

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2024**

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

For the transition period from _____ to _____

Commission File Number: **001-39528**

PACTIV EVERGREEN INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

88-0927268
(I.R.S. Employer
Identification Number)

1900 W. Field Court
Lake Forest, Illinois 60045
(Address of principal executive offices) (Zip Code)

Telephone: (847) 482-2000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value	PTVE	The Nasdaq Stock Market LLC

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 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 by Rule 12b-2 of the Exchange Act). Yes No

The registrant had 179,254,637 shares of common stock, \$0.001 par value per share, outstanding as of July 26, 2024.

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FORWARD-LOOKING STATEMENTS

This report contains certain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies, anticipated trends in our business and anticipated growth in the markets served by our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the caption entitled “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2023. You should specifically consider these numerous risks. These risks include, among others, those related to:

- fluctuations in raw material, energy and freight costs;
- failure to maintain satisfactory relationships with our major customers;
- the global macroeconomic environment, including inflation, consumer demand, global supply chain challenges and other macroeconomic and geopolitical issues;
- our dependence on suppliers of raw materials and any interruption to our supply of raw materials;
- labor shortages and increased labor costs;
- the impact of natural disasters, public health crises and catastrophic events outside of our control;
- our ability to successfully complete acquisitions, divestitures, investments and other similar transactions that we pursue from time to time;
- our ability to realize the benefits of our capital investment, acquisitions, restructuring and other cost savings programs;
- changes in consumer lifestyle, eating habits, nutritional preferences and health-related, environmental and sustainability concerns;
- our safety performance;
- competition in the markets in which we operate;
- the impact of our significant debt on our financial condition and ability to operate our business;
- compliance with, and liabilities related to, applicable laws and regulations;
- our aspirations and disclosures related to ESG matters; and
- the ownership of a majority of the voting power of our common stock by our parent company Packaging Finance Limited, which we refer to as PFL, an entity beneficially owned by Mr. Graeme Hart.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this report to conform our prior statements to actual results or revised expectations.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Pactiv Evergreen Inc.

Condensed Consolidated Statements of Income (Loss)
(In millions, except per share amounts)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net revenues	\$ 1,255	\$ 1,331	\$ 2,427	\$ 2,654
Related party net revenues	83	95	163	203
Total net revenues	1,338	1,426	2,590	2,857
Cost of sales	(1,115)	(1,342)	(2,146)	(2,658)
Gross profit	223	84	444	199
Selling, general and administrative expenses	(122)	(136)	(255)	(266)
Restructuring, asset impairment and other related charges	(6)	(32)	(23)	(105)
Other income, net	2	4	5	4
Operating income (loss)	97	(80)	171	(168)
Non-operating expense, net	—	(3)	—	(4)
Interest expense, net	(66)	(64)	(125)	(127)
Income (loss) before tax	31	(147)	46	(299)
Income tax (expense) benefit	(11)	8	(16)	27
Net income (loss)	20	(139)	30	(272)
Income attributable to non-controlling interests	(1)	—	(2)	(1)
Net income (loss) attributable to Pactiv Evergreen Inc. common shareholders	\$ 19	\$ (139)	\$ 28	\$ (273)
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
Basic	\$ 0.11	\$ (0.78)	\$ 0.14	\$ (1.54)
Diluted	\$ 0.10	\$ (0.78)	\$ 0.14	\$ (1.54)

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 20	\$ (139)	\$ 30	\$ (272)
Other comprehensive (loss) income, net of income taxes:				
Currency translation adjustments	(19)	10	(18)	24
Defined benefit plans	(1)	—	(2)	(1)
Foreign exchange derivatives	2	—	1	—
Interest rate derivatives	—	14	6	8
Other comprehensive (loss) income	(18)	24	(13)	31
Comprehensive income (loss)	2	(115)	17	(241)
Comprehensive income attributable to non-controlling interests	(1)	—	(2)	(1)
Comprehensive income (loss) attributable to Pactiv Evergreen Inc. common shareholders	\$ 1	\$ (115)	\$ 15	\$ (242)

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.
Condensed Consolidated Balance Sheets
(In millions, except share amounts)
(Unaudited)

	As of June 30, 2024	As of December 31, 2023
Assets		
Cash and cash equivalents	\$ 95	\$ 164
Accounts receivable, net of allowances of \$2 and \$3	486	426
Related party receivables	37	35
Inventories	881	852
Other current assets	116	112
Total current assets	1,615	1,589
Property, plant and equipment, net	1,473	1,511
Operating lease right-of-use assets, net	272	263
Goodwill	1,815	1,815
Intangible assets, net	974	1,004
Other noncurrent assets	213	213
Total assets	\$ 6,362	\$ 6,395
Liabilities		
Accounts payable	\$ 367	\$ 300
Related party payables	7	7
Current portion of long-term debt	20	15
Current portion of operating lease liabilities	66	64
Income taxes payable	12	11
Accrued and other current liabilities	321	399
Total current liabilities	793	796
Long-term debt	3,572	3,571
Long-term operating lease liabilities	223	217
Deferred income taxes	226	244
Long-term employee benefit obligations	57	57
Other noncurrent liabilities	155	161
Total liabilities	\$ 5,026	\$ 5,046
Commitments and contingencies (Note 11)		
Equity		
Common stock, \$0.001 par value; 2,000,000,000 shares authorized; 179,254,637 and 178,557,086 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	\$ —	\$ —
Preferred stock, \$0.001 par value; 200,000,000 shares authorized; no shares issued or outstanding	—	—
Additional paid in capital	685	676
Accumulated other comprehensive loss	(50)	(37)
Retained earnings	697	706
Total equity attributable to Pactiv Evergreen Inc. common shareholders	1,332	1,345
Non-controlling interests	4	4
Total equity	1,336	1,349
Total liabilities and equity	\$ 6,362	\$ 6,395

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.
Condensed Consolidated Statements of Equity
(In millions, except per share amounts)
(Unaudited)

	Common Stock		Additional Paid in Capital	Accumulate d Other Comprehen sive Income (Loss)	Retained Earnings	Non- Controlling Interests	Total Equity
	Shares	Amount					
For the Three Months Ended June 30, 2023							
Balance as of March 31, 2023	178.3	\$ —	\$ 650	\$ (95)	\$ 851	\$ 4	1,410
Net loss	—	—	—	—	(139)	—	(139)
Other comprehensive income, net of income taxes	—	—	—	24	—	—	24
Equity based compensation	—	—	10	—	—	—	10
Vesting of restricted stock units, net of tax withholdings	0.1	—	—	—	—	—	—
Dividends declared - common shareholders (\$0.10 per share)	—	—	—	—	(19)	—	(19)
Dividends declared - non-controlling interests	—	—	—	—	—	(1)	(1)
Balance as of June 30, 2023	178.4	\$ —	\$ 660	\$ (71)	\$ 693	\$ 3	\$ 1,285
For the Three Months Ended June 30, 2024							
Balance as of March 31, 2024	179.1	\$ —	\$ 679	\$ (32)	\$ 697	\$ 4	\$ 1,348
Net income	—	—	—	—	19	1	20
Other comprehensive loss, net of income taxes	—	—	—	(18)	—	—	(18)
Equity based compensation	—	—	6	—	—	—	6
Vesting of restricted stock units, net of tax withholdings	0.2	—	—	—	—	—	—
Dividends declared - common shareholders (\$0.10 per share)	—	—	—	—	(19)	—	(19)
Dividends declared - non-controlling interests	—	—	—	—	—	(1)	(1)
Balance as of June 30, 2024	179.3	\$ —	\$ 685	\$ (50)	\$ 697	\$ 4	\$ 1,336
For the Six Months Ended June 30, 2023							
Balance as of December 31, 2022	177.9	\$ —	\$ 647	\$ (102)	\$ 1,003	\$ 5	1,553
Net (loss) income	—	—	—	—	(273)	1	(272)
Other comprehensive income, net of income taxes	—	—	—	31	—	—	31
Equity based compensation	—	—	15	—	—	—	15
Vesting of restricted stock units, net of tax withholdings	0.5	—	(2)	—	—	—	(2)
Dividends declared - common shareholders (\$0.20 per share)	—	—	—	—	(37)	—	(37)
Dividends declared - non-controlling interests	—	—	—	—	—	(2)	(2)
Disposal of subsidiary	—	—	—	—	—	(1)	(1)
Balance as of June 30, 2023	178.4	\$ —	\$ 660	\$ (71)	\$ 693	\$ 3	\$ 1,285
For the Six Months Ended June 30, 2024							
Balance as of December 31, 2023	178.6	\$ —	\$ 676	\$ (37)	\$ 706	\$ 4	\$ 1,349
Net income	—	—	—	—	28	2	30
Other comprehensive loss, net of income taxes	—	—	—	(13)	—	—	(13)
Equity based compensation	—	—	13	—	—	—	13
Vesting of restricted stock units, net of tax withholdings	0.7	—	(4)	—	—	—	(4)
Dividends declared - common shareholders (\$0.20 per share)	—	—	—	—	(37)	—	(37)
Dividends declared - non-controlling interests	—	—	—	—	—	(2)	(2)
Balance as of June 30, 2024	179.3	\$ —	\$ 685	\$ (50)	\$ 697	\$ 4	\$ 1,336

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	For the Six Months Ended June 30,	
	2024	2023
Operating Activities:		
Net income (loss)	\$ 30	\$ (272)
Adjustments to reconcile net income (loss) to operating cash flows:		
Depreciation and amortization	159	433
Deferred income taxes	(16)	(67)
Asset impairment and restructuring related non-cash charges (net of reversals)	2	41
Non-cash portion of operating lease expense	42	40
Equity based compensation	13	15
Other non-cash items, net	—	7
Change in assets and liabilities:		
Accounts receivable, net	(68)	(7)
Inventories	(30)	108
Accounts payable	74	(27)
Operating lease payments	(42)	(41)
Accrued and other current liabilities	(90)	(18)
Other assets and liabilities	(13)	3
Net cash provided by operating activities	61	215
Investing Activities:		
Acquisition of property, plant and equipment	(98)	(116)
Purchase of investments	(23)	—
Receipt of refundable exclusivity payment	10	—
Other investing activities	11	2
Net cash used in investing activities	(100)	(114)
Financing Activities:		
Term loan debt proceeds	372	—
Term loan debt repayments	(725)	(294)
Revolver proceeds	391	—
Revolver repayments	(36)	—
Deferred financing transaction costs	(7)	—
Dividends paid to common shareholders	(36)	(36)
Other financing activities	(11)	(7)
Net cash used in financing activities	(52)	(337)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1)	5
Decrease in cash, cash equivalents and restricted cash	(92)	(231)
Cash, cash equivalents and restricted cash, including amounts classified as held for sale, as of beginning of the period	187	557
Cash, cash equivalents and restricted cash as of end of the period	\$ 95	\$ 326
Cash, cash equivalents and restricted cash are comprised of:		
Cash and cash equivalents	95	302
Restricted cash classified as other noncurrent assets	—	24
Cash, cash equivalents and restricted cash as of end of the period	\$ 95	\$ 326
Cash paid:		
Interest paid, net	116	135
Income taxes paid, net	37	31

Significant non-cash investing and financing activities

During the six months ended June 30, 2024 and 2023, we recognized operating lease right-of-use assets and lease liabilities of \$43 million and \$39 million, respectively.

See accompanying notes to the condensed consolidated financial statements.

Pactiv Evergreen Inc.
Notes to the Condensed Consolidated Financial Statements
(In millions, except per share data and unless otherwise indicated)
(Unaudited)

Note 1. Nature of Operations and Basis of Presentation

The accompanying condensed consolidated financial statements comprise the accounts of Pactiv Evergreen Inc. (“PTVE”) and its subsidiaries (“we”, “us”, “our” or the “Company”) and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated interim financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods and should be read in conjunction with the consolidated financial statements and the related notes thereto included in our latest Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024. Operating results for interim periods are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. All intercompany transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Although our current estimates contemplate current conditions and how we expect them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations, balance sheet and cash flows. Among other effects, such changes could result in future impairments of goodwill, intangibles and long-lived assets, and adjustments to reserves for employee benefits and income taxes. The estimated recoverable amounts associated with asset impairments represent Level 3 measurements in the fair value hierarchy, which include inputs that are not based on observable market data.

Reclassifications and Revision to Restricted Cash

We made reclassifications to certain previously reported financial information to conform to our current period presentation.

During 2023, we revised the presentation of restricted cash balances on our condensed consolidated statements of cash flows to include restricted cash in the beginning and ending balances for all periods presented. As of June 30, 2023 and December 31, 2022, our consolidated balance sheets included \$24 million of restricted cash classified as noncurrent assets. There was no impact to our operating, investing or financing cash flow activities. The impact to all previously reported interim and annual periods was not material. As of June 30, 2024, there were no restricted cash balances on our condensed consolidated balance sheet.

Recent Accounting Pronouncements

We reviewed all recently issued accounting pronouncements and, except for the items below, concluded that they were either not applicable or not expected to have a significant impact on our condensed consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07 Segment Reporting - Improving Reportable Segment Disclosures (Topic 280). The ASU is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The ASU requires disclosures to include significant segment expenses that are regularly provided to the chief operating decision maker (the “CODM”), a description of other segment items by reportable segment and any additional measures of a segment’s profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures currently required by Topic 280 to be included in interim periods. The update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied on a retrospective basis to all prior periods presented in the financial statements. We are currently assessing the impact of adopting the updated provisions.

In December 2023, the FASB issued ASU 2023-09 Income Taxes - Improvements to Income Tax Disclosures (Topic 740) requiring enhanced income tax disclosures. The ASU requires the disclosure of specific categories and disaggregation of information in the rate reconciliation table. The ASU also requires disclosure of disaggregated information related to income taxes paid, income or loss from continuing operations before income tax expense or benefit, and income tax expense or benefit from continuing operations. The requirements of the ASU are effective for

Pactiv Evergreen Inc.
Notes to the Condensed Consolidated Financial Statements
(In millions, except per share data and unless otherwise indicated)
(Unaudited)

annual periods beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied on a prospective basis. We are currently assessing the impact of the ASU on our related disclosures.

In March 2024, the SEC adopted final rules under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors, which, as adopted, require registrants to include certain climate-related information in their annual reports and registration statements. The rules require, among other matters, information about climate-related risks that are reasonably likely to have a material impact on a registrant's business, results of operations or financial condition. The required information about climate-related risks also includes disclosure of a registrant's greenhouse gas emissions. In addition, the rules would require registrants to include certain climate-related financial disclosures in their audited financial statements. As adopted, these disclosure requirements would be phased in over several years beginning with our Annual Report on Form 10-K for the fiscal year ended December 31, 2026. However, while the SEC has adopted these rules, the rules have been stayed and are subject to pending legal and political challenges causing significant uncertainty regarding when and how they will ultimately apply to us. We are currently assessing the impact of these rules on our consolidated financial statements and related disclosures.

Note 2. Restructuring, Asset Impairment and Other Related Charges

Footprint Optimization

On February 29, 2024, we announced the Footprint Optimization, a restructuring plan approved by our Board of Directors to optimize our manufacturing and warehousing footprint that we expect will improve our operating efficiency. We expect to incur capital expenditures of \$40 million to \$45 million, total cash restructuring charges of \$50 million to \$65 million and total non-cash charges of \$20 million to \$40 million, each primarily during 2024 and 2025, to execute our plan. For the six months ended June 30, 2024, we incurred cash charges of \$8 million primarily related to severance and other exit costs. For the three months ended June 30, 2024, cash charges were insignificant. For the three and six months ended June 30, 2024, we incurred non-cash charges of \$3 million and \$5 million, respectively, primarily related to accelerated property, plant and equipment depreciation. The estimated ranges of restructuring charges are provisional and include significant management judgments and assumptions that could change materially as we execute our plans. Actual results may differ from these estimates, and the execution of our plan could result in additional restructuring charges or impairments.

Beverage Merchandising Restructuring

On March 6, 2023, we announced the Beverage Merchandising Restructuring, a plan approved by our Board of Directors to take significant restructuring actions related to our Beverage Merchandising operations. The Beverage Merchandising Restructuring includes, among other things:

- Closure of our Canton, North Carolina mill, including the cessation of mill operations, during the second quarter of 2023;
- Closure of our Olmsted Falls, Ohio converting facility and concurrent reallocation of certain production to our remaining converting facilities during the second quarter of 2023; and
- Reorganizing our operating and reporting structure to achieve increased efficiencies and related cost savings.

Additionally, the plan included the exploration of strategic alternatives for our Pine Bluff, Arkansas mill and our Waynesville, North Carolina extrusion facility (the "Facilities"). Following authorization by our Board of Directors on July 12, 2024, we entered into a definitive agreement to sell the Facilities and associated assets to Suzano S.A. ("Suzano") (the "Mill Transaction"). Under the terms of the agreement, the purchase price is \$110 million, subject to certain customary adjustments at closing such as working capital. During the three months ended June 30, 2024, we received a \$10 million refundable exclusivity payment from Suzano related to the then-current negotiations of a potential sale agreement for the Facilities that would be applied against the final purchase price if a transaction were consummated, which is recorded in other accrued liabilities in the condensed consolidated balance sheet as of June 30, 2024. We also agreed to enter into a long-term liquid packaging board supply arrangement with Suzano upon closing of the Mill Transaction.

Pactiv Evergreen Inc.
Notes to the Condensed Consolidated Financial Statements
(In millions, except per share data and unless otherwise indicated)
(Unaudited)

We are currently evaluating the financial statement impacts of the Mill Transaction. Based on estimated net proceeds, we currently expect to record a non-cash impairment charge of approximately \$320 million to \$340 million in the third quarter of 2024 upon classification of the related assets and liabilities as held for sale, following approval by our Board of Directors of the transaction. The sale price is subject to certain adjustments, and therefore the estimated impairment is subject to change. The Mill Transaction is expected to close in the fourth quarter of 2024, subject to customary closing conditions, including foreign antitrust approval. We do not expect the Facilities and associated assets to qualify as discontinued operations.

As a result of the Beverage Merchandising Restructuring, we incurred charges during the three and six months ended June 30, 2024, and we estimate we will incur further charges in future periods, as follows:

	<u>For the Three Months Ended June 30, 2024</u>	<u>For the Six Months Ended June 30, 2024</u>	<u>Cumulative Charges Incurred to Date</u>	<u>Total Expected Charges⁽¹⁾⁽²⁾</u>
Non-cash:				
Accelerated property, plant and equipment depreciation	\$ 3	\$ 6	\$ 280	\$ 280
Mill Transaction impairment charges	—	—	—	320 - 340
Other non-cash charges ⁽³⁾	(1)	(1)	49	50
Total non-cash charges	\$ 2	\$ 5	\$ 329	\$ 650 - 670
Cash:				
Severance, termination and related costs	—	1	44	45
Exit, disposal and other transition costs ⁽⁴⁾	5	12	115	115
Total cash charges	\$ 5	\$ 13	\$ 159	\$ 160
Total Beverage Merchandising Restructuring charges	\$ 7	\$ 18	\$ 488	\$ 810 - 830

(1) We expect to incur any remaining charges primarily in 2024. These charges include certain estimates that are provisional and include significant management judgments and assumptions that could change materially as we complete the execution of our plans. Actual results may differ from these estimates, and the completion of our plan could result in additional restructuring charges or impairments not reflected above.

(2) Total cash charges exclude the benefit of any potential cash proceeds related to possible sales of any property, plant and equipment that may be disposed of as part of our ongoing restructuring activities. During the year ended December 31, 2023, we received \$4 million in cash proceeds and recognized an immaterial gain on the sale of various assets. During the six months ended June 30, 2024, we received \$4 million in proceeds, primarily related to the sale of our Olmsted Falls, Ohio facility that was previously classified as held for sale, resulting in an immaterial gain.

(3) Other non-cash charges include the write-down of certain spare parts classified as inventories on our condensed consolidated balance sheet, the write-off of scrapped raw materials and certain construction in-progress balances, accelerated amortization expense for certain operating lease right-of-use assets and gains or losses on the sale of various property, plant and equipment.

(4) Exit, disposal and other transition costs are primarily related to equipment decommissioning and dismantlement, transition labor associated with the facility closures and management restructuring, site remediation, contract terminations, systems conversion and other related costs.

Pactiv Evergreen Inc.
Notes to the Condensed Consolidated Financial Statements
(In millions, except per share data and unless otherwise indicated)
(Unaudited)

The Beverage Merchandising Restructuring charges, Footprint Optimization charges and other restructuring and asset impairment charges (net of reversals) were classified on our condensed consolidated statements of income (loss) as follows by segment:

	Food and Beverage Merchandising	Foodservice	Other	Total
For the Three Months Ended June 30, 2024				
Cost of sales ⁽¹⁾	\$ 5	\$ 1	\$ —	\$ 6
Restructuring, asset impairment and other related charges ⁽²⁾	6	—	—	6
Total	\$ 11	\$ 1	\$ —	\$ 12
For the Three Months Ended June 30, 2023				
Cost of sales	\$ 182	\$ —	\$ —	\$ 182
Selling, general and administrative expenses	3	—	—	3
Restructuring, asset impairment and other related charges	29	—	3	32
Total	\$ 214	\$ —	\$ 3	\$ 217
For the Six Months Ended June 30, 2024				
Cost of sales ⁽¹⁾	\$ 9	\$ 1	\$ —	\$ 10
Restructuring, asset impairment and other related charges ⁽²⁾	16	5	2	23
Total	\$ 25	\$ 6	\$ 2	\$ 33
For the Six Months Ended June 30, 2023				
Cost of sales	\$ 294	\$ —	\$ —	\$ 294
Selling, general and administrative expenses	4	—	—	4
Restructuring, asset impairment and other related charges	98	—	7	105
Total	\$ 396	\$ —	\$ 7	\$ 403

⁽¹⁾ Included \$3 million and \$5 million, respectively, of non-cash charges related to the Footprint Optimization for the three and six months ended June 30, 2024, of which \$1 million relates to our Foodservice segment in both the three and six months ended June 30, 2024, and \$2 million and \$4 million relate to our Food and Beverage Merchandising segment for the three and six months ended June 30, 2024, respectively.

⁽²⁾ Included \$8 million of cash charges related to the Footprint Optimization for the six months ended June 30, 2024, of which \$5 million relates to our Foodservice segment and \$3 million relates to our Food and Beverage Merchandising segment. For the three months ended June 30, 2024, cash charges related to the Footprint Optimization were insignificant.

During the three months ended June 30, 2024, we recorded a non-cash impairment charge of \$2 million related to our equity interests in a joint venture located in the Middle East region, which is reported within the Food and Beverage Merchandising operating segment.

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The following table summarizes the changes to our restructuring liability for the six months ended June 30, 2024:

	December 31, 2023	Charges to Earnings	Cash Paid	June 30, 2024
Beverage Merchandising Restructuring				
Severance, termination and related costs	\$ 9	\$ 1	\$ (6)	\$ 4
Exit, disposal and other transition costs	30	12	(22)	20
Footprint Optimization				
Severance, termination and related costs	—	8	—	8
Total⁽¹⁾	\$ 39	\$ 21	\$ (28)	\$ 32

⁽¹⁾ Comprises \$28 million classified within accrued and other current liabilities and \$4 million classified within other noncurrent liabilities as of June 30, 2024.

Note 3. Inventories

The components of inventories consisted of the following:

	As of June 30, 2024	As of December 31, 2023
Raw materials	\$ 211	\$ 223
Work in progress	93	67
Finished goods	471	465
Spare parts	106	97
Inventories	\$ 881	\$ 852

Note 4. Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of the following:

	As of June 30, 2024	As of December 31, 2023
Land and land improvements	\$ 71	\$ 71
Buildings and building improvements	708	690
Machinery and equipment	3,713	3,669
Construction in progress	178	193
Property, plant and equipment, at cost	4,670	4,623
Less: accumulated depreciation	(3,197)	(3,112)
Property, plant and equipment, net	\$ 1,473	\$ 1,511

Depreciation expense related to property, plant and equipment was recognized in the following components in the condensed consolidated statements of income (loss):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of sales	\$ 59	\$ 234	\$ 117	\$ 386
Selling, general and administrative expenses	6	10	12	17
Total depreciation expense⁽¹⁾	\$ 65	\$ 244	\$ 129	\$ 403

⁽¹⁾ For the three and six months ended June 30, 2024 and 2023, total depreciation expense included \$5 million, \$9 million, \$177 million and \$267 million, respectively, of accelerated depreciation expense related to the restructuring programs, substantially all of which was included in cost of sales. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

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Note 5. Goodwill and Intangible Assets

Goodwill by reportable segment was as follows:

	Foodservice	Food and Beverage Merchandising	Total
As of December 31, 2023	\$ 958	\$ 857	\$ 1,815
Movements	—	—	—
As of June 30, 2024	\$ 958	\$ 857	\$ 1,815

Intangible assets, net consisted of the following:

	As of June 30, 2024			As of December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Finite-lived intangible assets						
Customer relationships	\$ 1,059	\$ (723)	\$ 336	\$ 1,062	\$ (698)	\$ 364
Trademarks	42	(17)	25	42	(15)	27
Other	7	(7)	—	7	(7)	—
Total finite-lived intangible assets	\$ 1,108	\$ (747)	\$ 361	\$ 1,111	\$ (720)	\$ 391
Indefinite-lived intangible assets						
Trademarks	\$ 554	\$ —	\$ 554	\$ 554	\$ —	\$ 554
Other	59	—	59	59	—	59
Total indefinite-lived intangible assets	\$ 613	\$ —	\$ 613	\$ 613	\$ —	\$ 613
Total intangible assets	\$ 1,721	\$ (747)	\$ 974	\$ 1,724	\$ (720)	\$ 1,004

Amortization expense for intangible assets of \$15 million and \$30 million for each of the three and six months ended June 30, 2024 and 2023, respectively, was recognized in selling, general and administrative expenses.

Note 6. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of June 30, 2024	As of December 31, 2023
Personnel costs	\$ 76	\$ 134
Rebates and credits	62	85
Restructuring costs ⁽¹⁾	28	36
Interest	17	17
Other ⁽²⁾	138	127
Accrued and other current liabilities	\$ 321	\$ 399

⁽¹⁾ Restructuring costs relate to the Beverage Merchandising Restructuring and the Footprint Optimization. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

⁽²⁾ Other included items such as freight, utilities and property and other non-income related taxes.

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Note 7. Debt

Debt consisted of the following:

	As of June 30, 2024	As of December 31, 2023
Credit Agreement:		
U.S. Term Loans	\$ 1,327	\$ 1,680
U.S. Revolving Loans	355	—
Notes:		
4.000% Senior Secured Notes due 2027	1,000	1,000
4.375% Senior Secured Notes due 2028	500	500
Pactiv Debentures:		
7.950% Debentures due 2025	217	217
8.375% Debentures due 2027	167	167
Other	38	41
Total principal amount of borrowings	3,604	3,605
Deferred debt issuance costs (“DIC”)	(10)	(11)
Original issue discounts, net of premiums (“OID”)	(2)	(8)
	3,592	3,586
Less: current portion	(20)	(15)
Long-term debt	\$ 3,572	\$ 3,571

We were in compliance with all debt covenants during the six months ended June 30, 2024 and the year ended December 31, 2023.

Credit Agreement

PTVE and certain of its U.S. subsidiaries are parties to a senior secured credit agreement dated August 5, 2016 as amended (the “Credit Agreement”). As of June 30, 2024, the Credit Agreement comprised the following term and revolving tranches:

	Maturity Date	Drawn	Applicable Interest Rate
Term Tranches			
U.S. Term Loans Tranche B-4	September 24, 2028	\$ 1,327	SOFR (floor of 0.000%) + 2.500%
Revolving Tranche⁽¹⁾			
U.S. Revolving Loans	May 1, 2029	\$ 355	SOFR (floor of 0.000%) + 2.500%

⁽¹⁾ The Revolving Tranche represents a \$1,100 million facility. In addition to the value drawn, the facility includes \$49 million utilized in the form of letters of credit.

We borrowed \$391 million of our Revolving Tranche facility and repaid \$36 million plus interest during the first half of 2024.

On May 1, 2024, we amended the Credit Agreement to increase the capacity on our Revolving Tranche facility from \$250 million to \$1,100 million and extend the maturity date to May 1, 2029. We also amended the applicable interest rate and other pricing terms, including by replacing the facility fee with a lower fee on unutilized capacity.

On May 28, 2024, we further amended the Credit Agreement to replace the existing \$990 million outstanding U.S. term loans Tranche B-3 with a new upsized \$1,330 million of U.S. term loans Tranche B-4. The U.S. term loans Tranche B-4 will mature on September 24, 2028. The \$340 million proceeds from upsizing the U.S. term loans, together with the proceeds of a \$350 million draw upon our Revolving Tranche facility, were used to prepay in full the \$690 million of existing U.S. term loans Tranche B-2 maturing in February 2026. The U.S. term loans Tranche B-4 have a lower interest rate relative to the U.S. term loans Tranche B-2 and B-3 that they replaced. There were no other material changes to the terms of the Credit Agreement as a result of these amendments.

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The weighted average contractual interest rates related to our U.S. term loans Tranche B-2, B-3 and B-4 for the six months ended June 30, 2024 were 8.70%, 8.70% and 7.88%, respectively. The weighted average contractual interest rates related to our U.S. term loans Tranche B-2 and B-3 for the six months ended June 30, 2023 were 8.02% and 8.05%, respectively. Including the impact of interest rate swap agreements, which were entered into in the fourth quarter of 2022, the weighted average rates on our U.S. term loans were 7.47% and 7.71% for the six months ended June 30, 2024 and June 30, 2023, respectively. The effective interest rates of our debt obligations under the Credit Agreement are not materially different from the contractual interest rates. Refer to Note 8, *Financial Instruments*, for additional details regarding the interest rate swap agreements.

PTVE and certain of its U.S. subsidiaries have guaranteed on a senior basis the obligations under the Credit Agreement to the extent permitted by law. The borrowers and the guarantors have granted security over substantially all of their assets to support the obligations under the Credit Agreement. This security is expected to be shared on a first priority basis with the holders of the Notes.

Indebtedness under the Credit Agreement may be voluntarily repaid, in whole or in part, and must be mandatorily repaid in certain circumstances. We are required to make quarterly amortization payments of 0.25% of the initial principal amount of our U.S. term loans Tranche B-4. Additionally, we are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due for the year ended December 31, 2023.

The Credit Agreement contains customary covenants which restrict us from certain activities including, among others, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the Credit Agreement.

Notes

As of June 30, 2024, our outstanding notes were as follows:

	Maturity Date	Interest Payment Dates
4.000% Senior Secured Notes due 2027	October 15, 2027	April 15 and October 15
4.375% Senior Secured Notes due 2028	October 15, 2028	April 15 and October 15

The effective interest rates of our debt obligations under the Notes are not materially different from the contractual interest rates.

PTVE and certain of its U.S. subsidiaries have guaranteed on a senior basis the obligations under the Notes (as defined below) to the extent permitted by law. The issuers and the guarantors have granted security over substantially all of their assets to support the obligations under the Notes. This security is expected to be shared on a first priority basis with the creditors under the Credit Agreement.

The respective indentures governing the 4.000% Senior Secured Notes due 2027 (the “4.000% Notes”) and the 4.375% Senior Secured Notes due 2028 (together with the 4.000% Notes, the “Notes”) contain customary covenants which restrict us from certain activities including, among others, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the respective indentures governing the Notes.

Under the respective indentures governing the Notes, we can, at our option, elect to redeem the Notes under terms and conditions specified in the indentures. Under the respective indentures governing the Notes, in certain circumstances which would constitute a change in control, the holders of the Notes have the right to require us to repurchase the Notes at a premium.

Pactiv Debentures

As of June 30, 2024, our outstanding debentures (together, the “Pactiv Debentures”) were as follows:

	Maturity Date	Interest Payment Dates
7.950% Debentures due 2025	December 15, 2025	June 15 and December 15
8.375% Debentures due 2027	April 15, 2027	April 15 and October 15

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The effective interest rates of our debt obligations under the Pactiv Debentures are not materially different from the contractual interest rates.

The Pactiv Debentures are not guaranteed and are unsecured.

The indentures governing the Pactiv Debentures contain a negative pledge clause limiting the ability of certain of our entities, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on “principal manufacturing properties” (as such term is defined in the indentures governing the Pactiv Debentures) or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing property and (ii) sell and then take an immediate lease back of such principal manufacturing property.

The 8.375% Debentures due 2027 may be redeemed at any time at our option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium, if any, plus accrued and unpaid interest to the date of the redemption.

Other borrowings

Other borrowings represented finance lease obligations of \$38 million and \$41 million as of June 30, 2024 and December 31, 2023, respectively.

Scheduled maturities

Below is a schedule of required future repayments on our debt outstanding as of June 30, 2024:

2024	\$	10
2025		236
2026		19
2027		1,187
2028		1,786
Thereafter		366
Total principal amount of borrowings	\$	3,604

Fair value of our long-term debt

The fair value of our long-term debt as of June 30, 2024 and December 31, 2023 is a Level 2 fair value measurement. Below is a schedule of carrying values and fair values of our debt outstanding:

	As of June 30, 2024		As of December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Agreement				
U.S. Term Loans	\$ 1,325	\$ 1,331	\$ 1,672	\$ 1,687
U.S. Revolving Loans	355	355	—	—
Notes:				
4.000% Senior Secured Notes due 2027	995	938	995	942
4.375% Senior Secured Notes due 2028	497	468	496	471
Pactiv Debentures:				
7.950% Debentures due 2025	216	223	216	221
8.375% Debentures due 2027	166	175	166	172
Other	38	38	41	41
Total	\$ 3,592	\$ 3,528	\$ 3,586	\$ 3,534

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Interest expense, net

Interest expense, net consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Interest expense:				
Credit Agreement - Term Loans	\$ 33	\$ 43	\$ 70	\$ 86
Credit Agreement - Revolving Loans	3	—	3	—
Notes	16	16	31	31
Pactiv Debentures	8	8	16	16
Interest income	(1)	(3)	(2)	(7)
Amortization of DIC and OID	2	1	3	2
Loss on extinguishment of debt ⁽¹⁾	6	—	6	—
Realized derivative gains	(3)	(2)	(6)	(3)
Other	2	1	4	2
Interest expense, net	\$ 66	\$ 64	\$ 125	\$ 127

⁽¹⁾ The loss on extinguishment of debt represented the write-off of unamortized DIC and OID as a result of the Credit Agreement amendment on May 28, 2024.

Note 8. Financial Instruments

We had the following derivative instruments recorded at fair value in our condensed consolidated balance sheets:

	As of June 30, 2024		As of December 31, 2023	
	Asset Derivatives	Liability Derivatives	Asset Derivatives	Liability Derivatives
Commodity swap contracts	\$ —	\$ (3)	\$ —	\$ (6)
Foreign exchange derivatives	1	—	—	—
Interest rate derivatives	8	—	6	(6)
Total fair value	\$ 9	\$ (3)	\$ 6	\$ (12)
Classification:				
Other current assets	\$ 9	\$ —	\$ 6	\$ —
Accrued and other current liabilities	—	(2)	—	(5)
Other noncurrent liabilities	—	(1)	—	(7)
Total fair value	\$ 9	\$ (3)	\$ 6	\$ (12)

Our derivatives are comprised of commodity and interest rate swaps and foreign currency exchange forward contracts. All derivatives represent Level 2 financial assets and liabilities. Our derivatives are valued using an income approach based on the observable market index prices less the contract rate multiplied by the notional amount or based on pricing models that rely on market observable inputs such as commodity prices, interest rates and foreign currency exchange rates. Our calculation of the fair value of these financial instruments takes into consideration the risk of non-performance, including counterparty credit risk. The majority of our derivative contracts do not have a legal right of set-off. We manage the credit risk in connection with our derivatives by limiting the amount of exposure with each counterparty and monitoring the financial condition of our counterparties.

During the first quarter of 2024, we began entering into foreign currency exchange forward contracts to reduce our risk from exchange rate fluctuations associated with purchases denominated in a foreign currency. We are exposed to market risk for changes in foreign currency exchange rates due to the global nature of our operations and certain commodity risks. In order to manage these risks, we hedge portions of our forecasted purchases expected to occur within the next twelve months that are denominated in non-functional currencies, with foreign currency forward contracts designated as cash flow hedges. As of June 30, 2024, we had contracts with U.S. dollar equivalent notional amounts of \$16 million to exchange the Mexican peso. We believe it is probable that all forecasted cash flow transactions will occur.

During the fourth quarter of 2022, we entered into derivative financial instruments with several large financial institutions which swapped the LIBO rate for a weighted average fixed rate of 4.120% for an aggregate notional amount of \$1,000

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million to hedge a portion of the interest rate exposure resulting from our U.S. term loans. These instruments are classified as cash flow hedges and mature in October 2025. In April 2023, we amended our interest rate swap agreements to replace the interest rate benchmark from LIBOR to SOFR, effective for swap payments for the period commencing April 28, 2023. Other than the foregoing, the material terms of the interest rate swap agreements remain unchanged, including the weighted average fixed rate of 4.120%, and our election to use certain practical expedients under Accounting Standards Codification Topic 848: Reference Rate Reform resulted in no material impacts on our condensed consolidated financial statements.

During the three and six months ended June 30, 2024, we recognized unrealized gains of \$2 million and \$1 million within other comprehensive income (loss) for our foreign currency exchange forward contracts. As of June 30, 2024, we expected to reclassify \$1 million of gains, net of tax, from accumulated other comprehensive income (loss) (“AOCL”) to earnings over the next twelve months. The actual amount that will be reclassified to future earnings may vary from this amount as a result of changes in market conditions.

During the three and six months ended June 30, 2024 and 2023, we recognized realized gains of \$3 million, \$6 million, \$2 million and \$3 million, respectively, within interest expense, net and an unrealized gains of \$3 million, \$14 million, \$21 million and \$14 million, respectively, within other comprehensive income (loss) for our interest rate derivatives. As of June 30, 2024, we expected to reclassify \$6 million of gains, net of tax, from AOCL to earnings over the next twelve months. The actual amount that will be reclassified to future earnings may vary from this amount as a result of changes in market conditions.

During the three and six months ended June 30, 2024 and 2023, we recognized an unrealized gain of \$1 million, an unrealized gain of \$2 million, an unrealized gain of \$1 million and an unrealized loss of \$1 million, respectively, in cost of sales, for our commodity swap contracts.

The following table provides the detail of outstanding commodity derivative contracts as of June 30, 2024:

Type	Unit of Measure	Contracted Volume	Contracted Price Range	Contracted Date of Maturity
Natural gas swaps	Million BTU	1,870,000	\$4.63 - \$5.37	Aug 2024 - Dec 2025

Note 9. Employee Benefits

Net periodic benefit expense for our defined benefit pension plans and other post-employment benefit plans consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	\$ —	\$ (1)	\$ —	\$ (1)
Interest cost	(13)	(12)	(25)	(25)
Expected return on plan assets	12	9	23	20
Amortization of actuarial gains	1	—	2	1
Total net periodic benefit cost	\$ —	\$ (4)	\$ —	\$ (5)

The service cost components of net periodic benefit expense were recognized in cost of sales and the other components were recognized in non-operating expense, net in the condensed consolidated statements of income (loss).

Contributions to the Pension Plan for Pactiv Evergreen (“PPPE”) during the year ending December 31, 2024 are expected to be less than \$1 million.

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Note 10. Other Income, Net

Other income, net consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Loss on sale of businesses and noncurrent assets	\$ (1)	\$ (1)	\$ —	\$ (1)
Other	3	5	5	5
Other income, net	\$ 2	\$ 4	\$ 5	\$ 4

Note 11. Commitments and Contingencies

We are from time to time party to litigation, legal proceedings and tax examinations arising from our operations. Most of these matters involve allegations of damages against us relating to employment matters, personal injury and commercial or contractual disputes. We are also involved in various administrative and other proceedings relating to environmental matters that arise in the normal course of business, and we may become involved in similar matters in the future. We record estimates for claims and proceedings that constitute a present obligation when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of such obligation can be made. While it is not possible to predict the outcome of any of these matters, based on our assessment of the facts and circumstances, we do not believe any of these matters, individually or in the aggregate, will have a material adverse effect on our balance sheet, results of operations or cash flows. However, actual outcomes may differ from those expected and could have a material effect on our balance sheet, results of operations or cash flows in a future period. Except for amounts provided, there were no legal proceedings pending other than those for which we have determined that the possibility of a material outflow is remote.

Indemnities

As part of the agreements for the sale of various businesses, we have provided certain warranties and indemnities to the respective purchasers as set out in the respective sale agreements. These warranties and indemnities are subject to various terms and conditions affecting the duration and total amount of the indemnities. Any claims pursuant to these warranties and indemnities, if successful, could have a material effect on our balance sheet, results of operations or cash flows.

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Note 12. Accumulated Other Comprehensive Loss

The following table summarizes the changes in our balances of each component of AOCL:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Currency translation adjustments:				
Balance as of beginning of period	\$ (162)	\$ (175)	\$ (163)	\$ (189)
Currency translation adjustments	(19)	10	(18)	24
Other comprehensive (loss) income	(19)	10	(18)	24
Balance as of end of period	\$ (181)	\$ (165)	\$ (181)	\$ (165)
Defined benefit plans:				
Balance as of beginning of period	\$ 126	\$ 87	\$ 127	\$ 88
Gain reclassified from AOCL:				
Amortization of experience gains	(1)	—	(2)	(1)
Other comprehensive loss	(1)	—	(2)	(1)
Balance as of end of period	\$ 125	\$ 87	\$ 125	\$ 87
Foreign exchange derivatives:				
Balance as of beginning of period	\$ (1)	\$ —	\$ —	\$ —
Net derivative gain	2	—	1	—
Other comprehensive income	2	—	1	—
Balance as of end of period	\$ 1	\$ —	\$ 1	\$ —
Interest rate derivatives:				
Balance as of beginning of period	\$ 5	\$ (7)	\$ (1)	\$ (1)
Net derivative gain	3	21	14	14
Deferred tax expense on net derivative gain	(1)	(6)	(4)	(4)
Gain reclassified from AOCL	(3)	(2)	(6)	(3)
Deferred tax expense on reclassification ⁽¹⁾	1	1	2	1
Other comprehensive income	—	14	6	8
Balance as of end of period	\$ 5	\$ 7	\$ 5	\$ 7
AOCL				
Balance as of beginning of period	\$ (32)	\$ (95)	\$ (37)	\$ (102)
Other comprehensive (loss) income	(18)	24	(13)	31
Balance as of end of period	\$ (50)	\$ (71)	\$ (50)	\$ (71)

⁽¹⁾ Taxes reclassified to income are recorded in income tax (expense) benefit.

Note 13. Income Taxes

The effective tax rates for the three and six months ended June 30, 2024 and 2023 represent our estimate of the annual effective tax rates expected to be applicable for the respective full fiscal years, adjusted for any discrete events which are recorded in the period that they occur.

During the three months ended June 30, 2024, we recognized a tax expense of \$11 million on income before tax of \$31 million. During the six months ended June 30, 2024, we recognized a tax expense of \$16 million on income before tax of \$46 million.

During the three months ended June 30, 2023, we recognized a tax benefit of \$8 million on loss before tax of \$147 million. During the six months ended June 30, 2023, we recognized a tax benefit of \$27 million on loss before tax of \$299 million.

The effective tax rates for the aforementioned periods were driven primarily by the inability to recognize a tax benefit on all interest expense.

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We are under audit by the Internal Revenue Service (“IRS”) and other taxing authorities. The IRS is currently auditing our U.S. income tax returns for 2016-2017. As of June 30, 2024, we have not received any proposed adjustments from taxing authorities that would be material. Although the ultimate timing is uncertain, it is reasonably possible that a reduction of up to \$9 million of unrecognized tax benefits could occur within the next twelve months due to changes in audit status, settlements of tax assessments and other events.

Note 14. Related Party Transactions

As of June 30, 2024, approximately 77% of our shares were owned by PFL.

Transactions with our related parties are detailed below. All of our related parties are commonly controlled by Mr. Graeme Hart, our controlling shareholder, except for our joint ventures.

	Income (expense) for the Three Months Ended June 30,		Income (expense) for the Six Months Ended June 30,		Balance Outstanding as of	
	2024	2023	2024	2023	June 30, 2024	December 31, 2023
Joint ventures						
Included in other current assets					\$ 1	\$ 1
Sale of goods and services ⁽¹⁾	\$ —	\$ 2	\$ —	\$ 4		
Other common controlled entities						
Related party receivables					37	35
Sale of goods and services ⁽²⁾	83	93	163	199		
Rental income and transition services agreements ⁽²⁾	2	—	3	1		
Charges ⁽³⁾	4	4	5	4		
Related party payables					(7)	(7)
Purchase of goods ⁽²⁾⁽⁴⁾	(16)	(10)	(38)	(37)		
Charges ⁽³⁾	(7)	(4)	(10)	(7)		

⁽¹⁾ All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated based on market rates. All amounts are unsecured, non-interest bearing and settled on normal trade terms.

⁽²⁾ We sell and purchase various goods and services with Reynolds Consumer Products Inc. (“RCPI”) under contractual arrangements that expire over a variety of periods through December 31, 2027.

We also lease a portion of two facilities to RCPI and are party to an information technology services agreement with RCPI. We do not trade with Graham Packaging Company Inc. (“GPCI”) on an ongoing basis.

⁽³⁾ These charges are for various costs incurred including services provided under a transition services agreement, an insurance sharing agreement and an investment advisory agreement with Rank Group Limited (“Rank”). All amounts are unsecured, non-interest bearing and settled on normal trade terms.

⁽⁴⁾ Related party purchases are initially recorded as inventories and subsequently recorded to cost of sales utilizing the first-in, first-out method.

Note 15. Equity Based Compensation

We established the Pactiv Evergreen Inc. Equity Incentive Plan for purposes of granting stock or other equity based compensation awards to our employees (including our senior management), directors, consultants and advisors.

Equity based compensation costs were \$6 million, \$13 million, \$10 million and \$15 million for the three and six months ended June 30, 2024 and 2023, respectively, substantially all of which was recognized in selling, general and administrative expenses.

Restricted Stock Units

During the six months ended June 30, 2024, we granted restricted stock units (“RSUs”) to certain members of management and certain members of our Board of Directors. These RSUs require future service to be provided and generally vest in annual installments over a period of three years beginning on the first anniversary of the grant date. During the vesting period, the RSUs carry dividend-equivalent rights, but the RSUs do not have voting rights. The RSUs and any related dividend-equivalent rights are forfeited in the event the holder is no longer an employee on the vesting

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date, unless the holder satisfies certain retirement-eligibility criteria. The following table summarizes RSU activity during the six months ended June 30, 2024:

<i>(In thousands, except per share amounts)</i>	Number of RSUs	Weighted Average Grant Date Fair Value
Non-vested, at January 1	2,707	\$ 10.06
Granted ⁽¹⁾	1,658	12.96
Forfeited	(76)	11.76
Vested	(1,014)	11.45
Non-vested, at June 30	<u>3,275</u>	<u>\$ 11.06</u>

⁽¹⁾ Included 57 thousand shares reserved for issuance upon the settlement of dividend-equivalent rights carried by the reported RSUs concurrently with the settlement of such RSUs for shares.

Unrecognized compensation cost related to unvested RSUs as of June 30, 2024 was \$18 million, which is expected to be recognized over a weighted average period of 2.1 years. The total vest date fair value of shares that vested during the six months ended June 30, 2024 was \$12 million.

Performance Share Units

During the six months ended June 30, 2024, we granted performance share units (“PSUs”) to certain members of management which vest on the third anniversary of the grant date. Based on the achievement of a company performance target during a performance period set by our Compensation Committee of our Board of Directors, upon vesting, the PSUs are exchanged for a number of shares of common stock equal to the number of PSUs multiplied by a factor between 0% and 200%. We use our stock price on the grant date to estimate the fair value of our PSUs. We adjust the expense based on the likelihood of future achievement of performance metrics. If any of the performance targets are not achieved, the awards are forfeited. During the vesting period, the PSUs carry dividend-equivalent rights, but the PSUs do not have voting rights. The PSUs and any related dividend-equivalent rights are forfeited in the event the holder is no longer an employee on the vesting date, unless the holder satisfies certain retirement-eligibility criteria. The following table summarizes PSU activity during the six months ended June 30, 2024:

<i>(In thousands, except per share amounts)</i>	Number of PSUs	Weighted Average Grant Date Fair Value
Non-vested, at January 1	2,846	\$ 9.52
Granted ⁽¹⁾	851	12.99
Forfeited	(319)	9.77
Non-vested, at June 30	<u>3,378</u>	<u>\$ 10.37</u>

⁽¹⁾ Included 53 thousand shares reserved for issuance upon the settlement of dividend-equivalent rights carried by the reported PSUs concurrently with the settlement of such PSUs for shares.

Unrecognized compensation cost related to unvested PSUs as of June 30, 2024 was \$20 million, which is expected to be recognized over a weighted average period of 1.9 years.

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Note 16. Earnings Per Share

Earnings (loss) per share, including a reconciliation of the number of shares used for our earnings (loss) per share calculation, was as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator				
Net earnings (loss) attributable to common shareholders	\$ 19	\$ (139)	\$ 28	\$ (273)
Less: dividend-equivalents declared for equity based awards	—	(1)	(2)	(2)
Total net earnings (loss) available to common shareholders	\$ 19	\$ (140)	\$ 26	\$ (275)
Denominator				
Weighted average number of shares outstanding - basic	179.7	178.5	179.5	178.4
Effect of dilutive securities	1.3	—	1.3	—
Weighted average number of shares outstanding - diluted	181.0	178.5	180.8	178.4
Earnings (loss) per share attributable to Pactiv Evergreen Inc. common shareholders				
Basic	\$ 0.11	\$ (0.78)	\$ 0.14	\$ (1.54)
Diluted	\$ 0.10	\$ (0.78)	\$ 0.14	\$ (1.54)

There were no anti-dilutive potential common shares excluded from the calculation above during the three and six months ended June 30, 2024. The weighted average number of anti-dilutive potential common shares excluded from the calculation above was 0.6 million shares and 0.7 million shares for the three and six months ended June 30, 2023, respectively.

On July 29, 2024, our Board of Directors declared a dividend of \$0.10 per share to be paid on September 13, 2024 to shareholders of record as of August 30, 2024.

Note 17. Segment Information

As of June 30, 2024, we had two reportable segments: Foodservice and Food and Beverage Merchandising. These reportable segments reflect our operating structure and the manner in which our CODM, who is our President and Chief Executive Officer, assesses information for decision-making purposes. The key factors used to identify these reportable segments are the organization of our internal operations and the nature of our products. This reflects how our CODM monitors performance, allocates capital and makes strategic and operational decisions. Our reportable segments are described as follows:

Foodservice - Manufactures a broad range of products that enable consumers to eat and drink where they want and when they want with convenience. Foodservice manufactures food containers, drinkware (hot and cold cups and lids), tableware, serviceware and other products which make eating on-the-go more enjoyable and easy to do.

Food and Beverage Merchandising - Manufactures products that protect and attractively display food and beverages while preserving freshness. Food and Beverage Merchandising products include cartons for fresh refrigerated beverage products, primarily serving dairy (including plant-based, organic and specialties), juice and other specialty beverage end-markets, clear rigid-display containers, containers for prepared and ready-to-eat food, trays for meat and poultry and egg cartons. It also produces fiber-based liquid packaging board for its internal requirements and to sell to other fresh beverage carton manufacturers. Prior to June 2023, it also produced a range of paper-based products which it sold to paper and packaging converters.

Other/Unallocated - We previously had other operating segments that did not meet the threshold for presentation as a reportable segment. These operating segments comprised the remaining components of our former closures businesses, which generated revenue from the sale of caps and closures, and are presented as "Other". As of March 31, 2023, we had disposed of all of the remaining components of our former closures

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businesses. Unallocated includes corporate costs, primarily relating to general and administrative functions such as finance, tax and legal and the effects of the PPPE.

Information by Segment

We present reportable segment Adjusted EBITDA as this is the financial measure by which management and our CODM allocate resources and analyze the performance of our reportable segments.

A segment's Adjusted EBITDA represents its earnings before interest, tax, depreciation and amortization and is further adjusted to exclude certain items, including but not limited to restructuring, asset impairment and other related charges, gains or losses on the sale of businesses and noncurrent assets, non-cash pension income or expense, unrealized gains or losses on derivatives, foreign exchange gains or losses on cash and gains or losses on certain legal settlements.

	Foodservice	Food and Beverage Merchandising	Reportable Segment Total
For the Three Months Ended June 30, 2024			
Net revenues	\$ 668	\$ 670	\$ 1,338
Intersegment revenues	—	4	4
Total reportable segment net revenues	\$ 668	\$ 674	\$ 1,342
Adjusted EBITDA	\$ 109	\$ 93	\$ 202

For the Three Months Ended June 30, 2023			
Net revenues	\$ 656	\$ 770	\$ 1,426
Intersegment revenues	—	35	35
Total reportable segment net revenues	\$ 656	\$ 805	\$ 1,461
Adjusted EBITDA	\$ 128	\$ 109	\$ 237

For the Six Months Ended June 30, 2024			
Net revenues	\$ 1,265	\$ 1,325	\$ 2,590
Intersegment revenues	—	9	9
Total reportable segment net revenues	\$ 1,265	\$ 1,334	\$ 2,599
Adjusted EBITDA	\$ 199	\$ 193	\$ 392

For the Six Months Ended June 30, 2023			
Net revenues	\$ 1,270	\$ 1,585	\$ 2,855
Intersegment revenues	—	70	70
Total reportable segment net revenues	\$ 1,270	\$ 1,655	\$ 2,925
Adjusted EBITDA	\$ 234	\$ 210	\$ 444

Reportable segment assets consisted of the following:

	Foodservice	Food and Beverage Merchandising	Reportable Segment Total
As of June 30, 2024	\$ 1,343	\$ 1,464	\$ 2,807
As of December 31, 2023	1,251	1,511	2,762

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The following table presents a reconciliation of reportable segment Adjusted EBITDA to consolidated income (loss) before income taxes:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Reportable segment Adjusted EBITDA	\$ 202	\$ 237	\$ 392	\$ 444
Unallocated	(19)	(20)	(41)	(38)
	183	217	351	406
<i>Adjustments to reconcile to GAAP income (loss) before income taxes</i>				
Interest expense, net	(66)	(64)	(125)	(127)
Depreciation and amortization (excluding Beverage Merchandising Restructuring and Footprint Optimization related charges)	(75)	(82)	(150)	(166)
Beverage Merchandising Restructuring charges	(7)	(216)	(18)	(403)
Footprint Optimization charges	(3)	—	(13)	—
Other restructuring and asset impairment charges (reversals)	(2)	(1)	(2)	—
Loss on sale of businesses and noncurrent assets	(1)	(1)	—	(1)
Non-cash pension expense	—	(3)	—	(4)
Unrealized gains (losses) on commodity derivatives	1	1	2	(1)
Foreign exchange gains (losses) on cash	1	2	1	(2)
Other	—	—	—	(1)
Income (loss) before tax	\$ 31	\$ (147)	\$ 46	\$ (299)

The following table presents a reconciliation of reportable segment assets to consolidated assets:

	As of June 30, 2024	As of December 31, 2023
Reportable segment assets ⁽¹⁾	\$ 2,807	\$ 2,762
Unallocated ⁽²⁾	3,555	3,633
Total assets	\$ 6,362	\$ 6,395

⁽¹⁾ Reportable segment assets represent trade receivables, inventory and property, plant and equipment.

⁽²⁾ Unallocated is comprised of cash and cash equivalents, other current assets, assets held for sale, entity-wide property, plant and equipment, operating lease right-of-use assets, goodwill, intangible assets, related party receivables and other noncurrent assets.

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Information in Relation to Products

Net revenues by product line are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Foodservice				
Drinkware	\$ 328	\$ 304	\$ 588	\$ 568
Containers	234	238	459	467
Tableware	63	68	131	143
Serviceware and other	43	46	87	92
Food and Beverage Merchandising				
Cartons for fresh beverage products	170	182	354	377
Bakery/snack/produce/fruit containers	132	139	240	266
Meat trays	106	109	210	215
Tableware	92	103	184	206
Liquid packaging board	54	121	109	249
Egg cartons	36	32	74	70
Prepared food trays	29	36	56	72
Paper products	—	27	—	74
Other	55	56	107	126
Total reportable segment net revenues	1,342	1,461	2,599	2,925
Other / Unallocated				
Other	—	—	—	2
Intersegment eliminations	(4)	(35)	(9)	(70)
Total net revenues	\$ 1,338	\$ 1,426	\$ 2,590	\$ 2,857

For all product lines, there is a relatively short time period between the receipt of the order and the transfer of control over the goods to the customer.

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

Our discussion and analysis is intended to help the reader understand our results of operations and financial condition and is provided as an addition to, and should be read in connection with, our condensed consolidated financial statements and the accompanying notes included elsewhere in this Quarterly Report on Form 10-Q.

Our Company

We are a leading manufacturer and distributor of fresh foodservice and food merchandising products and fresh beverage cartons in North America. We produce a broad range of on-trend and feature-rich products that protect, package and display food and beverages for today’s consumers. Our products include containers, drinkware (such as hot and cold cups and lids), cartons for fresh refrigerated beverage products, tableware, meat and poultry trays, liquid packaging board, serviceware, prepared food trays and egg cartons. Our products, many of which are made with recycled, recyclable or renewable materials, are sold to a diversified mix of customers, including restaurants, foodservice distributors, retailers, food and beverage producers, packers and processors. Following authorization by our Board of Directors on July 12, 2024, we signed a definitive agreement to sell the facilities that manufacture liquid packaging board. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Business Environment

In the second quarter of 2024, we experienced further moderation in demand for certain of our products, primarily driven by the ongoing effect on consumer spending from sustained high levels of inflation in recent years. While we have not observed a material economic contraction to-date, we expect these pressures to persist in the near-term, impacting consumer demand and thus our customers’ purchasing decisions and order patterns throughout the remainder of 2024.

In recent years, we experienced meaningful input cost inflation and challenging labor market conditions. While the rate of inflation has moderated, we expect continued upward pressure on our input costs along with more price sensitivity from our customers through the remainder of the year. We believe our pricing strategy provides us with flexibility to manage our market position through cost recovery mechanisms and strategic competitive pricing. In this dynamic environment, we remain focused on servicing our customers, improving manufacturing productivity and optimizing costs across our business.

The increase in interest rates from historically low levels in recent years, higher levels of inflation and geopolitical factors continue to create uncertainty with respect to the economic outlook. If economic conditions were to deteriorate, a further decline in consumer spending may result, which could lead to a meaningful decline in demand for our products in the remainder of 2024 and beyond.

Recent Developments and Items Impacting Comparability

Beverage Merchandising Restructuring

On March 6, 2023, we announced the Beverage Merchandising Restructuring, a plan approved by our Board of Directors to take significant restructuring actions related to our Beverage Merchandising operations. We expect these actions to increase our production efficiency, streamline our management structure and reduce our ongoing capital expenditures and overhead costs.

As a component of the Beverage Merchandising Restructuring, we commenced a process to explore strategic alternatives for our Pine Bluff, Arkansas mill and Waynesville, North Carolina facility. Following authorization by our Board of Directors on July 12, 2024, we entered into a definitive agreement to sell those facilities and associated assets to Suzano S.A. for \$110 million, subject to certain customary adjustments at closing such as working capital. We also agreed to enter into a long-term liquid packaging board supply arrangement with Suzano upon closing of the transaction. The transaction is expected to close in the fourth quarter of 2024.

The operations impacted by the Beverage Merchandising Restructuring did not qualify for presentation as discontinued operations.

Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Footprint Optimization

On February 29, 2024, we announced the Footprint Optimization, a restructuring plan approved by our Board of Directors to optimize our manufacturing and warehousing footprint that we expect will improve our operating efficiency.

Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Non-GAAP Measures – Adjusted EBITDA

In addition to financial measures determined in accordance with GAAP, we make use of the non-GAAP financial measure Adjusted EBITDA to evaluate and manage our business and to plan and make near-term and long-term operating and strategic decisions.

Adjusted EBITDA is defined as net income (loss) calculated in accordance with GAAP, plus the sum of income tax expense, net interest expense, depreciation and amortization and further adjusted to exclude certain items, including but not limited to restructuring, asset impairment and other related charges, gains or losses on the sale of businesses and noncurrent assets, non-cash pension income or expense, unrealized gains or losses on derivatives, foreign exchange gains or losses on cash and gains or losses on certain legal settlements.

We present Adjusted EBITDA because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans, make strategic decisions and incentivize and reward our employees. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and Board of Directors. We also believe that using Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis because it excludes variations primarily caused by changes in the items noted above. In addition, our CODM, who is our President and Chief Executive Officer, uses Adjusted EBITDA of each reportable segment to evaluate the operating performance of such segments.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Instead, you should consider it alongside other financial performance measures, including our net income (loss) and other GAAP results. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we will incur expenses such as those that are the subject of adjustments made in deriving Adjusted EBITDA, and you should not infer from our presentation of Adjusted EBITDA that our future results will not be affected by these expenses or any unusual or non-recurring items. The following is a reconciliation of our net income (loss), the most directly comparable GAAP financial measure, to Adjusted EBITDA for each of the periods indicated:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss) (GAAP)	\$ 20	\$ (139)	\$ 30	\$ (272)
Income tax expense (benefit)	11	(8)	16	(27)
Interest expense, net	66	64	125	127
Depreciation and amortization (excluding Beverage Merchandising Restructuring and Footprint Optimization related charges)	75	82	150	166
Beverage Merchandising Restructuring charges ⁽¹⁾	7	216	18	403
Footprint Optimization charges ⁽²⁾	3	—	13	—
Other restructuring and asset impairment charges (reversals) ⁽³⁾	2	1	2	—
Loss on sale of businesses and noncurrent assets	1	1	—	1
Non-cash pension expense ⁽⁴⁾	—	3	—	4
Unrealized (gains) losses on commodity derivatives	(1)	(1)	(2)	1
Foreign exchange (gains) losses on cash	(1)	(2)	(1)	2
Other	—	—	—	1
Adjusted EBITDA (Non-GAAP)	\$ 183	\$ 217	\$ 351	\$ 406

⁽¹⁾ Reflects charges related to the Beverage Merchandising Restructuring, including \$3 million, \$6 million, \$177 million and \$267 million of accelerated depreciation expense during the three and six months ended June 30, 2024 and 2023, respectively. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

⁽²⁾ Reflects charges related to the Footprint Optimization, including \$2 million and \$3 million of accelerated depreciation expense during the three and six months ended June 30, 2024, respectively. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

⁽³⁾ Reflects other restructuring and asset impairment charges (reversals) not related to the Beverage Merchandising Restructuring or the Footprint Optimization. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

⁽⁴⁾ Reflects the non-cash pension expense related to our employee benefit plans. Refer to Note 9, *Employee Benefits*, for additional details.

Results of Operations

Three Months Ended June 30, 2024 and 2023

Consolidated Results

(In millions, except for %)	For the Three Months Ended June 30,					
	2024	% of Revenue	2023	% of Revenue	Change	% Change
Net revenues	\$ 1,255	94%	\$ 1,331	93%	\$ (76)	(6)%
Related party net revenues	83	6%	95	7%	(12)	(13)%
Total net revenues	1,338	100%	1,426	100%	(88)	(6)%
Cost of sales	(1,115)	(83)%	(1,342)	(94)%	227	17%
Gross profit	223	17%	84	6%	139	165%
Selling, general and administrative expenses	(122)	(9)%	(136)	(10)%	14	10%
Restructuring, asset impairment and other related charges	(6)	—%	(32)	(2)%	26	81%
Other income, net	2	—%	4	—%	(2)	(50)%
Operating income (loss)	97	7%	(80)	(6)%	177	NM
Non-operating expense, net	—	—%	(3)	—%	3	NM
Interest expense, net	(66)	(5)%	(64)	(4)%	(2)	(3)%
Income (loss) before tax	31	2%	(147)	(10)%	178	NM
Income tax (expense) benefit	(11)	(1)%	8	1%	(19)	NM
Net income (loss)	20	1%	(139)	(10)%	159	NM
Adjusted EBITDA⁽¹⁾	\$ 183	14%	\$ 217	15%	\$ (34)	(16)%

NM indicates that the calculation is “not meaningful”.

(1) Adjusted EBITDA is a non-GAAP measure. For details, refer to *Non-GAAP Measures - Adjusted EBITDA*, including a reconciliation between net income (loss) and Adjusted EBITDA.

Components of Change in Reportable Segment Net Revenues

	Price/Mix	Volume	Mill Closure	Total
Total net revenues	—%	(3)%	(3)%	(6)%
By reportable segment:				
Foodservice	2%	—%	—%	2%
Food and Beverage Merchandising	(1)%	(5)%	(10)%	(16)%

Total Net Revenues. Total net revenues for the three months ended June 30, 2024 decreased by \$88 million, or 6%, to \$1,338 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill during the second quarter of 2023 and lower sales volume. Lower sales volume in the Food and Beverage Merchandising segment was mainly due to strategically exiting certain business and the market softening amid inflationary pressures.

Cost of Sales. Cost of sales for the three months ended June 30, 2024 decreased by \$227 million, or 17%, to \$1,115 million compared to the prior year period. The decrease was primarily due to lower charges related to the Beverage Merchandising Restructuring as well as the closure of our Canton, North Carolina mill and lower sales volume, partially offset by higher manufacturing and material costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended June 30, 2024 decreased by \$14 million, or 10%, to \$122 million compared to the prior year period. The decrease was primarily due to lower incentive based compensation costs.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the three months ended June 30, 2024 decreased by \$26 million, or 81%, to \$6 million compared to the prior year period. The expense for both periods is primarily related to activities associated with the Beverage Merchandising Restructuring. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Other Income, Net. Other income, net, for the three months ended June 30, 2024 decreased by \$2 million to \$2 million compared to the prior year period. Refer to Note 10, *Other Income, Net*, for additional details.

Non-operating Expense, Net. Non-operating expense, net, for the three months ended June 30, 2023 was \$4 million of expense. Refer to Note 9, *Employee Benefits*, for additional details.

Interest Expense, Net. Interest expense, net, for the three months ended June 30, 2024 increased by \$2 million, or 3%, to \$66 million, compared to the prior year period. The increase was mostly due to a \$6 million loss on extinguishment of debt, partially offset by lower interest expense due to a reduction in total debt outstanding compared to the prior period and a lower interest rate on our floating rate debt as a result of our Credit Agreement amendments. Refer to Note 7, *Debt*, for additional details.

Income Tax (Expense) Benefit. During the three months ended June 30, 2024, we recognized tax expense of \$11 million on income before tax of \$31 million, compared to a tax benefit of \$8 million on a loss before tax of \$147 million for the prior year period. The effective tax rate for both periods was driven primarily by the inability to recognize a tax benefit on all interest expense.

Net Income (Loss). Net income (loss) for the three months ended June 30, 2024 was income of \$20 million compared to a loss of \$139 million in the prior year period. The change in net income included a \$139 million increase in gross profit, primarily due to accelerated depreciation expense from the Beverage Merchandising Restructuring incurred in the prior year period, partially offset by lower sales volume in the current period for the reasons discussed above. The improved result also benefited from a \$26 million decrease in restructuring charges compared to the prior period primarily related to the Beverage Merchandising Restructuring, partially offset by the discrete tax benefit incurred in the prior period related to the aforementioned restructuring.

Adjusted EBITDA. Adjusted EBITDA for the three months ended June 30, 2024 decreased by \$34 million, or 16%, to \$183 million compared to the prior year period. The decrease was primarily attributable to higher manufacturing costs and lower sales volume, partially offset by lower incentive based compensation costs.

Segment Information

Foodservice

<i>(In millions, except for %)</i>	For the Three Months Ended June 30,			
	2024	2023	Change	Change %
Total segment net revenues	\$ 668	\$ 656	\$ 12	2%
Segment Adjusted EBITDA	\$ 109	\$ 128	\$ (19)	(15)%
Segment Adjusted EBITDA margin ⁽¹⁾	16%	20%		

⁽¹⁾ For each segment, segment Adjusted EBITDA margin is calculated as segment Adjusted EBITDA divided by total segment net revenues.

Total Segment Net Revenues. Foodservice total segment net revenues for the three months ended June 30, 2024 increased by \$12 million, or 2%, to \$668 million compared to the prior year period. The increase was mainly due to higher pricing, largely due to the pass through of higher material costs, partially offset by unfavorable product mix.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the three months ended June 30, 2024 decreased by \$19 million, or 15%, to \$109 million compared to the prior year period. The decrease was primarily due to higher manufacturing costs and unfavorable product mix, partially offset by higher pricing, net of material costs passed through, and lower incentive based compensation costs.

Food and Beverage Merchandising

<i>(In millions, except for %)</i>	For the Three Months Ended June 30,			
	2024	2023	Change	Change %
Total segment net revenues	\$ 674	\$ 805	\$ (131)	(16)%
Segment Adjusted EBITDA	\$ 93	\$ 109	\$ (16)	(15)%
Segment Adjusted EBITDA margin	14%	14%		

Total Segment Net Revenues. Food and Beverage Merchandising total segment net revenues for the three months ended June 30, 2024 decreased by \$131 million, or 16%, to \$674 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill, and lower sales volume. Lower sales volume was due to strategically exiting certain business and the market softening amid inflationary pressures.

Adjusted EBITDA. Food and Beverage Merchandising Adjusted EBITDA for the three months ended June 30, 2024 decreased by \$16 million, or 15%, to \$93 million compared to the prior year period. The decrease is primarily attributable to higher manufacturing costs, lower sales volume and lower pricing, net of material costs passed through, partially offset by lower incentive based compensation costs.

Six Months Ended June 30, 2024 and 2023

Consolidated Results

(In millions, except for %)	For the Six Months Ended June 30,					
	2024	% of Revenue	2023	% of Revenue	Change	% Change
Net revenues	\$ 2,427	94%	\$ 2,654	93%	\$ (227)	(9)%
Related party net revenues	163	6%	203	7%	(40)	(20)%
Total net revenues	2,590	100%	2,857	100%	(267)	(9)%
Cost of sales	(2,146)	(83)%	(2,658)	(93)%	512	19%
Gross profit	444	17%	199	7%	245	123%
Selling, general and administrative expenses	(255)	(10)%	(266)	(9)%	11	4%
Restructuring, asset impairment and other related charges	(23)	(1)%	(105)	(4)%	82	78%
Other income, net	5	—%	4	—%	1	25%
Operating income (loss)	171	7%	(168)	(6)%	339	NM
Non-operating expense, net	—	—%	(4)	—%	4	NM
Interest expense, net	(125)	(5)%	(127)	(4)%	2	2%
Income (loss) before tax	46	2%	(299)	(10)%	345	NM
Income tax (expense) benefit	(16)	(1)%	27	1%	(43)	NM
Net income (loss)	30	1%	(272)	(10)%	302	NM
Adjusted EBITDA⁽¹⁾	\$ 351	14%	\$ 406	14%	\$ (55)	(14)%

NM indicates that the calculation is “not meaningful”.

(1) Adjusted EBITDA is a non-GAAP measure. For details, refer to *Non-GAAP Measures - Adjusted EBITDA*, including a reconciliation between net income (loss) and Adjusted EBITDA.

Components of Change in Reportable Segment Net Revenues

	Price/Mix	Volume	Mill Closure	Total
Total net revenues	(2)%	(3)%	(4)%	(9)%
By reportable segment:				
Foodservice	—%	—%	—%	—%
Food and Beverage Merchandising	(3)%	(5)%	(11)%	(19)%

Total Net Revenues. Total net revenues for the six months ended June 30, 2024 decreased by \$267 million, or 9%, to \$2,590 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill during the second quarter of 2023, lower sales volume, unfavorable product mix and lower pricing due to the pass through of lower material costs.

Cost of Sales. Cost of sales for the six months ended June 30, 2024 decreased by \$512 million, or 19%, to \$2,146 million compared to the prior year period. The decrease was primarily due to lower charges related to the Beverage Merchandising Restructuring as well as the closure of our Canton, North Carolina mill and lower sales volume.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the six months ended June 30, 2024 decreased by \$11 million, or 4%, to \$255 million compared to the prior year period. The decrease was primarily due to lower incentive based compensation costs.

Restructuring, Asset Impairment and Other Related Charges. Restructuring, asset impairment and other related charges for the six months ended June 30, 2024 decreased by \$82 million, or 78%, to \$23 million compared to the prior year period. The expense in both periods is primarily related to activities associated with the Beverage Merchandising Restructuring. Refer to Note 2, *Restructuring, Asset Impairment and Other Related Charges*, for additional details.

Other Income, Net. Other income, net, for the six months ended June 30, 2024 increased by \$1 million to \$5 million compared to the prior year period. Refer to Note 10, *Other Income, Net*, for additional details.

Non-operating Expense, Net. Non-operating expense, net, for the six months ended June 30, 2023 was \$5 million of expense. Refer to Note 9, *Employee Benefits*, for additional details.

Interest Expense, Net. Interest expense, net, for the six months ended June 30, 2024 decreased by \$2 million, or 2%, to \$125 million, compared to the prior year period. The decrease was primarily due to a reduction in total debt outstanding as well as a lower interest rate on our floating rate debt as a result of our Credit Agreement amendments, partially offset by a \$6 million loss on extinguishment of debt during the current period. Refer to Note 7, *Debt*, for additional details.

Income Tax (Expense) Benefit. During the six months ended June 30, 2024, we recognized tax expense of \$16 million on income before tax of \$46 million, compared to a tax benefit of \$27 million on a loss before tax of \$299 million for the prior year period. The effective tax rate for both periods was driven primarily by the inability to recognize a tax benefit on all interest expense.

Net Income (Loss). Net income (loss) for the six months ended June 30, 2024 was income of \$30 million compared to a loss of \$272 million in the prior year period. The change in net income included a \$245 million increase in gross profit, primarily due to accelerated depreciation expense from the Beverage Merchandising Restructuring incurred in the prior year period, partially offset by lower sales volume in the current period for the reasons discussed above. The improved result also benefited from a \$82 million decrease in restructuring charges compared to the prior period primarily related to the Beverage Merchandising Restructuring, partially offset by the discrete tax benefit incurred in the prior period related to the aforementioned restructuring.

Adjusted EBITDA. Adjusted EBITDA for the six months ended June 30, 2024 decreased by \$55 million, or 14%, to \$351 million compared to the prior year period. The decrease reflects unfavorable product mix, lower sales volume and higher manufacturing costs, partially offset by higher pricing, net of material costs passed through, and lower incentive based compensation costs.

Segment Information

Foodservice

<i>(In millions, except for %)</i>	For the Six Months Ended June 30,			
	2024	2023	Change	Change %
Total segment net revenues	\$ 1,265	\$ 1,270	\$ (5)	—%
Segment Adjusted EBITDA	\$ 199	\$ 234	\$ (35)	(15)%
Segment Adjusted EBITDA margin	16%	18%		

Total Segment Net Revenues. Foodservice total segment net revenues for the six months ended June 30, 2024 decreased by \$5 million to \$1,265 million compared to the prior year period as higher pricing, largely due to the pass through of higher material costs, was more than offset by unfavorable product mix.

Adjusted EBITDA. Foodservice Adjusted EBITDA for the six months ended June 30, 2024 decreased by \$35 million, or 15%, to \$199 million compared to the prior year period. The decrease is primarily due to higher manufacturing costs and unfavorable product mix, partially offset by higher pricing, net of material costs passed through.

Food and Beverage Merchandising

<i>(In millions, except for %)</i>	For the Six Months Ended June 30,			
	2024	2023	Change	Change %
Total segment net revenues	\$ 1,334	\$ 1,655	\$ (321)	(19)%
Segment Adjusted EBITDA	\$ 193	\$ 210	\$ (17)	(8)%
Segment Adjusted EBITDA margin	14%	13%		

Total Segment Net Revenues. Food and Beverage Merchandising total segment net revenues for the six months ended June 30, 2024 decreased by \$321 million, or 19%, to \$1,334 million compared to the prior year period. The decrease was primarily due to the closure of our Canton, North Carolina mill, lower sales volume and lower pricing, largely due to the pass through of lower material costs.

Adjusted EBITDA. Food and Beverage Merchandising Adjusted EBITDA for the six months ended June 30, 2024 decreased by \$17 million, or 8%, to \$193 million compared to the prior year period. The decrease reflects lower sales volume and unfavorable product mix, partially offset by lower manufacturing and incentive based compensation costs.

Liquidity and Capital Resources

We manage our capital structure in an effort to most effectively execute our strategic priorities and maximize shareholder value. We believe that we have sufficient liquidity to support our ongoing operations and to re-invest in our business to drive future growth. Our projected operating cash flows, cash on-hand and available capacity under our revolving credit facility are our primary sources of liquidity for the next 12 months. We expect our liquidity to fund capital expenditures, payments of interest and principal on our debt, cash-based restructuring charges and distributions to shareholders that require approval by our Board of Directors. Additionally, we may continue to utilize portions of our excess cash to repurchase certain amounts of our long-term debt prior to maturity depending on market conditions, among other factors.

Cash flows

Our cash flows for the six months ended June 30, 2024 and 2023 were as follows:

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2024	2023
Net cash provided by operating activities	\$ 61	\$ 215
Net cash used in investing activities	(100)	(114)
Net cash used in financing activities	(52)	(337)
Effect of exchange rate on cash, cash equivalents and restricted cash	(1)	5
Net decrease in cash, cash equivalents and restricted cash	\$ (92)	\$ (231)

Net cash outflows decreased by \$139 million, or 60%, compared to the prior year period primarily due to a decrease in cash used in financing activities driven by \$290 million of early debt repayments and repurchases in the prior year period, partially offset by lower net cash provided by operating activities. Net cash provided by operating activities decreased primarily due to unfavorable changes in inventory and lower income from operations.

During the six months ended June 30, 2024, our primary source of cash was \$61 million of net cash provided by operating activities. The net cash provided by operating activities reflects income from operations, partially offset by \$116 million of cash interest payments and \$37 million of cash taxes. Our primary uses of cash were \$98 million of capital expenditures and \$36 million of dividends paid.

During the six months ended June 30, 2023, our primary source of cash was \$215 million of net cash provided by operating activities. The net cash provided by operating activities reflects income from operations, partially offset by \$135 million of cash interest payments and \$31 million of cash taxes. Our primary uses of cash for the same period were \$290 million of early debt repayments and repurchases, \$116 million of capital expenditures and \$36 million of dividends paid.

Dividends

During each of the six months ended June 30, 2024 and 2023, we paid cash dividends of \$36 million. On July 29, 2024, our Board of Directors declared a dividend of \$0.10 per share to be paid on September 13, 2024 to shareholders of record as of August 30, 2024.

Our Credit Agreement and Notes limit our ability to make dividend payments, subject to specified exceptions. Our Board of Directors must review and approve future dividend payments and will determine whether to declare additional dividends based on our operating performance, expected future cash flows, debt levels, liquidity needs and investment opportunities.

Financing and capital resources

As of June 30, 2024, we had \$3,604 million of total principal amount of borrowings. Refer to Note 7, *Debt*, for additional details. Of our total debt, \$1,682 million is subject to variable interest rates, representing borrowings drawn under our Credit Agreement. As of June 30, 2024, \$682 million of the total \$1,682 million of variable interest rate indebtedness was not hedged by an interest rate swap, and any additional interest rate swaps into which we enter may not fully mitigate our remaining interest rate risk.

During the six months ended June 30, 2024, we borrowed \$391 million of our Revolving Tranche facility and repaid \$36 million plus interest.

On May 1, 2024, we amended the Credit Agreement to increase the capacity on our Revolving Tranche facility from \$250 million to \$1,100 million and extend the maturity date to May 1, 2029. We also amended the applicable interest rate and other pricing terms, including by replacing the facility fee with a lower fee on unutilized capacity.

On May 28, 2024, we further amended the Credit Agreement to replace the existing \$990 million outstanding U.S. term loans Tranche B-3 with a new upsized \$1,330 million of U.S. term loans Tranche B-4. The U.S. term loans Tranche B-4 will mature on September 24, 2028. The \$340 million proceeds from upsizing the U.S. term loans, together with the proceeds of a \$350 million draw upon our Revolving Tranche facility, were used to prepay in full the \$690 million of existing U.S. term loans Tranche B-2 maturing in February 2026. The U.S. term loans Tranche B-4 have a lower interest rate relative to the U.S. term loans Tranche B-2 and B-3 that they replaced. There were no other material changes to the terms of the Credit Agreement as a result of these amendments.

As of June 30, 2024, the SOFR-based reference rate was 5.34%.

Based on the one-month SOFR as of June 30, 2024, and including the impact of our interest rate swap agreements, our 2024 annual cash interest obligations on our borrowings are expected to be approximately \$230 million.

Under the Credit Agreement, we may incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Incremental senior secured indebtedness under the Credit Agreement and senior secured or unsecured notes in lieu thereof are permitted to be incurred up to an aggregate principal amount of \$750 million subject to pro forma compliance with the Credit Agreement's total secured leverage ratio covenant. In addition, we may incur senior secured indebtedness in an unlimited amount as long as our total secured leverage ratio does not exceed 4.50 to 1.00 on a pro forma basis, and (in the case of incremental senior secured indebtedness under the Credit Agreement only) we are in pro forma compliance with the Credit Agreement's total secured leverage ratio covenant. The incurrence of unsecured indebtedness, including the issuance of senior notes, and unsecured subordinated indebtedness is also permitted (subject to the terms of the Credit Agreement) if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis.

Under the respective indentures governing the Notes, we may incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Indebtedness may be incurred under the incurrence tests if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis or the consolidated total leverage ratio is no greater than 5.50 to 1.00 and the liens securing first lien secured indebtedness do not exceed a 4.10 to 1.00 consolidated secured first lien leverage ratio.

We are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due for the year ended December 31, 2023.

Liquidity and working capital

Our liquidity position is summarized in the table below:

<i>(In millions, except for current ratio)</i>	As of June 30, 2024	As of December 31, 2023
Cash and cash equivalents ⁽¹⁾	\$ 95	\$ 164
Availability under revolving credit facility	696	201
	\$ 791	\$ 365
Working capital ⁽²⁾	822	793
Current ratio	2.0	2.0

⁽¹⁾ Excluded \$21 million of restricted cash classified as other noncurrent assets as of December 31, 2023.

⁽²⁾ Included \$4 million of assets classified as held for sale as of December 31, 2023.

As of June 30, 2024, we had \$95 million of cash and cash equivalents on-hand. We also had \$696 million available under our revolving credit facility, net of \$49 million utilized in the form of letters of credit under the facility. Our next debt maturity is \$217 million of Pactiv Debentures due in December 2025, excluding amortization payments related to our U.S. term loans Tranche B-4 under our Credit Agreement.

We believe that we have sufficient liquidity to support our ongoing operations in the next 12 months and to invest in future growth to create further value for our shareholders. The increased liquidity for the six months ended June 30, 2024 was primarily due to the amendment to our Credit Agreement increasing the availability under our Revolving Tranche facility and \$61 million of net operating cash flows. These increases were partially offset by \$98 million of capital expenditures and \$36 million of dividends paid. We currently anticipate making cash payments of approximately \$260 million in the aggregate for capital expenditures during 2024.

During the six months ended June 30, 2024, our working capital increased \$29 million, or 4%, primarily due to increases in inventory levels. Our working capital position provides us the flexibility for further consideration of strategic initiatives, including reinvestment in our business and deleveraging of our balance sheet. As a result, we may continue to utilize portions of our excess cash to repurchase certain amounts of our long-term debt prior to maturity depending on market conditions, among other factors.

Our ability to borrow under our revolving credit facility or to incur additional indebtedness may be limited by the terms of such indebtedness or other indebtedness, including the Credit Agreement and the Notes. The Credit Agreement and the respective indentures governing the Notes generally allow our subsidiaries to transfer funds in the form of cash dividends, loans or advances within the Company.

Other than short-term leases executed in the normal course of business, we have no material off-balance sheet obligations.

Critical Accounting Policies, Estimates and Assumptions

The most critical accounting policies and estimates are those that are most important to the portrayal of our financial condition and results of operations and require us to make the most difficult and subjective judgments, often estimating the outcome of future events that are inherently uncertain. Our significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023. Our critical accounting estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements

New accounting standards that we have recently adopted, as well as accounting standards that have been recently issued but not yet adopted by us, is included in Note 1, *Nature of Operations and Basis of Presentation*.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Except as noted below, there have been no material changes to our market risk during the six months ended June 30, 2024. For additional information, refer to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, in our Annual Report on Form 10-K for the year ended December 31, 2023.

Foreign Currency Exchange Rate Risk

As a result of our operations in Mexico, we are exposed to foreign currency exchange risk arising from certain transactions and related assets and liabilities denominated in U.S. dollars instead of the Mexican peso.

In accordance with our treasury policy, we take advantage of natural offsets to the extent possible. On a limited basis, we use contracts to hedge foreign currency exchange risk arising from receipts and payments denominated in foreign currencies. We generally do not hedge our exposure to translation gains or losses in respect of our non-U.S. dollar functional currency assets or liabilities. Additionally, when considered appropriate, we may enter into forward exchange contracts to hedge foreign currency exchange risk arising from specific transactions. As of June 30, 2024, we had contracts with U.S. dollar equivalent notional amounts of \$16 million to exchange the Mexican peso in order to hedge certain U.S. dollar purchases of inventory.

A 10% increase or decrease in the spot rate used to value the forward exchange contracts, applied as of June 30, 2024, would have resulted in a change of \$2 million in the unrealized gain recognized in the condensed consolidated statement of comprehensive income (loss).

Item 4. Controls and Procedures.**a) Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. In connection with the preparation of this report, management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2024, our disclosure controls and procedures were effective.

b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The information required to be set forth under this heading is incorporated by reference from Note 11, *Commitments and Contingencies*, to the interim Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

10b5-1 Trading Arrangements

During the three months ended June 30, 2024, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and/or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits.

The following exhibits are filed as part of, or are incorporated by reference in, this report:

Exhibit	Exhibit Title	Filed Herewith	Furnished Herewith	Incorporated by Reference		
				Form	Exhibit No.	Date Filed
3.1	Amended and Restated Certificate of Incorporation of the Registrant and Certificate of Amendment thereto.	X				
3.2	Amended and Restated Bylaws of the Registrant.			8-K	3.2	Sept. 21, 2020
10.1	Specified Refinancing Amendment, Incremental Amendment and Administrative Agency Transfer Agreement (Amendment No. 17), dated as of May 1, 2024, by and among Pactiv Evergreen Group Holdings Inc., Pactiv LLC, Evergreen Packaging LLC, the Registrant, the guarantors from time to time party thereto, the lenders from time to time party thereto, Credit Suisse AG, Cayman Islands Branch, as administrative agent for the lenders, and Wells Fargo Bank, National Association, as administrative agent for the revolving credit lenders.			10-Q	10.1	May 3, 2024
10.2	Specified Refinancing Amendment and Administrative Agency Transfer Agreement (Amendment No. 18), dated as of May 28, 2024, by and among Pactiv Evergreen Group Holdings Inc., Pactiv LLC, Evergreen Packaging LLC, the Registrant, the guarantors from time to time party thereto, the lenders from time to time party thereto, Credit Suisse AG, Cayman Islands Branch, as term loan facility administrative agent, and Wells Fargo Bank, National Association, as revolving credit facility administrative agent.			8-K	10.1	May 29, 2024
10.3	Fourth Amended and Restated Credit Agreement, dated as of August 5, 2016, as conformed to reflect amendments through Amendment No. 18, dated May 28, 2024, by and among Pactiv Evergreen Group Holdings Inc., Pactiv LLC, Evergreen Packaging LLC, the Registrant, the guarantors from time to time party thereto, the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent.			8-K	10.2	May 29, 2024
10.4*	Amended and Restated Equity Incentive Plan of Pactiv Evergreen Inc., dated as of June 5, 2024.			8-K	10.1	June 7, 2024
10.5**	Warehousing and Freight Services Agreement, dated as of November 1, 2019, between Reynolds Consumer Products LLC and Pactiv LLC, and Amendment No. 1, Amendment No. 2 and Amendment No. 3 thereto.	X				
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act	X				

	of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X			
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X			
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					

* Indicates a management contract or compensatory plan.

** Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because they are not material and are of the type that the registrant treats as private or confidential. The registrant agrees to furnish an unredacted copy of this exhibit and the registrant's materiality and privacy or confidentiality analyses on a supplemental basis to the SEC or its staff upon request.

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.

PACTIV EVERGREEN INC.
(Registrant)

By: /s/ Jonathan H. Baksht
Jonathan H. Baksht
Chief Financial Officer (principal financial officer and principal
accounting officer)
July 31, 2024

AMENDED & RESTATED CERTIFICATE OF INCORPORATION
OF
PACTIV EVERGREEN INC.

Pactiv Evergreen Inc. (the “**Corporation**”) is a corporation organized and existing under the laws of the State of Delaware. The Corporation was incorporated under the name “Reynolds Group Holdings Limited” on May 30, 2006 under the Companies Act 1993 of New Zealand. Pursuant to the certificate of conversion filed with the Secretary of State of the State of Delaware on September 11, 2020, the Corporation converted into a corporation incorporated in the State of Delaware with the name Pactiv Evergreen Inc. on September 17, 2020. This amended and restated certificate of incorporation (“**Amended and Restated Certificate of Incorporation**”), which restates, integrates and further amends the provisions of the Corporation’s certificate of incorporation filed with the Secretary of State of the State of Delaware on September 11, 2020 in its entirety, was duly adopted by the board of directors of the Corporation (the “**Board of Directors**”) and the stockholders of the Corporation in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

ARTICLE 1.
NAME

The name of the corporation is Pactiv Evergreen Inc.

ARTICLE 2.
REGISTERED OFFICE AND AGENT

The address of the Corporation’s registered office in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE 3.
PURPOSE AND POWERS

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (“**Delaware Law**”).

ARTICLE 4
CAPITAL STOCK

(A) Authorized Shares

1. **Classes of Stock.** The total number of shares of stock that the Corporation shall have authority to issue is 2,200,000,000, consisting of 2,000,000,000 shares of common stock, par value \$0.001 per share (the “**Common Stock**”), and 200,000,000 shares of preferred stock, par value \$0.001 per share (the “**Preferred Stock**”). Upon the effectiveness of this Amended and Restated Certificate of Incorporation on September 21, 2020 at 8:00 a.m. Eastern time (the “**Effective Time**”), every share of the Corporation’s Common Stock issued and outstanding immediately prior to the Effective Time (“**Old**

Common Stock") will be automatically reclassified as, and converted into, 134,408 shares of Common Stock (the "**Stock Split**"). Any stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock will, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent the number of shares of Common Stock as equals the product obtained by multiplying the number of shares of Old Common Stock represented by such certificate immediately prior to the Effective Time by 134,408; provided that each person holding of record a stock certificate or certificates that represented shares of Old Common Stock shall receive, upon surrender of such certificate or certificates, a new certificate or certificates evidencing and representing the number of shares of Common Stock to which such person is entitled pursuant to the Stock Split.

2. **Preferred Stock.** The Board of Directors is hereby empowered, without any action or vote by the Corporation's stockholders (except as may otherwise be provided by the terms of any class or series of Preferred Stock then outstanding), to authorize by resolution or resolutions from time to time the issuance of one or more classes or series of Preferred Stock and to fix the designations, powers, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, if any, with respect to each such class or series of Preferred Stock and the number of shares constituting each such class or series, and to increase or decrease the number of shares of any such class or series to the extent permitted by Delaware Law.

(B) Voting Rights

Each holder of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; *provided, however*, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any class or series of Preferred Stock) that relates solely to the terms of one or more outstanding classes or series of Preferred Stock if the holders of such affected class or series are entitled, either separately or together with the holders of one or more other such classes or series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any class or series of Preferred Stock) or pursuant to Delaware Law.

ARTICLE 5. BYLAWS

The Board of Directors shall have the power to adopt, amend or repeal the bylaws of the Corporation (the "**Bylaws**"). So long as the Stockholders' Agreement among the Corporation and certain of its shareholders, dated as of September 21, 2020 (the "**Stockholders' Agreement**"), remains in effect, the Board of Directors shall not approve any amendment, alteration or repeal of any provision of these Bylaws, or the adoption of any new Bylaw, that would be contrary to or inconsistent with the then-applicable terms of the Stockholders' Agreement.

From and after the first date on which Packaging Finance Limited ("**PFL**") and all other entities beneficially owned by Mr. Graeme Richard Hart or his estate, heirs, executor, administrator or other personal representative, or any of his immediate family members or any trust, fund or other entity which is controlled by his estate, heirs, any of his immediate family members or any of their respective affiliates (PFL and all of the foregoing, collectively, the "**Hart Entities**") and any other transferee of all of the outstanding shares of Common Stock held at any time by the Hart Entities which are transferred other than pursuant to a widely distributed public sale ("**Permitted Assigns**") no longer beneficially own more than 50% of the outstanding shares of Common Stock of the Corporation (the "**Effective Date**"), the

stockholders may adopt, amend or repeal the Bylaws only with the affirmative vote of the holders of not less than 662/3% of the voting power of all outstanding securities of the Corporation generally entitled to vote in the election of directors, voting together as a single class.

Until the Effective Date, the stockholders may adopt, amend or repeal the Bylaws only with the affirmative vote of the holders of not less than a majority of the total voting power of all outstanding securities of the Corporation.

ARTICLE 6. BOARD OF DIRECTORS

(A) Power of the Board of Directors. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors.

(B) Number of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors which shall constitute the Board of Directors shall, as of the date this Amended and Restated Certificate of Incorporation becomes effective, be seven and, thereafter, shall be fixed exclusively by one or more resolutions adopted from time to time solely by the affirmative vote of a majority of the Board of Directors.

(C) Election of Directors.

(1) Until the Effective Date, all of the directors will be elected annually at the annual meeting of stockholders.

(2) From and after the Effective Date, the directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be practicable, of one-third of the total number of directors constituting the entire Board of Directors. Each director shall serve for a term ending on the date of the third annual meeting of stockholders next following the annual meeting at which such director was elected; *provided* that directors initially designated as Class I directors shall serve for a term ending on the date of the first annual meeting following such Effective Date, directors initially designated as Class II directors shall serve for a term ending on the second annual meeting following such Effective Date, and directors initially designated as Class III directors shall serve for a term ending on the date of the third annual meeting following such Effective Date. Immediately following the Effective Date, the Board of Directors is authorized to designate the directors then in office as Class I directors, Class II directors or Class III directors. In making such designation, the Board of Directors shall equalize, as nearly as possible, the number of directors in each class. In the event of any change in the number of directors, the Board of Directors shall apportion any newly created directorships among, or reduce the number of directorships in, such class or classes as shall equalize, as nearly as possible, the number of directors in each class. In no event will a decrease in the number of directors shorten the term of any incumbent director.

(3) Each director shall hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal and, in the case of a classified board, for a term that shall coincide with the term of the class to which such director shall have been elected, and, subject to the then-applicable terms of the Stockholders' Agreement.

(4) There shall be no cumulative voting in the election of directors. Election of directors need not be by written ballot unless the Bylaws so provide.

(D) Vacancies. Vacancies on the Board of Directors resulting from death, resignation, removal or otherwise and newly created directorships resulting from any increase in the number of directors shall, except as otherwise required by law, be filled solely by a majority vote of the directors then in office and entitled to vote thereon (although less than a quorum) or by the sole remaining director entitled to vote thereon, and each director so elected shall hold office for a term that shall coincide with the term of the Class to which such director shall have been elected.

(E) Removal. Subject to the rights of the holders of any series of Preferred Stock then outstanding and the then-applicable terms of the Stockholders' Agreement:

(1) until the Effective Date, any director may be removed from office, with or without cause, by the affirmative vote of the holders of not less than a majority of the total voting power of all outstanding securities of the Corporation generally entitled to vote in the election of directors, voting together as a single class; and

(2) from and after the Effective Date, no director may be removed from office by the stockholders except for cause with the affirmative vote of the holders of not less than a majority of the total voting power of all outstanding securities of the Corporation generally entitled to vote in the election of directors, voting together as a single class.

(F) Preferred Stock Directors. Notwithstanding anything else contained herein, whenever the holders of one or more classes or series of Preferred Stock shall have the right, voting separately as a class or series, to elect directors, the election, term of office, filling of vacancies, removal and other features of such directorships shall be governed by the terms of such class or series of Preferred Stock adopted by resolution or resolutions adopted by the Board of Directors pursuant to Article 4(A) hereto, and such directors so elected shall not be subject to the provisions of this Article 6 unless otherwise provided therein.

ARTICLE 7. MEETINGS OF STOCKHOLDERS

(A) Annual Meetings. An annual meeting of stockholders for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting shall be held at such place, on such date, and at such time as the Board of Directors shall determine.

(B) Special Meetings. Special meetings of the stockholders may be called only by:

(1) the Chief Executive Officer of the Corporation or the Chairman;

(2) the Board of Directors acting pursuant to a resolution adopted by a majority of the Board of Directors; or

(3) until the Effective Date, special meetings of the stockholders may also be called by the Secretary of the Corporation at the request of the holders of a majority of the outstanding shares of Common Stock.

Notwithstanding the foregoing, whenever holders of one or more classes or series of Preferred Stock shall have the right, voting separately as a class or series, to elect directors, such holders may call, pursuant to the terms of such class or series of Preferred Stock adopted by resolution or resolutions of the Board of Directors pursuant to Article 4(A) hereto, special meetings of holders of such Preferred Stock.

(C) Action by Written Consent. Subject to the rights of the holders of any class or series of Preferred Stock then outstanding, as may be set forth in the resolution or resolutions adopted by the Board of Directors pursuant to Article 4(A) hereto for such class or series of Preferred Stock, any action required or permitted to be taken at any annual or special meeting of stockholders may be taken:

(1) until the Effective Date, by written consent of the stockholders without a meeting; and

(2) from and after the Effective Date only upon the vote of stockholders at an annual or special meeting duly noticed and called in accordance with Delaware Law, as amended from time to time, and this Article 7 and may not be taken by written consent of stockholders without a meeting.

ARTICLE 8. INDEMNIFICATION

(A) Limited Liability. A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware Law.

(B) Right to Indemnification.

(1) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware Law. The right to indemnification conferred in this Article 8 shall also include the right to be paid by the Corporation the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by Delaware Law. The right to indemnification conferred in this Article 8 shall be a contract right.

(2) The Corporation may, by action of its Board of Directors, provide indemnification to such of the employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.

(C) Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under Delaware Law.

(D) Nonexclusivity of Rights. The rights and authority conferred in this Article 8 shall not be exclusive of any other right that any person may otherwise have or hereafter acquire.

(E) Preservation of Rights. Neither the amendment nor repeal of this Article 8, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation or the Bylaws, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall adversely affect any right or protection of any person granted pursuant hereto existing at, or arising out of or related to any event, act or omission that occurred prior to, the time of such amendment, repeal, adoption or modification (regardless of when

any proceeding (or part thereof) relating to such event, act or omission arises or is first threatened, commenced or completed).

ARTICLE 9. AMENDMENTS

The Corporation reserves the right to amend this Amended and Restated Certificate of Incorporation, provided such amendment is approved by:

(1) until the Effective Date, the affirmative vote of the holders of not less than a majority of the total voting power of all outstanding securities of the Corporation, generally entitled to vote in the election of directors, voting together as a single class and all rights and powers conferred upon stockholders, directors and officers herein are granted subject to this reservation; or

(2) from and after the Effective Date, the affirmative vote of the holders of not less than 662/3% of the total voting power of all outstanding securities of the Corporation generally entitled to vote in the election of directors, voting together as a single class and all rights and powers conferred upon stockholders, directors and officers herein are granted subject to this reservation.

ARTICLE 10 CORPORATE OPPORTUNITY

To the fullest extent permitted by the laws of the State of Delaware, (a) the Corporation hereby renounces all interest and expectancy that it otherwise would be entitled to have in, and all rights to be offered an opportunity to participate in, any business opportunity that from time to time may be presented to (i) the Board of Directors or any Director, (ii) any stockholder, officer or agent of the Corporation, or (iii) any affiliate of any person or entity identified in the preceding clause (i) or (ii), but in each case excluding any such person in its capacity as an employee of the Corporation or its subsidiaries; (b) no holder of Common Stock or Preferred Stock (collectively, "Capital Stock") and no Director that is not an employee of the Corporation or its subsidiaries will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which the Corporation or its subsidiaries from time to time is engaged or proposes to engage or (ii) otherwise competing, directly or indirectly, with the Corporation or any of its subsidiaries; and (c) if any holder of Capital Stock or any Director that is not an employee of the Corporation or its subsidiaries acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity both for such holder of Capital Stock or such Director or any of their respective affiliates, on the one hand, and for the Corporation or its subsidiaries, on the other hand, such holder of Capital Stock or Director shall have no duty to communicate or offer such transaction or business opportunity to the Corporation or its subsidiaries and such holder of Capital Stock or Director may take any and all such transactions or opportunities for itself or offer such transactions or opportunities to any other person or entity. The preceding sentence of this Article 10 shall not apply to any potential transaction or business opportunity that is expressly offered to a Director, who is not an employee of the Corporation or its subsidiaries, solely in his or her capacity as a Director.

To the fullest extent permitted by the laws of the State of Delaware, no potential transaction or business opportunity may be deemed to be a potential corporate opportunity of the Corporation or its subsidiaries unless (a) the Corporation and its subsidiaries would be permitted to undertake such transaction or opportunity in accordance with this Amended and Restated Certificate of Incorporation, (b) the Corporation and its subsidiaries at such time have sufficient financial resources to undertake such transaction or opportunity and (c) such transaction or opportunity would be in the same or similar line of

business in which the Corporation and its subsidiaries are then engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business.

No holder of Capital Stock and no Director will be liable to the Corporation or its subsidiaries or stockholders for breach of any duty (contractual or otherwise) by reason of any activities or omissions of the types referred to in this Article 10, except to the extent such actions or omissions are in breach of this Amended and Restated Certificate of Incorporation.

ARTICLE 11 FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the “**Court of Chancery**”) shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee or agent of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action asserting a claim against the Corporation, any director or the Corporation’s officers or employees arising pursuant to any provision of Delaware Law or this Amended and Restated Certificate of Incorporation or the Bylaws, or (iv) any action asserting a claim against the Corporation, any Director or the Corporation’s officers or employees governed by the internal affairs doctrine, except, as to each of clauses (i) through (iv) above, for any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten (10) days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article 11.

The foregoing exclusive forum provision of this Article 11 shall not apply to any action brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

ARTICLE 12

The Corporation expressly elects not to be governed by Section 203 of the Delaware Law.

ARTICLE 13 MISCELLANEOUS

As used in this Amended and Restated Certificate of Incorporation, the following terms have the following meanings:

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purpose of this definition, the term

“**control**” (including, with correlative meanings, the terms “**controlling**”, “**controlled by**” and “**under common control with**”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Person**” means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

ARTICLE 14
EFFECTIVE TIME

This Amended and Restated Certificate of Incorporation shall be effective at 8:00 a.m. Eastern time on September 21, 2020.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation on this 18th day of 2020.

/s/ Steven Karl

Name: Steven Karl

Title: Secretary

CERTIFICATE OF AMENDMENT OF THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
PACTIV EVERGREEN INC.

Pactiv Evergreen Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify:

1. This Certificate of Amendment amends the Amended and Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on September 18, 2020, and has been duly adopted by the Board of Directors of the Corporation and by the stockholders of the Corporation in accordance with Section 242 of the DGCL at an annual meeting held on June 5, 2024.
2. Section (A) of Article 8 of the Amended and Restated Certificate of Incorporation of the Corporation is hereby deleted in its entirety and replaced with the following:

“(A) Limited Liability. To the fullest extent permitted by Delaware Law, neither an officer nor a director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty.”
3. Except as amended hereby, all other provisions of the Amended and Restated Certificate of Incorporation of the Corporation shall remain in full force and effect.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by Tyler T. Rosenbaum, its Assistant Secretary, this 5th day of June, 2024.

PACTIV EVERGREEN INC.

By: /s/ Tyler T. Rosenbaum
Name: Tyler T. Rosenbaum
Title: Assistant Secretary

[*] – Text omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K under the Securities Exchange Act of 1934, as amended, because it is not material and is of the type that the registrant treats as private or confidential.

WAREHOUSING AND FREIGHT SERVICES AGREEMENT

This Warehousing and Freight Services Agreement (referred to herein as the “Agreement”) is made as of November 1, 2019 (“Effective Date”) by and between Reynolds Consumer Products LLC, a Delaware limited liability company with its principal place of business at 1900 West Field Court, Lake Forest, IL 60045 (referred to at times as “Reynolds”) and Pactiv LLC, a Delaware limited liability company with offices at 1900 West Field Court, Lake Forest, IL 60045 (referred to at times as “Pactiv”). Reynolds and Pactiv are each referred at times in this Agreement individually as a “Party” and collectively as the “Parties”.

RECITALS:

1. The Parties have entered into a Master Supply Agreement dated November 1, 2019 (the “MSA”) under which Pactiv has agreed to manufacture and sell to Reynolds, and Reynolds has agreed to purchase from Pactiv, certain food packaging and foodservice products (the “Pactiv Products”).
2. Reynolds desires that Pactiv receive, store and handle food packaging and foodservice goods manufactured by Reynolds and its Affiliates (the “Reynolds Products”), and (after mixing them with Pactiv Products purchased by Reynolds under the MSA, if applicable) load them for delivery to Reynolds’ third party customers, or directly to Reynolds; on common carrier trucks or hold them for pick up by Reynolds or its third-party customers on the business campuses in the cities, states and provinces listed in attached Schedule 1-A of this Agreement that are owned or leased by Pactiv or its Affiliates (such campuses are referred to herein as the “Warehouses”) and to obtain these storage and related warehouse services from Pactiv as more fully described in the attached Schedule 1-B of this Agreement (the “Warehouse Services”) on the terms and conditions in this Agreement. Pactiv desires to perform such Services for Reynolds on the terms and conditions in this Agreement. By way of clarification, Pactiv Canada, Inc. will perform the Warehouse Services on behalf of Pactiv at the Warehouse located in Bolton, Ontario, Canada.
3. Reynolds further desires Pactiv to arrange on behalf of Reynolds and its Affiliates for third-party common carriers to pick-up orders of Pactiv Products, Reynolds Products or both from the Warehouses and certain other manufacturing and warehouse facilities of Reynolds and its Affiliates located in the United States, Canada and Mexico and to transport and deliver them to third-party customers of Reynolds all as more fully described in Schedule 2 of this Agreement (the “Freight Services”) on the terms and conditions in this Agreement. Pactiv desires to perform the Freight Services for Reynolds on the terms and conditions of this Agreement. The Warehouse Services and the Freight Services will be collectively referred to as the “Services” in this Agreement.
4. Pactiv has been providing the Services to Reynolds for a number of years prior to the Effective Date. In connection with Pactiv providing such Services to Reynolds, the Parties have developed and follow certain standard operating procedures (the “SOPs”). The Parties will be updating their respective business systems over the next six months, and, since the updates to these business systems will require the Parties to modify the SOPs, the Parties intend to negotiate and agree in writing to a document containing the updated SOPs. Until the business systems have been updated and the updated SOPs have been agreed upon, the current SOPs will apply. The SOPs supplement and may amend the provisions in this Agreement and the MSA. In the event of any conflict or inconsistency between this Agreement and the SOPs, the SOPs will govern and control but only with respect to the provision in the SOPs that specifically apply to the performance or delivery of the Services under this Agreement.
5. It is the intention of the Parties to continue operate in substantially the same manner with respect to the practices, procedures, volumes and cost allocations used by the Parties prior to the Effective Date in Pactiv’s providing and Reynolds’ purchasing and using the Services. Therefore, the phrase “commercially reasonable” when used herein means in accordance with the methodology or practices that the Parties used with respect to such action or issue, substantially the same volume with respect to the amount of Services, the same turnaround time with respect to orders and acceptances, or the same protocol for communication that was used by the Parties during the trailing twelve (12) month period immediately prior to the Effective Date.

NOW, THEREFORE, the Parties agree as follows:

I. Term and Warehouse and Freight Service Periods

1. The “Term” of this Agreement will commence on the Effective Date and will end on the earlier of: (i) May 31, 2024 (the “Termination Date”); (ii) a termination date elected by a Party in a written notice delivered to the other Party in the event Pactiv has ceased performing Warehouse and Freight Services for Reynolds at all Pactiv and Reynolds facilities prior to the Termination Date; or (iii) an earlier termination date that occurs in accordance with the Dispute Resolution Section of this Agreement. The rights and obligations of the Parties under this Agreement will survive the expiration or earlier termination of this Agreement with respect to any: (1) Reynolds Products being stored in a Warehouse at the end of the Term; (2) Confidential Information (as defined later in this Agreement) disclosed or received by a Party during the Term; (3) consequences of a breach of this Agreement by a Party; (4) any other statement, decision, act or omission of a Party during the Term concerning or related to this Agreement; (5) reconciliation of any third-party carrier freight charges that were not available for billing prior to the end of the Term; (6) any Dispute (as defined later in this Agreement) between the Parties concerning or related to this Agreement; and (7) any provision that expressly states that it will survive the expiration or earlier termination of this Agreement.
 2. Pactiv will only be required to store Reynolds Products in a Warehouse and perform the other Warehouse Services at each Warehouse from the Effective Date through the Service Expiration Date of the Warehouse listed in Schedule 1-A (the “Warehouse Service Period”). Reynolds must remove all Reynolds Products in a Warehouse on or before its Service Expiration Date or any earlier termination of services at any Warehouse in accordance with other provisions of this Agreement. A Warehouse will be deemed excluded from the scope of this Agreement after its Service Expiration Date.
 3. Reynolds is not obligated to store any quantity of Reynolds Products in a Warehouse under this Agreement. The Parties acknowledge and agree that Reynolds will be executing a regional exit strategy from the Warehouses which will include exiting certain Warehouses prior to the scheduled Service Expiration Dates, and Pactiv will cooperate with Reynolds in executing the strategy to the extent that Pactiv has reasonable advance notice of Reynolds desired exit plan. Therefore, if Reynolds at any time wishes to terminate its right to use Pactiv’s Services at any Warehouse under this Agreement prior to the applicable Warehouse Service Expiration Date, Reynolds may request such early termination to Pactiv in writing identifying a new proposed service expiration date (the “Early Service Expiration Date”) on not less than one hundred and eighty (180) days advance written notice. Unless there are extenuating circumstances that would impair Pactiv’s ability to release Reynolds from the applicable Warehouse on the proposed Early Service Expiration Date, including, without limitation, that Pactiv has no use for the Base Storage Capacity and does not wish to have to solely absorb the cost for such space, Pactiv will promptly consent to the Early Service Expiration Date proposed by Reynolds. If Pactiv reasonably believes there are extenuating circumstances that would impair Pactiv’s ability to release Reynolds from the applicable Warehouse on the proposed Early Service Expiration Date, Pactiv will promptly respond to Reynolds’ request for an Early Service Expiration Date in writing with an explanation of the extenuating circumstances and the Parties will cooperate in seeking a solution to the extenuating circumstances and try to identify a new Early Service Termination Date that is acceptable to both Parties. On or before the agreed Early Service Termination Date, Reynolds must remove all Reynolds Products from the applicable Warehouse and, from and after any Early Service Termination Date, Pactiv will be released of any obligation under this Agreement to perform any Services for Reynolds at the identified Warehouse and Reynolds will be released from its obligation to pay the Base Storage Fee (as defined in Section II.1. and Schedule 1-A of this Agreement) for the Warehouse under this Agreement.
 4. Reynolds is not obligated under this Agreement to purchase any Freight Services from Pactiv; provided, however, that all outbound shipments from the Warehouses during the Term will be arranged by Pactiv and will be provided to Reynolds as part of the Freight Services. Unless the Parties otherwise agree in a signed writing, Reynolds will not be able to order nor will Pactiv be obligated to provide Freight Services after the Termination Date.
 5. Notwithstanding anything in the contrary in this Agreement, nothing in this Agreement will require Pactiv to operate its warehousing and transportation functions in a materially different manner than it did in the trailing twelve (12) month period prior to the Effective Date. To the extent that Reynolds anticipates any significant change in its sales or supply chain operations (“Operations Change”), such as (i) commencing sales of a materially
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different new Reynolds Product that will require different handling procedures, (ii) adding new manufacturing or sourcing locations for production of Reynolds Products to be shipped to the Warehouses or transported using the Freight Services, or (iii) commencing sales to a new customer that has different or unique requirements that will cause a material change in the order fulfillment process or timeframes; then, Reynolds will provide Pactiv as much prior notice of such Operations Change as possible but in no case less than thirty (30) days prior notice. Upon notification of an Operations Change, Pactiv will have not less than ten (10) days to assess whether the Operations Change is likely to cause a material change in its performance of the Warehousing and/or Freight Services hereunder and will have an impact on Pactiv's ability to provide the Warehousing and/or Freight Services to Reynolds ("Material Impact"). If Pactiv determines that there will be a Material Impact, it will notify Reynolds and the Parties will meet to adjust the Services, pricing or any related matter under this Agreement in a fair and equitable manner given the Operations Change; provided, however, that Pactiv will not be penalized or absorb any additional liabilities, costs or expenses due any Operations Change of Reynolds and an Operations Change will not be implemented unless and until the Parties reach a mutually acceptable signed written agreement on the Operations Change.

II. Warehouse Services

Pactiv will provide Reynolds with the Warehouse Services at the Warehouses listed on Schedule 1-A. The amount of Warehouse storage in cubic feet available to Reynolds at each Warehouse on the terms and conditions of this Agreement and the Service Expiration Date for each Warehouse are listed on Schedule 1-A. The terms and conditions of providing, using and paying for the Warehouse Services are set forth in Schedule 1-B. Notwithstanding anything in this Agreement to the contrary, Pactiv may, but will not be required to, perform Services at a Warehouse that would require, involve or result in Pactiv having to perform Services at a Warehouse or otherwise operate its business in a materially different manner than how Pactiv performed Services at the Warehouses for Reynolds, and Pactiv operated its business, during the trailing twelve (12) month period immediately preceding the Effective Date. By way of example, Pactiv will not be required to perform Services at a Warehouse or otherwise operate its business in compliance with a new standard or other requirement adopted by Reynolds or any of its customers unless Pactiv has expressly agreed to do so in the SOPs or in a signed written amendment to this Agreement

1. **Pricing, Invoice and Payment Terms.** During the Term, Reynolds will pay Pactiv fees for each Warehouse that is included in the Agreement as set forth on Schedule 1-A. The "Base Storage Fee," which is the fee for the fixed cubic feet of warehouse space made available by Pactiv to Reynolds for each Warehouse under this Agreement, and "Additional Storage Fee," which is the fee per cubic foot of space above the Base Storage Space that Reynolds may access at the Warehouses on the terms and conditions in this Agreement, will increase by one and one-half percent (1.5%) on January 1st of each calendar year of the Term starting on January 1, 2021. Reynolds will pay Pactiv the Base Storage Fee of a Warehouse on or before the first day of each calendar month during its Warehouse Service Period without notice by Pactiv and regardless of the quantity of Reynolds Products actually stored in a Warehouse. If Pactiv has used Additional Storage Capacity of a Warehouse to store Reynolds Products in a calendar month of its Warehouse Service Period, Pactiv will invoice Reynolds for the amount and duration of Additional Storage Capacity used to store Reynolds Products in the calendar month. Reynolds will pay Pactiv the amount owed for the Additional Storage Capacity used to store Reynolds Products in a calendar month within thirty (30) days of invoice. Further details on pricing, invoicing and payment terms may be provided in the SOPs.

 4. **Title and Risk of Loss.** Title to, and risk of loss of, all Reynolds Products delivered to and accepted by Pactiv at a Warehouse will be and remain with Reynolds at all times. Notwithstanding the foregoing, Pactiv will be liable to Reynolds for any damage to or loss of Reynolds Goods caused by the breach, negligence or intentional misconduct of Pactiv or its employees, agents or suppliers except for Excluded Loss and Damage. The phrase "Excluded Loss or Damage" means loss or damage of Reynolds Products occurring in the Warehouses or otherwise while in the custody of Pactiv: (a) required to be covered by the insurance of Reynolds under Schedule 3 or actually covered by the insurance of Reynolds, or (b) in a calendar year of the Term, an amount of Reynolds Products that represents less than three-tenths of one percent (0.30%) of the total quantity of cases of Reynolds Products stored in the Warehouses in the calendar year.
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5. **Protection of Reynolds' Ownership of the Reynolds Products.** Pactiv will identify Reynolds Products received, stored and delivered at the Warehouses as being owned by Reynolds in Pactiv's records. Reynolds may file a UCC-1 financing statement or other public or private notices required or permitted under Applicable Laws to inform third-parties of the ownership interest of Reynolds in Reynolds Products received, stored and delivered at the Warehouses and to otherwise protect such ownership interest. For the purposes of this Agreement, "**Applicable Laws**" means the laws of the United States of America, its states and territories, their respective districts, municipalities and other political subdivisions, and the branches, departments, administrative agencies, commissions, courts and other tribunals of the foregoing. For Reynolds Products received, stored and delivered at the Warehouse in Bolton, Ontario, the phrase "Applicable Laws" will also mean the laws of the Canada, its provinces and territories, their respective districts, municipalities and other political subdivisions, and the branches, departments, administrative agencies, commissions, courts and other tribunals of the foregoing. Reynolds will promptly provide Pactiv with copies of any financing statements or other public or private notices filed or sent by Reynolds to protect its ownership interest in Reynolds Products stored in a Warehouse. After all Reynolds Products have been removed from a Warehouse and the Warehouse Services Period of a Warehouse has ended or the Warehouse has otherwise been excluded from this Agreement, Reynolds will promptly cancel any financing statement and other public or private notice previously filed or sent by Reynolds to protect its ownership interest in Reynolds Products stored in a Warehouses. Pactiv will cooperate in good faith with the lawful actions of Reynolds to protect its ownership rights in Reynolds Products received, stored and delivered at the Warehouses, but Pactiv will not have to incur any expense, risk or liability in extending its cooperation unless the action is required as a result of a breach of this Agreement by Pactiv. Pactiv will not: (a) permit, or cause to be created, any interest, pledge, mortgage, encumbrance or other lien or restriction of any kind or nature arising by, through or under Pactiv in Reynolds Products received, stored or delivered at the Warehouse; (b) permit the removal of Reynolds Products from the Warehouse other than as expressly authorized by Reynolds under this Agreement or as required by an order of a court or other governmental entity that Pactiv believes in good faith has been issued in accordance with Applicable Laws; (c) knowingly and intentionally do anything to impair the value of any of Reynolds Products received, stored or delivered at the Warehouse or ownership interest of Reynolds in such goods; or (d) endeavor in good faith to avoid commingling Reynolds Products and Pactiv Products except in connection with filling an outbound delivery. Pactiv irrevocably waives any right it may now have or which it may acquire to claim or file any liens against Reynolds Products while in Pactiv's possession at a Warehouse. Pactiv agrees to furnish Reynolds promptly with written notice of the seizure by any third party, under Applicable Laws or otherwise, of any of Reynolds Products stored at any Warehouse.
6. **Warehouse Records.** Pactiv will create and keep for not less than three (3) years after the date of creation records (whether in printed, electronic or other reproducible format) of: (i) the quantity and type of Reynolds Products received at, stored in and delivered from each Warehouse, (ii) damage to or loss of a Reynolds Products prior to or while in the custody of Pactiv at a Warehouse and (iii) amounts invoiced to and paid by Reynolds under this Agreement. Pactiv will provide Reynolds with copies of these Warehouse records within five (5) business days after Reynolds' written request made during and for a period of three (3) years after the Term.

III. Freight Services

1. **General Description of Freight Services.** From the Effective Date until the Freight Services Expiration Date, Reynolds may order shipping of Reynolds' goods (Reynolds' goods for which Pactiv arranges shipping on behalf of Reynolds may be referred to herein as "**Freight**") from Pactiv. Pactiv will arrange for, manage and pay the third-party carriers ("**Carriers**"), brokers, freight payment agent and other third parties involved in the transportation of Reynolds Freight. Reynolds will be the designated shipper of record on all shipments of Freight managed by Pactiv on Reynolds behalf. Pactiv will also manage all cargo loss claims against carriers and brokers. A more detailed description of the Freight Services is set forth in **Schedule 2** of this Agreement.
 2. **Disclaimer of Cargo Liability.** Pactiv is not a carrier and Pactiv's sole obligation under this Agreement is the management of certain of Reynolds' transportation requirements for the efficient shipment of Reynolds's Freight. Reynolds therefore releases and agrees to hold harmless and defend Pactiv from any and all liability for cargo loss, damage or destruction claims arising out of the shipment of Reynolds's Freight.
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3. **Pricing and Payment Terms for Freight Services.** Pactiv will invoice Reynolds for the actual shipping costs and its service fees for Freight Services as set forth in Schedule 2. All invoices issued for Freight Services hereunder shall be payable within thirty (30) days of receipt.

IV. Taxes

1. **Reynolds Taxes.** Reynolds will bear all government taxes, levies, fees and other impositions on the Reynolds Products, their storage in the Warehouses and otherwise required to be paid by recipients of the Services under Applicable Laws (collectively "Reynolds Taxes"). If required or permitted under Applicable Laws, Reynolds will prepare and file any required reports or returns for such Reynolds Taxes directly with, and pay the Reynolds Taxes owed directly to, the appropriate governmental authorities. If Pactiv is required under Applicable Laws to prepare and file any required reports or returns for such Reynolds Taxes directly with, and to collect and remit the Reynolds Taxes owed directly to, the appropriate governmental authorities, Pactiv will do so and invoice and collect the amount of such Reynolds Taxes from Reynolds.
2. **Pactiv Taxes.** Pactiv will bear all government taxes, levies, fees and other impositions on the ownership, lease and operation of the Warehouses and otherwise required to be paid by providers of the Services under Applicable Laws (collectively "Pactiv Taxes"). Pactiv will prepare and file any required reports or returns for such Pactiv Taxes directly with, and pay the Pactiv Taxes owed directly to, the appropriate governmental authorities.

V. Representations and Warranties

1. **General Representations, Warranties and Covenants.** Each Party represents, warrants and covenants on the Effective Date and at all times during the Term that:
 - a. The Party is formed, registered, licensed and operating its business in compliance with Applicable Laws.
 - b. The Party is operating its business in compliance with a commercially reasonable code of ethics adopted by such Party.
 - c. The Party may enter into and perform its obligations under this Agreement without being in conflict with, or in breach of, any other agreement of the Party.
 - d. The Party is solvent, is capable of paying its debts as and when they become due and is paying its debts as and when due.
 - e. The Party is not the subject of a criminal investigation nor a defendant in any criminal indictment, petition, complaint or proceeding that carries a potential sentence involving incarceration in excess of one year for any director or executive officer of the Party involved in the alleged criminal misconduct or a fine in excess of \$100,000 USD.

A Party will promptly notify the other Party of any change in circumstance during the Term in which the Party is no longer in compliance with the foregoing general representations, warranties and covenants. An incident of actual, alleged or suspected non-compliance by a Party with a warranty under this Section being investigated, contested or corrected in good faith by the Party *and* which, regardless of outcome, will have no material adverse effect on the Party or its performance under this Agreement or on the other Party, will not be considered a breach of this clause. An incident of actual, alleged or suspected non-compliance by a Party of this Section or any other Section of this Agreement will be grounds for the other Party to demand adequate assurances of performance as provided by Section 2-609 of the Illinois Uniform Commercial Code. A Party will have ten (10) days to provide adequate assurances of performance to the other Party in a form acceptable to the other Party in its good faith discretion.

2. **Reynolds Specific Representations, Warranties and Covenants.** Reynolds represents, warrants and covenants to Pactiv that each Reynolds Product delivered to and stored with Pactiv or delivered to a Carrier under this Agreement:

- a. Is delivered to the Carrier or to the Warehouse in new and undamaged condition.
- b. Has been delivered to Pactiv or the Carrier in compliance with Applicable Laws, including without limitation with food safety regulations issued by the United States Food and Drug Administration that are applicable to the Reynolds Product.
- c. Is inbound delivered in a properly blocked and braced condition to prevent shifting or toppling of the Reynolds Products upon opening and unloading of a truck trailer at the loading dock of the Warehouse.
- d. Is packaged and delivered on appropriate pallets for storage in the Warehouses in accordance with the customary and usual practices of the Parties. Reynolds may use non-standard pallets for customer requests for promotions, shippers and so forth but Reynolds must notify Pactiv of any non-standard pallets prior to delivering the Reynolds Products to any Warehouse and the amount of any non-standard pallets must be commercially reasonable. Reynolds acknowledges and agrees that the use of any special pallets may require an adjustment in the cube allocation resulting in fewer pallets fitting into the Base or Additional Storage Capacity. Any Reynolds Product delivered to a Warehouse that is not capable of being stacked four pallets high will be allotted cubic feet of storage as if it were occupying four pallets high of storage space. Calculation of cubic feet for storage will be set out in the SOP's.
- e. Is, and will remain at all times while in the custody of Pactiv, owned solely Reynolds free and clear of all liens, encumbrances and claims (other than those arising by, under or through Pactiv for which Pactiv will be responsible under this Agreement).
- f. Does not infringe on any patent, trademark, copyright, trade secret or other the intellectual property of any third-party registered or otherwise recognized and enforceable under Applicable Laws.
- g. Does not represent nor create a material risk of injury, damage or other harm to Pactiv or any third-party being received, storage and delivered at the Warehouses.

If Pactiv receives a Reynolds Product that fails to conform to these representations, warranties and covenants, the sole remedy of Pactiv for the breach will be to: (1) notify Reynolds within seven (7) business days of receipt that the Reynolds Product is non-conforming and handle or dispose of the non-conforming Reynolds Product at Reynolds' expense as instructed in writing by Reynolds or, if not so instructed, in accordance with commercially reasonable business practices at Reynolds' expense; and (2) obtain indemnification from Reynolds for any Indemnified Claim arising from or related to the breach as provided in Section VI.

3. **Pactiv Specific Representations, Warranties and Covenants.** Pactiv represents, warrants and covenants to Reynolds that:

- a. Reynolds Products will be received, stored and delivered at the Warehouse using the same or a greater standard of care that Pactiv uses in receiving, storing and delivering Pactiv Products at the Warehouse.
 - b. Reynolds Products will be delivered at the Warehouse in the same condition and packaging as received at the Warehouse except for ordinary wear and tear, damage or loss caused by an event of Force Majeure and Excluded Loss and Damage.
 - c. Warehouses will be operated and maintained, and Services will otherwise be performed, in a commercially reasonable condition and manner in compliance with Applicable Laws, including without limitation with food safety regulations issued by the United States Food and Drug Administration that are applicable to the storage of Reynolds Products.
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- d. Reynolds Products will remain at all times free and clear of all liens, encumbrances and claims arising by, through or under Pactiv.
- e. Services will be performed in a manner which do not infringe on any patent, trademark, copyright, trade secret or other the intellectual property of any third-party registered or otherwise recognized and enforceable under Applicable Laws.

If Pactiv receives without rejecting a Reynolds Product but fails to deliver it to Reynolds or a party shipping products for Reynolds, a Reynolds customer, or a Carrier in conformance with these representations, warranties and covenants, the sole remedy of Reynolds for the breach of this Agreement will be to: (1) obtain reimbursement from Pactiv for the actual out of pocket cost to Reynolds of the non-conforming Reynolds Product, except for Excluded Loss or Damage, by notifying Pactiv within thirty (30) days from when Reynolds had or reasonably should have had actual knowledge of the loss, but in no event more than one year after the loss; and (2) obtain indemnification from Pactiv for any Indemnified Claim arising from or related to the breach as provided in the next Section.

VI. Indemnification

1. A claim that a Party (referred to at times in this Section as an “Indemnifying Party”) is required to defend and indemnify the other Party (referred to at times in this Section as an “Indemnified Party”) under this Agreement is referred to at times in this Section as an “Indemnified Claim”. Defense and indemnification under this Section will include, without limitation, (1) paying or reimbursing the actual, reasonable, substantiated out-of-pocket expenses incurred in connection with the investigation, defense and settlement of any civil, criminal or administrative action, suit, arbitration, mediation, hearing, audit, investigation or other proceeding threatened or commenced against an Indemnified Party on an Indemnified Claim (e.g., fees and expenses of attorneys, accountants, auditors, investigators, consulting experts, testifying experts and other consultants; fees and expenses of an arbitrator or mediator; filing fees and costs imposed by any court, administrative agency or other tribunal; etc.), and (2) satisfying any judgment, award, order, lien, levy, fine, penalty or other sanction imposed against an Indemnified Party on an Indemnified Claim.
 2. Pactiv will defend and indemnify Reynolds against: (1) any third-party claim for personal injury, damage to tangible property or other loss to the extent caused by any actual or alleged breach of this Agreement by Pactiv in receiving, storing or delivering Reynolds Products at a Warehouse under this Agreement or in the performance of any other obligation of Pactiv under this Agreement; (2) any third-party claim for personal injury, damage to tangible property or other loss to the extent caused by any actual or alleged negligence or other legally culpable misconduct of Pactiv in receiving, storing or delivering Reynolds Products at a Warehouse or in the performance of any other obligation of Pactiv under this Agreement; (3) any third-party claim for actual or alleged infringement by Pactiv in performing the Services under this Agreement (except to the extent that the infringement relates to a Reynolds Product or its packaging or is based on intellectual property that that Reynolds has represented and warranted to Pactiv that Reynolds owns and that Reynolds has licensed to Pactiv and that Pactiv has used in compliance with the license terms in performing the Services under this Agreement); (4) the threat or imposition of any fine, penalty or other sanction by a governmental authority on Reynolds to the extent caused by any actual or alleged violation by Pactiv of Applicable Laws; or (5) any actual or alleged claim for compensation or other payment of a Pactiv employee, agent or vendor for goods and services furnished in connection with Pactiv receiving, storing or delivering Reynolds Products at a Warehouse under this Agreement.
 3. Reynolds will defend and indemnify Pactiv against: (1) any third-party claim for personal injury, damage to tangible property or other loss to the extent caused by any actual or alleged breach of this Agreement by Reynolds in receiving, storing or delivering Reynolds Products at a Warehouse under this Agreement or in the performance of any other obligation of Reynolds under this Agreement; (2) any third-party claim for personal injury, damage to tangible property or other loss to the extent caused by any actual or alleged negligence or other legally culpable misconduct of Reynolds in receiving, storing or delivering Reynolds Products at a Warehouse under this Agreement or in the performance of any other obligation of Reynolds under this Agreement; (3) any third-party claim for personal injury, damage to tangible property, or other loss to the extent related the design, manufacture, storage, sale, delivery or use of a Reynolds Product by any person; (4) any third-party claim for actual or alleged
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infringement by Pactiv in performing the Services under this Agreement (except to the extent that the infringement relates to a Reynolds Product or its packaging or is based on intellectual property that Reynolds has represented and warranted to Pactiv that Reynolds owns and that Reynolds has licensed to Pactiv and that Pactiv has used in compliance with the license terms in performing the Services under this Agreement); or delivery by Pactiv under this Agreement or in the performance of any other obligation of Pactiv under this Agreement to the extent based on intellectual property that Reynolds has represented and warranted to Pactiv that Reynolds owns and that Reynolds has licensed to Pactiv and that Pactiv has used in compliance with the license term in supplying the product; (4) the threat or imposition of any fine, penalty or other sanction by governmental authority on Pactiv to the extent caused by any actual or alleged violation by Reynolds of Applicable Laws; or (5) any actual or alleged claim or ownership, custody or compensation or other payment by a Reynolds employee, agent, customer, supplier or creditor or any unrelated third-party for Reynolds Products received, stored and delivered at a Warehouse under this Agreement.

4. As a condition of receiving defense and indemnification under this Section for an Indemnified Claim, the Indemnified Party must:
 - (1) notify and tender the defense of an Indemnified Claim to the Indemnifying Party promptly after the Indemnified Party learns of the Indemnified Claim; and
 - (2) provide information and cooperation reasonably requested by the Indemnifying Party in the investigation, defense, settlement and satisfaction of the Indemnified Claim. An Indemnifying Party will reimburse the Indemnified Party of any reasonable, actual, substantiated out-of-pocket expense incurred in providing the requested information or cooperation.
 5. If the Indemnifying Party accepts the tender of defense of an Indemnified Claim, with or without reservation, the Indemnifying Party will:
 - (1) promptly notify the Indemnified Party of the acceptance of the tender of defense of the Indemnified Claim.
 - (2) control the investigation, defense, settlement and satisfaction of the Indemnified Claim, including, without limitation, the selection of licensed, qualified and reputable attorneys, expert witnesses and other consultants and all decisions over settlement and litigation strategy. The Indemnifying Party must act in good faith in exercising control over the investigation, defense, settlement and satisfaction of the Indemnified Claim.
 - (3) Provide information reasonably requested by the Indemnified Party regarding the investigation, defense, settlement and satisfaction of the Indemnified Claim
 6. An Indemnifying Party, acting in good faith, may elect to settle an Indemnified Claim for which it is responsible under this Agreement involving infringement on the intellectual property of a third-party by: (1) obtaining a license from the third-party allowing the required use of its intellectual property; (2) modifying a product, equipment or process in a manner which avoids infringing on the intellectual property of the third-party; or (3) voluntarily withdrawing the infringing product from the market and either refunding the amount paid by the Indemnified Party for the infringing product or replacing the infringing product with a non-infringing product.
 7. The Parties may disagree on whether a claim is an Indemnified Claim under this Agreement, which Party should be considered the Indemnifying Party and Indemnified Party for an Indemnified Claim or whether each Party is solely or partially liable for an Indemnified Claim and whether and how liability for an Indemnified Claim should be allocated between them. In these and other circumstances in which an actual or potential conflict of interest exists or arises between the Parties with regards to an alleged or agreed upon Indemnified Claim that would preclude their joint representation by a single defense counsel, the Parties will endeavor in good faith to attempt to resolve the conflict. If the Parties are able to resolve the actual or potential conflict of interest, the Parties will memorialize the agreed upon resolution in a written joint defense agreement signed by officers of each Party and their joint defense counsel. If the Parties are unable to resolve the actual or potential conflict of interest, each Party will independently and separately investigate, defend, settle and satisfy the claim subject to their right to
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pursue payment or reimbursement for costs incurred in doing so from the other Party as provided in this Agreement.

VII. Insurance

During the Term of this Agreement, each Party will maintain the minimum types and amounts of insurance set forth in the schedule appended as Schedule 3 of this Agreement. By way of confirmation, Reynolds, at its expense, will maintain the “all risk” property insurance required under Schedule 3 on all Reynolds Products received, stored and delivered at the Warehouses,

VIII. Limitations on Liability

1. ***Disclaimer of Representations and Warranties.*** Each Party: (1) disclaims all representations and warranties regarding its products, performance, supplied information or business, whether oral or written, express or implied, arising by operation of law or otherwise, including, without limitation, the implied warranty of merchantability and the implied warranty of fitness for a particular purpose, other than those express representations and warranties of the Party in this Agreement; (2) acknowledges that the Party has not relied on, and will not rely on, any representations and warranties of the other Party regarding its products, performance, supplied information or business, whether oral or written, express or implied, arising by operation of law or otherwise, other than those express representations and warranties of the other Party in this Agreement; and (3) waives any claim that the Party may have based, in whole or in part, on any representations and warranties of the other Party regarding its products, performance, supplied information or business, whether oral or written, express or implied, arising by operation of law or otherwise, other than those express representations and warranties of the other Party in this Agreement. Notwithstanding the foregoing, a Party is entitled to rely on (i) the descriptive information in transaction documents issued by either Party in the ordinary course of business during the Term identifying the Reynolds Products (e.g., the type and quantity of Reynolds Products being received, stored or delivered at a Warehouse under this Agreement and the scheduled delivery date and location) and (ii) FDA guaranty letters, material safety data sheets and other similar written assurances issued by Reynolds on its standard forms to Pactiv and other U.S. customers in the ordinary course of business during the Term certifying that a Reynolds Product complies with Applicable Laws and providing any information on the Reynolds Product required under Applicable Laws.
 2. ***Exclusion of Indirect Damages.*** A Party that breaches this Agreement will only be liable to the other Party for direct damages arising from the breach. Each Party waives any right to recover consequential, incidental, indirect, exemplary, punitive or any other types of indirect damages from the other Party for a breach of this Agreement. Each Party waives any right to recover damages or loss from the other Party arising from or related to this Agreement to the extent the damage or loss incurred by the Party is required to be covered by the insurance of such Party under Schedule 3 or to the extent the damage or loss is actually covered by the insurance of such Party. Notwithstanding the preceding sentence, this Subsection will not limit the liability of a Party for any amount or type of damages for: (1) the defense and indemnification of an Indemnified Claim on which the Party is the Indemnifying Party; (2) infringement by the Party on the intellectual property of the other Party; (3) the unauthorized disclosure or use by the Party of the Confidential Information of the other Party; (4) payment or reimbursement of any amount expressly required to be paid or reimbursed by the Party under a provision of this Agreement; or (5) the intentional misconduct of the Party in violation of Applicable Laws.
 3. ***Force Majeure.*** A Party will not be considered in breach of this Agreement or liable to the other Party for any interruption or delay in performance under this Agreement to the extent caused by an event outside of the ability of the performing Party to foresee and avoid with the exercise of commercially reasonable efforts (such an event is referred to at times as an event of “***Force Majeure***”). Examples of events of Force Majeure include, without limitation: natural disasters; war; acts of terrorism; government action; accident; strikes, slowdowns and other labor disputes; shortages in, or inability to obtain, transportation in required quantities or at commercially reasonable prices or rates; any breach, negligence, criminal misconduct or other act or omission of any third-party; or fire or other insured or uninsured casualty. A Party whose performance is interrupted or delayed by an event of Force Majeure will be excused from the interruption or delay in performance during the event of Force
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Majeure and for a commercially reasonable period of additional time after the event of Force Majeure that the Party needs to recover from the event of Force Majeure and restore performance. Notwithstanding the foregoing, a Party will only be excused for an interruption or delay in performance under this Subsection for an event of Force Majeure only if the Party: (1) promptly notifies the other Party of the event of Force Majeure and provides information regarding the event of Force Majeure, including its extent and likely duration, and the efforts undertaken by the Party to foresee and avoid interruption or delay in its performance before the occurrence of the event, to mitigate interruption or delay in performance during the event, and to recover from and restore performance following the event; and (2) the Party exercises commercially reasonable efforts to mitigate, recover from and restore performance following the event of Force Majeure. During, and while recovering from and restoring performance following, an event of Force Majeure, Pactiv will act in good faith in allocating its available storage capacity at a Warehouse to store Reynolds Products under this Agreement and any products of Pactiv and its other customers. If an event of Force Majeure interrupts or delays Pactiv from receiving, storing and delivering a Reynolds Product to Reynolds under this Agreement in the quantities and timetable required by Reynolds, Reynolds may cancel any unfilled service orders for the Reynolds Products and procure the required storage capacity for Reynolds Products from one or more other sources until Pactiv has recovered from and restored its ability to perform following the event of Force Majeure. If Pactiv is not able to provide the Base Storage Capacity or Additional Storage Capacity or other Services at a Warehouse because of an event of Force Majeure, Reynolds may enter into warehouse services agreements or make other arrangements to procure the required quantities of storage capacity for the Reynolds Products from one or more other sources for a duration and on terms acceptable to Reynolds in its good faith discretion. In such a circumstance, Reynolds may, but will not be obligated to, resume storing Reynolds Products at Warehouses under this Agreement after Pactiv has recovered from and restored its ability to perform following the event of Force Majeure. If the interruption or delay in the storage of a Reynolds Product at a Warehouse under this Agreement because of an event of Force Majeure has exceeded, or is reasonably likely to exceed, one hundred eighty (180) days, either Party may exclude the Warehouse from this Agreement by delivering written notice to the other Party in which event the Service Expiration Date of the Warehouse will be the date specified in the written notice. The temporary interruption in Service at a Warehouse, or the exclusion of a Warehouse from this Agreement, as a result of an event of Force Majeure will not reduce nor release Reynolds of its obligation to pay the Base Storage Fee on the Warehouse through the date of the Force Majeure event. For example, if a leased Warehouse is destroyed by fire or other casualty and the lessor elects to exercise a right to terminate the lease before its Service Expiration Date and releases Pactiv of its rights and obligations to operate the Warehouse and pay rent and expenses on the Warehouse, Reynolds will be released from its obligation to pay the Base Storage Fee on the Warehouse from and after the Force Majeure date. This Subsection will not excuse nor extend a deadline by which a Party must pay an amount owed under this Agreement or Applicable Laws or by which a Party must exercise any right or remedy under this Agreement or Applicable Laws.

IX. Confidential Information and Other Intellectual Property

1. The Parties anticipate exchanging Confidential Information (as defined in in the next Subsection) over the Term of this Agreement for the purpose of negotiating and entering into Purchase Schedules and amendments to this Agreement, transacting business with one another in accordance with this Agreement and exercising their rights and performing their obligations under this Agreement and Applicable Laws, accounting standards and securities exchange requirements (collectively referred to as the “Authorized Purposes”).
 2. The phrase “Confidential Information” means information meeting all of the following criteria:
 - (1) The information is a trade secret or other non-public, proprietary information owned by a Party or its direct and indirect subsidiaries under Applicable Laws (this Party is referred to at times in this Section as the “Disclosing Party”); and
 - (2) The other Party (referred to at times in this Section as the “Receiving Party”) requests such information from the Disclosing Party for the Authorized Purposes during the Term (i.e., neither Party wants *unsolicited* Confidential Information from the other Party); and
 - (3) The Disclosing Party discloses such requested information to the Receiving Party during the Term either labelled as “Confidential” or words of similar intent, or describes the disclosed information in reasonable
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detail in a written notice to the Receiving Party delivered, either at the time of disclosure or within five (5) days of disclosure. If a Disclosing Party neglects to label or deliver timely written notice to the Receiving Party identifying the disclosed information as confidential in nature, the disclosed information will only be treated as Confidential Information under this Agreement if the Disclosing Party is able to demonstrate by clear and convincing evidence that the Receiving Party knew that the disclosed information was a trade secret or other non-public, proprietary information of the Disclosing Party at the time of disclosure.

The criteria in Clause (2) and Clause (3) will not apply to Confidential Information of a Disclosing Party observed or heard by a Receiving Party in a plant, warehouse, facility or system of the Disclosing Party. The existence and terms of this Agreement, and the existence, nature and extent of the business relationship between the Parties, will be considered the Confidential Information of each Party.

3. The phrase “Confidential Information” also means the Know-How of a Disclosing Party and its direct and indirect subsidiaries that a Receiving Party and its direct and indirect subsidiaries learned of, acquired or otherwise used prior to the Effective Date. The phrase “Know-How” means trade secret and other confidential, proprietary information of a Party or its Affiliate concerning the manufacture, storage, packaging, marketing, sale and delivery of its products. Examples of Know-How may be in the form of drawings, equipment specifications, formulae, formulations, guidelines, manuals, methods, plans, policies, procedures, processes, properties and applications of raw materials and products, tools, dies and molds. A Receiving Party and its direct and indirect subsidiaries may continue to use the Know-How of the Disclosing Party and its direct and indirect subsidiaries in the possession of the Receiving Party and its direct and indirect subsidiaries as of the Effective Date for the Authorized Purposes and in connection with the operation of the business of the Receiving Party and its direct and indirect subsidiaries. Nothing in this Subsection or any other provisions of this Agreement will obligate a Party to disclose or license the use of its Know-How of any kind and in any form arising, discovered, acquired or developed after the Effective Date to the other Party.
 4. The phrase “Confidential Information” does *not* include, and there will not be any duties of confidentiality or other restrictions under this Agreement for, the following types of information:
 - (4) Information which is or becomes available as part of the public domain through any means other than as a result of a breach of this Agreement by the Receiving Party; or
 - (5) Information, other than Know-How received prior the Effective Date, which is known to the Receiving Party before the disclosure of the same information by the Disclosing Party; or
 - (6) Information which is or becomes available to the Receiving Party from a third-party who is not under any duty to preserve the confidentiality of such information; or
 - (7) Information which is furnished by the Disclosing Party to a third-party without imposing any duty on the third-party to preserve the confidentiality of such information; or
 - (8) Information which is independently developed by the Receiving Party without the use of or reliance on any trade secret or other non-public, proprietary information provided by the Disclosing Party as Confidential Information under this Agreement or under any prior agreement between the Parties; or
 - (9) Information that ceases to be a trade secret or other non-public, proprietary information of the Disclosing Party under Applicable Laws through any means other than those enumerated above and that does not involve nor result from a breach of this Agreement by the Receiving Party.
 5. A Party may request and disclose Confidential Information in any form or medium. Confidential Information may include, without limitation, information concerning the assets, liabilities, financing, financial statements, ownership, goods, services, customers, suppliers, marketing, manufacturing, equipment, software, technology, supply chain, business strategies, plans, models, policies, methods, processes, formulae, specifications, drawings, schematics, software and technical know-how of a Disclosing Party. A Receiving Party will take all commercially reasonable actions required to safeguard the Confidential Information of a Disclosing Party in the possession of such Receiving Party against the unauthorized disclosure or use of the Confidential Information by other persons.
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A Receiving Party will promptly notify the Disclosing Party if the Receiving Party learns of any unauthorized disclosure or use of the Confidential Information of the Disclosing Party by any person. A Receiving Party will cooperate in good faith with the Disclosing Party to prevent any unauthorized disclosure or use of the Confidential Information of the Disclosing Party by any person. A Receiving Party will not be obligated to incur any liability, expense or risk in extending such cooperation to a Disclosing Party, however.

6. A Receiving Party will not disclose nor use the Confidential Information of a Disclosing Party except as follows:
 - (1) A Receiving Party and its Representatives may use the Confidential Information of a Disclosing Party for the Authorized Purposes. A “Representative” means the Affiliates of a Party and the directors, officers, managers, employees, accountants, attorneys, auditors and other agents and consultants of a Party and its Affiliates. An “Affiliate” of a Party means a legal entity that owns and controls, or is owned and controlled by, or is under common ownership and control with, a Party (other than the other Party or any of its direct and indirect subsidiaries), with ownership and control of a legal entity being determined by the ownership of the majority voting interest in the legal entity. A Receiving Party may disclose Confidential Information of a Disclosing Party on a “*need to know*” basis to only those Representatives of the Receiving Party who require such information for the Authorized Purposes. Before making such a disclosure, the Receiving Party will advise the Representatives of the confidential nature of the information being shared and ensure that duties and restrictions are, or have been, imposed on the Representatives receiving the Confidential Information similar to those imposed on the Receiving Party under this Agreement. A Receiving Party will be liable for any breach of this Agreement by its Representatives.
 - (2) A Receiving Party may disclose Confidential Information of a Disclosing Party to a court, governmental entity or any other person in order for the Receiving Party and its Affiliates to comply with Applicable Laws, accounting standards and securities exchange requirements. If legally permissible and reasonably possible, a Receiving Party will notify the Disclosing Party prior to disclosing its Confidential Information pursuant to this Section and cooperate in good faith with any lawful efforts by the Disclosing Party to avoid or limit the disclosure of its Confidential Information. A Receiving Party will not be obligated to incur any liability, expense or risk in extending such cooperation to a Disclosing Party. Based on legal advice of its attorney, a Receiving Party may disclose the Confidential Information of the Disclosing Party by any deadline established under an Applicable Laws, accounting standard and securities exchange requirement.
 - (3) A Receiving Party may disclose and use the Confidential Information of a Disclosing Party to enforce or interpret this Agreement or any other agreement with the Disclosing Party in any arbitration, court or other legal proceeding. A Receiving Party may disclose and use this Confidential Information of a Disclosing Party to defend the Receiving Party or its Affiliates or their respective Representatives in any arbitration, court or other legal proceeding. In either circumstance, the Receiving Party will ensure that a protective order, agreement or other mechanism is in place to preserve the confidentiality of the Confidential Information.
 - (4) A Receiving Party and its Representatives may disclose and use the Confidential Information for any other purpose consented to by a Disclosing Party in a written notice signed by an officer of the Disclosing Party delivered to the Receiving Party. The other purpose described in the written notice will become one of the “Authorized Purposes” from and after the date of such written notice.
 7. In disclosing its Confidential Information to a Receiving Party, a Disclosing Party represents, warrants and covenants to the Receiving Party that:
 - (1) The Disclosing Party owns and has the right to disclose and authorize the use of Confidential Information as provided in this Agreement.
 - (2) The Receiving Party and its Representatives may use the Confidential Information of the Disclosing Party for the Authorized Purposes provided in this Agreement.
 - (3) The Disclosing Party will indemnify, defend and hold harmless the Receiving Party and its Representatives against any claim of a third-party that the disclosure and use of the Confidential Information of the
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Disclosing Party as provided in this Agreement infringes on a patent, trademark, copyright, trade secret or other intellectual property of the third-party registered in or otherwise recognized and enforceable under Applicable Laws.

Except for the limited representations and warranties in this Section, a Disclosing Party disclaims all other representations and warranties of any kind related to its Confidential Information, whether express, implied or arising by operation of law, including the disclaimer, without limitation, of any representation and warranties concerning merchantability, fitness for a particular purpose, truth, accuracy or completeness.

8. For Confidential Information that is *not* a trade secret of a Disclosing Party under Applicable Laws, the rights and obligations of the Parties under this Section will continue until the earlier of (i) sixty (60) months from the date of disclosure to a Receiving Party or (ii) the date such information ceases to be considered Confidential Information under this Agreement. For Confidential Information that is a trade secret of a Disclosing Party under Applicable Laws, the rights and obligations of the Parties under this Section will continue until such information ceases to be a trade secret of the Disclosing Party under Applicable Laws.
9. A Receiving Party will return or destroy all forms of Confidential Information of the Disclosing Party in the custody of the Receiving Party and its Representatives within ten (10) days of receipt of a written request from the Disclosing Party and after the expiration or earlier termination of this Agreement. This will include, without limitation, all copies, records, documents and other information representing, comprising, containing, referencing or created based on Confidential Information of the Disclosing Party. Notwithstanding the foregoing, a Receiving Party and its Representatives may retain copies of Confidential Information of the Disclosing Party which (x) the Receiving Party and its Representatives are required to retain to comply with Applicable Laws, accounting standards and securities exchange requirements (but only for the duration and in the manner so required for these limited purposes); or (y) have been archived in electronic form by the Receiving Party and its Representatives and which would be unduly burdensome for the Receiving Party and its Representatives to have to search for and delete the Confidential Information of the Disclosing Party.
10. Except for the limited right to disclose and use Confidential Information of a Disclosing Party for the Authorized Purposes provided in the this Section and except for any license of intellectual property granted by a Disclosing Party to the Receiving Party in a Purchase Schedule, this Agreement does not grant a Receiving Party or its Representatives any right, title, interest or ownership in the Confidential Information of the Disclosing Party nor in any patent, trademark, copyright or other intellectual property of the Disclosing Party. As between the Parties during the Term, to be effective, the grant of any right, title, interest and ownership in and to any Confidential Information of Party or in any patents, trademarks, copyrights and other intellectual property of the Party must be in writing and signed by the chief executive officers of the Parties. During the Term, a Party will not develop intellectual property for, on behalf of, or in collaboration with, the other Party unless the Parties have entered into a Purchase Schedule or other separate written agreement signed by an officer of each Party.

X. Dispute Resolution

1. ***Negotiation.*** If a Party believes that the other Party has breached this Agreement or if there is a dispute between the Parties over the interpretation of this Agreement (a “Dispute”), the Parties will endeavor to resolve the Dispute through good faith negotiation for a period of thirty (30) days after a Party notifies the other Party of the Dispute and before either Party requests mediation or files litigation to resolve the Dispute.
 2. ***Mediation.*** If the Parties have been unable to resolve a Dispute through good faith negotiation as provided in the prior Subsection, a Party may request that the Parties attempt to resolve the Dispute through mediation by notifying the other Party with a copy to JAMS. The Parties will attempt to select a mutually acceptable JAMS mediator, and a mediation location in Lake County, Illinois or Cook County, Illinois, within ten (10) days of the notice requesting mediation. If the Parties are unable to agree on a JAMS mediator or mediation location, JAMS will appoint the mediator and a mediation location in Lake County, Illinois or Cook County, Illinois. The mediation will be held at the selected mediation location within thirty (30) days of the notice requesting mediation before a JAMS mediator and in compliance with JAMS mediation guidelines. Each party will bear its own costs
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in preparing for and participating in the mediation and one-half of the fees and expenses charged by JAMS for conducting the mediation.

3. **Litigation.** If the Parties are unable to resolve a Dispute through negotiation or mediation as provided in the prior Subsections, a Party may file litigation against the other Party in a court of competent jurisdiction in the United States of America. With respect to litigation involving only the Parties or their Affiliates, the Parties irrevocably consent to the exclusive personal jurisdiction and venue of the U.S. federal and Illinois state courts of competent subject matter jurisdiction located in Lake County, Illinois or Cook County, Illinois and their respective higher courts of appeal for the limited purpose of resolving a Dispute, and the Parties waive, to the fullest extent permitted by Applicable Laws, any defense of inconvenient forum. The Parties waive any right to trial by jury as to any Disputes resolved through litigation. Notwithstanding the foregoing, a Party may file litigation to resolve a Dispute without undergoing either negotiation or mediation as provided in the prior Subsections for any Dispute involving: (i) infringement on intellectual property; (ii) the unauthorized use or disclosure of Confidential Information; or (iii) a request for a temporary restraining order, a preliminary or permanent injunction or any similar types of equitable relief.
4. **Remedies.** Except as expressly limited in the preceding Subsections and the other provisions in this Agreement, a Party may immediately exercise any rights and remedies available to the Party under Applicable Laws upon a breach of this Agreement by the other Party. A Party will *not* suspend performance under nor terminate this Agreement or any accepted purchase order for a product being purchased and sold under this Agreement unless: (1) the other Party is in material breach of this Agreement and has either refused to cure the material breach or has failed to cure the material breach within thirty (30) day of its receipt of written notice of the failure; and (2) the Parties have been unable to resolve the Dispute related to the material breach through negotiation or mediation, or the breaching Party has refused or failed to attempt to resolve the Dispute through negotiation or mediation, as provided in this Section. Notwithstanding the foregoing, a Party may suspend performance or terminate this Agreement or any accepted purchase order for Services being purchased and sold under this Agreement immediately on written notice to the other Party, and without providing the other Party an opportunity to cure the material breach or attempting to resolve a Dispute over the material breach by negotiation or mediation as provided in this Section, for a material breach by the other Party involving substantial harm to the reputation, goodwill and business of the non-breaching Party that cannot reasonably be avoided or fully redressed by providing the other Party an opportunity to cure the material breach.
5. **Late Fees and Collection Costs.** If a Party (the "Payor") fails to pay the other Party (the "Payee") an amount owed under this Agreement by the payment due date, then the Payor will owe the Payee: (i) the delinquent amount; and (ii) a late payment fee equal to two percent (2%) of the delinquent amount for each full or partial calendar month past the due date that the delinquent amount remains unpaid. In addition, if the Payee has to file litigation to collect the amount owed and the Payee prevails in the litigation, Payor will reimburse Payee for actual, reasonable, substantiated out-of-pocket expenses incurred by Payee in collecting the delinquent amount and accrued late payment fees on the delinquent amount. Under no circumstance will the late payment fee payable to Payee exceed the amount that a creditor may lawfully impose on a debtor on a delinquent amount under Applicable Law.

XI. Miscellaneous

1. **Entire Agreement.** This Agreement, including its appended Exhibits and Purchase Schedules entered into during the Term, constitutes the entire agreement between the Parties with respect to the receipt, storage and delivery of Reynolds Products at the Warehouses. This Agreement supersedes all prior and simultaneous representations, discussions, negotiations, letters, proposals, agreements and understandings, whether written or oral, with respect to this subject matter. This Agreement will not be binding on either Party unless and until signed by the chief executive officers of each Party. No handwritten or other addition, deletion or other modification to the printed portions of this Agreement will be binding upon either Party to this Agreement.
 2. **Amendments.** A Party may not amend this Agreement nor supplement the terms and conditions in this Agreement through the inclusion of additional or different terms and conditions in any quotation, purchase order, invoice, bill of lading, letter, email or other document or communication. This Section does not prevent the reliance on
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the descriptive information in transaction documents identifying the ordered Products (e.g., the type and quantity of ordered products and scheduled date and location for delivery). No amendment of this Agreement will be valid or effective unless made in writing and signed and exchanged by officers of the Parties. A Party may approve or reject a request for an amendment in its sole and absolute discretion.

3. **Waiver.** The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights shall not operate as a continuing waiver of such rights. No right or obligation under this Agreement will be considered to have been waived by a Party unless such waiver is in writing and is signed by an officer of the waiving Party and delivered to the other Party. No consent to or waiver of a breach by either Party will constitute a consent to, waiver of, or excuse for any other, different, or subsequent breach by such Party.
 4. **Governing Law.** This Agreement and all claims or causes of action arising out of or related to this Agreement shall be governed in all respects, including as to validity, interpretation and effect, by the laws of the State of Illinois and the United States of America, without giving effect to its principles or rules of conflict of laws. The United Nations Convention on Contracts for the International Sale of Goods will not govern nor otherwise be applicable to this Agreement.
 5. **Severability.** If any term of provision of this Agreement, or the application thereof shall be found invalid, void or unenforceable by any government or governmental organization having jurisdiction over the subject matter, the remaining provisions, and any application thereof, shall nevertheless continue in full force and effect.
 6. **Assignment.** This Agreement, its rights and obligations, is not assignable nor otherwise transferable by either Party, in whole or in part, except with the prior written consent of the other Party, which consent will not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement in its entirety to any of its Affiliates or to a successor-in-interest in connection with any merger, consolidation, sale of assets or equity interests or other forms of strategic transaction written notice to, but without the prior written of, the other Party provided that: (i) the assignee assumes all rights, obligations and liabilities of the assignor under this Agreement; and (ii) the assignee is not a competitor of the other Party. An assignment of this Agreement, in whole or in part, will not release the assigning Party of its obligations and liabilities under this Agreement, whether arising before or after the effective date of the assignment, unless the other Party approves the release in a written notice to the assigning Party. The assigning Party will provide the other Party with written notice of such assignment prior to or promptly following the effective date of such assignment. A change of majority ownership of a Party will be deemed an assignment of this Agreement unless the assignment is the result of Reynolds Group Holdings Limited ceasing to control the majority ownership of a Party. The restrictions in this Section will not preclude a Party for authorizing one or more of its Affiliates to manufacture, store, purchase, sell or deliver a product, or exercise any other right or perform any other obligation, on behalf of the Party under this Agreement. Subject to the foregoing, all of the terms, conditions and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assignees of the respective Parties.
 7. **Third Party Beneficiaries.** There are no intended third-party beneficiaries of this Agreement.
 8. **Good Faith and Cooperation.** Except where this Agreement states that a Party may expressly exercise a right or render a decision in its “sole and absolute discretion”, a Party will exercise its rights under this Agreement in its good faith business judgment. A Party will perform its obligations under this Agreement in a commercially reasonable manner consistent with industry practices and in compliance with Applicable Laws. A Party will promptly take such actions, provide such information and sign such documents as the other Party may reasonably request to obtain the benefits and exercise the rights granted, and to perform the obligations imposed, under this Agreement.
 9. **Notices.** Any notice required or permitted to be provided by a Party under this Agreement will be made to the notice address of the receiving Party set forth below or to an alternate notice address later designated by the receiving Party in accordance with this Subsection. Notices will be effective upon actual receipt by the receiving Party. An emailed notice will be effective against a receiving Party only if the Receiving Party acknowledge receipt of the emailed notice in a return notice to the notifying Party. A receiving Party agrees to acknowledge
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receipt of an email notice in good faith promptly following receipt. A Party may change its address for notice by giving notice to the other party Pursuant to this Subsection.

Address for notice to Pactiv:

Pactiv LLC
1900 West Field Court
Lake Forest, IL 60045
Attn: John McGrath, Chief Executive Officer
Email: jmcgrath@pactiv.com

For any notice concerning an Operations Change, breach or termination, with a copy to:

Pactiv LLC
1900 West Field Court
Lake Forest, IL 60045
Attn: Steven R. Karl, General Counsel
Email: skarl@pactiv.com

Address for notices to RCP:

Reynolds Consumer Products LLC
1900 W. Field Court
Lake Forest, IL 60045
Attention: Lance Mitchell, Chief Executive Officer
Email: Lance.Mitchell@ReynoldsBrands.com

For any notice concerning a breach or termination, with a copy to:

Reynolds Consumer Products LLC
1900 W. Field Court
Lake Forest, IL 60045
Attention: David Watson, General Counsel
Email: David.Watson@ReynoldsBrands.com

10. **Independent Contractors.** The relationship of the Parties established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed to: (a) give either Party the power to direct and control the day-to-day activities of the other Party, (b) establish the Parties as partners, joint ventures, co-owners or otherwise as participants in a joint or common undertaking, or (c) allow a Party to bind the other Party in any manner or otherwise create or assume any obligation on behalf of the other Party for any purpose whatsoever. A Party will not be considered an agent of the other Party.
 11. **Non-Exclusive Supply Relationship.** This Agreement is not evidence of, nor does it create, any form of exclusive supply relationship between the Parties concerning the receipt, storage or delivery of Reynolds Products at any Warehouse. Nothing in the Agreement obligates Reynolds to store any Reynolds Products at a Warehouse during the Term.
 12. **Construction.** Unless the context otherwise requires, the following rules of construction will be applied to in the interpretation of the agreement: (1) headings are for convenience only and do not affect interpretation; (2) singular includes the plural and vice-versa; (3) gender includes all genders; (4) if a word or phrase is defined, its other grammatical forms have a corresponding meaning; (5) the meaning of general words is not limited by specific examples introduced by “includes”, “including” or “for example” or similar expressions; (6) the word “person” includes an individual, corporation, company, trust, partnership, limited partnership, unincorporated body, joint venture, consortium or other legal entity; (7) a reference in any Purchase Schedule or Exhibit to an section, subsection or clause is a reference to a section, subsection or clause in that Purchase Schedule or Exhibit unless otherwise identified; (8) reference to an Exhibit is a reference to an Exhibit described, appended or otherwise identified in this Agreement; (9) a reference to conduct includes, without limitation, an omission, statement or undertaking, whether or not in writing; (10) a reference to a third-party is a reference to a person who is not a Party to this agreement; (11) where a period of time is specified for the performance of any act and dates from a
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given day or the day of an act or event, the period shall be exclusive of that date; and (12) the Parties agree that this Agreement is the product of negotiation between sophisticated parties and individuals, all of whom were or have been given the opportunity to be represented by counsel, and each of whom had an opportunity to participate in, and did participate in, negotiation of the terms hereof; accordingly, the Parties acknowledge and agree that the Agreement is not a contract of adhesion and that ambiguities in the Agreement, if any, shall not be construed strictly or in favor of or against either Party, but rather shall be given a fair and reasonable construction.

13. **Execution.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against the Party whose signature appears thereon, but all of which taken together shall constitute but one and the same instrument. Acceptance of this Agreement may be made by e-mail, mail or other commercially reasonable means showing the signatures of the chief executive officers of the Parties.

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SIGNATURE PAGE AND EXHIBITS FOLLOW

IN WITNESS WHEREOF, the Parties have executed this Warehouse and Freight Services Supply Agreement effective as of the Effective Date.

PACTIV LLC

By: /s/ John McGrath
John McGrath
Chief Executive Officer

REYNOLDS CONSUMER PRODUCTS LLC

By: /s/ Lance Mitchell
Lance Mitchell
Chief Executive Officer

List of Schedules

Schedule 1-A – Warehouses, Storage Capacities, Warehouse Service Expiration Dates, Warehousing Fees

Schedule 1-B – Warehousing Services Terms and Conditions

Schedule 2 – Freight Services Terms and Conditions

Schedule 3 – Insurance Requirements

**SCHEDULE 1-A
WAREHOUSES**

Warehouse Location	Hours of Operation	Owned or Leased by Pactiv	Service Expiration Date	Base Storage Capacity in Cubic Feet	Base Storage Fee per Month in USD	Additional Storage Capacity in Cubic Feet	Additional Storage Fee per Cubic Foot after SAP Separation	Additional Storage Fee per Cubic Foot prior to SAP Separation
Bolton, ON*	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Canandaigua, NY	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Covington, GA	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Frankfort, IL	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
San Bernardino, CA	[*]	[*]	[*]**	[*]	[*]	[*]	[*]	[*]
Temple, TX	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Woodridge, IL	[*]	[*]	[*]**	[*]	[*]	[*]	[*]	[*]
Bakersfield, CA	[*]	[*]	[*]**	[*]	[*]	[*]	[*]	[*]

*This Warehouse is owned and operated by Pactiv Canada, Inc., a wholly owned subsidiary of Pactiv. As such, Pactiv itself will not be performing Services at this Warehouse. Pactiv will arrange for Pactiv Canada, Inc. to perform the Services at this Warehouse in compliance with this Agreement. Pactiv waives any right to consent to Reynolds exercising its right to designate an Early Service Expiration Date for this Warehouse under Subsection 1.3 of this Agreement (i.e., Reynolds may end Warehouse Service at this Warehouse at any time on at least one hundred eighty (180) days advance written notice to Pactiv and without the consent of Pactiv).

** If Pactiv's lease for this Warehouse ends earlier than the listed Service Expiration Date for any reason, The Service Expiration Date for this Warehouse will be automatically amended to be the earlier termination date of the lease. Notwithstanding the preceding sentence, if Pactiv's lease for this Warehouse ended earlier than the listed Service Expiration Date because of a breach on the part of Pactiv, Pactiv will remain liable to Reynolds for any direct damages incurred as a result of Services ending at the Warehouse prior to the listed Service Expiration Date.

SCHEDULE 1-B
DESCRIPTION OF WAREHOUSE SERVICES
AND SPECIFIC TERMS AND CONDITIONS

1. Storage Capacity. Pactiv will make available the Base Storage Capacity of each Warehouse for storage of Reynolds Products during its Warehouse Service Period as listed in Schedule 1-A. Pactiv agrees to make available up to the Additional Storage Capacity of a Warehouse listed in Schedule 1-A for storage of Reynolds Products during its Warehouse Service Period, but only (a) if the Base Storage Capacity at the Warehouse is being fully utilized, and (b) Pactiv has determined based on Reynolds' customer order forecast that Reynolds will require Additional Storage Capacity in a Warehouse, and Reynolds uses such Additional Storage Capacity. If Reynolds seeks Additional Storage Capacity with less than thirty days' notice or seeks storage capacity in excess of the Base Storage Capacity and the Additional Storage Capacity, Pactiv will use commercially reasonable efforts to accommodate Reynolds needs in the Warehouse, but if there are costs above the standard warehousing costs to secure such additional space, Pactiv will notify Reynolds of such costs and if Reynolds agrees to use such additional storage in the Warehouse, Reynolds will bear such additional costs and Pactiv will identify such additional costs on its monthly invoice. During any period that the total storage capacity of a Warehouse is reduced or unavailable because of an event of Force Majeure Pactiv may reduce the Base Storage Capacity and Additional Storage Capacity of the Warehouse available for storage of Reynolds Products under this Agreement by a proportional amount without being considered in breach of this Agreement. For example, if ten percent (10%) of the total storage capacity of a Warehouse is unavailable because of an event of Force Majeure, Pactiv may reduce the Base Storage Capacity and Additional Storage Capacity at the Warehouse by ten percent (10%). In such event Reynolds' payment to Pactiv for the impacted time shall be reduced by the same percentage.

2. Forecasting and Planning for Storage of Reynolds Products in Warehouses. On or about the first day of each week of the Term, Reynolds will provide Pactiv with a rolling twelve (12) week forecast in the form of the following files electronically: 1) Monthly customer shipment forecast by Item/Location of outbound customer shipments 2) Weekly inbound shipment forecast by Item/Shipping Location/Destination Location (the later will begin to be available at the time that Pactiv's and Reynolds' SAP platforms become fully separated ("SAP Separation"). If a forecast suggests capacity exceeds the Additional Storage Capacity level and/or the maximum number of deliveries per business day (i.e. days on which the applicable Warehouse is operating according to Schedule 1-A) for any Warehouse, Pactiv will promptly notify Reynolds of the extent to which Pactiv is unable to accommodate the forecasted inbound delivery, outbound delivery or required storage quantity of Reynolds Products. Further details on forecasting and planning for storage of Reynolds Products in the Warehouses may be provided in the SOPs.

3. Inbound Orders Process.

a. Reynolds will submit an electronic purchase requisition to Pactiv for inbound delivery of Reynolds Products to a Pactiv Warehouse. The purchase requisition will be provided at least one (1) business day prior to shipment from the Reynolds location by 12:00 Noon CST.

b. Pactiv will acknowledge the requisition for inbound delivery that day and convert to a purchase order.

c. Pactiv will accept the requisition unless the inbound order would cause the amount of Reynolds Products stored at the Warehouse to exceed the Base Storage Capacity and Additional Storage Capacity level.

d. When the Reynolds Product bound for a Warehouse leaves its point of origin, Reynolds will perform a Post Goods Issue ("PGI") upon truck departure. The PGI will include transmittal of an Advance Shipment Notice ("ASN") to Pactiv at the license plate level.

e. Reynolds can cancel without penalty a proposed inbound shipment up to the point of the PGI and issuance of the ASN to the Warehouse.

f. Reynolds shall have the right to add additional source locations (i.e. shipping sites) upon thirty (30) days prior notice to Pactiv and such sites will be accepted by Pactiv provided that there is not a Material Impact to the operations of the affected Warehouse(s).

g. Pactiv will receive, store, handle and service existing and new Reynolds commercialization/ products provided that any new business is commercially reasonable and within the volume and shipment limitations of this Agreement and, provided further, that Reynolds has notified Pactiv of any Operations Change in accordance with the Agreement and there is no Material Impact or the Parties have met and addressed the same.

4. Inbound Delivery of Reynolds Products. For an inbound delivery of Reynolds Products, Reynolds or its common carrier will deliver the Reynolds Products, either by “dropping” off a loaded truck trailer in the yard of the Warehouse or by “live” unloading of a truck trailer at the loading dock of the Warehouse, on the scheduled inbound delivery date within the delivery window approved by Pactiv in its electronic purchase order accepting Reynolds inbound shipment requisition. The significant majority of inbound deliveries are by dropping a loaded truck trailer in the yard of the Warehouse, and Reynolds will exercise good faith and commercially reasonable efforts to minimize the need for "live" unloading of a truck trailer at the loading dock of the Warehouse for inbound deliveries. Reynolds or its common carrier will be required to comply with the security, environmental, health, safety and other rules adopted and communicated to Reynolds by Pactiv for common carriers delivering inbound goods to the Warehouse. Pactiv will issue a confirmation of shipment receipt electronically to Reynolds within 1 hour of truck receipt at the Warehouse (referred to as the “Post Goods Receipt” or “PGR”). Prior to accepting custody of an inbound delivery, Pactiv will inspect the cases of Reynolds Products and pallets used to deliver such cases received for damage. Pactiv may, but will not be obligated to, disassemble pallets, or open cases, of Reynolds Products to inspect for damage to the cases and pallets. Pactiv will maintain an active Overages, Shortages & Damages (“OS&D”) log for any Reynolds Products received into each Warehouse; and report any such OS&D to Reynolds originating shipping facility within seven (7) business days of receipt. Pactiv will store any damaged property separate from other Reynolds Products until such damaged property is delivered as part of an outbound delivery to Reynolds or otherwise disposed of in accordance with Reynolds’ instructions and at its expense. Pactiv will notify Reynolds within such seven (7) business day period of any damaged cases of Reynolds Products or damaged pallets used to deliver Reynolds Products that occurred or that Pactiv believes in good faith to have occurred, prior to Pactiv accepting custody of such property at a Warehouse and any types and quantities of overages and shortages of Reynolds Products in the inbound delivery. If Pactiv fails to notify Reynolds of damaged cases of Reynolds Products or damaged pallets used to deliver such products as part of an inbound delivery, and/or any types and quantities of overages and shortages of Reynolds Products in the inbound delivery, within 7 business days of the inbound delivery, Pactiv will be deemed to have received the types and quantities of Reynolds Products specified in the purchase order accepting Reynolds inbound shipping requisition and the pallets used to deliver such Reynolds Products, in undamaged condition (other than damage, overage or shortages that could not reasonably have been detected through an inspection of the exterior of the cases and pallets). Additionally, Reynolds customers may return Reynolds or Pactiv Products to the point of origin/shipment. Pactiv will accept Reynolds customer returns, place within a quality hold, inspect and notify Reynolds within seven (7) business days upon receipt of whether the goods are merchantable. Reynolds customer service will coordinate with Pactiv on making an appointment for receipt of the return. Upon passing a quality inspection, Pactiv will return merchantable product to active/available inventory. If the product is damaged or obsolete, Pactiv will follow standard protocol or Reynolds instructions for disposal/destruction at Reynolds expense.

5. Storage of Reynolds Products. Pactiv will store Reynolds Products received into the Warehouse and not rejected within seven (7) business days in an appropriate area of the Warehouse. Pactiv will utilize the same storage and handling methods for Reynolds products as it uses for its own products stored in the Warehouse. If Pactiv identifies damaged, slow-moving or obsolete Reynolds Products and/or pallets being stored in a Warehouse, Pactiv will notify Reynolds and Pactiv will return such Reynolds Products and/or pallets to Reynolds or dispose of them as instructed in writing by Reynolds. A return of damaged, slow-moving or obsolete Reynolds Products to Reynolds will be treated as part of an outbound delivery. Reynolds will pay or reimburse Pactiv for actual, reasonable, substantiated out-of-pocket expenses incurred by Pactiv in returning or disposing of such products.

6. Inventory Reporting. Pactiv will provide Reynolds with the following reports on Reynolds Products stored in each Warehouse:

- a. Not less than once per month, a report of the types and quantities of Reynolds Products in storage at each Warehouse and any damage or loss to those products while in the custody of Pact at the Warehouses.
 - b. Not less than once per month, cycle counts and reconciliations of Reynolds Products following Pactiv's standard inventory management process for the Warehouses.
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- c. Not less than once per calendar quarter, cycle counts of every Warehouse bin containing Reynolds Products (expected accuracy of 99%).

7. Outbound Orders Process.

- a. Reynolds will submit an electronic purchase order to Pactiv for outbound delivery of Reynolds Products to a Reynolds customer from a Warehouse. Reynolds will use commercially reasonable efforts to submit its electronic purchase orders for outbound shipments with as much lead time as possible but in no event with materially shorter lead times than provided during the trailing twelve month period prior to the Effective Date of this Agreement. For most shipments, Reynolds will submit such orders at least four (4) days in advance of the shipment date (i.e., if the shipment date of an order is Friday, Reynolds will submit the order to Pactiv on Monday). In the case of outbound shipments to Walmart High Velocity distribution centers, Reynolds will submit such order orders at least three (3) days in advance of the shipment date (i.e., if the shipment date of an order is Friday, Reynolds will submit the order to Pactiv on Tuesday). In either case, Reynolds may request that Pactiv fill and ship orders with less than the standard order lead time, and Pactiv will exercise good faith and commercially reasonable efforts to do so, as provided in Subsection 7(g) of this Schedule. SAP Separation will result in an Operational Change in standard order lead times on for outbound deliveries from Warehouses and the Parties will cooperate in good faith to resolve any Material Impact arising from this Operational Change as provided in the Agreement.
- b. Reynolds will provide the outbound purchase order to the applicable Warehouse within 12 hours of its receipt from the customer. The order must have passed an ATP check and the inventory ordered must be confirmed available at the Warehouse.
- c. Pactiv will provide Reynolds a firm "delivery window" for all orders for outbound deliveries to Reynolds customers. This should coincide/align with standard delivery requirements established by Reynolds' customers in the form of a consumer packaging good ("CPG") industry recognized protocol which includes but is not limited to a Requested Arrival date ("RAD") or a Requested Delivery Date ("ROD").
- d. Pactiv will schedule an "appointment window" for an outbound delivery in which a Reynold's customer will pickup of Reynolds' goods at a Warehouse (a "CPU") as provided in Section 10 of this Schedule.
- e. Reynolds shall have the right to cancel an order without penalty up *until the earlier of* (i) 24-hours prior to the scheduled time of the outbound shipment or (ii) Pactiv starts to assemble the order for shipment.
- f. Pactiv will provide Freight Services for outbound orders from the Warehouses to both existing and new Reynolds customers provided that the volume of shipments and nature of the business is commercially reasonable. If there is a change in the volume of the shipments or the nature of the business and such change has a Material Impact on Pactiv's costs or ability to perform the Warehousing Services, the Parties will address the change as an Operational Change.
- g. If Reynolds submits an electronic purchase order for an outbound shipment with less than the standard order lead times outlined in Subsection 7(a) above, Pactiv will use commercially reasonable efforts to accommodate such shipment orders, but failure to meet such shipment orders will not be a default by Pactiv and will not be counted in any performance standard measurement. Pactiv undertakes to communicate to Reynolds in a commercially reasonable manner any failure or inability to meet any such shipment request.

8. Shipment Requirements.

- a. Pactiv will accept purchase orders from Reynolds for shipments from the Warehouses to Reynolds customers in full truckload quantities ("FTL"). Pactiv will also accept orders from Reynolds for shipments from the Warehouses to Reynolds customers for less than full truckload quantities ("LTL") and parcel post deliveries in amounts matching historical norms (LTL and parcel post deliveries representing between 15% to 20% of total volume of monthly shipments). If Reynolds orders to ship LTL or parcel deliveries exceed historical percentages, Pactiv may charge Reynolds any additional costs for such LTL and parcel shipment requests. If such requests become excessive, the Parties will address the issue as an Operational Change.
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- b. Orders can include a combination of full pallet, mixed pallets and partial pallets.
- c. Pactiv will not have to accept an order containing less than a full case of Reynolds Products at any Warehouse nor ship less than a full case of goods from any Warehouse.
- d. Pactiv will do the following for any outbound truck shipments:
- Inspect trailers prior to loading outbound deliveries of Reynolds Products on them.
 - Apply current UCC 128 stickers to shipments to satisfy any Reynolds customer requirements.
 - Load trailers with outbound deliveries of Reynolds Products.
 - Utilize dunnage for blocking and bracing outbound deliveries of Reynolds Products.
 - Notify Reynolds of outbound delivery delays or carrier performance problems.
 - Prepare load tallies, ASNs and bills of lading for each outbound shipment of goods identified to Reynolds that contains Reynolds Products, detailing the order number, goods description, piece count and weight and the pallets used to transport the goods (collectively “Shipping Documents”).
- e. Pactiv will perform the PGI upon truck departure from the Warehouse.
- f. Pactiv shall follow all mutually agreed transportation guides (used by Pactiv during the trailing twelve month period prior to the Effective Date) on outbound shipments.
- g. Pactiv shall process ASN’s to Reynolds customers (and send Reynolds a copy) within 1 hour of PGI/Truck Departure.

9. Outbound Shipments.

- a. For an outbound shipment of Reynolds Products from a Warehouse in FTL or LTL quantities, other than CPUs requiring a “live load” at the loading dock of the Warehouse as provided in Section 10 of this Schedule, Pactiv will load and deliver the Reynolds Products in a truck trailer in the yard of the Warehouse on the scheduled outbound delivery date within the delivery window approved by Pactiv in its electronic purchase order accepting Reynolds’ outbound shipment requisition. The truck trailer will be provided by Pactiv on behalf of Reynolds as part of the Freight Services (other than for CPUs). Reynolds, its customer and their respective common carriers (including Carriers) (collectively, the “Reynolds Shipping Agents”) will be required to comply with the security, environmental, health, safety and other rules adopted and communicated by Pactiv for common carriers receiving outbound goods at the Warehouse. Prior to accepting custody of an outbound delivery, the Reynolds Shipping Agent will inspect the cases of Reynolds Products and pallets used to deliver such cases received as part of an outbound delivery for damage. The Reynolds Shipping Agent may, but will not be obligated to, disassemble pallets, or open cases, of the outbound goods to inspect for damage to the cases and pallets. The Reynolds Shipping Agent may reject and decline to accept custody of damaged cases of outbound goods or any damaged pallets. Reynolds will promptly notify Pactiv of any damaged cases of outbound goods or damaged pallets used to deliver such products occurring, or that Reynolds believes in good faith to have occurred, prior to the Reynolds Shipping Agent accepting custody of such property as part of an outbound delivery at a Warehouse and any types and quantities of overages and shortages of Reynolds and/or Pactiv Products in the outbound delivery.
- b. For an outbound parcel delivery, Pactiv will deliver conforming goods to the parcel delivery agent at the Warehouse on the designated shipping date and will electronically confirm the shipment to Reynolds.
- c. If Reynolds fails to notify Pactiv of damaged cases of goods or damaged pallets (if a reusable pallet) used to deliver such products as part of an outbound delivery, or any types and quantities of overages and shortages of
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Reynolds or Pactiv Products in the outbound delivery, within thirty (30) days of the outbound delivery, Reynolds will be deemed to have received the types and quantities of Reynolds and Pactiv Products specified in the purchase order and the Shipping Documents, and the pallets (if a reusable pallet) used to deliver such products, in undamaged condition.

10. Customer Pick Up. Reynolds' customer service will coordinate with Pactiv Warehousing Operations for all Reynolds' CPU requirements. Pactiv will accommodate Reynolds' customer requested "live load" CPUs at the loading dock of the Warehouse in the amounts and at the times as agreed by the Parties and in accordance with historical norms, provided all such "live load" CPUs must be scheduled in advance. For CPUs that are not live loads, the Reynolds customer or its common carrier must drop off an empty truck trailers in the yard of the Warehouse for loading no less than one full business day in advance of the scheduled CPU time. Reynolds should make reasonable efforts to enforce drop trailer requirements for any new CPU lanes.

11. Reynolds Exit Strategy. Reynolds and Pactiv acknowledge that during the Term of the Agreement Reynolds will be exiting some or all of the Warehouses, and agree to work together in good faith to develop an exit strategy that minimizes disruption and damage to either Party, which may include mutually agreed extensions to or shortening of deadlines on certain warehouses.

12. Additional Warehouse Space.

a. Pactiv and Reynolds recognize that the Parties plan to grow their businesses over the Term, and the growth of their businesses may require additional warehouse space in a U.S. market. The Parties will work together collaboratively and in good faith during the Term to find mutually beneficial solutions for additional warehouse space in the U.S. market.

b. In the event that Reynolds' growth creates the need for additional warehouse space in a U.S. market beyond its current Base Storage capacity and Additional Storage Capacity in the Warehouse supporting Reynolds in that U.S. market under this Agreement, Pactiv will evaluate whether it has unused additional warehouse space within the Warehouse to offer Reynolds. If Pactiv does not have unused additional warehouse space available to offer Reynolds in a Warehouse in a U.S. market, after taking into account Pactiv's own current operating needs and anticipated growth, Pactiv will assist Reynolds upon request in identifying options for additional warehouse space in the U.S. market. To the extent Pactiv identifies additional warehouse space in the U.S. market that would meet Reynolds' needs, whether within or outside of the Warehouse serving that U.S. market, Pactiv will provide Reynolds with a proposal to provide and operate the additional warehouse space under this Agreement. Pactiv's proposal for additional warehouse space will include a disclosure of cost estimates that Pactiv will incur to provide and operate the additional warehouse space for Reynolds and the mark-up to be passed to Reynolds for Pactiv performing these Warehouse Services. Reynolds will then determine whether to accept Pactiv's proposal. If Reynolds accepts Pactiv's proposal, the Parties will sign an amendment to this Agreement incorporating the agreed upon terms of the accepted proposal. If Reynolds' rejects Pactiv's proposal, Reynolds will have the right to seek alternative arrangements in the U.S. market to secure the additional warehouse space. These arrangements may include Reynolds leasing its own additional warehouse space or setting up its own mixing center(s) to serve the needs of Reynolds' customers in the U.S. market, which may necessitate Reynolds' early termination of Warehouse Services at one or more Warehouses in this Schedule in whole or in part. Reynolds will exercise early termination for all Base Storage Capacity of a Warehouse in a U.S. market only if Reynolds is unable to procure and operate the required additional warehouse space in the U.S. market in a commercially reasonable manner without consolidating Base Storage Capacity and Additional Storage Capacity with the additional warehouse space in a single facility. In all other circumstances, Reynolds will exercise early termination for only the portion of Base Storage Capacity of a Warehouse in a U.S. market that is reasonably necessary to procure, consolidate and operate the additional warehouse space in a commercially reasonable manner. In these events, Reynolds will give Pactiv not less than one hundred eighty (180) days written notice identifying the affected Warehouse(s), the cubic square feet of Basic Storage Capacity in the affected Warehouse(s) and the early termination date(s), and Reynolds and Pactiv will work together in good faith to minimize cost to both companies. Pactiv reserves the right to contest Reynolds' exercise of its early termination right in a manner beyond what is reasonably necessary under this Section. If Pactiv does so, the Parties will follow the Dispute Resolution process in the Agreement to resolve the Dispute. By way of clarification, if Reynolds exercises its early termination right for a portion of the Base Storage Capacity in a Warehouse, the Additional Storage Capacity available for Reynolds in that Warehouse will be eliminated on the early termination date.

- c. Pactiv and Reynolds will meet not less than quarterly to review their respective current and anticipated needs for warehouse space in U.S. markets.
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SCHEDULE 2
DESCRIPTION OF FREIGHT SERVICES
SPECIFIC TERMS AND CONDITIONS

1. General Description of Freight Services. The Freight Services will include the following: (i) on Reynolds' behalf, Pactiv will arrange for, manage and pay for shipping of FTL, inter-modal, LTL and parcel shipments of Reynolds goods ("Freight") to, from and between locations operated by Reynolds, Pactiv and Reynolds' customers; (ii) Pactiv will manage the Carriers (as hereinafter defined) performing the shipping for Reynolds, (iii) Pactiv will file and manage certain claims against Carriers in the event of losses to the extent such claims are warranted, (iv) Pactiv will reasonably cooperate with Reynolds in transitioning Reynolds to perform its own shipping and freight services. As used in this Agreement, and notwithstanding anything in the Agreement to the contrary, the phrase "Freight Services Expiration Date" will mean: (a) December 31, 2024 (with the Term of this Agreement being extended accordingly) for Freight Services on the transportation of Pactiv Products purchased by Reynolds under the MSA and delivered directly from a Pactiv manufacturing or warehouse facility to Reynolds customer; and (b) October 31, 2022 for Freight Services for all other Freight and locations.

2. Shipping Services. Pactiv will identify the loads to be shipped in accordance with the procedures set forth in the SOPs, or as otherwise agreed between the parties from time to time in a separate signed written agreement, and in accordance with the commercially reasonable shipping procedures the Parties followed in the trailing twelve month period prior to the Effective Date. Reynolds will be the shipper designated on all loads of Freight that Pactiv manages for Reynolds under this Agreement.

3. Carrier Management Services. Pactiv will contract for and manage the over the road and other transportation companies (the "Carriers") that transport Reynolds's Freight to and from locations identified by Reynolds (including the Warehouses) to Reynolds customers and between those locations. Such shipments may include shipments to and from locations in the continental United States, Canada and Mexico. Pactiv will use its routing guides for the shipment of Reynolds's Freight under this Agreement. Pactiv's carrier management services consist of: (i) Carrier identification, (ii) Carrier selection (including any bidding process to select the ultimate Carriers), and (v) Carrier qualification. Pactiv will have no liability to Reynolds or any other person for the acts and omission of the Carriers.

4. Carrier Agreements. Pactiv will identify Carriers (including brokers) who are qualified as set forth in Section 5 and who manage the routes Pactiv has reason to know are used for shipments by Reynolds. If Reynolds adds any new routes, it will provide reasonable advance notice to Pactiv of not less than thirty (30) days to allow Pactiv to identify an appropriate Carrier for such new route. Pactiv will enter into written agreements with all identified Carriers (including brokers) on Reynolds behalf. Pactiv will provide Reynolds with access to all Carrier agreements and insurance certificates as updated from time to time. At any time during the Term of this Agreement, Reynolds may, with or without cause, disqualify a Carrier from performing the transportation and related services for the shipment of Reynolds's Freight by providing Pactiv written notice thereof. Pactiv will honor Reynolds's disqualification of a Carrier, but will not be required to manage shipment of Reynolds' Freight on the routes previously serviced by such Carrier unless Pactiv has qualified other Carriers for such routes. Reynolds's failure to disqualify a Carrier shall be deemed Reynolds's acceptance of the Carriers for the shipment of Reynolds's Freight until Pactiv is notified in writing of Reynolds's disqualification of a Carrier. Reynolds's sole and exclusive remedy against Pactiv for the use of a Carrier shall be the disqualification of the Carrier as set forth above.

5. Carrier Qualification. Pactiv shall require that each carrier identified as Carrier hereunder shall be contractually obligated to maintain specific requirements in the following areas:

a. Insurance. Pactiv shall maintain a current copy of the Carrier's Certificate of Insurance as hereinafter described. As Carriers' insurance policies expire, Pactiv will seek a current copy of the Certificate of Insurance to confirm that the Carrier has maintained the minimum acceptable insurance levels as outlined below.

b. Safety. Pactiv will require that Carriers maintain a safety rating that does not require DOT supervision or intervention.

- c. Operating Authority. Pactiv will mandate that the Carrier maintain appropriate operating authority for the Carrier's area of service.
 - d. Financial Stability. Pactiv will require that the Carrier's insurance provider have a minimum of Best's A-rating.
 - e. Performance. Pactiv may conduct reference checks and/or monitor performance to ensure that Carriers are meeting expected service requirements.
 - f. Equipment. Pactiv will require Carrier equipment to be in roadworthy condition, and suitable for the carriage of Reynolds' Freight.
6. **Carrier Insurance**. Pactiv will require Carriers that are engaged in the transportation of Reynolds' Freight hereunder to maintain the following minimum insurance coverage (which coverage will be evidenced by a certificate of insurance naming Reynolds as a certificate holder along with Pactiv) for shipments within the continental United States:
- a. Commercial general and automobile liability insurance for bodily injury and property damage in the minimum amount of one million U.S. dollars (\$1,000,000) per occurrence;
 - b. Cargo liability insurance in the minimum amount of one hundred thousand U.S. dollars (\$100,000) per occurrence;
 - c. Workers' compensation insurance in the minimum statutory amount; and
 - d. Employers Liability Insurance with a limit of not less than \$1,000,000 per accident.
7. **Carrier Rates**. Pactiv will establish the rates and charges for the Carrier's transportation and related services for the movement of Reynolds's Freight, and shall provide information on such rates to Reynolds upon request. Pactiv will verify that all standard shipments are billed at the correct rates and Reynolds shall have the right to perform an audit of the standard freight charges not more than once annually. In the general course of business, Pactiv may also be required to spot quote shipments for Reynolds. Reynolds agrees to remain solely responsible for the all increased freight charges related to such spot quote shipments.
8. **Other Charges**. Pactiv shall be authorized to pay and bill Reynolds back for any applicable accessorial, storage or demurrage charges or other costs incurred in the shipping of Reynolds products hereunder. In the event that demurrage, detention and other accessorial charges materially exceed historical norms for any month during the Term, Pactiv will reasonably cooperate with Reynolds in attempting to determine the reason for such excess and take commercially reasonable steps to reduce such charges.
9. **Carrier Payment**. Pactiv will pay all Carrier charges on behalf of Reynolds through Pactiv's third party freight payment agent. Such charges include shipping costs, accessorial costs and any other direct costs of performing the shipping of Reynolds' Freight hereunder.
10. **Service Fees and Freight Costs**.
- a. **Service Fees**. Pactiv will earn a Service Fee on each shipment scheduled by Pactiv on behalf of Reynolds under this Agreement. The phrase "Service Fee" will initially be [*] U.S. dollars (\$[*]) per shipment. The Service Fee will increase by [*] percent ([*]%) on January 1 of each calendar year of the Term starting on January 1, 2021.
 - b. **Freight Costs**. Pactiv will be entitled to reimbursement by Reynolds for the Freight Cost incurred by Pactiv on each shipment scheduled by Pactiv on behalf of Reynolds under this Agreement. The phrase "Freight Cost" will mean the actual amount charged Pactiv by the Carrier on a shipment to transport the goods from the point of origin to the point of destination, including, without limitation, all custom duties, taxes, fuel, detention and other surcharges, lumper fees and other expenses.
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c. **Invoicing.** Pactiv will invoice Reynolds for Service Fees and Freight Costs as follows:

- 1) For shipments scheduled by Pactiv on behalf of Reynolds under this Agreement prior to the SAP Separation date as identified in an updated SOP document agreed to by the Parties, Pactiv will invoice Reynolds for the Freight Services on a monthly basis within fifteen (15) days after each calendar month. The monthly invoice will include the Service Fees earned by Pactiv on all of the Reynolds shipments in a calendar month and the Freight Costs payable by Pactiv based on the Carrier invoices received by Pactiv or its freight payment agent in that calendar month for Reynolds shipments.
- 2) The process for invoicing a shipment scheduled by Pactiv on behalf of Reynolds under this Agreement after the SAP Separation will be identified in an updated SOP document agreed to by the Parties.

Payment of invoices will be per the SOPs.

11. Freight Loss Claims.

a. Pactiv will file claims against Carriers with respect to loss of Reynolds' Freight due to damage or destruction of such Freight caused by a Carrier in excess of [*] dollars (\$[*]) (each, a "**Freight Claim**") to the extent that Pactiv becomes aware of such loss in a timely manner whether it is raised with Pactiv by Reynolds or otherwise. Pactiv will notify Reynolds of any Freight Claim filed against a Carrier for loss of Reynolds' Freight. In order to file any Freight Claim, Pactiv must have: (i) a bill of lading or other shipping document noting the product damage and/or shortage, (ii) an inspection report describing the damage or inspection waiver by Carrier, (iii) an invoice or other documentation which establishes the value of the Freight Claim, and (iv) any other documentation which Pactiv reasonably requests. Reynolds hereby appoints Pactiv as its limited agent solely for the purposes set out in this Section 11. By way of clarification, Pactiv will not have to manage Freight Claims on Freight arranged by Reynolds or any of its Affiliates after October 31, 2020.

b. Reynolds authorizes Pactiv to settle any Freight Claim for eighty percent (80%) or more of the value of the Freight Claim. In the event that the offer is less than 80%, Pactiv will confer with Reynolds as to whether Reynolds wants to manage the Freight Claim or permit Pactiv to complete the settlement on Reynolds' behalf.

c. All payments resulting from a Freight Claim filed by Pactiv will be made payable to Pactiv.

d. On a monthly basis, Pactiv will calculate Freight Claim payments received by Pactiv on behalf of Reynolds for the prior month (if any), and Pactiv will credit Reynolds monthly invoice for the amount of Freight Claim payments collected. Each month that there is any Freight Claims activity, at Reynolds request, Pactiv will prepare a monthly report of such activity, which report will show: (i) outstanding Freight Claims, (ii) Freight Claims filed that month, and (iii) Freight Claims closed that month and the reason therefore.

e. Pactiv will make a recommendation to Reynolds for the disposition of Freight Claims that are not voluntarily paid by the Carrier, but will not be obligated to take any action on behalf of Reynolds beyond filing the initial Freight Claim.

f. Pactiv is not authorized to allow any Carrier or insurance adjuster to salvage Reynolds' goods without Reynolds' written consent. A salvage allowance may be issued to Carriers in the event the Carrier is not permitted to keep the damaged goods. Pactiv may advise Reynolds on the percentage of salvage allowance to be given to the Carriers based on the product type and industry standard. Salvage allowance discounts must be reasonable and according to industry standard. Reynolds will make a final determination of the salvage allowance for each damage Freight Claim. In the event of any dispute over salvage allowances, Reynolds will manage such dispute with reasonable assistance from Pactiv.

g. After the Freight Services Expiration Date (or sooner if Reynolds notifies Pactiv), Pactiv will stop filing Freight Claims on behalf of Reynolds but will continue to cooperate with Reynolds in providing Reynolds with any relevant information required by Reynolds to pursue its own Freight Claims against Carriers engaged by Pactiv on Reynolds behalf.

h. Reynolds shall be an express third party beneficiary of all commitments, representations, promises, covenants, indemnities, and obligations provided to Pactiv by Carriers under the agreements Pactiv enters into with Carriers pursuant to this Agreement, and Reynolds shall have the right to present Freight Claims arising from such commitments directly to Carrier as though Carrier had made such commitments directly to Reynolds.

SCHEDULE 3
INSURANCE REQUIREMENTS

Each Party will maintain the following minimum types and amounts of insurance coverage during the Term:

- 1. Commercial General Liability Insurance.** Occurrence based coverage with a combined single limit of at least \$10,000,000 per occurrence and in the aggregate for premises and operations; products and completed operations; contractual liability coverage for indemnities of a Party contained within this Agreement; broad form property damage (including completed operations); explosion, collapse and underground hazards; and personal injury. *Requires additional insured endorsement and waiver of subrogation endorsement.*
- 2. Automobile Liability Insurance.** Occurrence based coverage with a combined single limit of at least \$10,000,000 per occurrence and in the aggregate for owned, non-owned, and hired automotive equipment of the Party. *Requires additional insured endorsement and waiver of subrogation endorsement.*
- 3. Workers' Compensation Liability Insurance.** Occurrence based coverage providing benefits in the minimal amount required by Applicable Laws for workplace and work related injuries and illnesses to the employees of a Party, including, without limitation, Workers Compensation Acts of applicable U.S. States. *Requires alternate employer endorsement and waiver of subrogation endorsement.*
- 4. Employers' Liability Insurance.** Occurrence based coverage with a limit of at least \$10,000,000 per occurrence or any greater limits set by Applicable Laws workplace and work related injuries and illnesses to the employees of a Party. *Requires waiver of alternate employer endorsement.*
- 5. Property Insurance.** Coverage providing "all risk" property insurance at the replacement value of the machinery, equipment, fixtures, tools, materials and other property of the Party. "All risk" coverage will include, by way of example and not limitation, loss or damage resulting from earthquakes, floods, wind, fire or other natural or weather-related phenomenon. *Requires waiver of subrogation endorsement.*

All insurers of a Party on such policies must have at all times an A.M. Best financial rating of at least "A-Minus VII". An insuring Party may satisfy the required minimum amounts of insurance through a primary policy and one or more excess policies. All insurance of an insuring Party must be "primary and non-contributory" with respect to any insurance that the other Party may maintain, but only with respect to the negligence or other legal liability of the insuring Party. An insuring Party must deliver the following written evidence of the required insurance coverage to the other Party (Attention: Risk Management), or its designated insurance monitoring service, within ten (10) of written request and at least thirty (30) days in advance of the expiration of a then current policy term (if a declaration or endorsement is not available from an insurer at the time requested or required, an insuring Party will provide them as soon as they are available from the insurer):

- a. Certificate of insurance confirming that the required insurance coverage and minimal limits are met for policy term.
 - b. Declaration pages of insurance policy (or a copy of the binder until the declaration pages are available) confirming that the required insurance coverage and minimal limits are met for the extended, renewed or replacement policy term.
 - c. Copies of additional insured endorsements required for applicable policies in the name and for the benefit of: "[NAME OF OTHER PARTY], its parent, subsidiaries and affiliates; any lessors of the foregoing and any mortgagees, deed of trust beneficiaries and secured creditors of such lessors; and any successors and assignees of all of the foregoing."
 - d. Copies of alternate employer endorsements and waiver of subrogation endorsements required for applicable policies in the name and for the benefit of: "[NAME OF OTHER PARTY], its parent, subsidiaries and affiliates; any lessors of the foregoing and any mortgagees, deed of trust beneficiaries and secured creditors of such lessors; and any successors and assignees of all of the foregoing."
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A Party may maintain any level of deductible on required insurance coverage allowed by Applicable Laws. A Party may also self-insure any of the required insurance coverage, in whole or in part, if allowed by Applicable Laws during any period that the Party maintains a tangible net worth in excess of \$100 million USD and maintains a professionally managed and adequately reserved for and funded self-insurance program.

**AMENDMENT NO. 1 TO THE
WAREHOUSING AND FREIGHT SERVICES AGREEMENT**

THIS AMENDMENT TO THE **WAREHOUSING AND FREIGHT SERVICES AGREEMENT** (the "Amendment") is made and entered into as of November 16, 2021, by and between **PACTIV LLC**, a Delaware limited liability company ("Pactiv"), and **REYNOLDS CONSUMER PRODUCTS, LLC**, a Delaware limited liability company, ("Reynolds") (collectively referred to as the "Parties")

WITNESSETH

WHEREAS, Pactiv and Reynolds entered into the Warehousing and Freight Services Agreement dated November 1, 2019 (the "Agreement"), relating to the provision of warehousing and freight services at certain locations that are owned or leased by Pactiv or its Affiliates (herein after "Warehouse(s)").

WHEREAS, Pactiv and Reynolds desire to amend the lease terms and make other modifications as set forth herein; and,

WHEREAS, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

NOW, THEREFORE, the parties hereto agree to amend the Agreement as follows:

1. Schedule 1-A of the Agreement will be amended to remove the San Bernardino, California Warehouse location. The warehouse services for that location will be terminated effective [*].
2. Notwithstanding the termination of the warehouse services for the Warehouse above, Pactiv will continue to supply Reynolds certain good packaging and foodservice products ("Pactiv Products") under the Master Supply Agreement dated November 1, 2019, and provide freight services to arrange for the shipment of Pactiv Products at the aforementioned Warehouse location.
3. The Term of the Service Expiration Date as listed in Exhibit 1-A, for the Bakersfield, California warehouse location shall be extended beginning on [*] through and including, [*].
4. All other terms and conditions of said Agreement as supplemented, shall remain in full force and effect. To the extent of any conflict between the terms and conditions of said Agreement and this Amendment, the terms and conditions of this Amendment shall supersede and control.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first written above.

[signature page follows]

Reynolds Consumer Products, LLC

By /s/ Lance Mitchell
Printed Name: Lance Mitchell
Title: President and CEO
Date: 11/24/2021

Pactiv, LLC

By /s/ Chandra Mitchell
Printed Name: Chandra Mitchell
Title: Chief Legal Officer & Corporate Secretary
Date: 16 November 2021

**AMENDMENT NO. 2 TO THE
WAREHOUSING AND FREIGHT SERVICES AGREEMENT**

THIS AMENDMENT TO THE **WAREHOUSING AND FREIGHT SERVICES AGREEMENT** (the “Amendment”) is made and entered into as of May 12, 2022, by and between **PACTIV LLC**, a Delaware limited liability company (“Pactiv”), and **REYNOLDS CONSUMER PRODUCTS LLC**, a Delaware limited liability company, (“Reynolds”) (collectively referred to as the “Parties”).

WITNESSETH

WHEREAS, Pactiv and Reynolds entered into the Warehousing and Freight Services Agreement dated November 1, 2019, as amended by that certain Amendment No. 1 to the Warehousing and Freight Services Agreement, (the “Agreement”), relating to the provision of warehousing and freight services at certain locations that are owned or leased by Pactiv or its Affiliates (herein after “Warehouse(s)”).

WHEREAS, Pactiv and Reynolds desire to amend the terms and make other modifications as set forth herein; and,

WHEREAS, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

NOW, THEREFORE, the parties hereto agree to amend the Agreement as follows:

1. The Term of the Agreement and the Warehouse Service Period shall be extended through and including December 31, 2024.
 2. The Warehouse locations as listed in Schedule 1-A – Warehouse Service Period shall be amended as follows and replaced with an updated Schedule 1-A attached hereto:
 - a. The warehouse services for the Covington, GA and Frankfort, IL Warehouse locations shall roll off Schedule 1-A on their respective Service Expiration Date.
 - b. The Term of the Service Expiration Date for the Canandaigua, NY warehouse location shall be extended beginning on [*] through and including, [*].
 - c. The Term of the Service Expiration Date for the Temple, TX warehouse location shall be extended beginning on [*] through and including, [*].
 - d. The Term of the Service Expiration Date for the Bakersfield, CA warehouse location (previously extended in Amendment No. 1) shall be further extended through and including, [*].
 3. Notwithstanding the termination of the warehouse services for the Warehouse locations, Pactiv will continue to provide freight services to arrange for the shipment of Pactiv Products, and supply Reynolds certain food packaging and foodservice products (“Pactiv Products”) under the Master Supply Agreement dated November 1, 2019 for all Warehouse locations in Schedule 1-A and the San Bernardino, CA location as provided in Amendment No. 1 to the Agreement.
 4. The effectiveness of this Amendment is conditioned upon the approval of its terms by the Audit Committees of the Parties.
 5. All other terms and conditions of said Agreement as supplemented, shall remain in full force and effect. To the extent of any conflict between the terms and conditions of said Agreement and this Amendment, the terms and conditions of this Amendment shall supersede and control.
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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first written above.

Reynolds Consumer Products, LLC

Pactiv, LLC

By /s/ Lance Mitchell
Printed Name: Lance Mitchell
Title: President and CEO
Date: 5/12/2022

By /s/ Chandra Mitchell
Printed Name: Chandra Mitchell
Title: VP, General Counsel & Secretary
Date: 6/7/2023

SCHEDULE 1-A WAREHOUSES

Warehouse Location	Hours of Operation	Owned or Leased by Pactiv	Service Expiration Date	Base Storage Capacity in Cubic Feet	Base Storage Fee per Month in USD	Additional Storage Capacity in Cubic Feet	Additional Storage Fee per Cubic Foot after SAP Separation	Additional Storage Fee per Cubic Foot prior to SAP Separation
Canandaigua, NY	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Covington, GA	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Frankfort, IL	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Temple, TX	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Woodridge, IL	[*]	[*]	[*]*	[*]	[*]	[*]	[*]	[*]
Bakersfield, CA	[*]	[*]	[*]*	[*]	[*]	[*]	[*]	[*]

* If Pactiv's lease for this Warehouse ends earlier than the listed Service Expiration Date for any reason, the Service Expiration Date for this Warehouse will be automatically amended to be the earlier termination date of the lease. Notwithstanding the preceding sentence, if Pactiv's lease for this Warehouse ended earlier than the listed Service Expiration Date because of a breach on the part of Pactiv, Pactiv will remain liable to Reynolds for any direct damages incurred as a result of Services ending at the Warehouse prior to the listed Service Expiration Date.

**AMENDMENT NO. 3
TO THE
WAREHOUSING AND FREIGHT SERVICES AGREEMENT**

THIS AMENDMENT NO. 3 TO THE WAREHOUSING AND FREIGHT SERVICES AGREEMENT (the "Amendment") is made and entered into as of April 18, 2024 by and between PACTIV LLC, a Delaware limited liability company ("Pactiv") and REYNOLDS CONSUMER PRODUCTS LLC, a Delaware limited liability company ("Reynolds") (collectively referred to as the "Parties").

RECITALS

WHEREAS, The Parties entered into the Warehousing and Freight Services Agreement dated November 1, 2019, as amended by Amendment No. 1 dated November 16, 2021, and Amendment No. 2 dated May 12, 2022 (collectively, the "Agreement") relating to the provision of Warehousing and Freight services at certain locations that are owned or leased by Pactiv or its Affiliates listed in the attached Schedule 1-A (hereinafter, the "Warehouse(s)").

WHEREAS, Pactiv and Reynolds desire to modify the Agreement as described in this Amendment; and

WHEREAS, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

NOW, THEREFORE, the Parties hereto agree to amend the Agreement as follows:

1. The warehouse services outlined in Section II of the Agreement for the locations listed in Schedule 1-A shall be terminated effective [*], when Reynolds exits those locations as stipulated in Amendment 1 and Amendment 2 of the Agreement.
 2. Notwithstanding the termination date of the warehouse services, Pactiv shall continue to provide freight services as outlined in Section III and Schedule 2 of the Agreement.
 3. The Freight Services Expiration Date shall be extended through and including December 31, 2027.
 4. Service Fees. The Service Fee rate in Section 10.a. of Schedule 2 shall be amended from \$[*] per shipment to \$[*] per shipment. The Service Fee will increase by [*] percent ([*]%) on January 1 of each calendar year following the execution of this Amendment.
 5. All other terms and conditions of said Agreement, as supplemented, shall remain in full force and effect. To the extent of any conflict between the terms and conditions of said Agreement and this Amendment, the terms and conditions of this Amendment shall supersede and control.
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IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the date first written above.

PACTIV LLC

REYNOLDS CONSUMER PRODUCTS LLC

By: /s/ Michael King
Name: Michael King
Title: Chief Executive Officer
Date: 03 June 2024

By: /s/ Tom Bogan
Name: Tom Bogan
Title: SVP Supply Chain
Date: 03 June 2024

SCHEDULE 1-A

Warehouse Locations	Termination Date
Canandaigua, NY (2840 Sommers)	[*]
Temple, TX (3000 Pegasus)	[*]
Bakersfield, CA (2024 Norris Road)	[*]
Woodridge, IL (1 Earl Court)	[*]

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Pactiv Evergreen Inc (the "Company") on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: July 31, 2024

By: _____
/s/ Jonathan H. Baksht
Jonathan H. Baksht
Chief Financial Officer
