

**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

**June 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**  
(State or other jurisdiction of  
incorporation or organization)

**22-2781933**  
(IRS Employer  
Identification No.)

**One Michael Owens Way, Perrysburg, Ohio**  
(Address of principal executive offices)

**43551**  
(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 June 30, 2021 was 157,284,377.

**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 |                 | Six months ended |                |
|---------------------------------------------------------|--------------------|-----------------|------------------|----------------|
|                                                         | June 30,           |                 | June 30,         |                |
|                                                         | 2021               | 2020            | 2021             | 2020           |
| Net sales                                               | \$ 1,660           | \$ 1,418        | \$ 3,161         | \$ 2,979       |
| Cost of goods sold                                      | (1,354)            | (1,255)         | (2,609)          | (2,548)        |
| Gross profit                                            | 306                | 163             | 552              | 431            |
| Selling and administrative expense                      | (116)              | (97)            | (218)            | (213)          |
| Research, development and engineering expense           | (19)               | (13)            | (37)             | (29)           |
| Interest expense, net                                   | (52)               | (98)            | (103)            | (151)          |
| Equity earnings                                         | 22                 | 13              | 40               | 28             |
| Other income (expense), net                             | 57                 | (87)            | (101)            | (104)          |
| Earnings (loss) before income taxes                     | 198                | (119)           | 133              | (38)           |
| Benefit (provision) for income taxes                    | (75)               | 18              | (100)            | (8)            |
| Net earnings (loss)                                     | 123                | (101)           | 33               | (46)           |
| Net earnings attributable to non-controlling interests  | (5)                |                 | (12)             | (5)            |
| Net earnings (loss) attributable to the Company         | <u>\$ 118</u>      | <u>\$ (101)</u> | <u>\$ 21</u>     | <u>\$ (51)</u> |
| <b>Basic earnings per share:</b>                        |                    |                 |                  |                |
| Net earnings (loss) attributable to the Company         | \$ 0.75            | \$ (0.64)       | \$ 0.13          | \$ (0.32)      |
| Weighted average shares outstanding (thousands)         | 157,902            | 156,790         | 157,737          | 156,435        |
| <b>Diluted earnings per share:</b>                      |                    |                 |                  |                |
| Net earnings (loss) attributable to the Company         | \$ 0.73            | \$ (0.64)       | \$ 0.13          | \$ (0.32)      |
| Weighted average diluted shares outstanding (thousands) | 160,791            | 156,790         | 160,459          | 156,435        |

See accompanying notes.

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

|                                                                  | Three months ended<br>June 30, |                | Six months ended<br>June 30, |                 |
|------------------------------------------------------------------|--------------------------------|----------------|------------------------------|-----------------|
|                                                                  | 2021                           | 2020           | 2021                         | 2020            |
| Net earnings (loss)                                              | \$ 123                         | \$ (101)       | \$ 33                        | \$ (46)         |
| Other comprehensive income (loss):                               |                                |                |                              |                 |
| Foreign currency translation adjustments                         | 115                            | 54             | 28                           | (519)           |
| Pension and other postretirement benefit adjustments, net of tax | 17                             | 19             | 37                           | 50              |
| Change in fair value of derivative instruments, net of tax       |                                | (13)           | 13                           | (7)             |
| Other comprehensive income (loss)                                | 132                            | 60             | 78                           | (476)           |
| Total comprehensive income (loss)                                | 255                            | (41)           | 111                          | (522)           |
| Comprehensive loss attributable to non-controlling interests     | 3                              | 2              | 2                            | 6               |
| Comprehensive income (loss) attributable to the Company          | <u>\$ 258</u>                  | <u>\$ (39)</u> | <u>\$ 113</u>                | <u>\$ (516)</u> |

See accompanying notes.

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

|                                                                                                                                           | June 30,<br>2021 | December 31,<br>2020 | June 30,<br>2020 |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|------------------|
| <b>Assets</b>                                                                                                                             |                  |                      |                  |
| Current assets:                                                                                                                           |                  |                      |                  |
| Cash and cash equivalents                                                                                                                 | \$ 531           | \$ 563               | \$ 1,067         |
| Trade receivables, net of allowance of \$32 million, \$33 million, and \$30 million at June 30, 2021, December 31, 2020 and June 30, 2020 | 855              | 623                  | 696              |
| Inventories                                                                                                                               | 796              | 841                  | 1,004            |
| Prepaid expenses and other current assets                                                                                                 | 217              | 270                  | 245              |
| Total current assets                                                                                                                      | <u>2,399</u>     | <u>2,297</u>         | <u>3,012</u>     |
| Property, plant and equipment, net                                                                                                        | 2,842            | 2,907                | 2,976            |
| Goodwill                                                                                                                                  | 1,932            | 1,951                | 1,806            |
| Intangibles, net                                                                                                                          | 309              | 325                  | 314              |
| Other assets                                                                                                                              | 1,392            | 1,402                | 1,471            |
| Total assets                                                                                                                              | <u>\$ 8,874</u>  | <u>\$ 8,882</u>      | <u>\$ 9,579</u>  |
| <b>Liabilities and Share owners' equity</b>                                                                                               |                  |                      |                  |
| Current liabilities:                                                                                                                      |                  |                      |                  |
| Accounts payable                                                                                                                          | \$ 1,038         | \$ 1,126             | \$ 916           |
| Short-term loans and long-term debt due within one year                                                                                   | 85               | 197                  | 404              |
| Other liabilities                                                                                                                         | 564              | 575                  | 566              |
| Total current liabilities                                                                                                                 | <u>1,687</u>     | <u>1,898</u>         | <u>1,886</u>     |
| Long-term debt                                                                                                                            | 4,977            | 4,945                | 6,103            |
| Paddock support agreement liability                                                                                                       | 625              | 471                  | 471              |
| Other long-term liabilities                                                                                                               | 1,083            | 1,167                | 1,077            |
| Share owners' equity                                                                                                                      | 502              | 401                  | 42               |
| Total liabilities and share owners' equity                                                                                                | <u>\$ 8,874</u>  | <u>\$ 8,882</u>      | <u>\$ 9,579</u>  |

See accompanying notes.

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

|                                                                   | <u>Six months ended June 30,</u> |                 |
|-------------------------------------------------------------------|----------------------------------|-----------------|
|                                                                   | <u>2021</u>                      | <u>2020</u>     |
| <b>Cash flows from operating activities:</b>                      |                                  |                 |
| Net earnings (loss)                                               | \$ 33                            | \$ (46)         |
| <b>Non-cash charges</b>                                           |                                  |                 |
| Depreciation and amortization                                     | 232                              | 247             |
| Pension expense                                                   | 16                               | 20              |
| Charge related to Paddock support agreement liability             | 154                              |                 |
| Brazil indirect tax credit                                        | (69)                             |                 |
| Restructuring, asset impairment and related charges               | 8                                | 67              |
| Pension settlement charges                                        |                                  | 8               |
| <b>Cash payments</b>                                              |                                  |                 |
| Pension contributions                                             | (24)                             | (21)            |
| Cash paid for restructuring activities                            | (10)                             | (22)            |
| Change in components of working capital                           | (229)                            | (415)           |
| Other, net (a)                                                    | 32                               | 28              |
| Cash provided by (utilized in) operating activities               | <u>143</u>                       | <u>(134)</u>    |
| <b>Cash flows from investing activities:</b>                      |                                  |                 |
| Cash payments for property, plant and equipment                   | (175)                            | (189)           |
| Cash proceeds on disposal of other businesses and misc. assets    | 8                                | 2               |
| Cash proceeds on sale of ANZ businesses, net of transaction costs | 58                               |                 |
| Deconsolidation of Paddock                                        |                                  | (47)            |
| Other                                                             |                                  | 1               |
| Cash utilized in investing activities                             | <u>(109)</u>                     | <u>(233)</u>    |
| <b>Cash flows from financing activities:</b>                      |                                  |                 |
| Changes in borrowings, net                                        | (26)                             | 922             |
| Payment of finance fees                                           |                                  | (45)            |
| Shares repurchased                                                | (20)                             |                 |
| Dividends paid                                                    |                                  | (8)             |
| Net cash proceeds (payments) for hedging activity                 | (10)                             | 42              |
| Distributions to non-controlling interests                        | (10)                             | (4)             |
| Other, net                                                        | (2)                              | (3)             |
| Cash provided by (utilized in) financing activities               | <u>(68)</u>                      | <u>904</u>      |
| Effect of exchange rate fluctuations on cash                      | 2                                | (21)            |
| Change in cash                                                    | <u>(32)</u>                      | <u>516</u>      |
| Cash at beginning of period                                       | 563                              | 551             |
| Cash at end of period                                             | <u>\$ 531</u>                    | <u>\$ 1,067</u> |

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

See accompanying notes.

O-I GLASS, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
Tabular data dollars in millions, except per share amounts

**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 six months ended June 30, 2020, the results of the Asia Pacific segment have been recast to 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 six months ended June 30, 2021 and 2020 regarding the Company’s reportable segments is as follows:

|                           | <u>Three months ended June 30,</u> |                 | <u>Six months ended June 30,</u> |                 |
|---------------------------|------------------------------------|-----------------|----------------------------------|-----------------|
|                           | 2021                               | 2020            | 2021                             | 2020            |
| Net sales:                |                                    |                 |                                  |                 |
| Americas                  | \$ 890                             | \$ 724          | \$ 1,727                         | \$ 1,555        |
| Europe                    | 745                                | 555             | 1,384                            | 1,132           |
| Asia Pacific              |                                    | 106             |                                  | 229             |
| Reportable segment totals | <u>1,635</u>                       | <u>1,385</u>    | <u>3,111</u>                     | <u>2,916</u>    |
| Other                     | 25                                 | 33              | 50                               | 63              |
| Net sales                 | <u>\$ 1,660</u>                    | <u>\$ 1,418</u> | <u>\$ 3,161</u>                  | <u>\$ 2,979</u> |

|                                                       | Three months ended June 30, |          | Six months ended June 30, |         |
|-------------------------------------------------------|-----------------------------|----------|---------------------------|---------|
|                                                       | 2021                        | 2020     | 2021                      | 2020    |
| Segment operating profit:                             |                             |          |                           |         |
| Americas                                              | \$ 124                      | \$ 52    | \$ 224                    | \$ 155  |
| Europe                                                | 108                         | 42       | 183                       | 103     |
| Asia Pacific                                          |                             | 5        |                           | 17      |
| Reportable segment totals                             | 232                         | 99       | 407                       | 275     |
| Items excluded from segment operating profit:         |                             |          |                           |         |
| Retained corporate costs and other                    | (42)                        | (37)     | (77)                      | (65)    |
| Brazil indirect tax credit                            | 69                          |          | 69                        |         |
| Restructuring, asset impairment and other charges     | (9)                         | (71)     | (9)                       | (71)    |
| Charge related to Paddock support agreement liability |                             |          | (154)                     |         |
| Charge for deconsolidation of Paddock                 |                             |          |                           | (14)    |
| Pension settlement charges                            |                             | (8)      |                           | (8)     |
| Strategic transaction costs                           |                             | (4)      |                           | (4)     |
| Interest expense, net                                 | (52)                        | (98)     | (103)                     | (151)   |
| Earnings (loss) before income taxes                   | \$ 198                      | \$ (119) | \$ 133                    | \$ (38) |

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

|                           | June 30,<br>2021 | December 31,<br>2020 | June 30,<br>2020 |
|---------------------------|------------------|----------------------|------------------|
| Total assets:             |                  |                      |                  |
| Americas                  | \$ 4,972         | \$ 4,927             | \$ 4,707         |
| Europe                    | 3,502            | 3,507                | 3,315            |
| Asia Pacific              |                  |                      | 639              |
| Reportable segment totals | 8,474            | 8,434                | 8,661            |
| Other                     | 400              | 448                  | 918              |
| Consolidated totals       | \$ 8,874         | \$ 8,882             | \$ 9,579         |

## 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 six-month periods ended June 30, 2021 and June 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 six-month periods ended June 30, 2020, has been recast to 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 June 30, 2021 and 2020 disaggregate the Company's revenue by customer end use:

|                                           | Three months ended June 30, 2021 |               |              |                 |
|-------------------------------------------|----------------------------------|---------------|--------------|-----------------|
|                                           | Americas                         | Europe        | Asia Pacific | Total           |
| Alcoholic beverages (beer, wine, spirits) | \$ 546                           | \$ 564        | \$ —         | \$ 1,110        |
| Food and other                            | 204                              | 123           | —            | 327             |
| Non-alcoholic beverages                   | 140                              | 58            | —            | 198             |
| Reportable segment totals                 | <u>\$ 890</u>                    | <u>\$ 745</u> | <u>\$ —</u>  | <u>\$ 1,635</u> |
| Other                                     |                                  |               |              | 25              |
| Net sales                                 |                                  |               |              | <u>\$ 1,660</u> |

|                                           | Three months ended June 30, 2020 |               |               |                 |
|-------------------------------------------|----------------------------------|---------------|---------------|-----------------|
|                                           | Americas                         | Europe        | Asia Pacific  | Total           |
| Alcoholic beverages (beer, wine, spirits) | \$ 427                           | \$ 395        | \$ 81         | \$ 903          |
| Food and other                            | 198                              | 117           | 17            | 332             |
| Non-alcoholic beverages                   | 99                               | 43            | 8             | 150             |
| Reportable segment totals                 | <u>\$ 724</u>                    | <u>\$ 555</u> | <u>\$ 106</u> | <u>\$ 1,385</u> |
| Other                                     |                                  |               |               | 33              |
| Net sales                                 |                                  |               |               | <u>\$ 1,418</u> |

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

|                                           | Six months ended June 30, 2021 |                 |              |                 |
|-------------------------------------------|--------------------------------|-----------------|--------------|-----------------|
|                                           | Americas                       | Europe          | Asia Pacific | Total           |
| Alcoholic beverages (beer, wine, spirits) | \$ 1,049                       | \$ 1,040        | \$ —         | \$ 2,089        |
| Food and other                            | 413                            | 242             | —            | 655             |
| Non-alcoholic beverages                   | 265                            | 102             | —            | 367             |
| Reportable segment totals                 | <u>\$ 1,727</u>                | <u>\$ 1,384</u> | <u>\$ —</u>  | <u>\$ 3,111</u> |
| Other                                     |                                |                 |              | 50              |
| Net sales                                 |                                |                 |              | <u>\$ 3,161</u> |

|                                           | Six months ended June 30, 2020 |                 |               |                 |
|-------------------------------------------|--------------------------------|-----------------|---------------|-----------------|
|                                           | Americas                       | Europe          | Asia Pacific  | Total           |
| Alcoholic beverages (beer, wine, spirits) | \$ 935                         | \$ 806          | \$ 177        | \$ 1,918        |
| Food and other                            | 387                            | 223             | 31            | 641             |
| Non-alcoholic beverages                   | 233                            | 103             | 21            | 357             |
| Reportable segment totals                 | <u>\$ 1,555</u>                | <u>\$ 1,132</u> | <u>\$ 229</u> | <u>\$ 2,916</u> |
| Other                                     |                                |                 |               | 63              |
| Net sales                                 |                                |                 |               | <u>\$ 2,979</u> |

### 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 June 30, 2021 and June 30, 2020, the Company reported \$855 million and \$696 million of accounts receivable, respectively, net of allowances of \$32 million and \$30 million, respectively. Changes in the allowance were not material for the three and six months ended June 30, 2021 and June 30, 2020.

### 4. Inventories

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

|                    | June 30,<br>2021 | December 31,<br>2020 | June 30,<br>2020 |
|--------------------|------------------|----------------------|------------------|
| Finished goods     | \$ 636           | \$ 675               | \$ 833           |
| Raw materials      | 122              | 129                  | 129              |
| Operating supplies | 38               | 37                   | 42               |
|                    | <u>\$ 796</u>    | <u>\$ 841</u>        | <u>\$ 1,004</u>  |

### 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 June 30, 2021, an unrecognized gain of \$9 million at December 31, 2020 and an unrecognized loss of \$10 million at June 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 less than \$1 million at June 30, 2021, an unrecognized loss of less than \$1 million at December 31, 2020 and an unrecognized loss of less than \$1 million at June 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 June 30, 2021, December 31, 2020 and June 30, 2020:

|                                                       | Fair Value of    |                      |                  | Fair Value of     |                      |                  |
|-------------------------------------------------------|------------------|----------------------|------------------|-------------------|----------------------|------------------|
|                                                       | Hedge Assets     |                      |                  | Hedge Liabilities |                      |                  |
|                                                       | June 30,<br>2021 | December 31,<br>2020 | June 30,<br>2020 | June 30,<br>2021  | December 31,<br>2020 | June 30,<br>2020 |
| <b>Derivatives designated as hedging instruments:</b> |                  |                      |                  |                   |                      |                  |
| Interest rate swaps - fair value hedges (a)           | 11               | 17                   | 14               | 1                 |                      |                  |
| Cash flow hedges of foreign exchange risk (b)         | 6                | 6                    | 18               | 75                | 115                  | 55               |
| Interest rate swaps - cash flow hedges (c)            |                  |                      |                  |                   |                      |                  |
| Net investment hedges (d)                             | 2                | 1                    | 4                | 40                | 52                   | 8                |
| Total derivatives accounted for as hedges             | \$ 19            | \$ 24                | \$ 36            | \$ 116            | \$ 167               | \$ 63            |
| <b>Derivatives not designated as hedges:</b>          |                  |                      |                  |                   |                      |                  |
| Foreign exchange derivative contracts (e)             | 1                | 1                    | 5                | 2                 | 3                    | 5                |
| Total derivatives                                     | \$ 20            | \$ 25                | \$ 41            | \$ 118            | \$ 170               | \$ 68            |
| Current                                               | \$ 13            | \$ 13                | \$ 20            | \$ 3              | \$ 15                | \$ 13            |
| Noncurrent                                            | 7                | 12                   | 21               | 115               | 155                  | 55               |
| Total derivatives                                     | \$ 20            | \$ 25                | \$ 41            | \$ 118            | \$ 170               | \$ 68            |

(a) The notional amounts of the interest rate swaps designated as fair value hedges were €725 million at June 30, 2021, December 31, 2020 and June 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 June 30, 2021, \$978 million at December 31, 2020 and \$1.424 billion at June 30, 2020. The maximum maturity dates were in 2023 for all three periods.

(c) The notional amounts of the interest rate swaps designated as cash flow hedges were \$0 at June 30, 2021, \$0 at December 31, 2020 and \$105 million at June 30, 2020. Maximum maturity dates were in 2020 for June 30, 2020.

(d) The notional amounts of the net investment hedges were €311 million at June 30, 2021, €311 million at December 31, 2020 and €471 million at June 30, 2020. The maximum maturity dates were in 2027 for June 30, 2021 and December 31, 2020 and in 2020 for June 30, 2020.

(e) The notional amounts of the foreign exchange derivative contracts were \$305 million, \$247 million and \$279 million at June 30, 2021, December 31, 2020 and June 30, 2020, respectively. The maximum maturity dates were in 2021 for all three periods.

|                                                       | Gain (Loss) Recognized in OCI<br>(Effective Portion)                  |                | Gain (Loss) Reclassified from<br>Accumulated OCI into Income<br>(Effective Portion) (1) |                |
|-------------------------------------------------------|-----------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------|----------------|
|                                                       | Three months ended June 30,                                           |                | Three months ended June 30,                                                             |                |
|                                                       | 2021                                                                  | 2020           | 2021                                                                                    | 2020           |
| <b>Derivatives designated as hedging instruments:</b> |                                                                       |                |                                                                                         |                |
| <b>Cash Flow Hedges</b>                               |                                                                       |                |                                                                                         |                |
| Cash flow hedges of foreign exchange risk (a)         | \$ (16)                                                               | \$ (56)        | \$ (16)                                                                                 | \$ (51)        |
| Cash flow hedges of interest rate risk (b)            |                                                                       |                |                                                                                         | (1)            |
| <b>Net Investment Hedges</b>                          |                                                                       |                |                                                                                         |                |
| Net Investment Hedges (b)                             | (1)                                                                   | (8)            |                                                                                         | 2              |
|                                                       | <u>\$ (17)</u>                                                        | <u>\$ (64)</u> | <u>\$ (16)</u>                                                                          | <u>\$ (50)</u> |
| <br>                                                  |                                                                       |                |                                                                                         |                |
|                                                       | Gain (Loss) Recognized in OCI<br>(Effective Portion)                  |                | Gain (Loss) Reclassified from<br>Accumulated OCI into Income<br>(Effective Portion) (1) |                |
|                                                       | Six months ended June 30,                                             |                | Six months ended June 30,                                                               |                |
|                                                       | 2021                                                                  | 2020           | 2021                                                                                    | 2020           |
| <b>Derivatives designated as hedging instruments:</b> |                                                                       |                |                                                                                         |                |
| <b>Cash Flow Hedges</b>                               |                                                                       |                |                                                                                         |                |
| Cash flow hedges of foreign exchange risk (a)         | 32                                                                    | 10             | 33                                                                                      | 9              |
| Cash flow hedges of interest rate risk (b)            |                                                                       |                |                                                                                         | (1)            |
| <b>Net Investment Hedges</b>                          |                                                                       |                |                                                                                         |                |
| Net Investment Hedges (b)                             | 14                                                                    | (3)            | 1                                                                                       | 3              |
|                                                       | <u>\$ 46</u>                                                          | <u>\$ 7</u>    | <u>\$ 34</u>                                                                            | <u>\$ 11</u>   |
| <br>                                                  |                                                                       |                |                                                                                         |                |
|                                                       | Amount of Gain (Loss)<br>Recognized in Other income<br>(expense), net |                | Amount of Gain (Loss)<br>Recognized in Other income<br>(expense), net                   |                |
|                                                       | Three months ended June 30,                                           |                | Six months ended June 30,                                                               |                |
|                                                       | 2021                                                                  | 2020           | 2021                                                                                    | 2020           |
| <b>Derivatives not designated as hedges:</b>          |                                                                       |                |                                                                                         |                |
| Foreign exchange derivative contracts                 | \$ (3)                                                                | \$ (2)         | 5                                                                                       | \$ 10          |

(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 June 30, 2021 and 2020 is as follows:

|                                                           | Employee<br>Costs | Asset<br>Impairment | Other<br>Exit Costs | Total<br>Restructuring |
|-----------------------------------------------------------|-------------------|---------------------|---------------------|------------------------|
| Balance at April 1, 2021                                  | \$ 35             | \$ —                | \$ 8                | \$ 43                  |
| Charges                                                   | 2                 |                     | 6                   | 8                      |
| Net cash paid, principally severance and related benefits | (5)               |                     | (2)                 | (7)                    |
| Other, including foreign exchange translation             |                   |                     |                     | —                      |
| Balance at June 30, 2021                                  | <u>\$ 32</u>      | <u>\$ —</u>         | <u>\$ 12</u>        | <u>\$ 44</u>           |

|                                                           | Employee<br>Costs | Asset<br>Impairment | Other<br>Exit Costs | Total<br>Restructuring |
|-----------------------------------------------------------|-------------------|---------------------|---------------------|------------------------|
| Balance at April 1, 2020                                  | \$ 22             | \$ —                | \$ 12               | \$ 34                  |
| Charges                                                   | 21                | 40                  | 6                   | 67                     |
| Write-down of assets to net realizable value              |                   | (40)                |                     | (40)                   |
| Net cash paid, principally severance and related benefits | (13)              |                     | (1)                 | (14)                   |
| Balance at June 30, 2020                                  | <u>\$ 30</u>      | <u>\$ —</u>         | <u>\$ 17</u>        | <u>\$ 47</u>           |

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

|                                                           | Employee<br>Costs | Asset<br>Impairment | Other<br>Exit Costs | Total<br>Restructuring |
|-----------------------------------------------------------|-------------------|---------------------|---------------------|------------------------|
| Balance at January 1, 2021                                | \$ 38             | \$ —                | \$ 7                | \$ 45                  |
| Charges                                                   | 2                 |                     | 6                   | 8                      |
| Net cash paid, principally severance and related benefits | (8)               |                     | (2)                 | (10)                   |
| Other, including foreign exchange translation             |                   |                     | 1                   | 1                      |
| Balance at June 30, 2021                                  | <u>\$ 32</u>      | <u>\$ —</u>         | <u>\$ 12</u>        | <u>\$ 44</u>           |

|                                                           | Employee<br>Costs | Asset<br>Impairment | Other<br>Exit Costs | Total<br>Restructuring |
|-----------------------------------------------------------|-------------------|---------------------|---------------------|------------------------|
| Balance at January 1, 2020                                | \$ 32             | \$ —                | \$ 13               | \$ 45                  |
| Charges                                                   | 21                | 40                  | 6                   | 67                     |
| Write-down of assets to net realizable value              |                   | (40)                |                     | (40)                   |
| Net cash paid, principally severance and related benefits | (21)              |                     | (1)                 | (22)                   |
| Other, including foreign exchange translation             | (2)               |                     | (1)                 | (3)                    |
| Balance at June 30, 2020                                  | <u>\$ 30</u>      | <u>\$ —</u>         | <u>\$ 17</u>        | <u>\$ 47</u>           |

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 June 30, 2021 and 2020, no major restructuring programs were in effect.

For the three and six months ended June 30, 2021, the Company implemented several discrete restructuring initiatives and recorded restructuring and other charges of \$8 million. These charges consisted of employee costs, such as severance and benefit-related costs and other exit costs 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 significant additional costs are expected to be incurred. For the three and six months ended June 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 six months ended June 30, 2020, the Company implemented several discrete restructuring initiatives and recorded restructuring, asset impairment and other charges of \$67 million. 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 significant additional costs are expected to be incurred. For the three and six months ended June 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 June 30, 2020, 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 June 30, 2021 and 2020 are as follows:

|                                | U.S. |       | Non-U.S. |      |
|--------------------------------|------|-------|----------|------|
|                                | 2021 | 2020  | 2021     | 2020 |
| Service cost                   | \$ 3 | \$ 3  | \$ 3     | \$ 4 |
| Interest cost                  | 10   | 13    | 5        | 6    |
| Expected asset return          | (21) | (20)  | (11)     | (12) |
| Amortization of actuarial loss | 16   | 14    | 3        | 3    |
| Net periodic pension cost      | \$ 8 | \$ 10 | \$ —     | \$ 1 |

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

|                                | U.S.  |       | Non-U.S. |      |
|--------------------------------|-------|-------|----------|------|
|                                | 2021  | 2020  | 2021     | 2020 |
| Service cost                   | \$ 6  | \$ 6  | \$ 6     | \$ 7 |
| Interest cost                  | 20    | 25    | 10       | 13   |
| Expected asset return          | (42)  | (41)  | (23)     | (24) |
| Amortization of actuarial loss | 32    | 28    | 7        | 6    |
| Net periodic pension cost      | \$ 16 | \$ 18 | \$ —     | \$ 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.

In addition to the above, the Company settled a portion of its pension obligations in Canada and recorded pension settlement charges of \$8 million in both the three and six months ended June 30, 2020.

## **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, Germany, Indonesia, Italy, Mexico and Peru. The years under examination range from 2004 through 2019. 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 results of operations, financial position or cash flows.



## 9. Debt

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

|                                  | June 30,<br>2021 | December 31,<br>2020 | June 30,<br>2020 |
|----------------------------------|------------------|----------------------|------------------|
| <b>Secured Credit Agreement:</b> |                  |                      |                  |
| Revolving Credit Facility:       |                  |                      |                  |
| Revolving Loans                  | \$ 83            | \$ —                 | \$ 823           |
| Term Loans:                      |                  |                      |                  |
| Term Loan A                      | 1,068            | 1,067                | 1,477            |
| Other secured debt               |                  | 99                   | 225              |
| <b>Senior Notes:</b>             |                  |                      |                  |
| 5.00%, due 2022                  |                  |                      | 81               |
| 4.00%, due 2023                  | 308              | 307                  | 307              |
| 5.875%, due 2023                 | 693              | 692                  | 690              |
| 3.125%, due 2024 (€725 million)  | 878              | 914                  | 835              |
| 6.375%, due 2025                 | 297              | 296                  | 296              |
| 5.375%, due 2025                 | 298              | 298                  | 297              |
| 2.875%, due 2025 (€500 million)  | 589              | 607                  | 554              |
| 6.625%, due 2027                 | 692              | 692                  | 691              |
| Finance leases                   | 105              | 108                  | 88               |
| Other                            | 6                | 7                    | 12               |
| Total long-term debt             | 5,017            | 5,087                | 6,376            |
| Less amounts due within one year | 40               | 142                  | 273              |
| Long-term debt                   | <u>\$ 4,977</u>  | <u>\$ 4,945</u>      | <u>\$ 6,103</u>  |

The Company presents debt issuance costs in the 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 June 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 June 30, 2021, net of debt issuance costs). At June 30, 2021, the Company had unused credit of \$1,406 million available under the Agreement. The weighted average interest rate on borrowings outstanding under the Agreement at June 30, 2021 was 1.60%.

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 June 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 June 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 June 30, 2021 of the Company's significant fixed rate debt obligations are as follows:

|                                 | Principal<br>Amount | Indicated Market<br>Price Per \$ | Fair Value |
|---------------------------------|---------------------|----------------------------------|------------|
| <b>Senior Notes:</b>            |                     |                                  |            |
| 5.875%, due 2023                | \$ 700              | \$ 107.86                        | \$ 755     |
| 4.00%, due 2023                 | 310                 | 103.22                           | 320        |
| 3.125%, due 2024 (€725 million) | 863                 | 103.78                           | 896        |
| 6.375%, due 2025                | 300                 | 111.60                           | 335        |
| 5.375%, due 2025                | 300                 | 106.80                           | 320        |
| 2.875%, due 2025 (€500 million) | 595                 | 101.60                           | 605        |
| 6.625%, due 2027                | 700                 | 109.09                           | 764        |

## 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 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 June 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."

As noted above, the Company previously recognized a liability related to the Paddock support agreement, as described above, of \$471 million as required under applicable accounting standards. That liability was based on the following analysis. 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.

In the second quarter of 2021, the Company paid approximately \$2 million of the energy surcharges to certain providers and the Company was notified by certain providers that approximately \$5 million of the potential surcharges would not be assessed and therefore the related accruals were reversed to earnings. At June 30, 2021, the Company had approximately \$13 million accrued for this matter. The Company believes that it is reasonably possible that it could incur losses for this matter that materially differ from the \$13 million accrued as of June 30, 2021, including amounts in excess of the amount currently recognized. However, given the lack of information available from regulators, suppliers and state and federal authorities, the Company is unable to make an estimate of the possible loss or range of losses at this time.

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 June 30, 2021 and 2020 is as follows:

|                                                 | Share Owners' Equity of the Company |                                |                 |                          |                                      |                           | Total Share Owners' Equity |
|-------------------------------------------------|-------------------------------------|--------------------------------|-----------------|--------------------------|--------------------------------------|---------------------------|----------------------------|
|                                                 | Common Stock                        | Capital in Excess of Par Value | Treasury Stock  | Retained Earnings (Loss) | Accumulated Other Comprehensive Loss | Non-controlling Interests |                            |
| Balance on April 1, 2021                        | \$ 2                                | \$ 3,131                       | (712)           | \$ 55                    | \$ (2,320)                           | \$ 106                    | \$ 262                     |
| Issuance of common stock (0.05 million shares)  |                                     | 1                              |                 |                          |                                      |                           | 1                          |
| Reissuance of common stock (0.1 million shares) |                                     | (1)                            | 3               |                          |                                      |                           | 2                          |
| Shares repurchased (1.0 million shares)         |                                     | (20)                           |                 |                          |                                      |                           | (20)                       |
| Stock compensation (0.3 million shares)         |                                     | 4                              |                 |                          |                                      |                           | 4                          |
| Net earnings                                    |                                     |                                |                 | 118                      |                                      | 5                         | 123                        |
| Other comprehensive income (loss)               |                                     |                                |                 |                          | 140                                  | (8)                       | 132                        |
| Other                                           |                                     | (2)                            |                 |                          |                                      |                           | (2)                        |
| Balance on June 30, 2021                        | <u>\$ 2</u>                         | <u>\$ 3,113</u>                | <u>\$ (709)</u> | <u>\$ 173</u>            | <u>\$ (2,180)</u>                    | <u>\$ 103</u>             | <u>\$ 502</u>              |

|                                                    | Share Owners' Equity of the Company |                                      |                   |                                |                                               |                                  |                                  |
|----------------------------------------------------|-------------------------------------|--------------------------------------|-------------------|--------------------------------|-----------------------------------------------|----------------------------------|----------------------------------|
|                                                    | Common<br>Stock                     | Capital in<br>Excess of<br>Par Value | Treasury<br>Stock | Retained<br>Earnings<br>(Loss) | Accumulated<br>Other<br>Comprehensive<br>Loss | Non-<br>controlling<br>Interests | Total Share<br>Owners'<br>Equity |
| Balance on April 1, 2020                           | \$ 2                                | \$ 3,128                             | \$ (730)          | \$ (47)                        | \$ (2,370)                                    | \$ 93                            | \$ 76                            |
| Reissuance of common stock (0.3<br>million shares) |                                     | (4)                                  | 7                 |                                |                                               |                                  | 3                                |
| Stock compensation (0.1 million shares)            |                                     | 4                                    |                   |                                |                                               |                                  | 4                                |
| Net earnings (loss)                                |                                     |                                      |                   | (101)                          |                                               |                                  | (101)                            |
| Other comprehensive Income (loss)                  |                                     |                                      |                   |                                | 62                                            | (2)                              | 60                               |
| Balance on June 30, 2020                           | <u>\$ 2</u>                         | <u>\$ 3,128</u>                      | <u>\$ (723)</u>   | <u>\$ (148)</u>                | <u>\$ (2,308)</u>                             | <u>\$ 91</u>                     | <u>\$ 42</u>                     |



The activity in share owners' equity for the six months ended June 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 (Loss) | 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) |                                     | (3)                            | 7               |                          |                                      |                           | 4                          |
| Shares repurchased (1.0 million shares)         |                                     | (20)                           |                 |                          |                                      |                           | (20)                       |
| Stock compensation (0.6 million shares)         |                                     | 8                              |                 |                          |                                      |                           | 8                          |
| Net earnings                                    |                                     |                                |                 | 21                       |                                      | 12                        | 33                         |
| Other comprehensive income (loss)               |                                     |                                |                 |                          | 92                                   | (14)                      | 78                         |
| Other                                           |                                     | (2)                            | (2)             |                          |                                      | 1                         | (3)                        |
| Balance on June 30, 2021                        | <u>\$ 2</u>                         | <u>\$ 3,113</u>                | <u>\$ (709)</u> | <u>\$ 173</u>            | <u>\$ (2,180)</u>                    | <u>\$ 103</u>             | <u>\$ 502</u>              |

|                                                 | 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 (0.5 million shares) |                                     | (7)                            | 12              |                          |                                      |                           | 5                          |
| Stock compensation (0.8 million shares)         |                                     | 5                              |                 |                          |                                      |                           | 5                          |
| Net earnings (loss)                             |                                     |                                |                 | (51)                     |                                      | 5                         | (46)                       |
| Other comprehensive income (loss)               |                                     |                                |                 |                          | (465)                                | (11)                      | (476)                      |
| Dividends declared                              |                                     |                                |                 | (8)                      |                                      |                           | (8)                        |
| Other                                           |                                     |                                | (2)             |                          |                                      |                           | (2)                        |
| Balance on June 30, 2020                        | <u>\$ 2</u>                         | <u>\$ 3,128</u>                | <u>\$ (723)</u> | <u>\$ (148)</u>          | <u>\$ (2,308)</u>                    | <u>\$ 91</u>              | <u>\$ 42</u>               |

During the three months ended June 30, 2021, the Company purchased 1,047,316 shares of its common stock for approximately \$20 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 \$130 million remained available for purchases under this program as of June 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) |                   |               |
|-----------------------------------------------------------|-----------------------------------|-------------------|---------------|
|                                                           | June 30, 2021                     | December 31, 2020 | June 30, 2020 |
| Shares of common stock issued (including treasury shares) | 189,029                           | 189,305           | 189,294       |
| Treasury shares                                           | 31,745                            | 31,911            | 32,338        |

## 12. Accumulated Other Comprehensive Loss

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

|                                                                | Net Effect of<br>Exchange Rate<br>Fluctuations | Change in Certain<br>Derivative<br>Instruments | Employee<br>Benefit Plans | Total<br>Accumulated<br>Other<br>Comprehensive<br>Loss |
|----------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------|--------------------------------------------------------|
| Balance on April 1, 2021                                       | \$ (1,310)                                     | \$ (47)                                        | \$ (963)                  | \$ (2,320)                                             |
| Change before reclassifications                                | 123                                            | (17)                                           | (2)                       | 104                                                    |
| Amounts reclassified from accumulated other comprehensive loss |                                                | 16 (a)                                         | 19 (b)                    | 35                                                     |
| Translation effect                                             |                                                | 1                                              |                           | 1                                                      |
| Tax effect                                                     |                                                |                                                |                           | —                                                      |
| Other comprehensive income (loss) attributable to the Company  | 123                                            | —                                              | 17                        | 140                                                    |
| Balance on June 30, 2021                                       | <u>\$ (1,187)</u>                              | <u>\$ (47)</u>                                 | <u>\$ (946)</u>           | <u>\$ (2,180)</u>                                      |

|                                                                | Net Effect of<br>Exchange Rate<br>Fluctuations | Change in Certain<br>Derivative<br>Instruments | Employee<br>Benefit Plans | Total<br>Accumulated<br>Other<br>Comprehensive<br>Loss |
|----------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------|--------------------------------------------------------|
| Balance on April 1, 2020                                       | \$ (1,377)                                     | \$ (8)                                         | \$ (985)                  | \$ (2,370)                                             |
| Change before reclassifications                                | 56                                             | 35                                             | 7                         | 98                                                     |
| Amounts reclassified from accumulated other comprehensive loss |                                                | (50)(a)                                        | 17 (b)                    | (33)                                                   |
| Translation effect                                             |                                                | 1                                              | (3)                       | (2)                                                    |
| Tax effect                                                     |                                                | 1                                              | (2)                       | (1)                                                    |
| Other comprehensive income (loss) attributable to the Company  | 56                                             | (13)                                           | 19                        | 62                                                     |
| Balance on June 30, 2020                                       | <u>\$ (1,321)</u>                              | <u>\$ (21)</u>                                 | <u>\$ (966)</u>           | <u>\$ (2,308)</u>                                      |

- (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 six months ended June 30, 2021 and 2020 is as follows:

|                                                                         | Net Effect of<br>Exchange Rate<br>Fluctuations | Change in Certain<br>Derivative<br>Instruments | Employee<br>Benefit Plans | Total<br>Accumulated<br>Other<br>Comprehensive<br>Loss |
|-------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------|--------------------------------------------------------|
| Balance on January 1, 2021                                              | \$ (1,229)                                     | \$ (60)                                        | \$ (983)                  | \$ (2,272)                                             |
| Change before reclassifications                                         | 42                                             | 46                                             | (2)                       | 86                                                     |
| Amounts reclassified from accumulated other comprehensive income (loss) |                                                | (34)(a)                                        | 39 (b)                    | 5                                                      |
| Translation effect                                                      |                                                | 1                                              |                           | 1                                                      |
| Tax effect                                                              |                                                |                                                |                           | —                                                      |
| Other comprehensive income (loss) attributable to the Company           | 42                                             | 13                                             | 37                        | 92                                                     |
| Balance on June 30, 2021                                                | <u>\$ (1,187)</u>                              | <u>\$ (47)</u>                                 | <u>\$ (946)</u>           | <u>\$ (2,180)</u>                                      |

|                                                                         | Net Effect of<br>Exchange Rate<br>Fluctuations | Change in Certain<br>Derivative<br>Instruments | Employee<br>Benefit Plans | Total<br>Accumulated<br>Other<br>Comprehensive<br>Loss |
|-------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------|--------------------------------------------------------|
| Balance on January 1, 2020                                              | \$ (813)                                       | \$ (14)                                        | \$ (1,016)                | \$ (1,843)                                             |
| Change before reclassifications                                         | (508)                                          | (17)                                           | 5                         | (520)                                                  |
| Amounts reclassified from accumulated other comprehensive income (loss) |                                                | 11 (a)                                         | 34 (b)                    | 45                                                     |
| Translation effect                                                      |                                                |                                                | 13                        | 13                                                     |
| Tax effect                                                              |                                                | (1)                                            | (2)                       | (3)                                                    |
| Other comprehensive income (loss) attributable to the Company           | (508)                                          | (7)                                            | 50                        | (465)                                                  |
| Balance on June 30, 2020                                                | <u>\$ (1,321)</u>                              | <u>\$ (21)</u>                                 | <u>\$ (966)</u>           | <u>\$ (2,308)</u>                                      |

- (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 six months ended June 30, 2021 and 2020 included the following:

|                                                                     | Three months ended June 30, |                | Six months ended June 30, |                 |
|---------------------------------------------------------------------|-----------------------------|----------------|---------------------------|-----------------|
|                                                                     | 2021                        | 2020           | 2021                      | 2020            |
| Restructuring, asset impairment and other charges                   | \$ (9)                      | \$ (71)        | \$ (9)                    | \$ (71)         |
| Brazil indirect tax credit                                          | 69                          |                | 69                        |                 |
| Pension settlement charges                                          |                             | (8)            |                           | (8)             |
| Charge related to Paddock support agreement liability (see Note 10) |                             |                | (154)                     |                 |
| Charge for deconsolidation of Paddock (see Note 10)                 |                             |                |                           | (14)            |
| Intangible amortization expense                                     | (9)                         | (5)            | (17)                      | (15)            |
| Strategic transaction costs                                         |                             | (4)            |                           | (4)             |
| Foreign currency exchange loss                                      |                             | (1)            | (2)                       | (1)             |
| Royalty income                                                      | 6                           | 2              | 11                        | 6               |
| Other                                                               |                             |                | 1                         | 3               |
| Other income (expense), net                                         | <u>\$ 57</u>                | <u>\$ (87)</u> | <u>\$ (101)</u>           | <u>\$ (104)</u> |

### 14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

|                                                                                         | Three months ended June 30, |                 |
|-----------------------------------------------------------------------------------------|-----------------------------|-----------------|
|                                                                                         | 2021                        | 2020            |
| Numerator:                                                                              |                             |                 |
| Net earnings (loss) attributable to the Company                                         | <u>\$ 118</u>               | <u>\$ (101)</u> |
| Denominator (in thousands):                                                             |                             |                 |
| Denominator for basic earnings per share-weighted average shares outstanding            | 157,902                     | 156,790         |
| Effect of dilutive securities:                                                          |                             |                 |
| Stock options and other                                                                 | <u>2,889</u>                |                 |
| Denominator for diluted earnings per share-adjusted weighted average shares outstanding | <u>160,791</u>              | <u>156,790</u>  |
| Basic earnings (loss) per share:                                                        |                             |                 |
| Net earnings (loss) attributable to the Company                                         | \$ 0.75                     | \$ (0.64)       |
| Diluted earnings (loss) per share:                                                      |                             |                 |
| Net earnings (loss) attributable to the Company                                         | \$ 0.73                     | \$ (0.64)       |

The diluted earnings (loss) per share computation for the three months ended June 30, 2021 and 2020, respectively, excludes 772,521 and 3,751,691 weighted average shares of common stock 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. For the three months ended June 30, 2020, diluted earnings (loss) per share of common stock was equal to basic earnings per share of common stock due to the net loss attributable to the Company.

|                                                                                         | Six months ended June 30, |           |
|-----------------------------------------------------------------------------------------|---------------------------|-----------|
|                                                                                         | 2021                      | 2020      |
| Numerator:                                                                              |                           |           |
| Net earnings (loss) attributable to the Company                                         | \$ 21                     | \$ (51)   |
| Denominator (in thousands):                                                             |                           |           |
| Denominator for basic earnings per share-weighted average shares outstanding            | 157,737                   | 156,435   |
| Effect of dilutive securities:                                                          |                           |           |
| Stock options and other                                                                 | 2,722                     |           |
| Denominator for diluted earnings per share-adjusted weighted average shares outstanding | 160,459                   | 156,435   |
| Basic earnings (loss) per share:                                                        |                           |           |
| Net earnings (loss) attributable to the Company                                         | \$ 0.13                   | \$ (0.32) |
| Diluted earnings (loss) per share:                                                      |                           |           |
| Net earnings (loss) attributable to the Company                                         | \$ 0.13                   | \$ (0.32) |

The diluted earnings (loss) per share computation for the six months ended June 30, 2021 and 2020, respectively, excludes 1,331,298 and 3,142,704 weighted average shares of common stock 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. For the six months ended June 30, 2020, diluted earnings (loss) per share of common stock was equal to basic earnings per share of common stock due to the net loss attributable to the Company.

## 15. Supplemental Cash Flow Information

Income taxes paid in cash were as follows:

|                                 | Six months ended June 30, |        |
|---------------------------------|---------------------------|--------|
|                                 | 2021                      | 2020   |
| U.S.                            | \$ 4                      | \$ (1) |
| Non-U.S.                        | 38                        | 40     |
| Total income taxes paid in cash | \$ 42                     | \$ 39  |

Interest paid, including note repurchase premiums, in cash for the six months ended June 30, 2021 and 2020 was \$97 million and \$139 million, respectively. Cash interest for the six months ended June 30, 2020 included \$36 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 June 30, 2021, December 31, 2020 and June 30, 2020, the amount of receivables sold by the Company was \$440 million, \$436 million and \$437 million, respectively. These amounts included \$206 million, \$176 million and \$156 million at June 30, 2021, December 31, 2020, and June 30, 2020, respectively, for trade receivable amounts factored under supply chain financing programs linked to commercial arrangements with key customers. For the six months ended June 30, 2021 and 2020, the Company's use of its factoring programs resulted in an increase of \$4 million to cash from operating activities and a \$102 million decrease to cash from operating activities, 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 six 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 six-month periods ended June 30, 2021 or June 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.

## 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 six months ended June 30, 2021. The COVID-19 pandemic impacted the Company’s shipment and production levels in 2020 and, to a lesser extent, the first six 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 second 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 six months ended June 30, 2021 and 2020 regarding the Company’s reportable segments is as follows (dollars in millions):

|                           | Three months ended |                 | Six months ended |                 |
|---------------------------|--------------------|-----------------|------------------|-----------------|
|                           | June 30,           |                 | June 30,         |                 |
|                           | 2021               | 2020            | 2021             | 2020            |
| Net Sales:                |                    |                 |                  |                 |
| Americas                  | \$ 890             | \$ 724          | \$ 1,727         | \$ 1,555        |
| Europe                    | 745                | 555             | 1,384            | 1,132           |
| Asia Pacific              |                    | 106             |                  | 229             |
| Reportable segment totals | 1,635              | 1,385           | 3,111            | 2,916           |
| Other                     | 25                 | 33              | 50               | 63              |
| Net Sales                 | <u>\$ 1,660</u>    | <u>\$ 1,418</u> | <u>\$ 3,161</u>  | <u>\$ 2,979</u> |

|                                                        | Three months ended<br>June 30, |          | Six months ended<br>June 30, |         |
|--------------------------------------------------------|--------------------------------|----------|------------------------------|---------|
|                                                        | 2021                           | 2020     | 2021                         | 2020    |
| Segment operating profit:                              |                                |          |                              |         |
| Americas                                               | \$ 124                         | \$ 52    | \$ 224                       | \$ 155  |
| Europe                                                 | 108                            | 42       | 183                          | 103     |
| Asia Pacific                                           |                                | 5        |                              | 17      |
| Reportable segment totals                              | 232                            | 99       | 407                          | 275     |
| Items excluded from segment operating profit:          |                                |          |                              |         |
| Retained corporate costs and other                     | (42)                           | (37)     | (77)                         | (65)    |
| Brazil indirect tax credit                             | 69                             |          | 69                           |         |
| Restructuring, asset impairment and other charges      | (9)                            | (71)     | (9)                          | (71)    |
| Charge related to Paddock support agreement liability  |                                |          | (154)                        |         |
| Charge for deconsolidation of Paddock                  |                                |          |                              | (14)    |
| Pension settlement charges                             |                                | (8)      |                              | (8)     |
| Strategic transaction costs                            |                                | (4)      |                              | (4)     |
| Interest expense, net                                  | (52)                           | (98)     | (103)                        | (151)   |
| Earnings (loss) before income taxes                    | 198                            | (119)    | 133                          | (38)    |
| Benefit (provision) for income taxes                   | (75)                           | 18       | (100)                        | (8)     |
| Net earnings (loss)                                    | 123                            | (101)    | 33                           | (46)    |
| Net earnings attributable to non-controlling interests | (5)                            |          | (12)                         | (5)     |
| Net earnings (loss) attributable to the Company        | \$ 118                         | \$ (101) | \$ 21                        | \$ (51) |

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

### Executive Overview — Quarters ended June 30, 2021 and 2020

Net sales for the second quarter of 2021 were \$242 million higher, or approximately 17%, than the second quarter of the prior year, primarily due to stronger shipments than the prior year quarter which was more significantly impacted by COVID-19. Net sales in the second quarter of 2021 were positively impacted by the favorable effects of changes in foreign currency exchange rates and higher prices, but were lower 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.

Earnings before income taxes were \$198 million in the second quarter of 2021 compared to a loss before income taxes of \$119 million in the prior year quarter. This increase was primarily due to 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 quarter. Segment operating profit for reportable segments for the second quarter of 2021 was \$133 million higher than the second quarter of the prior year. The increase was largely due to higher sales and production levels, as well as strong operating performance and the benefit of margin expansion initiatives.

Net interest expense for the second quarter of 2021 decreased by \$46 million compared to the second quarter of 2020, primarily due to lower refinancing fees and charges and lower debt levels in 2021. Net interest expense in the second quarter of 2020 included \$38 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 second quarter of 2021, the Company recorded net earnings attributable to the Company of \$118 million, or \$0.73 per share (diluted), compared to a net loss attributable to the Company of \$101 million, or \$0.64 per share, in the second quarter of 2020. As discussed below, earnings (loss) in both periods included items that management considers not representative of ongoing operations. These items increased earnings attributable to the Company by \$32 million, or \$0.19 per share, in the second quarter of 2021 and decreased earnings attributable to the Company by \$102 million, or \$0.65 per share, in the second quarter of 2020.



## Results of Operations — Second Quarter of 2021 Compared with Second Quarter of 2020

### Net Sales

The Company's net sales in the second quarter of 2021 were \$1,660 million compared with \$1,418 million for the second quarter of 2020, an increase of \$242 million, or approximately 17%. Total glass container shipments, in tons, were up approximately 10% in the second quarter of 2021 compared to the prior year quarter, primarily due to stronger shipments than the prior year quarter which was more significantly impacted by COVID-19. Net sales were lower 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 net sales by approximately \$111 million in the second quarter of 2021. Excluding the divested businesses, glass container shipments increased approximately 18% and benefited net sales by approximately \$255 million in the second quarter of 2021 compared to the same period in 2020. Favorable foreign currency exchange rates increased net sales by \$79 million in the second quarter of 2021 compared to the prior year quarter, driven by the Euro strengthening against the U.S. dollar. Higher selling prices increased net sales by \$27 million in the quarter. Other net sales were approximately \$8 million lower in the second 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          |       | \$ 1,385        |
| Price                                        | \$ 27 |                 |
| Sales volume and mix                         | 255   |                 |
| Effects of changing foreign currency rates   | 79    |                 |
| Divestitures                                 | (111) |                 |
| Total effect on reportable segment net sales |       | 250             |
| Reportable segment net sales - 2021          |       | <u>\$ 1,635</u> |

Americas: Net sales in the Americas in the second quarter of 2021 were \$890 million compared to \$724 million for the second quarter of 2020, an increase of \$166 million, or approximately 23%. Total glass container shipments in the region were up approximately 16% in the second quarter of 2021 compared to the prior year quarter, primarily due to stronger shipments as the impacts from COVID-19 have significantly improved, partially offset by the divestiture of a plant in Argentina in January 2021. Excluding the divestiture, glass container shipments were up approximately 17% in the second quarter of 2021. Higher organic shipments increased net sales by approximately \$120 million, while the divestiture in Argentina reduced net sales by approximately \$5 million in the second quarter of 2021 compared to the same period in 2020. The favorable effects of foreign currency exchange rate changes increased net sales by \$28 million in the second quarter of 2021 compared to 2020 as the Brazilian real and the Mexican peso strengthened compared to the U.S. dollar. Higher selling prices in the region increased net sales by \$23 million in the second quarter of 2021.

Europe: Net sales in Europe in the second quarter of 2021 were \$745 million compared to \$555 million for the second quarter of 2020, an increase of \$190 million, or approximately 34%. Glass container shipments in the second quarter of 2021 were up 22% compared to the second quarter of 2020, resulting in \$135 million of higher net sales, primarily driven by higher shipments to alcoholic beverage and non-alcoholic beverage customers as the impacts from COVID-19 have significantly improved. Favorable foreign currency exchange rates increased the region's net sales by approximately \$51 million in the second quarter of 2021 as the Euro strengthened in relation to the U.S. dollar. Higher selling prices in Europe increased net sales by \$4 million in the second quarter of 2021.

Asia Pacific: Net sales in Asia Pacific in the second quarter of 2021 were \$0 compared to \$106 million for the second quarter of 2020, a decrease of \$106 million, due to the sale of the ANZ businesses in the third quarter of 2020.

### Earnings (Loss) before Income Taxes and Segment Operating Profit

Earnings before income taxes were \$198 million in the second quarter of 2021 compared to a loss before income taxes of \$119 million in the second quarter of 2020, an increase in earnings before income taxes of \$317 million. This

increase was largely due to 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 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 second quarter of 2021 was \$232 million, compared to \$99 million for the second quarter of 2020, an increase of \$133 million, or approximately 134%. This increase was largely due to higher sales and production levels, as well as 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              | \$ | 99         |
| Net price (net of cost inflation)                       | \$ | (6)        |
| Sales volume and mix                                    |    | 62         |
| Operating costs                                         |    | 78         |
| Effects of changing foreign currency rates              |    | 2          |
| Divestitures                                            |    | (3)        |
| Total net effect on reportable segment operating profit |    | 133        |
| Reportable segment operating profit - 2021              | \$ | <u>232</u> |

Americas: Segment operating profit in the Americas in the second quarter of 2021 was \$124 million compared to \$52 million in the second quarter of 2020, an increase of \$72 million, or 138%. The impact of higher organic sales discussed above increased segment operating profit by \$31 million. Lower net selling prices (net of cost inflation) resulted in a net \$2 million decrease to segment operating profit in the current year quarter.

Operating costs in the Americas in the second quarter of 2021 were \$43 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 effects of foreign currency exchange rates decreased segment operating profit by \$2 million in the current year quarter. The divestiture of the plant in Argentina improved segment operating profit by approximately \$2 million in the second quarter. Also, the region's closure of a plant in the second quarter of 2020 did not have a material impact on its profitability this quarter, 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 second quarter of 2021 was \$108 million compared to \$42 million in the second quarter of 2020, an increase of \$66 million, or 157%. The impact of higher shipments discussed above increased segment operating profit by \$31 million. The effects of foreign currency exchange rates increased segment operating profit by \$4 million in the current year quarter. Operating costs in the second 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 decreased segment operating profit by \$4 million in the current quarter compared to the prior year quarter.

Asia Pacific: Segment operating profit in Asia Pacific in the second quarter of 2021 was \$0 compared to \$5 million in the second quarter of 2020, a decrease of \$5 million, due to the sale of the ANZ businesses in the third quarter of 2020.

Interest Expense, Net

Net interest expense for the second quarter of 2021 was \$52 million compared to \$98 million for the second 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 second quarter of 2020 included \$38 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.

#### Benefit (Provision) for Income Taxes

The Company's effective tax rate from operations for the three months ended June 30, 2021 was 37.9% compared to 15.1% for the three months ended June 30, 2020. The effective tax rate for the second quarter of 2021 was higher than the second quarter of 2020 primarily due to certain charges recorded in the second quarter of 2020 whereby no tax benefit was recorded and the geographic mix of earnings.

#### Net Earnings (Loss) Attributable to the Company

For the second quarter of 2021, the Company recorded net earnings attributable to the Company of \$118 million, or \$0.73 per share (diluted), compared to a net loss attributable to the Company of \$101 million, or \$0.64 per share, in the second 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):

| Description                                                        | Net Earnings<br>Increase<br>(Decrease) |          |
|--------------------------------------------------------------------|----------------------------------------|----------|
|                                                                    | 2021                                   | 2020     |
| Restructuring, asset impairment and other charges                  | \$ (9)                                 | \$ (71)  |
| Pension settlement charges                                         |                                        | (8)      |
| Strategic transaction costs                                        |                                        | (4)      |
| Charges for note repurchase premiums and write-off of finance fees |                                        | (38)     |
| Brazil indirect tax credit                                         | 69                                     |          |
| Net (provision) benefit for income tax on items above              | (28)                                   | 19       |
| Total                                                              | \$ 32                                  | \$ (102) |

#### Executive Overview — Six months ended June 30, 2021 and 2020

Net sales for the first six months of 2021 were \$182 million, or approximately 6%, 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. Net sales were lower due to 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 positively impacted by the favorable effects of changes in foreign currency exchange rates and higher prices.

Earnings before income taxes were \$171 million higher in the first six months of 2021 compared to the same period in the prior year. This increase was primarily due to 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, partially offset by a higher Paddock-related charge in the current year period. Segment operating profit for reportable segments for the first six months of 2021 was \$132 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 half of 2021 decreased \$48 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 six months of 2021, the Company recorded net earnings attributable to the Company of \$21 million, or \$0.13 per share (diluted), compared to a net loss attributable to the Company of \$51 million, or \$0.32 per share, in the first six months of 2020. As discussed below, earnings (loss) in both periods included items that management considers not representative of ongoing operations. These items decreased earnings attributable to the Company by \$122 million, or \$0.76 per share, in the first six months of 2021 and decreased earnings attributable to the Company by \$116 million, or \$0.74 per share, in the first six months of 2020.

## Results of Operations — First six months of 2021 compared with first six months of 2020

### Net Sales

The Company's net sales in the first six months of 2021 were \$3,161 million compared with \$2,979 million for the first six months of 2020, an increase of \$182 million, or approximately 6%. Total glass container shipments, in tons, were up approximately 1% in the first half of 2021 compared to the prior year period, despite the impact of 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 \$238 million in the current period. Excluding the divested businesses, glass container shipments increased approximately 9%, or approximately \$265 million, in the first six 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 \$113 million in the first six 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 \$55 million in the first half of 2021. Other sales were approximately \$13 million lower in the first half 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          |       | \$ 2,916        |
| Price                                        | \$ 55 |                 |
| Sales volume and mix                         | 265   |                 |
| Effects of changing foreign currency rates   | 113   |                 |
| Divestitures                                 | (238) |                 |
| Total effect on reportable segment net sales |       | 195             |
| Reportable segment net sales - 2021          |       | <u>\$ 3,111</u> |

Americas: Net sales in the Americas in the first six months of 2021 were \$1,727 million compared to \$1,555 million for the first six months of 2020, an increase of \$172 million, or approximately 11%. Total glass container shipments in the region were up approximately 6% in the first half 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 reduced sales in the first six months of 2021. Excluding the divestiture, glass container shipments were up approximately 7% in the first half of 2021. Higher organic shipments increased net sales by approximately \$117 million in the first half of 2021, partially offset by the divestiture in Argentina which reduced net sales by approximately \$9 million. The favorable effects of foreign currency exchange rate changes increased net sales by \$15 million in the first six 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 \$49 million in the first half of 2021.

Europe: Net sales in Europe in the first six months of 2021 were \$1,384 million compared to \$1,132 million for the first half of 2020, an increase of \$252 million, or approximately 22%. Glass container shipments in the first six months of 2021 were up 12% compared to the first half of 2020, resulting in \$148 million of higher net sales. Favorable foreign currency exchange rates increased the region's net sales by approximately \$98 million in the first half of 2021 as the Euro strengthened in relation to the U.S. dollar. Higher selling prices in Europe increased net sales by \$6 million in the first six months of 2021.

Asia Pacific: Net sales in Asia Pacific in the first six months of 2021 were \$0 compared to \$229 million for the first six months of 2020, a decrease of \$229 million, due to the sale of the ANZ businesses in the third quarter of 2020.

*Earnings (Loss) before Income Taxes and Segment Operating Profit*

Earnings before income taxes were \$133 million in the first half of 2021 compared to a loss before income taxes of \$38 million in the first half of 2020, an increase in earnings before income taxes of \$171 million. This increase was primarily due to 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 same period in the prior year, partially offset by a higher Paddock-related charge in the current 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 half of 2021 was \$407 million, compared to \$275 million for the first half of 2020, an increase of \$132 million, or approximately 48%. This increase was primarily due to higher sales and production levels in the first six months of 2021.

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

|                                                         |         |               |
|---------------------------------------------------------|---------|---------------|
| Reportable segment operating profit - 2020              |         | \$ 275        |
| Net price (net of cost inflation)                       | \$ (26) |               |
| Sales volume and mix                                    | 64      |               |
| Operating costs                                         | 97      |               |
| Effects of changing foreign currency rates              | 12      |               |
| Divestitures                                            | (15)    |               |
| Total net effect on reportable segment operating profit |         | <u>132</u>    |
| Reportable segment operating profit - 2021              |         | <u>\$ 407</u> |

Americas: Segment operating profit in the Americas in the first six months of 2021 was \$224 million compared to \$155 million in the same period of 2020, an increase of \$69 million, or 45%. The impact of higher organic sales discussed above increased segment operating profit by \$30 million. Cost inflation exceeded selling prices resulting in a net \$19 million decrease to segment operating profit in the current year period.

Operating costs in the first half of 2021 were \$54 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 six months in the Americas was negatively impacted by approximately \$43 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 \$2 million in the first six 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 half of 2021 was \$183 million compared to \$103 million in the same period of 2020, an increase of \$80 million, or 78%. The impact of higher shipments discussed above increased segment operating profit by \$34 million. The effects of foreign currency exchange rates increased segment operating profit by \$10 million in the current year period. Higher production volumes and benefits from margin expansion initiatives and cost control measures reduced the region's operating costs and increased segment operating profit by approximately \$43 million in the first half of 2021 compared to the same period in the prior year. Lower net selling prices (net of cost inflation) decreased segment operating profit by \$7 million in the current period compared to the prior year period.

Asia Pacific: Segment operating profit in Asia Pacific in the first six month of 2021 was \$0 compared to \$17 million in the first half of 2020, a decrease of \$17 million, due to the sale of the ANZ businesses in the third quarter of 2020.

#### Interest Expense, Net

Net interest expense for the first six months of 2021 was \$103 million compared to \$151 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 six months of 2020 included \$38 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 six months ended June 30, 2021 was 75.2% compared to (21.1%) for the six months ended June 30, 2020. The effective tax rate for the first six months of 2021 differed from the first six 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, as well as to a change in geographic earnings.

#### Net Earnings (Loss) Attributable to the Company

For the first six months of 2021, the Company recorded net earnings attributable to the Company of \$21 million, or \$0.13 per share (diluted), compared to a net loss attributable to the Company of \$51 million, or \$0.32 per share, in the first six months of 2020. Earnings in the first six 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<br>Increase<br>(Decrease) |                 |
|--------------------------------------------------------------------|----------------------------------------|-----------------|
|                                                                    | 2021                                   | 2020            |
| Restructuring, asset impairment and other charges                  | \$ (9)                                 | \$ (71)         |
| Charge related to Paddock support agreement liability              | (154)                                  |                 |
| Charge for deconsolidation of Paddock                              |                                        | (14)            |
| Pension settlement charges                                         |                                        | (8)             |
| Strategic transaction costs                                        |                                        | (4)             |
| Charges for note repurchase premiums and write-off of finance fees |                                        | (38)            |
| Brazil indirect tax credit                                         | 69                                     |                 |
| Net (provision) benefit for income tax on items above              | (28)                                   | 19              |
| Total                                                              | <u>\$ (122)</u>                        | <u>\$ (116)</u> |

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

- The Company expects full year 2021 sales shipment growth to be 4 to 5% (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. These incremental savings should more than offset the headwind from the temporary cost reduction efforts that were put in place in 2020 to mitigate the impact of the COVID-19 pandemic and that will not repeat in 2021.
- The Company will continue to focus on long-term value creation, including advancing the MAGMA deployment. Also, the Company has completed more than 80% of its divestiture program with proceeds used to reduce debt and improve financial flexibility. Finally, 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 operating activities is expected to approximate \$660 million or higher 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 be approximately \$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 six-month periods ended June 30, 2021 or June 30, 2020.

Retained corporate costs and other for the second quarter of 2021 were \$42 million compared to \$37 million in the second quarter of 2020 and were \$77 million for the first six months of 2021 compared to \$65 million for the first six months of 2020. These costs were higher in the 2021 periods primarily due to additional research and development expenses related to MAGMA, higher marketing expense for the Company's glass advocacy campaign and higher management incentive expense.

#### 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 six months ended June 30, 2021, the Company recorded charges totaling \$9 million for restructuring, asset impairment and other charges consisting of employee costs, such as severance, benefit-related costs and other exit costs 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 six months ended June 30, 2020, the Company recorded charges totaling \$71 million for restructuring, asset impairment and other charges. These charges reflect \$23 million of employee costs, such as severance, benefit-related costs and other exit costs primarily related to a reduction in force program for certain salaried employees and a plant closure in the Americas. These charges also reflect approximately \$48 million of other charges, primarily relating to asset impairment charges related to these restructuring actions. 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 the three and six months ended June 30, 2020, the Company settled a portion of its pension obligations in Canada and recorded approximately \$8 million of pension settlement charges.

#### Strategic Transaction Costs

For the three and six months ended June 30, 2020, the Company recorded charges totaling \$4 million 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.

For each of the three- and six-month periods ended June 30, 2021 and June 30, 2020, the Company did not incur any significant losses from discontinued operations.

### **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 June 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 June 30, 2021, net of debt issuance costs). At June 30, 2021, the Company had unused credit of \$1,406 million available under the Agreement. The weighted average interest rate on borrowings outstanding under the Agreement at June 30, 2021 was 1.60%.

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 June 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 June 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.

Operating activities: Cash provided by operating activities was \$143 million for the six months ended June 30, 2021, compared to \$134 million utilized in operating activities for the six months ended June 30, 2020. The increase in cash provided by operating activities in the first half of 2021 was primarily due to higher net earnings and a lower use of cash from working capital than in the same period in 2020. In the first half 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.

Working capital was a use of cash of \$229 million in the first six months of 2021, compared to a use of cash of \$415 million in the same period in 2020. The use of cash from working capital was lower in the first half of 2021, primarily due to lower inventories and higher accounts payable, partially offset by higher accounts receivable as sales levels improved in 2021 as COVID-19 restrictions abated. For the six months ended June 30, 2021 and 2020, the Company's use of its accounts receivable factoring programs resulted in an increase of \$4 million to cash from operating activities and a \$102 million decrease to cash from operating activities, respectively. Excluding the impact of accounts receivable factoring, the Company's days sales outstanding as of June 30, 2021 were comparable to June 30, 2020.

Investing activities: Cash utilized in investing activities was \$109 million for the six months ended June 30, 2021, compared to \$233 million utilized for the six months ended June 30, 2020. Capital spending for property, plant and equipment was \$175 million during the first six months of 2021, compared to \$189 million in the same period in 2020. The Company estimates that its full year 2021 capital expenditures should be approximately \$400 million.

On July 31, 2020, the Company completed the sale of its ANZ businesses to Visy. Approximately 95% of proceeds were received at time of closing, and the remaining balance of \$58 million was received by the Company in the first quarter of 2021. The Company also 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.

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 \$68 million for the six months ended June 30, 2021, compared to \$904 million of cash provided by financing activities for the six months ended June 30, 2020. The decrease in cash provided by financing activities was primarily due to lower net borrowings in the first half of 2021. In March 2020, the Company borrowed approximately \$600 million on its \$1.5 billion revolving credit facility to bolster cash-on-hand as a proactive measure to ensure financial flexibility at the onset of the COVID-19 pandemic. The Company did not borrow at the same level in the first half of 2021. The Company paid \$45 million for finance fees related to financing activities in the first six months of 2020, whereas no fees were paid in the same period in 2021. Also, the Company paid approximately \$10 million and received approximately \$42 million related to hedging activity in the first six months of 2021 and 2020, respectively.

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 first six months ended June 30, 2021, the Company repurchased \$20 million of shares of the Company's common stock under this program. No share repurchases were made during the six months ended June 30, 2020. The Company paid \$8 million in dividends in the first half of 2020 and did not pay any dividends in the first half 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 June 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 the Company'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 June 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 June 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 June 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. ODEQ has assessed a penalty to OBGC of approximately \$1.0 million and is requiring that OBGC undertake corrective actions to address the alleged violations. OBGC has appealed the Notice but can make no assurances as to the outcome of this appeal.

Except as discussed above, no such environmental proceedings were pending or contemplated as of June 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 June 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 recently 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 June 30, 2021, the Company purchased 1,047,316 shares of its common stock for approximately \$20 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 \$130 million remained available for purchases under this program as of June 30, 2021. The following table provides information about the Company’s purchases of its common stock during the three months ended June 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) |
|--------------------------|-------------------------------------------------|------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| April 1 - April 30, 2021 |                                                 |                              |                                                                                    | 150                                                                                       |
| May 1 - May 31, 2021     |                                                 |                              |                                                                                    | 150                                                                                       |
| June 1 - June 30, 2021   | 1,047                                           | \$ 19.08                     | 1,047                                                                              | 130                                                                                       |

**Item 6. Exhibits.**

|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit 10.1  | <a href="#"><u>Form of Employee Restricted Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan.</u></a>                                                                                                                                                                                                                                                                                                         |
| Exhibit 10.2  | <a href="#"><u>Form of Employee Performance Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan.</u></a>                                                                                                                                                                                                                                                                                                        |
| Exhibit 10.3  | <a href="#"><u>Form of Director Restricted Stock Unit Agreement for use under the O-I Glass, Inc. Second Amended and Restated 2017 Incentive Award Plan.</u></a>                                                                                                                                                                                                                                                                                                         |
| Exhibit 31.1  | <a href="#"><u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                           |
| Exhibit 31.2  | <a href="#"><u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                                                                                                                                                                                                                                                                           |
| Exhibit 32.1* | <a href="#"><u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.</u></a>                                                                                                                                                                                                                                                                                                                                                                  |
| Exhibit 32.2* | <a href="#"><u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.</u></a>                                                                                                                                                                                                                                                                                                                                                                  |
| Exhibit 101   | Financial statements from the Quarterly Report on Form 10-Q of O-I Glass, Inc. for the quarter ended June 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 August 4, 2021

By /s/ John A. Haudrich

John A. Haudrich

Senior Vice President and Chief Financial Officer

**O-I GLASS, INC.  
SECOND AMENDED AND RESTATED  
2017 INCENTIVE AWARD PLAN**

**RESTRICTED STOCK UNIT AGREEMENT**

THIS RESTRICTED STOCK UNIT AGREEMENT (“Agreement”), dated as of [  ] (the “Grant 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 Second Amended and Restated 2017 Incentive Award Plan (as amended from time to time, 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 Restricted Stock Units (“RSUs”), subject to certain vesting conditions thereon and to other conditions stated herein; and

WHEREAS, the Compensation and Talent Development Committee of the Board of Directors of the Company (the “Committee”) has determined it would be to the advantage and best interest of the Company and its stockholders to issue the RSUs provided for herein to the Participant in consideration of services rendered, or to be rendered, to the Company, a Parent Corporation or a Subsidiary.

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 the Participant’s 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 Company’s 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.

**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 the Participant's base compensation;
- (ii) a material diminution in the Participant's 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 - Retirement**

“Retirement” shall mean, solely for purposes of this Agreement and only if the Participant is an Employee, the “separation from service” (within the meaning of Section 409A of the Code) of the Participant 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.

**ARTICLE II.**

**ISSUANCE OF RSUs**

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, on the Grant Date, the Company awards to the Participant the number of RSUs specified for this grant in the Solium Shareworks Account accessible by the Participant. Each RSU is granted in tandem with a Dividend Equivalent, as further described in Section 3.5 below.

## ARTICLE III.

### VESTING; PAYMENT

#### **Section 3.1 - Vesting of RSUs**

Except as otherwise provided in Section 3.2 below, one-third (1/3) of the total number of RSUs granted hereby shall vest on each of the first three anniversaries of the Grant Date (each such anniversary, a “Vesting Date”); *provided, however*, that notwithstanding the foregoing, the RSU shall vest in full (to the extent then-unvested) on the earliest to occur of (i) the date the Participant dies, *provided*, that the Participant has not experienced a Termination of Service prior to such date, (ii) if the Participant is an Employee, the date of such Participant’s Termination of Service due to Retirement, provided that the Participant has held the RSU for at least one (1) year from the Grant Date as of the date of Retirement, or (iii) the date of the Participant’s Termination of Service due to Disability.

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

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

(a) If the RSUs are not continued, assumed or new restricted stock units or other rights substituted therefor by a successor, or any parent or subsidiary thereof, under Section 13.2(b)(ii) of the Plan, then immediately prior to the Change in Control the RSUs shall become fully vested subject to and effective on the Change in Control; or

(b) If the RSUs are continued, assumed or new restricted stock units or other rights are substituted therefor by a successor, or any parent or subsidiary thereof, under Section 13.2(b)(ii) of the Plan, then the RSUs (as so continued or assumed) or such new restricted stock units or other rights, as applicable, shall become fully vested upon the Participant’s Termination of Service without Cause or by the Participant for Good Reason, in either case, prior to the second (2<sup>nd</sup>) anniversary of the Change in Control.

#### **Section 3.3 - Termination of RSUs**

Upon the Participant’s Termination of Service for any reason, all then-unvested RSUs issued to the Participant pursuant to this Agreement (after taking into account any vesting that may occur in connection with such Termination of Service, if any) shall immediately terminate and be cancelled and forfeited.

#### **Section 3.4 - Payment of RSUs**

RSUs shall become payable, to the extent vested as follows:

1/3 of the RSUs on the first anniversary of the Grant Date;

1/3 of the RSUs on the second anniversary of the Grant Date; and

1/3 of the RSUs on the third anniversary of the Grant Date.

#### **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 RSUs subject to this Agreement, and (b) the dividends declared on a single share of Common Stock will be credited. To the extent the Participant becomes vested in any RSUs issued pursuant to this

Agreement, the Dividend Equivalents corresponding to such RSUs 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 RSUs. The Participant shall not be entitled to payment of any Dividend Equivalents relating to dividends for which the applicable ex-dividend date occurs on or after the earlier to occur of the payment or forfeiture of the RSU underlying such Dividend Equivalent.

#### **ARTICLE IV.**

##### **NON-COMPETITION/NON-SOLICITATION**

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

The Participant covenants and agrees that prior to the Participant's Termination of Service and for a period of three (3) years following the Participant's Termination of Service for any reason, including, without limitation, a termination for Cause or without Cause or due to the Participant's Retirement, the 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**

The Participant agrees that prior to the Participant's Termination of Service and for three (3) years following the Participant's Termination of Service for any reason, including, without limitation, a termination for Cause or without Cause or due to the Participant's Retirement, the 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**

The Participant agrees that it is impossible to measure in money the damages that will accrue to the Company in the event that the Participant breaches any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof. Accordingly, in the event that the Participant breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining the Participant from further violating such restrictive covenant. If the Company shall institute any action or proceeding to enforce any such restrictive covenant, the 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 the Participant to account for and pay over to the Company, and the Participant hereby agrees to account for and pay over, any compensation, profits, monies, accruals or other benefits derived or received by the 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 - RSUs and Dividend Equivalents Not Transferable**

Neither the RSUs 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 or her 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 such 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 Company 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 Company 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 RSU and/or Dividend Equivalent; and
- (e) The lapse of such reasonable period of time as the Administrator 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 be given electronically (or by facsimile), and 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 RSUs granted hereby, be entitled to vote in any Company election, receive any dividend in respect of Shares subject to the RSUs (except as provided under Section 3.5 above) or exercise any other rights of a stockholder of the Company. The RSUs shall not confer upon the Participant any rights of a stockholder of the Company unless and until the RSUs have vested and certificates representing the Shares subject to the RSUs 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 RSUs and Dividend Equivalents 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 RSUs and Dividend Equivalents granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

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

(a) This Agreement shall be interpreted in accordance with the requirements of Section 409A of the Code and the Treasury Regulations relating thereto (together, "Section 409A"). Notwithstanding any provision of this Agreement, the Company may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, provided, however, that this Section 5.8 shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. To the extent that any payment window spans two calendar years, the Participant shall have no discretion over or ability to control the actual year in which payment is made.

(b) Notwithstanding anything to the contrary in this Agreement, no amounts shall be paid to the Participant under this Agreement during the six (6)-month period following the Participant's "separation from service" to the extent that the Administrator determines that the Participant is a "specified employee" (each within the meaning of Section 409A) at the time of such separation from service and that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(b)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes), the Company shall pay to the Participant in a lump-sum all amounts that would have otherwise been payable to the Participant during such six (6)-month period under this Agreement.

(c) Dividend Equivalents and any amounts that may become distributable in respect thereof shall be treated separately from the RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

### **Section 5.9 - Amendment**

This Agreement may be amended without the consent of the Participant, except that no amendment of this Agreement shall, without the written consent of the Participant, impair any rights of the Participant under this Agreement.

### **Section 5.10 - Tax Withholding**

(a) Subject to Section 5.10(b) below, 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 all withholding taxes owed in connection with the RSUs and Dividend Equivalents by one of the following methods:

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

(ii) Subject to the Administrator'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 on the date such withholding obligation arises) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for foreign, federal, state and/or local tax purposes;

(iii) With respect to any withholding tax obligations for RSUs 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 RSUs, 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 Administrator, but in any event not later than the settlement of such sale; or

(iv) Subject to the Administrator's consent, a combination of payments provided for in the foregoing subsections (i), (iii) and (iii) (and/or in Section 5.10(b) below).

(b) Notwithstanding Section 5.10(a), unless the Administrator otherwise determines, the Company shall withhold, or cause to be withheld, a portion of the Shares (or cash, as applicable) deliverable with respect to vested RSUs and Dividend Equivalents that become payable with an aggregate Fair Market Value (determined on the date such withholding obligation arises) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for foreign, federal, state and/or local tax purposes, in accordance with Section 11.2 of the Plan.

(c) 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 has consented to payment of tax withholding obligations under Sections 5.10(a) and (c) and Section 5.10(b), as the Participant may elect during such time periods as the Company may permit in compliance with all applicable legal requirements.

(d) Notwithstanding anything herein to the contrary, the number of Shares which may be withheld with respect to the payment of any RSUs and/or Dividend Equivalents in order to satisfy the Company's foreign, federal, state and/or local tax withholding obligations with respect to the payment of the RSUs and/or Dividend Equivalents shall be no greater than the number of Shares which have a Fair Market Value on the date on which the withholding obligation arises 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 RSUs 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.

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

O-I GLASS, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**O-I GLASS, INC.**  
**SECOND AMENDED AND RESTATED**  
**2017 INCENTIVE AWARD PLAN**

**PERFORMANCE STOCK UNIT AGREEMENT**

THIS PERFORMANCE STOCK UNIT AGREEMENT (“Agreement”), dated as of [  ] (the “Grant 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 Second Amended and Restated 2017 Incentive Award Plan (as amended from time to time, 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, the Compensation and Talent Development Committee of the Board of Directors of the Company (the “Committee”) has determined it would be to the advantage and best interest of the Company and its stockholders to issue the PSUs provided for herein to the Participant in consideration of services rendered, or to be rendered, to the Company, a Parent Corporation or a Subsidiary.

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 the Participant’s 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 Company’s 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.

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### **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 the Participant’s base compensation;
- (ii) a material diminution in the Participant’s 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” shall mean, solely for purposes of this Agreement and only if the Participant is an Employee, the “separation from service” (within the meaning of Section 409A of the Code) of a Participant 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.

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## 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, on the Grant Date the Company awards to the Participant the number of PSUs specified for this grant in the Solium Shareworks Account accessible by the Participant. Each PSU is granted in tandem with a Dividend Equivalent, as further described in Section 3.5 below.

## ARTICLE III.

### VESTING; PAYMENT

#### Section 3.1 - Vesting of PSUs

(a) Except as otherwise provided in 3.2 below, the PSUs shall vest in their entirety on [  ]; *provided, however,* that notwithstanding the foregoing, the PSUs shall vest in full on the earliest to occur of (i) the date the Participant dies, *provided,* that the Participant has not experienced a Termination of Service prior to such date, (ii) if the Participant is an Employee, the date of such Participant's Termination of Service due to Retirement, provided that the Participant has held the PSUs for at least one (1) year from the Grant Date as of the date of Retirement, or (iii) the date of the Participant's Termination of Service due to Disability.

(b) If the Participant experiences a Termination of Service resulting from the Company's discharge of the Participant without Cause, the Participant shall immediately vest in that number of PSUs, equal to the number of PSUs in which the Participant would have vested on [  ], but for such Termination of Service, multiplied by a fraction, the numerator of which is the number of days from the Grant Date to the date of the Participant's Termination of Service and the denominator of which is the number of days from the Grant Date to [  ].

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

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

(a) If the PSUs are not continued, assumed or new restricted stock units (performance-based or otherwise) or other rights substituted therefor by a successor, or any parent or subsidiary thereof, 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) If the PSUs are continued, assumed or new restricted stock units (performance-based or otherwise) are substituted therefor by a successor, or any parent or subsidiary thereof, under Section 13.2(b)(ii) of the Plan, then the PSUs (as so continued or assumed) or such new restricted stock units or other rights, as applicable, shall become fully vested upon the Participant's Termination of Service without Cause or by the Participant for Good Reason, in either case, prior to the second (2<sup>nd</sup>) anniversary of the Change in Control.

#### Section 3.3 - Termination of PSUs

Upon the Participant's Termination of Service for any reason, all then-unvested PSUs issued to the Participant pursuant to this Agreement (after taking into account any vesting that may occur in connection with such Termination of Service, if any) shall immediately terminate and be cancelled and forfeited.

#### Section 3.4 - Payment of PSUs

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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*, that (i) if the Participant has not satisfied the requirements for Retirement or has not died or incurred a Disability, such payment shall be made by March 15<sup>th</sup> of the calendar year immediately following the last fiscal year of the Performance Period, and (ii) if the Participant experiences 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 [ ]. Each vested PSU shall entitle the Participant to receive a number of Shares, if any, determined by the addition of: (a) the Company's cumulative EPS (as defined below) performance at a weight of [ ]% and (b) the Company's average Return on Invested Capital (as defined below) performance at a weight of [ ]%, with the total of that summation multiplied by (c) the r-TSR Multiplier (as defined below).

- **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 cumulative EPS level for the Performance Period shall equal [ ]% of the sum of the target EPS levels for each fiscal year during the Performance Period, the Company's target cumulative EPS level for the Performance Period shall equal the sum of the target EPS levels for each fiscal year during the Performance Period and the Company's maximum cumulative EPS level for the Performance Period shall equal [ ]% of the sum of the target EPS levels for each fiscal year during the Performance Period. 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 costs. The cumulative EPS shall be the sum of the EPS for each fiscal year ending during the Performance Period. Results between the minimum and target cumulative EPS, and results between the target and maximum cumulative EPS, shall be 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 [ ]. For purposes of determining the Return on Invested Capital payout, the Return on Invested Capital performance for each of the three fiscal years of the Performance Period will be averaged and the Return on Invested Capital target level for each of the three fiscal years of the Performance Period will be averaged (the "Average Target Level"). The Company's minimum Return on Invested Capital level for the Performance Period shall equal [ ]% of the Average Target Level and the Company's maximum Return on Invested Capital level for the Performance Period shall equal [ ]% of Average Target Level. Results between the minimum and target average Return on Invested Capital, and results between the target and maximum average Return on Invested Capital, shall be interpolated per the attached charts, as determined by the Committee.
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- **r-TSR.** For purposes of this Agreement, “**r-TSR Multiplier**” shall mean: (a) if the Company’s r-TSR (as defined below) for the Performance Period is less than or equal to the [ ]<sup>th</sup> percentile, [ ]; or (b) if the Company’s r-TSR for the Performance Period is equal to or above the [ ]<sup>th</sup> percentile, [ ]. Results above the [ ]<sup>th</sup> percentile, but less than the [ ]<sup>th</sup> percentile performance shall be 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, the beginning stock price for the Company and each member of the Peer Group will be based on the closing price on the last trading day to occur 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 for the Company and each member of the Peer Group will be based on the closing price on the last trading 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 Committee may, in its discretion, adjust r-TSR to reflect acquisitions or dispositions of Peer Group members, stock splits applicable to the Company and/or members of the Peer Group and the bankruptcy or delisting of a member of the Peer Group.

If the Company’s performance falls below either minimum cumulative EPS amount or minimum average Return on Invested Capital amount, the weighting of such EPS or Return on Invested Capital component shall equal 0%, but shall not affect any other measure of performance. If the Company fails to meet or exceed both the minimum cumulative EPS amount and minimum average Return on Invested Capital amount during the Performance Period, no PSUs will become payable hereunder. Conversely, to the extent the Company’s performance exceeds either or both the maximum cumulative EPS amount and the maximum average Return on Invested Capital amount 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. 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 dividends declared on a single share of Common Stock will be credited. To the extent the Participant becomes vested in any PSUs issued pursuant to this Agreement, the Dividend Equivalents corresponding to such PSUs 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 Participant shall not be entitled to payment of any Dividend Equivalents relating to dividends for which the applicable ex-dividend date occurs on or after the earlier to occur of the payment or forfeiture of the PSU underlying such Dividend Equivalent.

## **ARTICLE IV.**

### **NON-COMPETITION/NON-SOLICITATION**

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

The Participant covenants and agrees that prior to the Participant’s Termination of Service and for a period of three (3) years following the Participant’s Termination of Service for any reason, including, without limitation, a termination for Cause or without Cause or due to the Participant’s Retirement, the Participant shall not, in any country in which the Company, any Parent Corporation or any Subsidiary manufactures or sells its products,

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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**

The Participant agrees that prior to the Participant's Termination of Service and for three (3) years following the Participant's Termination of Service for any reason, including, without limitation, a termination for Cause or without Cause or due to the Participant's Retirement, the 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**

The Participant agrees that it is impossible to measure in money the damages that will accrue to the Company in the event that the Participant breaches any of the restrictive covenants provided in Sections 4.1 or 4.2 hereof. Accordingly, in the event that the Participant breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining the Participant from further violating such restrictive covenant. If the Company shall institute any action or proceeding to enforce any such restrictive covenant, the 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 the Participant to account for and pay over to the Company, and the Participant hereby agrees to account for and pay over, any compensation, profits, monies, accruals or other benefits derived or received by the 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 and Dividend Equivalents 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 or her 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 such 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:

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(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 Company 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 Company 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 Administrator 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 be given electronically (or by facsimile), and 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 granted hereby, 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 and Dividend Equivalents 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 and Dividend Equivalents granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

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

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(a) This Agreement shall be interpreted in accordance with the requirements of Section 409A of the Code and the Treasury Regulations relating thereto (together, "Section 409A"). Notwithstanding any provision of this Agreement, the Company may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, provided, however, that this Section 5.8 shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. To the extent that any payment window spans two calendar years, the Participant shall have no discretion over or ability to control the actual year in which payment is made.

(b) Notwithstanding anything to the contrary in this Agreement, no amounts shall be paid to the Participant under this Agreement during the six (6)-month period following the Participant's "separation from service" to the extent that the Administrator determines that the Participant is a "specified employee" (each within the meaning of Section 409A) at the time of such separation from service and that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(b)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes), the Company shall pay to the Participant in a lump-sum all amounts that would have otherwise been payable to the Participant during such six (6)-month period under this Agreement.

(c) Dividend Equivalents and any amounts that may become distributable in respect thereof shall be treated separately from the PSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A

### **Section 5.9 - Amendment**

This Agreement may be amended without the consent of the Participant, except that no amendment of this Agreement shall, without the written consent of the Participant, impair any rights of the Participant under this Agreement.

### **Section 5.10 - Tax Withholding**

Subject to Section 5.10(b) below, 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 all withholding taxes owed in connection with the PSUs and Dividend Equivalents by one of the following methods:

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

(ii) Subject to the Administrator'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 on the date such withholding obligation arises) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for foreign, federal, state and/or local tax purposes;

(iii) 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

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is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(iv) Subject to the Administrator's consent, a combination of payments provided for in the foregoing subsections (i), (iii) and (iii) (and/or in Section 5.10(b) below).

Notwithstanding Section 5.10(a), unless the Administrator otherwise determines, the Company shall withhold, or cause to be withheld, a portion of the Shares (or cash, as applicable) deliverable with respect to vested PSUs and Dividend Equivalents that become payable with an aggregate Fair Market Value (determined on the date such withholding obligation arises) equal to the amount that must be withheld by the Company, a Parent Corporation or a Subsidiary for foreign, federal, state and/or local tax purposes, in accordance with Section 11.2 of the Plan.

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 has consented to payment of tax withholding obligations under subsection Sections 5.10(a) and (c) and Section 5.10(b), 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 foreign, 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 on which the withholding obligation arises 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.

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

O-I GLASS, INC.

By:  
Its:

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**O-I GLASS, INC.**  
**SECOND AMENDED AND RESTATED**  
**2017 INCENTIVE AWARD PLAN**

**DIRECTOR RESTRICTED STOCK UNIT AGREEMENT**

THIS RESTRICTED STOCK UNIT AGREEMENT (“AGREEMENT”) is made by and between O-I Glass, Inc., a Delaware corporation (the “Company”) and the member of the Board of Directors of the Company whose account for which this grant is being accepted (the “Director”), effective as of [  ] (the “Grant Date”).

WHEREAS, the Company has established the Second Amended and Restated 2017 Incentive Award Plan (as amended from time to time, 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 Restricted Stock Units (“RSUs”), subject to certain vesting conditions thereon and to other conditions stated herein; and

WHEREAS, the Board of Directors of the Company (the “Board”), after consultation with the Compensation and Talent Development Committee of the Board, has determined that it would be to the advantage and best interest of the Company and its stockholders to issue the RSUs provided for herein to the Director in consideration of services rendered, or to be rendered, to the Company.

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 the Director’s 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 Company’s 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. Disability**

“Disability” means the total disability of the Director, as determined in the sole discretion of the Administrator.

**Section 1.3. 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 1.4. Retirement**

“Retirement” shall mean the retirement and “separation from service” (within the meaning of Section 409A) of the Director from the Company, a Parent Corporation or a Subsidiary after reaching the Company’s normal retirement age or the early retirement of the Director from the Company, a Parent Corporation or a Subsidiary after reaching the age of 60.

**Section 1.5. Rule 16b-3**

“Rule 16b-3” shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

**Section 1.6. Secretary**

“Secretary” shall mean the Secretary of the Company.

**ARTICLE II.**

**ISSUANCE OF RSUs**

**Section 2.1. Issuance of RSUs**

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 Board has determined to be equal to the par value of its Common Stock, on the Grant Date, the Company awards to the Director the number of RSUs specified for this grant in the Director’s Solium Shareworks Account, upon the terms and conditions set forth in this Agreement. Each RSU is granted in tandem with a Dividend Equivalent, as further described in Section 3.5 below.

**Section 2.2. No Right to Continued Service**

Nothing in this Agreement or in the Plan shall confer upon the Director any right to continue serving as a member of the Board.

**ARTICLE III.**

**VESTING; PAYMENT**

**Section 3.1. Vesting of RSUs**

(a) Except as otherwise provided in Section 3.1(b) and in Section 3.4 below, the RSUs shall vest in their entirety on the date of the Company’s annual meeting of shareholders at which directors are elected to the Board following the Grant Date (such date, the “Annual Meeting Date”) or such earlier date as the Director experiences a Termination of Service by reason of the Director’s death, Disability or Retirement.

(b) If, prior to the Annual Meeting Date, the Director experiences a Termination of Service other than by reason of (i) the Director’s death, Disability or Retirement or (ii) a Termination of Service by the Company, a Parent Corporation or a Subsidiary for Cause, such Director shall immediately vest in a number of RSUs equal to the total number of RSUs granted hereby multiplied by a fraction, the numerator of which is the number of days from the Grant Date to the date of the Termination of Service and the denominator of which is the number of days from the Grant Date to the Annual Meeting Date.

**Section 3.2. Termination of RSUs**

Upon the Director’s Termination of Service for any reason, all then-unvested RSUs issued to the Director pursuant to this Agreement (after taking into account any vesting that may occur in connection with such Termination of Service, if any) shall immediately terminate and be cancelled and forfeited.

**Section 3.3. Payment of RSUs**



Vested RSUs shall be paid in Shares within 30 days after the date on which the applicable RSU vests. Each vested RSU shall entitle the Director to receive one Share.

**Section 3.4. Change in Control**

Notwithstanding any other provision of this Agreement, upon a Change in Control, the Administrator shall provide by resolution adopted prior to such event that, at some time prior to the effective date of such event, all then-outstanding RSUs shall fully vest.

**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 RSUs subject to this Agreement, and (b) the dividends declared on a single share of Common Stock will be credited. To the extent the Director becomes vested in any RSUs issued pursuant to this Agreement, the Dividend Equivalents corresponding to such RSUs 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 Director at the same time as the Shares of Common Stock are issued with respect to the vested RSUs. The Director shall not be entitled to payment of any Dividend Equivalents relating to dividends for which the applicable ex-dividend date occurs on or after the earlier to occur of the payment or forfeiture of the RSU underlying such Dividend Equivalent.

**ARTICLE IV.**

**MISCELLANEOUS**

**Section 4.1. Administration**

The Administrator shall have the power to interpret the Plan and this Agreement, and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith, to interpret, amend or revoke any such rules. All action taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon the Director, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs and/or Dividend Equivalents, and all members of the Administrator shall be fully protected by the Company in respect of any such action, determination or interpretation.

**Section 4.2. RSUs and Dividend Equivalents Not Transferable**

Neither the RSUs nor Dividend Equivalents, nor any interest or right therein or part thereof, shall be liable for the debts, contracts or engagements of the Director or his or her 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 such attempted disposition thereof shall be null and void and of no effect; *provided, however*, that this Section 4.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

**Section 4.3. 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 Company 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 Company shall, in its sole discretion, determine to be necessary or advisable; and
- (d) The lapse of such reasonable period of time as the Administrator may from time to time establish for reasons of administrative convenience.

**Section 4.4. Notices**

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Director shall be addressed to the Director at the address given beneath the Director's signature hereto. By a notice given pursuant to this Section 4.4, either party may hereafter designate a different address for notices to be given to it, him or her. Any notice which is required to be given to the Director shall, if the Director is then deceased, be given to the Director's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 4.4. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

**Section 4.5. Rights as Stockholder**

The Director shall not, by virtue of any RSU granted hereby, be entitled to vote in any Company election, receive any dividend in respect of the Shares subject to any RSU (except as provided under Section 3.5 above) or exercise any other rights of a stockholder of the Company. The RSUs shall not confer upon the Director any rights of a stockholder of the Company unless and until such RSUs have vested and Shares have been distributed in respect of such RSUs.

**Section 4.6. Titles**

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

**Section 4.7. Conformity to Laws**

The Director 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 RSUs and Dividend Equivalents 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 RSUs and Dividend Equivalents granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

**Section 4.8. Section 409A**

(a) This Agreement shall be interpreted in accordance with the requirements of Section 409A of the Code and the Treasury Regulations relating thereto (together, "Section 409A"). Notwithstanding any provision of this Agreement, the Company may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, provided, however, that this Section 4.8 shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. To the extent that any payment window spans two calendar years, the Director shall have no discretion over or ability to control the actual year in which payment is made.

(b) Notwithstanding anything to the contrary in this Agreement, no amounts shall be paid to the Director under this Agreement during the six (6)-month period following the Director's "separation from service" to the extent that the Administrator determines that the Director is a "specified employee" (each within the meaning of Section 409A) at the time of such separation from service and that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(b)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes), the Company shall pay to the Director in a lump-sum all amounts that would have otherwise been payable to the Director during such six (6)-month period under this Agreement. For the avoidance of doubt, any amounts payable upon a Termination of Service shall only be paid upon the Director's "separation from service" (within the meaning of Section 409A).

(c) Dividend Equivalents and any amounts that may become distributable in respect thereof shall be treated separately from the RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

**Section 4.9. Amendments**

This Agreement may be amended without the consent of the Director, except that no amendment of this Agreement shall, without the consent of the Director, impair any rights of the Director under this Agreement.

**Section 4.10. Tax Withholding**

To the extent the Company, any Parent Corporation or a Subsidiary has any withholding obligations for the RSUs and/or Dividend Equivalents upon grant, vesting or payment hereunder, the Company will, unless the Director elects otherwise, automatically retain a portion of the Shares (or cash, as applicable) otherwise deliverable in respect of such vested RSUs and corresponding Dividend Equivalents with an aggregate Fair Market Value (determined on the date such withholding obligation arises) 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. The Director may, however, elect to pay the Company, any Parent Corporation or a Subsidiary the amount of any required withholdings in cash or by check and not have Shares (or cash, as applicable) withheld.

**Section 4.11. Clawback**

Notwithstanding anything contained in the Agreement to the contrary, all RSUs 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**

This Agreement shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof.

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

O-I GLASS, INC.

By:  
Its:

## 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: August 4, 2021

/s/ Andres A. Lopez

Andres A. Lopez  
President and Chief Executive Officer

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## 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: August 4, 2021

/s/ John A. Haudrich

John A. Haudrich

Senior Vice President and Chief Financial Officer

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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 June 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: August 4, 2021

/s/ Andres A. Lopez

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Andres A. Lopez

President and Chief Executive Officer

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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 June 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: August 4, 2021

/s/ John A. Haudrich

John A. Haudrich

Senior Vice President and Chief Financial Officer

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