecurity vulnerabilities, and cyber-related attacks or computer crimes (e.g., ransomware or distributed denial-of-service attacks). In addition, the Company's business continuity or disaster recovery plans may not effectively and timely resolve issues resulting from a cyberattack or other disruption. As a result of any of the foregoing types of events, the Company may suffer material adverse effects on its reputation, financial condition, results of operations and cash flows.

Cybersecurity and Data Privacy-Security breaches affecting the Company or its third-party service providers could disrupt the Company's business operations, result in the loss of critical and confidential information, and have a material adverse effect on its business, reputation and results of operations.

The Company has been subject to cyberattacks in the past, including, but not limited to, phishing and malware incidents, and the Company expects cyberattacks to increase in number, frequency and sophistication going forward. Although prior cyberattacks have not been material, future attacks may have a material adverse effect on the Company's business operations, reputation and financial results. As the prevalence of cyberattacks continues to increase, the Company's systems, and those of third parties, including service providers, may be subject to increased security threats, and the Company may incur additional costs to upgrade and maintain its security measures in place to prevent and detect such threats. The Company's security measures may be unable to anticipate, identify, detect or prevent certain cyberattacks or security breaches, including due to the increasing use by attackers of tools and techniques that obfuscate or remove forensic evidence and that evade counter-measures, and any such incidents could result in transactional errors, business disruptions, loss of or damage to intellectual property, loss of customers and business opportunities, unauthorized access to or disclosure of confidential or personal information (which could cause a breach of applicable data protection legislation), litigation or regulatory investigations and fines, penalties or intervention, reputational damage, reimbursement or other compensatory costs, and additional compliance costs, any of which could have a material adverse effect on the Company's financial condition, results of operations and cash flows. Any resulting costs or losses may not be covered by, or may exceed the coverage limits of, the Company's cyber insurance.

The Company is increasingly reliant on third parties to provide software, support and management and a host of related and other services across an array of business and operational functions, such as human resources, sales, electronic communications, data storage, finance, risk management and compliance, among others. The security and privacy measures these third parties implement may not be sufficient to anticipate, identify, detect or prevent cyberattacks or security breaches that could have a material adverse effect on the Company's financial condition, results of operations and cash flows. While the Company's agreements with third-party service providers typically contain provisions that seek to eliminate or limit the Company's exposure to liability for damages from a cyberattack, there can be no assurance of compliance with such provisions or that such provisions will withstand legal challenges or cover all or any such damages.

In addition, new global privacy rules are being enacted and existing ones are being updated and strengthened. These laws impose obligations on companies regarding the handling of personal data and provide certain individual privacy rights to persons whose data is stored or processed. Any failure to comply with these laws and regulatory standards could subject us to legal and reputational risk. For example, in May 2018, the European Union (EU) implemented the General Data Protection Regulation (GDPR) that stipulates data protection and privacy regulations for all individuals within the EU and the European Economic Area (EEA). The Company has significant operations in the EEA and is subject to the GDPR. The GDPR imposes several stringent requirements for controllers and processors of personal data and could make it more difficult and/or more costly for the Company to use and share personal data, including placing obstacles on the transfer of personal data from Europe to the United States. In addition, the California Consumer Privacy Act (the "CCPA"), which became effective on January 1, 2020, is similar in many respects to the GDPR but also includes a private right of action and potential statutory damages exposure for certain types of data breaches. Other states in the U.S. have also been proposing and enacting laws similar to the CCPA. Although the Company takes reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that the Company will not be subject to regulatory action, including fines, litigation, in the event of a statutory violation or security incident. To comply with the rules imposed by the GDPR, CCPA and other applicable data protection legislation, the Company may be required to put in place additional mechanisms which could adversely affect its financial condition, results of operations and cash flows.

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

During the three months ended September 30, 2021, the Company purchased 619,666 shares of its common stock for approximately $10 million pursuant to a $150 million anti-dilutive share repurchase program authorized by the Board of Directors that is intended to offset stock-based compensation provided to the Company's directors, officers, and employees. Approximately $120 million remained available for purchases under this program as of September 30, 2021. The following table provides information about the Company's purchases of its common stock during the three months ended September 30, 2021:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (in thousands)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (in thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in millions)
July 1 - July 31, 2021	620	$ 16.12	620	120
August 1 - August 31, 2021				120
September 1 - September 30, 2021				120

Item 6. Exhibits.

Exhibit 10.1	Form of Amended and Restated Performance Stock Unit Agreement for use under the Owens-Illinois, Inc. Amended and Restated 2017 Incentive Award Plan
Exhibit 31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
Exhibit 101	Financial statements from the Quarterly Report on Form 10-Q of O-I Glass, Inc. for the quarter ended September 30, 2021, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Results of Operations, (ii) the Condensed Consolidated Comprehensive Income (Loss), (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements.
Exhibit 104	Cover Page Interactive Data file (formatted as iXBRL and contained in Exhibit 101).

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

O-I GLASS, INC.

Date	October 26, 2021	By	/s/ John A. Haudrich
			John A. Haudrich
			Senior Vice President and Chief Financial Officer

OWENS-ILLINOIS, INC.
AMENDED AND RESTATED
2017 INCENTIVE AWARD PLAN

AMENDED AND RESTATED PERFORMANCE STOCK UNIT AGREEMENT

THIS AMENDED AND RESTATED PERFORMANCE STOCK UNIT AGREEMENT (“Agreement”), dated as of [___________] (the “Effective Date”) is made by and between O-I Glass, Inc., a Delaware corporation (the “Company”) and the person whose account for which this grant is being accepted, an employee or consultant of the Company, a Parent Corporation or a Subsidiary (the “Participant”):

WHEREAS, the Company has established the Amended and Restated 2017 Incentive Award Plan (the “Plan”) (the terms of which are hereby incorporated by reference and made a part of this Agreement); and

WHEREAS, the Plan provides for the issuance of performance-based Restricted Stock Units (“PSUs”), subject to vesting based on performance conditions and to other conditions stated herein; and

WHEREAS, effective as of [______] (the “Grant Date”), the Compensation Committee of the Board of Directors of the Company (the “Committee”) issued the PSUs provided for herein to the Participant in partial consideration of services rendered, or to be rendered, to the Company, a Parent Corporation or a Subsidiary pursuant to the terms of the Plan and an award agreement thereunder, dated as of the Grant Date (the “Prior Award Agreement”); and

WHEREAS, the Company desires to enter amend and restate the Prior Award Agreement by entering into this Agreement, which shall amend and restate, in its entirety, the Prior Award Agreement and supersede all prior or contemporaneous agreements or understandings, including, but not limited to, the Prior Award Agreement, among the parties hereto with respect to the subject matter hereof.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I.

DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below, unless the context clearly indicates to the contrary. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan. The masculine pronoun shall include the feminine and neuter, and the singular shall include the plural, where the context so indicates.

Section 1.1* - *Cause

"Cause" shall mean dishonesty, disloyalty, misconduct, insubordination, failure to reasonably devote working time to assigned duties, failure or refusal to comply with any reasonable rule, regulation, standard or policy which from time to time may be established by the Company, including, without limitation, those policies set forth in the O-I Glass Policy Manual in effect from time to time, or failure to fully cooperate with any investigation of an alleged violation of any such rule, regulation, standard or policy.

Section 1.2* - *Competing Business

"Competing Business" shall mean any person, corporation or other entity engaged in the United States of America or in any other country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, in the manufacture or sale of glass containers, or any other products manufactured or sold by the Company, any Parent Corporation or any Subsidiary within the last three (3) years prior to the Participant's Termination of Service or Retirement.

Section 1.3* - *Good Reason

"Good Reason" means the occurrence of any of the following without the prior written consent of the Participant:

(i) a material diminution in base compensation;

(ii) a material diminution in authority, duties or responsibilities (including, if Participant is then serving as the Chief Executive Officer or the Chief Financial Officer of the Company, any changes which result from Participant not being employed by a public company following a Change in Control);

(iii) a material change in the geographic location at which the Participant must perform services; or

(iv) any other action or inaction that constitutes a material breach by the Company of the terms of Participant's employment as in effect immediately prior to a Change in Control.

Notwithstanding the foregoing, (a) Good Reason shall not be deemed to exist unless notice of termination on account thereof (specifying a termination date no later than thirty (30) days from the date of such notice) is given no later than thirty (30) days after the time at which the Participant becomes aware of the occurrence of the event or condition purportedly giving rise to Good Reason and (b) if there exists (without regard to this clause (b)) an event or condition that constitutes Good Reason, the Company shall have thirty (30) days from the date notice of such a termination is given to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder.

Section 1.4* - *Parent Corporation

“Parent Corporation” shall mean any corporation in an unbroken chain of corporations ending with the Company if each of the corporations other than the Company then owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Section 1.5 Performance Period

“Performance Period” shall mean [●]through [●], or such shorter period ending on any Vesting Date occurring prior to [●].

Section 1.6- Retirement

“Retirement” solely for purposes of this Agreement shall mean “separation from service” (within the meaning of Section 409A of the Code) of an Employee from the Company, a Parent Corporation or a Subsidiary after reaching the age of 60 and having 10 years of employment, or after reaching the age of 65.

Section 1.7 - Vesting Date

“Vesting Date” shall mean the date on which the PSU is vested under Section 3.1 or 3.2 of this Agreement.

ARTICLE II.

ISSUANCE OF PSUs

In consideration of the services rendered or to be rendered to the Company, a Parent Corporation or a Subsidiary and for other good and valuable consideration which the Committee has determined to be equal to the par value of the Shares, as of the Grant Date, the Company has awarded to the Participant the number of PSUs specified for this grant in the Solium Shareworks Account accessible by the Participant.

ARTICLE III.

VESTING; PAYMENT

Section 3.1 - Vesting of PSUs

(a) Except as otherwise provided in Section 3.1 and 3.2, the PSUs shall vest in their entirety on [●]; *provided, however,* that notwithstanding the foregoing the PSUs shall be fully vested on the date the Participant (i) dies, (ii) satisfies the requirements for Retirement or (iii) experiences a Disability; *provided further*, that the Participant has not experienced a Termination of Service prior to each such date.

(b) If the Participant experiences a Termination of Service resulting from the Company’s discharge of the Participant without Cause, such Participant shall immediately vest in (i) that number of PSUs previously “banked” pursuant to Section 3.4 plus (ii) a pro-rata portion of the number of PSUs that would have banked upon completion of the fiscal year of the Participant’s Termination of Service (had such Termination of Service not occurred),

determined by multiplying the total number of such PSUs that would have banked by a fraction, the numerator of which is the number of days from the first day of the fiscal year in which the Termination of Service occurs (or, if the Termination of Service occurs during the first fiscal year of the Performance Period, the Grant Date) through the date of Participant’s Termination of Service and the denominator of which is the number of days from the first day of the fiscal year in which the Termination of Service occurs (or, if the Termination of Service occurs during the first fiscal year of the Performance Period, the Grant Date) through the last day of the fiscal year in which the Termination of Service occurred.

Section 3.2 - ***Effect of a Change in Control***

Notwithstanding Section 3.1, in the event of a Change in Control, if:

(a) The PSUs are not continued, assumed or new PSUs substituted therefore by a successor, any Parent Corporation or Subsidiary under Section 13.2(b)(ii) of the Plan, then immediately prior to the Change in Control the PSUs shall become fully vested and payable at target levels subject to and effective on the Change in Control; or

(b) The PSUs are continued, assumed or new PSUs are substituted therefore by a successor or any Parent Corporation or Subsidiary under Section 13.2(b)(ii) of the Plan, then the PSUs shall become fully vested upon the Participant’s Termination of Service without Cause or by the Participant for Good Reason prior to the second (2nd) anniversary of the Change in Control.

Section 3.3 - ***Termination of PSUs***

Until vested pursuant to Section 3.1 or 3.2, all PSUs issued to the Participant pursuant to this Agreement shall terminate immediately upon the Participant’s Termination of Service. For the avoidance of doubt, if the Participant experiences a Termination of Service prior to a Vesting Date for any reason not described in Section 3.1 or 3.2(b), all PSUs issued to the Participant pursuant to this Agreement shall immediately terminate.

Section 3.4 - ***Payment of PSUs***

Except as provided under Section 3.2(a) vested PSUs shall become payable, to the extent any amount becomes payable in respect of a vested PSU, as soon as practicable after [●]; provided, however, if the Participant has not satisfied the requirements for Retirement or has not died or incurred a Disability, such payment shall be made by the March 15 immediately following the end of the Performance Period, and if the Participant has a Termination of Service due to death, Retirement or Disability prior to [●], such vested PSUs shall become payable as soon as practicable after the Company determines the extent, if any, to which the performance criteria below have been satisfied, but in any event during [●]. One-third of the total number of PSUs granted hereby will be eligible to be earned and “banked” following the end of each fiscal year ending during the Performance Period and, upon vesting pursuant to Section 3.1 or 3.2, such banked PSUs shall entitle the Participant to receive a number of Shares, if any, determined by the addition of: (a) the Company’s EPS (as defined below) performance for such fiscal year at a weight of [●]% and (b) the Company’s Return on Invested Capital (as defined below) performance for such fiscal year at a weight of [●]%, with the total of that summation multiplied by (c) the Company’s relative Total Shareholder Return (“r-TSR”) (as defined below) results.

- EPS. For the Company's [●]fiscal year, the Company's target EPS level shall equal $[●]. The Administrator shall determine the target EPS level for each subsequent fiscal year occurring during the Performance Period no later than 90 days following the beginning of the applicable fiscal year. The Company's minimum EPS level for each fiscal year during the Performance Period shall equal [●]% of the target EPS level for such fiscal year and the Company's maximum EPS level for each fiscal year during the Performance Period shall equal [●]% of the target EPS level for such fiscal year. For purposes hereof, "EPS" shall mean, for each fiscal year ending during the Performance Period, "diluted earnings per share" from continuing operations before items that management considers not representative of ongoing operations, as reported by the Company in its earnings release for each of the Company's fiscal years ending during the Performance Period and adjusted for the impact of acquisitions and divestitures and to exclude the effect of non-service pension and retiree medical costs. Results between the minimum and target EPS; and results between the target and maximum EPS shall be linearly interpolated per the attached charts, as determined by the Committee.

- ROIC. For the Company's [●]fiscal year, the Company's target Return on Invested Capital level shall equal [●]%. The Administrator shall determine the target Return on Invested Capital level for each subsequent fiscal year occurring during the Performance Period no later than 90 days following the beginning of the applicable fiscal year. For purposes hereof, "Return on Invested Capital" shall mean, with respect to each fiscal year of the Company ending during the Performance Period, the number calculated by multiplying (a) the Company's earnings before interest, taxes and items that management considers not representative of ongoing operations for such fiscal year times (b) one minus the Company's tax rate for the applicable full fiscal year, and dividing the product thereof by the sum of the (x) Company's total debt and (y) total share owners' equity, all as reflected on the Company's consolidated balance sheet for the applicable fiscal year and adjusted for the impact of acquisitions and divestitures. For purposes of computing total share owners' equity for the denominator of this calculation, the accumulated other comprehensive income related to pension and retiree medical shall be held constant for each year of the Performance Period at the amount reflected on the Company's consolidated balance sheet as of [●]. The Company's minimum Return on Invested Capital level for each fiscal year during the Performance Period shall equal [●]% of the target Return on Invested Capital level for such fiscal year and the Company's maximum Return on Invested Capital level for each fiscal year during the Performance Period shall equal [●]% of the target Return on Invested Capital level for such fiscal year. Results between the minimum and target Return on Invested Capital, and results between the target and maximum Return on Invested Capital, shall be linearly interpolated per the attached charts, as determined by the Committee.

- r-TSR. If the Company's r-TSR for the Performance Period is (a) less than or equal to the [●]percentile the multiplier is [●]; or (b) equal to or above the [●]percentile, then the multiplier is [●]. Results above the [●]percentile, but less than the [●]percentile performance shall be linearly interpolated as per the attached charts, as determined by the Committee. For purposes hereof, "r-TSR" means, the relative rate of return reflecting stock price appreciation, plus the reinvestment of dividends in additional shares of stock, from the beginning of the Performance Period through the end of the Performance Period of the Common Stock as compared to that of the shares of common stock of each member of the Peer Group (as defined below). For purposes of calculating r-TSR for the Company and the members of the Peer Group, the beginning stock price will be based on the closing price on the trading day immediately prior to the first day of the Performance Period on the principal stock exchange on which the stock is then traded and the ending stock price will be based on the closing price on the last day of the Performance Period on the principal stock exchange on which the stock then trades (and also adjusted for any stock splits). The "Peer Group" means the S&P 1500 – Materials (GICS# 1510) as of the Grant Date. The Peer Group r-TSR will be adjusted by the Committee, in its discretion, to reflect acquisitions or dispositions of Peer Group members, the pro ration of r-TSR due to stock splits and a zero r-TSR for the bankruptcy or delisting of a member of the Peer Group.

If the Company's performance for any fiscal year during the Performance Period falls below either minimum EPS amount or minimum Return on Invested Capital amount, the weighting of such EPS or Return on Invested Capital component shall equal 0% for such fiscal year, but shall not affect any other measure of performance or any other

fiscal year. If the Company fails to meet or exceed both the minimum EPS amount and minimum Return on Invested Capital amount for any fiscal year during the Performance Period, no PSUs will become payable hereunder with respect to such fiscal year during the Performance Period. Conversely, to the extent the Company's performance exceeds either or both the maximum EPS amount and the maximum Return on Invested Capital amount during any fiscal year during the Performance Period, no amounts in excess of such maximum performance shall be taken into account in determining the amount payable with respect to the PSUs with respect to such fiscal year. Charts illustrating the [●]performance measures are shown in Attachment A.

Section 3.5 – ***Dividend Equivalents***

A bookkeeping account will be established by the Company to which Dividend Equivalents equal to the product of (a) the number of PSUs subject to this Agreement, and (b) the dividend declared on a single share of Common Stock will be credited. To the extent the Participant becomes vested in the PSUs issued pursuant to this Agreement, such Dividend Equivalents will be converted to cash or additional Shares (as may be determined by the Administrator in its sole discretion) and will be paid to the Participant at the same time as the Shares of Common Stock are issued with respect to the vested PSUs. The Dividend Equivalents will cease and be forfeited upon the earlier of (i) the settlement of the PSUs into shares of Common Stock, and (ii) the forfeiture and termination of the PSUs under this Agreement.

ARTICLE IV.

NON-COMPETITION/NON-SOLICITATION

Section 4.1 - ***Covenant Not to Compete***

Participant covenants and agrees that prior to Participant's Termination of Service and for a period of three (3) years following the Participant's Termination of Service, including without limitation termination for Cause or without Cause, Participant shall not, in any country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products, engage, directly or indirectly, whether as principal or as agent, officer, director, employee, consultant, shareholder or otherwise, alone or in association with any other person, corporation or other entity, in any Competing Business.

Section 4.2 - ***Non-Solicitation of Employees***

Participant agrees that prior to his Termination of Service and for three (3) years following Participant's Termination of Service, including without limitation termination for Cause or without Cause, Participant shall not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any Employee of the Company, any Parent Corporation or any Subsidiary to leave the employment of the Company, any Parent Corporation or any Subsidiary for any reason whatsoever, or hire any Employee of the Company, any Parent Corporation or any Subsidiary except into the employment of the Company, a Parent Corporation or a Subsidiary.

Section 4.3 - ***Equitable Relief***

Participant agrees that it is impossible to measure in money the damages that will accrue to the Company in the event that Participant breaches any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof. Accordingly, in the event that Participant breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining Participant from

further violating such restrictive covenant. If the Company shall institute any action or proceeding to enforce any such restrictive covenant, Participant hereby waives the claim or defense that the Company has an adequate remedy at law and agrees not to assert such claim or defense. The foregoing shall not prejudice the Company's right to require Participant to account for and pay over to the Company, and Participant hereby agrees to account for and pay over, any compensation, profits, monies, accruals or other benefits derived or received by Participant as a result of any transaction constituting a breach of any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof.

ARTICLE V.

OTHER PROVISIONS

Section 5.1 - ***PSUs Not Transferable***

Neither the PSUs nor Dividend Equivalents, nor any interest or right therein or part thereof, shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided however, that this Section 5.1 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 5.2 - *No Right to Continued Employment*

Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employ or service of the Company, any Parent Corporation or any Subsidiary or shall interfere with or restrict in any way the rights of the Company, any Parent Corporation or any Subsidiary, which are hereby expressly reserved, to discharge the Participant at any time for any reasons whatsoever, with or without Cause.

Section 5.3 - ***Conditions to Issuance of Stock Certificates***

The Company shall not be required to issue or deliver any certificate or certificates for Shares pursuant to this Agreement prior to fulfillment of all of the following conditions:

(a) The admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; and

(b) The completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Committee shall, in its sole discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee shall, in its sole discretion, determine to be necessary or advisable; and

(d) Subject to Section 5.10, the payment by the Participant of all amounts which, under federal, state or local tax law, the Company, a Parent Corporation or a Subsidiary is required to withhold upon vesting or payment of a PSU and/or Dividend Equivalent; and

(e) The lapse of such reasonable period of time as the Committee may from time to time establish for reasons of administrative convenience.

Section 5.4 **-** ***Notices***

Any notice to be delivered to the Company under this Agreement shall be delivered to such individual and in such form as the Committee shall specify from time to time and communicate to the Participant. Any notice to be delivered to the Participant shall be addressed to the Participant at the Participant's last address reflected in the Company's records. Notices may, as approved by the Committee be given electronically (or by facsimile), and if so approved will be deemed given when sent. Otherwise, notices shall be sent by reputable overnight courier or by certified mail (return receipt requested) through the United States Postal Service.

Section 5.5 **-** ***Rights as Stockholder***

Participant shall not, by virtue of the PSUs, be entitled to vote in any Company election, receive any dividend in respect of Shares subject to the PSUs (except as provided under Section 3.5 above) or exercise any other rights of a stockholder of the Company. The PSUs shall not confer upon the Participant any rights of a stockholder of the Company unless and until the PSUs have vested and certificates representing the Shares subject to the PSUs shall have been issued by the Company pursuant to the terms of this Agreement.

Section 5.6 **-** ***Titles***

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 5.7 **-** ***Conformity to Laws***

The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of applicable law, including without limitation the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, including without limitation Rule 16b-3 of the Exchange Act. Notwithstanding anything herein to the contrary, this Agreement shall be administered, and the PSUs shall be granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, this Agreement and the PSUs granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 5.8 **-** ***Section 409A***

Section 409A provides that "nonqualified deferred compensation" that does not meet the requirements specified in Section 409A may become subject to penalty taxes. Currently, the Company does not believe that PSUs constitute nonqualified deferred compensation within the meaning of Section 409A; however, if, in the future, the PSUs are or may become subject to

Section 409A, the Committee may make such modifications to the Plan and this Agreement as may become necessary or advisable, in the Committee's sole discretion, to either comply with Section 409A or to avoid its application to the PSUs.

Section 5.9 - ***Amendment; Entire Agreement***

This Agreement and the Plan may be amended without the consent of the Participant provided that such amendment would not impair any rights of the Participant under this Agreement. No amendment of this Agreement shall, without the written consent of the Participant, impair any rights of the Participant under this Agreement. This Agreement amends and restates in its entirety the Prior Award Agreement and supersedes all prior or contemporaneous agreements or understandings, including, but not limited to, the Prior Award Agreement, among the parties hereto with respect to the subject matter hereof.

Section 5.10 - ***Tax Withholding***

The Company's obligation to issue or deliver to the Participant any certificate or certificates for Shares is expressly conditioned upon receipt from the Participant, on or prior to the date reasonably specified by the Company of:

(a) Full payment (in cash or by check) of any amount that must be withheld by the Company, a Parent Corporation or Subsidiary for federal, state and/or local tax purposes; or

(b) Subject to the Committee's consent, full payment by delivery to the Company of unrestricted Shares previously owned by the Participant, duly endorsed for transfer to the Company by the Participant with an aggregate Fair Market Value (determined, as applicable, as of the date of vesting or as of the date of the distribution) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for federal, state and/or local tax purposes; or

(c) With respect to the withholding obligation for PSUs that become vested and Dividend Equivalents that become payable, subject to the Committee's consent, full payment by retention by the Company of a portion of the Shares (or cash as applicable) deliverable in respect of such vested PSUs and Dividend Equivalents with an aggregated Fair Market Value (determined on the payment date) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for federal, state and/or local tax purposes; or

(d) With respect to any withholding tax obligations for PSUs that become vested, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the PSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Committee, but in any event not later than the settlement of such sale; or

(e) Subject to the Committee's consent, a combination of payments provided for in the foregoing subsections (a), (b), (c) and (d).

With respect to each individual who was an executive officer of the Company and subject to Section 16 of the Exchange Act on the Grant Date only, the Committee in approving this PSU award has consented to payment of tax withholding obligations under subsection (c), or a combination of the methods set forth in subsections (a), (c) and (d), as the Participant may elect during such time periods as the Company may permit in compliance with all applicable legal requirements.

Notwithstanding anything herein to the contrary, the number of Shares which may be withheld with respect to the payment of any PSUs and/or Dividend Equivalents in order to satisfy the Company's federal, state and/or local tax withholding obligations with respect to the payment of the PSUs and/or Dividend Equivalents shall be no greater than the number of Shares which have a Fair Market Value on the date of withholding equal to the aggregate amount of such withholding obligations based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and/or foreign income and payroll tax purposes.

Section 5.11 - ***Clawback***

Notwithstanding anything contained in the Agreement to the contrary, all PSUs and Dividend Equivalents awarded under this Agreement, and any Shares issued upon settlement hereunder shall be subject to forfeiture, or repayment pursuant to the terms of any policy that the Company may implement in compliance with the requirements of applicable law, including without limitation the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

Section 5.12 - ***Governing Law***

The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

[Signature Page Follows]

IN WITNESS HEREOF, this Agreement has been executed and delivered by the parties hereto.

O-I GLASS, INC.

By: Andres Lopez
Its: Chief Executive Officer

EXHIBIT 31.1

CERTIFICATIONS

I, Andres A. Lopez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of O-I Glass, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2021

/s/ Andres A. Lopez
Andres A. Lopez
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, John A. Haudrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of O-I Glass, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2021

/s/ John A. Haudrich
John A. Haudrich
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of O-I Glass, Inc. (the “Company”) hereby certifies that to such officer’s knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 26, 2021

/s/ Andres A. Lopez

Andres A. Lopez
President and Chief Executive Officer

EXHIBIT 32.2

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of O-I Glass, Inc. (the “Company”) hereby certifies that to such officer’s knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 26, 2021

/s/ John A. Haudrich
John A. Haudrich
Senior Vice President and Chief Financial Officer